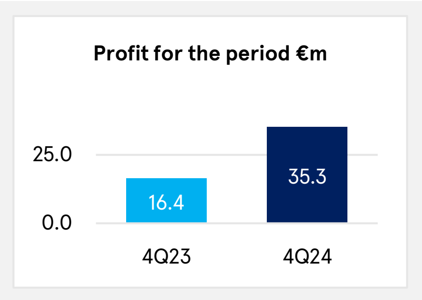
Luminor Bank
Interim Report
4Q 2024

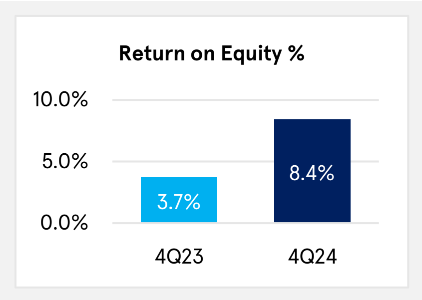
AT A GLANCE

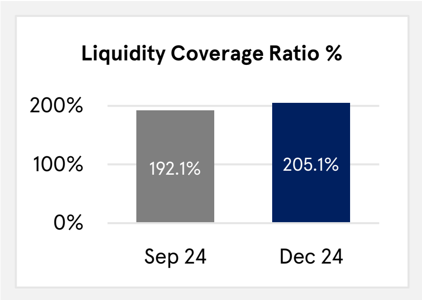
THE QUARTER IN BRIEF

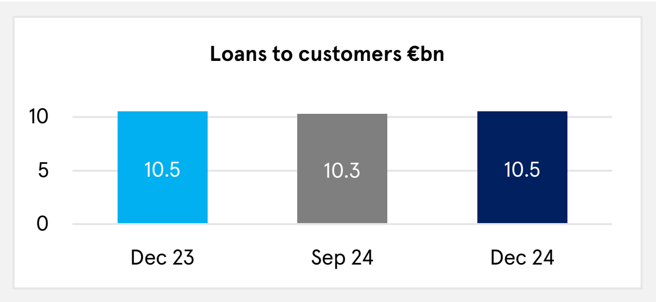
- We recorded profit for the period of 35.3 million EUR (4Q23: €16.4m)
- We generated an annualised Return on Equity of 8.4% (4Q23: 3.7%)
- Loans to customers increased by 2.0% over the quarter while Deposits from customers grew by 3.3%
- Credit quality improved, with Stage 3 loans reducing to 1.8% of gross lending
- Liquidity and capital ratios remained strong with an LCR of 205.1% and CET1 of 20.1% at quarter end
- Our senior unsecured rating was upgraded by Moody's to A2

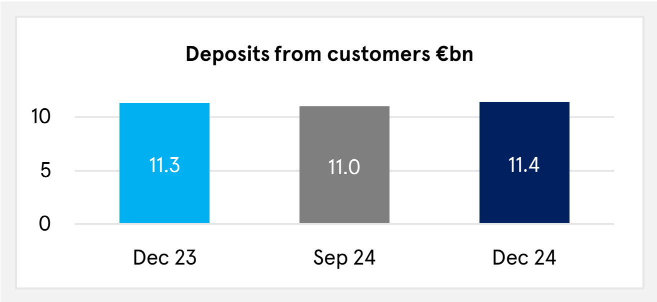
PERFORMANCE IN BRIEF











OUR STRATEGIC PRIORITIES

1. Build the Bank around our customers;
2. Be the preferred full-service bank for retail customers by delivering human-centric solutions;
3. Be the favoured bank for growing Baltic companies;
4. Raise efficiency;
5. Elevate the resilience and capability of our IT platform;
6. Be a team who execute as owners and take responsibility;
7. Be committed to sustainable growth and implementation of ESG targets;
8. Reinforced by a strong risk culture and strong risk and compliance management.

ABOUT US

Luminor is the leading independent bank in the Baltics and the third-largest provider of financial services in our region. We serve the financial needs of individuals, families, and companies. We are here to improve the financial health of our customers and our home countries, and to support their growth. Further information about us can be found at www.luminor.ee.

CHIEF EXECUTIVE'S STATEMENT

In the fourth quarter our home markets of Estonia, Latvia, and Lithuania grew modestly as economic activity in export markets remained subdued. Despite this, through the considerable efforts of our employees, over the quarter we increased lending and grew our customer deposits. Profit for period increased 18.9 million EUR as compared to the fourth quarter last year as a reduction in Total operating income was more than offset by lower Expected credit losses, Bank taxes, and Income tax expense. In October we issued our inaugural Tier 2 capital security and Moody's upgraded our long-term senior unsecured rating to A2.

We are focused on three areas: first, to improve our value proposition for our customers; second, to streamline our IT for the benefit of our customers, and so be more efficient; and third, to be compliant with changing regulatory requirements. In Retail Banking, enhancements we made to our customer offering and marketing campaigns led to growth in customer lending. In Corporate Banking we saw improved customer sentiment and demand for new credit gained momentum with falls in reference interest rates boosting customer confidence.

We increased our lending, grew deposits and, once again, we improved the quality of our loan book.

We will continue to work to become more efficient and grow our lending in line with customer demand.

Wojciech Sass
Chief Executive

We generated a profit after tax of 35.3 million EUR in the quarter as compared to 16.4 million EUR in the same period last year. Total operating income decreased by 11.9 million EUR due mainly to a decrease in Net interest income as lower interest rates reduced interest income while interest expense grew marginally as the cost of funding remained broadly stable, and Total administration expenses increased by 7.0 million EUR. These changes were more than offset by a 19.5 million EUR reduction in Expected credit losses, a 6.5 million EUR reduction in Bank taxes and resolution fee, and a 11.8 million EUR fall in Income tax expense. We recorded a net interest margin of 3.22%, and a cost to income ratio of 65.2%, and generated an annualised Return on Equity of 8.4%.

Loans to customers increased by 201.7 million EUR or 2.0%, to 10.5 billion EUR. An increase of 131.1 million EUR in lending to individuals, driven principally by growth in mortgage lending, was complemented by growth in loans to companies of 70.6 million EUR driven by an increase in lending to the utility sector. The quality of Loans to customers improved. Stage 2 loans reduced by 427.8 million EUR driven in the main by improvements to our credit loss model. Stage 3 loans reduced by 10.3 million to 1.8% of gross loans, driven by repayments and cures. At quarter end the amount of Stage 3 loans was 187.3 million EUR, or 135.1 million EUR after credit loss allowances, against which we held collateral of 176.4 million EUR.

Our liquidity and capital positions are strong. Over the quarter we increased our Liquidity Coverage ratio by 13.0%-points to 205.1%. At quarter end our Common Equity Tier 1, and Tier 1 capital ratios were 20.1%, a decrease of 1.0%-points, as the amount of Common Equity was unchanged, and Risk Exposure Amounts increased as average gross income and Loans to customers grew. Our Total Capital ratio increased to 22.8% after we issued our inaugural Tier 2 capital security, a 200 million EUR 11-year subordinated bond. On announcement of the issue, Moody's upgraded our long-term senior unsecured rating to A2 from A3.

Syed Qasim Abbas and Iain Plunkett stepped down from the Supervisory Council and were replaced by Tanvi Davda and Mark Ashton-Rigby. Following these changes we amended the composition of the Council's committees. Kerli Vares resigned as Head of Retail Banking and stepped down from the Management Board with my thanks for her contributions to Luminor and best wishes for the future. Enkelejd Zotaj joined us as Chief Information Officer and he, together Jonas Urbonas, Head of Corporate Banking, were appointed to the Board. Enkelejd brings to Luminor over two decades of experience in IT transformation and financial services in the CEE region. Jonas has worked for us since we were founded and has three decades of experience in financial services in the Baltic region.

The outlook for the Baltic region is positive. We look forward with confidence, despite the economic environment, because of our belief in our home markets and our value proposition; we are here to improve the financial health of our customers and our home countries, and to support their growth. In so doing, we will maintain our strong financial standing, exercise prudent risk management, and fulfil our wider obligations. I look forward to sharing our progress.

CONTENTS

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and Estonian law. In this report 'Luminor', 'Luminor Bank', 'we', 'us' and 'our' refer to Luminor Bank AS together with its subsidiaries. The abbreviations '€m' and '€bn' represent millions and billions (thousands of millions) of euro, respectively.

This report covers the period from January to December 2024, with commentary on the fourth quarter. Unless stated otherwise, the result for the reporting quarter is compared with the same period in the prior year, while the period end balance sheet is compared to the balance sheet at the end of the prior quarter.

MANAGEMENT REPORT

Financial Review

Summary income statement	4Q		12M	
€m	**2023**	**2024**	**2023**	**2024**
Net interest and similar income	142.9	122.0	541.8	517.6
Net fee and commission income	20.8	27.2	84.6	89.6
Net other operating income	3.2	5.8	23.4	21.6
Total operating income	**166.9**	**155.0**	**649.8**	**628.8**
Total administration expenses	−94.1	−101.1	−340.1	−341.2
Profit before credit losses, bank taxes, and tax	**72.8**	**53.9**	**309.7**	**287.6**
Expected credit losses	−20.2	−0.7	−33.1	1.5
Bank taxes and resolution fee	−10.2	-3.7	−33.5	−33.4
Profit before tax	**42.4**	**49.5**	**243.1**	**255.7**
Income tax expense	−26.0	−14.2	−48.4	−53.5
Profit for the period	**16.4**	**35.3**	**194.7**	**202.2**
Cost/ income ratio, %	56.4	65.2	52.3	54.3

We generated a profit of 35.3 million EUR in the quarter as compared to 16.4 million EUR in the same period last year. Total operating income decreased by 11.9 million EUR, due mainly to a decrease in Net interest income, and Total administration expenses increased by 7.0 million EUR. These changes were more than offset by a 19.5 million EUR reduction in Expected credit losses, a 6.5 million EUR reduction in Bank taxes and resolution fee, and 11.8 million EUR reduction in Income tax expense, which resulted in an 18.9 million EUR, or 115.2%, increase in Profit for the period. We generated an annualised return on equity of 8.4%. (4Q23: 3.7%).

Total operating income of 155.0 million EUR decreased 7.1% as compared to the same period last year. Net interest income decreased by 20.9 million EUR, or 14.6%, to 122.0 million EUR as interest and other similar income decreased by 20.4 million EUR, driven by lower Euribor rates, while interest expense grew by 0.5 million EUR as the cost of funding remained broadly stable. We generated a net interest margin of 3.22%, as compared to 3.75% a year ago. Net fee and commission income increased by 6.4 million EUR to 27.2 million EUR with an increase in fees from Pensions, Cards, and Deposit products. Net other operating income increased by 2.6 million EUR to 5.8 million EUR driven to a large extent by FX hedging activities.

Total administration expenses were 101.1 million EUR, an increase of 7.4% as compared to the same period last year. Consultancy and professional services expense decreased by more than a third but this was offset by a 30.0% increase in IT-related expense as we improved our systems and processes, and a 17.8% increase in Personnel expenses.

Expenses, €m	4Q23	4Q24
Personnel	−35.9	−42.3
IT-related	−21.7	−28.2
Consultancy	−11.6	−7.0
Other	−24.9	−23.6
Total	**−94.1**	**−101.1**

We recorded a lower Expected credit losses charge of 0.7 million EUR as compared to a charge of 20.2 million EUR in the fourth quarter 2023. Last year, we made additional provisions for private individuals as we improved our process for identification of unlikeness to pay based on external data. See 'Asset Quality', below, for further details.

Bank taxes and resolution fees decreased by 63.7% to 3.7 million EUR driven mainly by a decrease of 12.2 million EUR in the temporary bank tax payable in Lithuania, as we recorded a 3.0 million EUR reversal of tax in the quarter, offset in part by the introduction of temporary tax for 2024 in Latvia for which we incurred an expense of 6.9 million EUR. Income tax expense decreased by 45.4% to 14.2 million EUR. Last year Latvia enacted the mandatory prepayment of corporate income tax. We booked the cost of this change, which covered our 2023 Latvian profits, in the fourth quarter last year.

Summary balance sheet €m	31 Dec 2023	30 Sep 2024	31 Dec 2024
Cash and balances with central banks	3,069.1	2,826.5	3,106.3
Debt securities	1,491.8	1,555.7	1,670.2
Loans to customers	10,502.8	10,333.7	10,535.4
Other	429.5	382.5	411.8
Total assets	**15,493.2**	**15,098.4**	**15,723.7**
Deposits from customers	11,277.5	10,993.0	11,352.7
Debt securities issued	1,898.7	2,023.4	2,238.0
Other	538.9	431.4	446.6
Equity	1,778.1	1,650.6	1,686.4
Total liabilities and equity	**15,493.2**	**15,098.4**	**15,723.7**
Liquidity Coverage ratio, %	200.7	192.1	205.1
Net Stable Funding ratio, %	147.1	141.1	143.6

In the fourth quarter we increased Loans to customers by 201.7 million EUR and grew Deposits from customers by 359.7 million EUR. The total balance sheet increased by 625.3 million EUR to 15.7 billion EUR, as increased lending was complemented by an increase of 279.8 million EUR in Cash and balances with central banks and 114.5 million EUR increase in Debt securities. Loans to customers accounted for two-thirds of total assets at quarter end, funded wholly by deposits.

Loans to customers increased by 2.0% to 10.5 billion EUR. An increase of 131.1 million EUR in lending to individuals, driven principally by growth in mortgage loans, was complemented by growth in loans to companies of 70.6 million EUR, driven in the main by an increase in lending to the utility sector. Cash and balances with central banks increased by 9.9% and Debt securities increased by 7.4% as we managed our excess resources. Our liquidity portfolio consists, in the main, of high-quality government and covered bonds which can be pledged with the European Central Bank to allow us to obtain additional liquidity.

Our balance sheet is robust with diverse, reliable funding, and strong liquidity and capital positions.

Johannes Proksch
Chief Financial Officer

Deposits from customers increased by 3.3% to 11.4 billion EUR as we managed our liabilities and adjusted our deposit rates selectively. A reduction in balances from the public sector was more than offset by increases from individuals and businesses. Term deposits increased by 66.3 million EUR, and at period end accounted for just over a quarter of Deposits from customers. Debt securities issued increased by 214.6 million EUR as we sold our inaugural capital security, a 200 million EUR, 11-year subordinated note, which we have the right to redeem after 6-years. Shareholder’s equity increased by 35.8 million EUR as we retained the Profit for the period.

At quarter end our own funds and MREL-eligible instruments totalled 35.65% of Total Risk Exposure Amount (TREA) and 16.04% of our Leverage Ratio Exposure (LRE). In November last year, the Single Resolution Board confirmed our targets at 23.77% of TREA plus combined buffer requirement, down from 23.96% previously, and 5.91% of LRE.

The Liquidity Coverage ratio increased by 13.0%-points to 205.1%, more than twice the regulatory minimum of 100%. The increase was driven by the increases in Deposits from customers and also Debt securities issued. The Net Stable Funding ratio at quarter end was 143.6%, an increase of 2.5%-points over the quarter as the increase in Available stable funding, driven by Deposits from customers and Debt securities issued, was marginally greater than the increase in Required stable funding driven by increased Loans to customers.

Capital resources and uses €m	31 Dec 2023	30 Sep 2024	31 Dec 2024
Shareholder’s equity	1,778.1	1,650.6	1,686.4
Profit excluded	-194.7	-27.5	-45.2
Foreseeable dividends	-62.4	-83.4	-101.1
Common Equity Tier 1, before regulatory adjustments	**1,521.0**	**1,539.7**	**1,540.1**
Regulatory adjustments	-79.4	-68.1	-66.0
Prudential filters	-0.3	-0.3	-0.3
Common Equity Tier 1	**1,441.3**	**1,471.3**	**1,473.8**
Subordinated debt	-	-	199.1
Total capital	**1,441.3**	**1,471.3**	**1,672.9**
Credit risk exposure amounts	6,145.1	6,060.3	6,231.7
Operational risk exposure amounts	880.2	880.2	1,068.5
Other risk exposure amounts	31.9	33.6	31.9
Risk exposure amounts	**7,057.2**	**6,974.1**	**7,332.1**
Common Equity Tier 1 ratio, %	20.4	21.1	20.1
Total capital ratio, %	20.4	21.1	22.8
Leverage ratio exposure amounts	15,916.1	15,580.4	16,299.1
Leverage ratio, %	9.1	9.4	9.0

At the end of the fourth quarter our Common Equity Tier 1 (CET1) capital totalled 1,473.8 million EUR and Total capital 1,672.9 million EUR. Our CET1 capital ratio decreased in the quarter by 1.0%-points to 20.1%. CET1 increased by 2.5 million EUR driven by regulatory adjustments. Concurrently, Risk Exposure Amounts (REA), which we measure on a standardised basis, increased by 358.0 million EUR, driven by increased operational risk exposure amounts, as our average gross income increased, and by higher credit risk exposure amounts as Loans to customers increased. Our Total capital ratio increased by 1.7%-points to 22.8% after we issued our inaugural Tier 2 capital security, a 200 million EUR 11-year subordinated note, callable after 6-years.

Our capital ratios remain well above our minimum capital requirements set by our regulators which require us to have a CET1 ratio exceeding 11.64%, a Tier 1 ratio above 13.61% and a Total Capital ratio greater than 16.24%. These include a Pillar 2 additional own funds requirement of 2.5% since January this year.

We will be subject to an additional countercyclical buffer of 0.5% of our risk exposure amounts in Latvia from June 2025. We estimate the effect of this new buffer will add 13 basis points to our minimum CET1, Tier 1 and Total capital requirements, taking them ultimately to 11.77%, 13.74%, and 16.37% respectively. Our capital targets, and internal limits are set at the regulatory expectation (including P2G) plus a Management Buffer.

Our leverage ratio decreased by 0.4%-points over the quarter to 9.0%, as capital was unchanged and total assets increased, more than three times greater than our minimum leverage ratio of 3.0%.

On announcement of the subordinated note, above, Moody’s upgraded our long-term senior unsecured rating to A2 from A3. Explaining its upgrade, the credit agency noted that the increased volume of loss-absorbing securities provided by the issue of subordinated debt would materially lower the loss severity to our senior unsecured debtholders in a resolution scenario.

Asset quality Loans to customers, €m	31 Dec 2023	30 Sep 2024	31 Dec 2024
Stage 1	8,896.1	8,891.8	9,526.5
Stage 2	1,526.6	1,355.0	927.2
Stage 3	202.2	197.6	187.3
Gross carrying amount	**10,624.9**	**10,444.4**	**10,641.0**
Credit loss allowances	-122.1	-110.7	-105.6
Total	**10,502.8**	**10,333.7**	**10,535.4**
Non-performing loans ratio, %	1.9	1.9	1.8

POCI loans are recorded in Stages 2 and 3

At quarter end Loans to customers totalled 10.5 billion EUR, an increase of 2.0% compared to 30 September. The Gross carrying amount of loans was 10.6 billion EUR, of which 89.5% were classified as Stage 1. During the quarter the Gross carrying amount of Stage 2 decreased by 427.8 million EUR while Stage 3 loans decreased by 10.3 million EUR and accounted for 1.8% of gross lending at quarter end.

The quality of our loan portfolio – both to individuals and companies – remains good and has improved over the quarter, including to those sectors perceived as being most impacted by higher reference interest rates.

Our exposure to the Commercial Real Estate sector totalled 1.5 billion EUR at quarter end, almost unchanged compared to the previous quarter end. Our CRE portfolio is well-diversified by sub-sector, with around 40% of the portfolio to the retail sector and around 30% to offices, with a number of other sectors accounting for the remainder. We have limited exposure to development risks, with only around 10% of the CRE portfolio in the development stage. The portfolio has an average loan-to-value ratio around 48%.

The quality of our loan portfolio – both to individuals and companies – remains good.

Our exposure by customer type and sector is well diversified.

Diego Biondo
Chief Risk Officer

We have no direct exposure to companies domiciled in Russia, Belarus or Ukraine. Our exposure to residents of these countries, mostly residential mortgages all of which are secured on Baltic properties, is 1 million EUR.

The gross amount of Stage 2 loans decreased by 4.3%-points to 8.7% of gross lending at quarter end. Most of the reduction was driven by two changes we made in the quarter to our IFRS9 models. First, we enhanced the methodology we use to assess Significant Increase in Credit Risk. Second, we completed a triennial review of our macro-economic model, including more data fields, better quality data and greater alignment across our home markets. Repayments and portfolio quality improvements accounted for a further near-fifth of the reduction, and reclassification to Stage 3 accounted for the remainder.

The gross amount of Stage 3 loans decreased by 10.3 million EUR over the quarter to 187.3 million EUR or 1.8% of gross lending at quarter end. The decrease was driven by both repayments and cures after the end of probation periods. The outflow of non-performing loans, most of which were to companies, was around 1.3 times higher than the inflow. Around a half of the outflow was driven by repayments. Exposure to companies accounted for 85% of the inflow. The Gross carrying amount of Stage 3 loans net of credit loss allowances of 52.2 million EUR was 135.1 million EUR against which we held collateral of 176.4 million EUR.

Stage 3 Loans, €m	31 Dec 24
Gross carrying amount	187.3
Credit loss allowances	-52.2
Total	**135.1**
Collateral fair value	176.4

Details of the Expected credit losses for the quarter of 0.7 million EUR can be found in the commentary on the Summary income statement, which appears at the start of this Financial Review.

Customer segments

Retail Banking	4Q		12M	
€m	**2023**	**2024**	**2023**	**2024**
Net interest and similar income	75.5	63.3	280.4	274.3
Net fee and commission income	14.3	21.0	54.7	63.2
Net other operating income	1.6	1.4	6.0	5.7
Total operating income	**91.4**	**85.7**	**341.1**	**343.2**
Total administration expenses	–54.1	–69.4	–205.2	–216.4
Profit before credit losses and tax	**37.3**	**16.3**	**135.9**	**126.8**
Expected credit losses	–6.8	14.5	–12.5	13.9
Profit before tax	**30.5**	**30.8**	**123.4**	**140.7**
Cost/ income ratio, %	59.2	81.0	60.2	63.1

Customer balances €m	31 Dec 2023	30 Sep 2024	31 Dec 2024
Loans to customers	5,700.2	5,759.8	5,900.1
Deposits from customers	5,915.5	5,819.3	6,119.2

Loans to customers increased, once again, during the fourth quarter, as we continued our marketing campaigns and worked to improve our customer offering. New sales for mortgage lending were more than double what they were in the same quarter a year ago. Conversely new sales of consumer lending were 7% less than a year earlier.

Deposits from customers increased by 3.4% during the past 12 months, and customer interest in saving remains strong despite interest rate cuts by the European Central Bank and the resulting fall in Euribor, with new sales volumes up by 5%.

In line with market trends and our focus on improving the customer experience, we introduced instant payments in Latvia, and so from this quarter all our private customers in the Baltics can use this service.

> We grew mortgage lending once again as we improved our customer offering.
>
> Wojciech Sass
> Chief Executive

Our new customer numbers were 11% higher in the fourth quarter than in the same quarter of last year. Moreover, active customer numbers increased during the past 12 months, driven by growth of 7% in sales of our flagship Luminor Black Visa card.

Corporate Banking	4Q		12M	
€m	2023	2024	2023	2024
Net interest and similar income	62.1	49.7	247.7	224.5
Net fee and commission income	6.6	6.5	30.6	26.1
Net other operating income	5.0	2.2	15.6	10.2
Total operating income	**73.7**	**58.4**	**293.9**	**260.8**
Total administration expenses	−32.6	−33.1	−125.2	−110.5
Profit before credit losses and tax	**41.1**	**25.3**	**168.7**	**150.3**
Expected credit losses	−12.7	−15.3	−21.2	−13.3
Profit before tax	**28.4**	**10.0**	**147.5**	**137.0**
Cost/ income ratio, %	44.2	56.7	42.6	42.4

Customer balances €m	31 Dec 2023	30 Sep 2024	31 Dec 2024
Loans to customers	4,799.3	4,573.3	4,632.2
Deposits from customers	5,282.2	5,138.2	5,196.9

Customer sentiment improved over the quarter, with demand for new credit gaining momentum while we maintained a strong deposit base.

The fall in the base interest rate boosted customer confidence, and its positive impact was particularly evident in the SME segment, leading to renewed discussions about future investments. Our loan portfolio remains well diversified across sectors and types, and there is a healthy pipeline of lending deals. The quality of our loans to customers continues to be good.

There was substantial growth in demand for investment in the renewable energy sector, while the transport sector continued to recover and stabilise during the quarter. The introduction of the new motor vehicle tax in Estonia from 2025 resulted in a sharp increase in the purchase and leasing of new and used cars towards the end of the year.

We saw improved customer sentiment over the quarter and growth in demand for new credit.

Jonas Urbonas
Head of Corporate Banking

We continued to promote financing for SMEs, facilitated by the European Investment Bank, to support the green transition of the Baltic economies through a targeted campaign in the fourth quarter, with the result that additional deals were completed under the scheme.

Supplementary information

ECONOMIC ENVIRONMENT

Data and Luminor economists' forecasts (a)	Public Debt /GDP	Economic growth (GDP) (b)		Inflation (CPI) (b)		Unemployment rate		Wage growth (b)	
%	24Q2	24Q3	24f (c)	Dec 24	24f (c)	24Q3	24f (c)	24Q3	24f (c)
Estonia	23.8	-0.6	-1.0	3.9	4.0	7.4	8.0	7.5	7.0
Latvia	46.4	-1.0	0.5	3.2	1.2	6.7	7.1	10.0	9.0
Lithuania	37.4	2.4	2.4	2.1	0.6	6.8	7.5	10.9	9.6

a. Data as at 10 January 2025, forecasts as at September 2024; b. Annual change; c. Average for the year

Euro area economic growth improved in the third quarter, albeit unevenly with the service sectors doing better than manufacturing and construction, and Southern Europe outperforming the North. Weak external demand continues to curtail exports, especially in Estonia given its strong links with Finland and Sweden. That said, the Estonian economy has recorded two quarters of modest growth. The Latvian economy has shown signs of weakness while Lithuania maintains solid growth aided by domestic demand. Eased monetary policy should support growth albeit with some lags.

Unemployment rates in the Baltic states remain at somewhat elevated levels mainly due to the inclusion of Ukrainian refugees in official statistics, but employment rates are high for longer-term residents. In Latvia and Lithuania real wage growth has seen the restoration of individuals' purchasing power that was lost because of high energy and food inflation two-years ago. Underlying price pressures are minimal, and price growth overall has normalised. Various administrative measures, including an increase in value added tax in January 2024, pushed up the rate of inflation in Estonia as compared to Latvia and Lithuania.

Real estate price indices were virtually unchanged in Latvia over the year to the second quarter but saw small growth in Estonia and above 10 percent growth in Lithuania. The outlook for the real estate market is somewhat optimistic as interest rates decline and domestic demand returns. Governments are running budget deficits to support their economies, but debt to GDP ratios have increased little over recent years, as nominal GDP continues to increase, and public debt to GDP ratios remain very low. The outlook for the 2025 is optimistic, with modest growth expected in Estonia and Latvia, and Lithuania close to its potential.

BUSINESS DEVELOPMENTS

We continued to improve our services to serve our customers better, and we launched instant payments in Latvia in the fourth quarter. We invested in our IT-infrastructure, strengthened our security and regulatory compliance processes and systems, and focused on compliance with the Digital Operational Resilience Act, which we will continue to work on in 2025.

In Latvia, the parliament enacted a second temporary bank tax. The tax is to be levied for three years starting in 2025 at a rate of 60% on the net interest income that exceeds the average annual net interest income for the financial years 2018-2022 by more than 50%. The amount of taxable income may be reduced if a certain rate of credit growth is attained.

We made changes to the membership of our Supervisory Council. In October, Syed Qasim Abbas stepped down from the Council and was replaced by Tanvi Davda as one of two representatives of Blackstone. In December, Mark Ashton-Rigby replaced Iain Plunkett as an independent member of the Council. Following these changes we amended the composition of the Supervisory Council's committees.

We also made changes to our Management Board. In October, Enkelejd Zotaj joined as Chief Information Officer while Jonas Urbonas, Head of Corporate Banking, was appointed to the Board in December. Enkelejd has over two decades of experience in technology and financial services and will lead the technology division. Jonas has worked for us since we were founded in 2017 having joined one of our predecessor banks in 2010 and has three decades of experience in financial services in the Baltic region. Last year, Jonas was appointed Head of Corporate Banking, and manager of our Lithuanian branch.

In December, Kerli Vares stepped down as Head of Retail Banking and as manager of our Latvian branch. Wojciech Sass assumed responsibility for retail banking while we recruit a new head of division. Ossi Leikola, Deputy Chief Executive Officer, was appointed as the manager of our Latvian branch.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

We updated our Sustainability Policy and our ESG Strategic initiative milestones for 2025, and established internal carbon emission intensity reduction targets for retail and corporate banking. Furthermore, we established our risk appetite for mortgage lending, regulating our exposure to energy inefficient properties, and reviewed other ESG risk related risk limits. Our targets and risk appetite metrics are aligned with our overall Net Zero Commitment.

We completed our annual Double Materiality Assessment, which informs our annual sustainability reporting. The updated assessment for 2024 identified material topics across the three Environmental, Social and Governance pillars, including Climate change, Own workforce, and Business conduct, amongst others. We are reviewing the topics and, once approved, will develop our reporting of these items. Our 2024 Sustainability Statement will be published in accordance with the Corporate Sustainability Reporting Directive.

We strengthened our understanding of climate risk and climate change by hosting training sessions across our home markets, including a dedicated session for our management board members. These sessions foster a shared understanding of the complex and interconnected challenges posed by climate change, and helps equip decision makers with the knowledge to integrate sustainability into our business. By engaging leaders and teams, we aim to enhance our resilience to climate risks and align our actions with global sustainability goals, reinforcing our commitment to driving meaningful, long-term change.

In addition, we completed the analysis of our climate and environmental metrics reporting for different parts of our business and defined development needs, developed our ESG Data Management Procedure, and procured climate and environmental risk data on more than 25 climate and environment risk drivers to assist in our stress testing and other risk assessment processes

We continued to support civic society in our home markets. In Estonia we selected a winner for our National Culture Foundation scholarship, mentored NULA incubator teams to develop innovative solutions to challenges societies face, and donated our retired computers to a local kindergarten. In Latvia we hosted our annual gathering for social entrepreneurs and awarded prizes for the best ideas and, in cooperation with Riga City Council and Riga Business School, we hosted Puzzle day for secondary school pupils. In Lithuania, we hosted the final of the Impact Academy project for social businesses and selected the winner, and agreed to sponsor Future Heroes, an entrepreneurship programme for young girls, arranged by WoW University.

Across the region we sought, once again, to raise financial literacy. Ahead of the holiday season we focused on fraud risk and measures customers can take to avoid being defrauded. We also continued to help young people become financially resilient with webinars, classes, and access to our experts, held in cooperation with local banking associations and school programmes.

PREVENTING FINANCIAL CRIME

We do not tolerate financial crime, and we are committed to maintaining our strong conduct, ethics and risk culture. We market our products and services only to residents of the Baltic countries, and to individuals and companies with a strong connection to these countries.

We have improved our processes to align them with our low level of risk appetite and our conservative approach to business. We have continued to enhance our anti-money laundering (AML) capabilities, sanctions compliance, and anti-fraud framework through iterative deliveries. We plan to improve further in 2025 our anti-financial crime technologies, with a focus on efficiency and effectiveness.

We are committed to the protection of human rights, and to countering the financing of terrorism and the proliferation of weapons of mass destruction. We report possible sanctions breaches and violations to the regulatory authorities. We enhanced our risk culture in the fourth quarter and carried out various awareness-raising activities. We continued to prioritise and enhance our fraud risk management measures, with continuous technological enhancements, risk mitigation, and training for our staff so they can address better fraudulent activities.

Statement of the Management Board

The interim report of Luminor Bank AS for the fourth quarter of 2024 consists of the Management Report and the Condensed Consolidated Interim Financial Statements.

The data and additional information presented in the interim report is true and complete. The Condensed Consolidated Interim Financial Statements have been prepared according to the principles of the International Accounting Standard IAS 34 Interim Financial Reporting as adopted by the European Union and the requirements established by the Credit Institutions Act of the Republic of Estonia for the disclosure of information.

Luminor Bank AS and its subsidiaries are going concerns.

Wojciech Sass
Chief Executive Officer and
Chairman of the Management Board
Tallinn, 28 January 2025

CONSOLIDATED FINANCIAL STATEMENTS

Statement of Profit or Loss, condensed

€m	Notes	4Q		12M	
		2023	2024	2023	2024
Interest income calculated using the effective interest method	3	175.1	159.3	629.0	679.9
Other similar income	3	34.1	29.5	111.0	121.9
Interest and similar expense	3	-66.3	-66.8	-198.2	-284.2
Net interest and similar income		**142.9**	**122.0**	**541.8**	**517.6**
Fee and commission income	4	29.1	35.3	114.8	120.6
Fee and commission expense	4	-8.3	-8.1	-30.2	-31.0
Net fee and commission income		**20.8**	**27.2**	**84.6**	**89.6**
Net gain from financial instruments at fair value	5	-1.9	26.5	23.7	46.0
Net gain (-loss) from foreign currency operations		10.1	-18.4	11.2	-13.4
Other operating expense - net	6	-5.5	-2.4	-13.1	-12.2
Share of profit from associates		0.5	0.1	1.6	1.2
Net other operating income		**3.2**	**5.8**	**23.4**	**21.6**
Total operating income		**166.9**	**155.0**	**649.8**	**628.8**
Personnel expenses		-35.9	-42.3	-131.3	-147.4
Other administration expenses	7	-45.9	-54.5	-188.8	-171.2
Depreciation, amortisation, and impairment		-8.8	-2.1	-16.8	-20.5
Gain (-loss) on derecognition of non-financial assets - net		-3.5	-2.2	-3.2	-2.1
Total administration expenses		**-94.1**	**-101.1**	**-340.1**	**-341.2**
Profit before credit losses, bank taxes, and tax		**72.8**	**53.9**	**309.7**	**287.6**
Expected credit losses	10	-20.2	-0.7	-33.1	1.5
Bank taxes and resolution fee	8	-10.2	-3.7	-33.5	-33.4
Profit before tax		**42.4**	**49.5**	**243.1**	**255.7**
Income tax expense		-26.0	-14.2	-48.4	-53.5
Profit for the period		**16.4**	**35.3**	**194.7**	**202.2**
Total comprehensive income		**16.4**	**35.3**	**194.7**	**202.2**

Statement of Financial Position, condensed

€m	Notes	31 Dec 2023	30 Sep 2024	31 Dec 2024
Assets				
Cash and balances with central banks		3,069.1	2,826.5	3,106.3
Balances with banks		47.5	52.7	63.6
Debt securities	9	1,491.8	1,555.7	1,670.2
Loans to customers	10	10,502.8	10,333.7	10,535.4
Derivatives	17	92.2	53.1	77.9
Equity instruments		2.9	3.3	3.5
Investments in associates		5.5	6.6	5.9
Intangible assets		56.0	48.4	49.3
Tangible assets		27.0	23.2	22.3
Current tax assets		0.7	1.7	1.5
Deferred tax assets		10.0	7.0	4.9
Other assets	12	187.7	186.5	182.9
Total		**15,493.2**	**15,098.4**	**15,723.7**
Liabilities				
Loans and deposits from credit institutions		212.3	167.7	192.9
Deposits from customers	13	11,277.5	10,993.0	11,352.7
Fair value of changes of hedge items in portfolio hedges of interest rate		6.9	6.2	6.2
Debt securities issued	14	1,898.7	2,023.4	2,238.0
Derivatives	17	73.7	46.8	35.6
Tax liabilities		26.6	17.5	22.3
Deferred tax liabilities		1.1	1.3	0.7
Lease liabilities		24.8	20.7	20.0
Other liabilities	15	165.5	149.6	134.4
Provisions		28.0	21.6	34.5
Total		**13,715.1**	**13,447.8**	**14,037.3**
Shareholder's equity				
Share capital		34.9	34.9	34.9
Share premium		1,412.2	1,412.2	1,412.2
Retained earnings		327.5	199.9	235.7
Other reserves		3.5	3.6	3.6
Total		**1,778.1**	**1,650.6**	**1,686.4**
Total liabilities and shareholder's equity		**15,493.2**	**15,098.4**	**15,723.7**

Statement of Changes in Equity, condensed

€m	Share capital	Share premium	Retained earnings	Other reserves	Total equity
Balance as at 31 December 2022	**34.9**	**1,412.2**	**132.7**	**3.6**	**1,583.4**
Profit for the period	–	–	194.7	–	**194.7**
Total comprehensive income	**-**	**-**	**194.7**	**-**	**194.7**
Dividends	–	–	–	–	**-**
Other	–	–	0.1	−0.1	**0.0**
Balance as at 31 December 2023	**34.9**	**1,412.2**	**327.5**	**3.5**	**1,778.1**
Balance as at 31 December 2023	**34.9**	**1,412.2**	**327.5**	**3.5**	**1,778.1**
Profit for the period	–	–	202.2	–	**202.2**
Total comprehensive income	**-**	**-**	**202.2**	**-**	**202.2**
Dividends	–	–	−294.5	–	**−294.5**
Other	–	–	0.5	0.1	**0.6**
Balance as at 31 December 2024	**34.9**	**1,412.2**	**235.7**	**3.6**	**1,686.4**

Statement of Cash flows, condensed

€m	Notes	12M	
		2023	2024
Profit before tax		243.1	255.7
Adjustment for non-cash items:			
Credit loss allowance	10	33.1	-1.5
Depreciation, amortisation, and impairment		16.8	20.5
Derecognition of non-financial assets		3.2	-0.2
Other non-cash items		-1.6	-1.2
Interest and similar income	3	-740.2	-801.8
Interest and similar expense	3	198.2	284.2
Change in operating assets/liabilities:			
Increase (-) / decrease (+) of lending to customers		363.1	-39.3
Increase (-) / decrease (+) of debt securities		-200.5	-150.9
Increase (-) / decrease (+) of other assets		84.2	40.3
Increase (+) / decrease (-) of deposits from customers		300.7	74.6
Increase (+) / decrease (-) of other liabilities		158.2	-45.6
Interest received		687.7	762.5
Interest paid		-137.7	-293.9
Income tax paid		-28.9	-53.9
Cash flow used in operating activities		**979.4**	**49.5**
Payment for acquisition of subsidiary, net of cash acquired		-0.3	-
Acquisition of tangible and intangible assets		-8.5	-13.4
Proceeds from disposal of tangible and intangible assets		0.1	0.2
Dividend received		1.8	1.3
Cash flows used in investing activities		**-6.9**	**-11.9**
Debt securities issued	14	598.5	542.8
Debt securities redeemed or matured		-600.0	-227.0
Payments of principal on leases		-5.5	-6.1
Dividends paid		-	-294.0
Cash flows from / (used in) financing activities		**-7.0**	**15.7**
Net increase or decrease in cash and cash equivalents		**965.5**	**53.3**
Cash and cash equivalents at the beginning of the period		2,151.0	3,116.6
Effects of currency translation on cash and cash equivalents		0.1	0.0
Net increase or decrease in cash and cash equivalents		965.5	53.3
Cash and cash equivalents at the end of the period		**3,116.6**	**3,169.9**
Cash and cash equivalents			
Cash on hand		105.4	120.4
Non-restricted current account with central bank		2,963.7	2,985.9
Due from other credit institutions within three months		47.5	63.6
Total		**3,116.6**	**3,169.9**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Material accounting policy information

BASIS OF PRESENTATION

The condensed consolidated interim financial statements (the Statements) of Luminor Bank AS were prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The Statements do not contain all the information and disclosures required in the annual financial statements and should be read in conjunction with Luminor Bank AS annual financial statements for the year ended 31 December 2023 (the Annual Report). The financial information in this interim report is presented to a material extent in the same format as in the Annual Report.

The accounting policies adopted in the preparation of these Statements are consistent with those followed in the preparation of the Annual Report, except for the adoption of new standards effective as of 1 January 2024. Several amendments and interpretations are effective for the first time in 2024, but do not have a material impact on the interim condensed consolidated financial statements of Luminor. Luminor has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Luminor makes estimates and applies assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities. Estimates and judgements are evaluated continuously and are based on management's experience and expectations of future events. Consistent with the Annual Report, the significant estimates are the impairment of financial instruments, as well as the determination of the fair value.

Impairment of financial instruments

The methods and the key assumptions related to the calculation of the impairment of financial instruments are consistent with those applied by Luminor for the year ended 31 December 2023, except as noted further. For more detailed information on the impairment policies, please, refer to the Annual Report, Note 2, 'General Risk Management Policies'.

The applied Expected Credit Loss (ECL) model was enhanced during the fourth quarter of 2024. These changes lead to material migration of exposures from Stage 2 to Stage 1, although the total change in ECL was not material. The application of temporary collective Significant Increase in Credit Risk (SICR) indicator for commercial real estate exposures vulnerable to increasing interest rates, which was incorporated into the ECL model in the second quarter of 2023, has been discontinued leading to immaterial decrease of collective impairment.

Fair value determination

The methods and the key assumptions related to the calculation of the fair value are consistent with those applied by Luminor for the year ended 31 December 2023. For detailed information on the valuation techniques and inputs, please, refer to the Annual Report.

CHANGE IN PRESENTATION

In the Statement of Profit or Loss, previously, resolution fees were included in 'Other operating expense – net' and the Lithuanian bank tax in 'Total income tax'. From 2024 these items are presented in a new row 'Bank taxes and resolution fee'. In addition, we reclassified a number of lease deals as loans and the corresponding income which was recorded in 'Other similar income' is now shown in 'Interest income calculated using the EIM':

Statement of Profit or Loss	4Q23			12M23		
€m	As reported previously	Change	As restated	As reported previously	Change	As Restated
Interest income calculated using the EIM	174.7	+0.4	175.1	627.6	+1.4	629.0
Other similar income	34.5	-0.4	34.1	112.6	-1.6	111.0
Net gain from financial instruments at fair value	-3.7	+1.8	-1.9	16.1	+7.6	23.7
Net gain from foreign currency operations	11.9	-1.8	10.1	18.6	-7.4	11.2
Other operating expense – net	-6.5	+1.0	-5.5	-16.7	+3.6	-13.1
Other administration expenses	-45.8	-0.1	-45.9	-188.6	-0.2	-188.8
Bank taxes and resolution fee	-	-10.2	-10.2	-	-33.5	-33.5
Lithuanian bank tax	-9.3	+9.3	-	-30.1	+30.1	-

In the Statement of Financial Position, from 2024: based on IAS 1 requirements, restricted balances with central and other banks are presented in 'Other assets'; specific assets were moved from 'Other assets' to 'Loans to customers' after a review of their nature; as per IAS 12, deferred tax liabilities are presented separately; a number of account balances were moved from 'Loans and deposits from credit institutions' and 'Deposits from customers' to 'Other liabilities', as we clarified the nature of the balance, and; liabilities related to the Lithuanian bank tax were moved from 'Tax liabilities' to 'Other liabilities':

Statement of Financial Position	31 December 2023			30 September 2024		
€m	As reported previously	Change	As restated	As reported previously	Change	As restated
Assets						
Cash and balances with central banks	3,184.9	-115.8	3,069.1			
Balances with banks	56.2	-8.7	47.5			
Loans to customers	10,502.6	+0.2	10,502.8	10,333.1	+0.6	10.333.7
Deferred tax assets	8.9	+1.1	10.0			
Other assets	63.4	+124.3	187.7	187.1	-0.6	186.5
Total	15,492.1	+1.1	15,493.2			
Liabilities						
Loans and deposits from credit institutions	224.3	-12.0	212.3			
Deposits from customers	11,287.2	-9.7	11,277.5			
Tax liabilities	35.9	-9.3	26.6			
Deferred tax liabilities	-	+1.1	1.1			
Other liabilities	134.5	+31.0	165.5			
Total	13,714.0	+1.1	13,715.1			

The effect of these changes on the Statement of Cash flows was:

Statement of Cash flows	2023		
€m	As reported previously	Change	As restated
Profit before tax	273.2	-30.1	243.1
Increase (-) / decrease (+) of lending to customers	363.3	-0.2	363.1
Increase (-) / decrease (+) of other assets	84.0	+0.2	84.2
Increase (+) / decrease (-) of deposits from customers	310.4	-9.7	300.7
Increase (+) / decrease (-) of other liabilities	139.2	+19.0	158.2
Income tax paid	-49.7	+20.8	-28.9

2. General risk management policies

CREDIT RISK

Impairment policies

Luminor recognises credit losses in accordance with the requirements of IFRS 9, applying a forward-looking ECL approach, as per the Annual Report. The impairment calculation approach was unchanged in the fourth quarter of 2024.

Three-year projections of macroeconomic variables and probability weights are prepared for each Baltic country. These were most recently prepared in the fourth quarter of 2024 to reflect, mainly, possible consequences of prevailing geopolitical uncertainties and distorted trade relations in the Baltic region. The prevailing probability weights for the three scenarios are 20% for the optimistic scenario, 50% for the baseline, and 30% for the pessimistic scenario. The parameters used for macroeconomic modelling were:

Economic data, %	2023	Scenarios											
	actual	Optimistic				Baseline				Pessimistic			
		24f	25f	26f	27f	24f	25f	26f	27f	24f	25f	26f	27f
Real GDP (a)													
Estonia	-3.0	-0.5	2.8	2.6	4.5	-1.0	1.0	1.0	3.0	-1.0	-7.0	-0.4	4.1
Latvia	1.7	1.1	4.1	5.2	4.7	0.5	2.2	3.5	3.0	0.5	-5.8	-0.9	2.9
Lithuania	0.3	2.8	4.4	3.6	4.2	2.4	3.0	2.4	3.0	2.4	-5.0	-1.5	4.9
Unemployment rate													
Estonia	6.4	7.6	7.4	6.6	6.7	8.0	8.0	7.0	7.0	8.0	11.0	10.5	9.0
Latvia	6.5	6.8	6.3	5.6	6.6	7.1	6.8	6.0	7.0	7.1	10.8	12.0	10.6
Lithuania	6.9	7.1	6.5	6.4	6.4	7.5	7.2	7.0	7.0	7.5	11.2	12.7	11.4
Residential Real Estate price (a)													
Estonia	5.9	4.0	3.4	3.1	6.1	7.0	6.0	6.0	5.0	3.0	-20.0	-7.0	10.0
Latvia	3.7	3.2	6.6	7.3	7.2	9.0	6.6	7.1	5.0	2.0	-18.3	-2.9	10.0
Lithuania	9.8	4.7	3.5	3.3	5.3	9.6	7.4	6.6	5.0	4.0	-19.0	-9.4	6.0

a. Annual change

MARKET AND LIQUIDITY RISK

The most significant market risks for Luminor are interest rate risk and credit spread risk. Luminor has low appetite for market risk and does not engage in equity trading. Customer related foreign exchange flow is managed through daily hedging activities, and all derivative deals with customers are fully hedged. There were no major changes in Luminor's market risk profile, and overall market risk exposure remained low and stable during the fourth quarter of 2024.

Luminor's liquidity position remained strong in the fourth quarter of 2024, with a Liquidity Coverage Ratio (LCR) of 205.1% at quarter end. The limits for regulatory ratios, LCR and Net Stable Funding Requirement, are set well above the minimum requirements. Luminor maintains a substantial liquidity buffer and operates well above regulatory requirements.

3. Net interest and similar income

€m	4Q		12M	
	2023	2024	2023	2024
Loans to customers at amortised cost	147.3	132.1	536.0	566.3
Balances with central banks	27.5	27.0	91.9	113.0
Balances with banks	0.3	0.2	1.1	0.6
Interest income calculated using effective interest method	**175.1**	**159.3**	**629.0**	**679.9**
Finance leases	24.8	21.0	88.4	90.2
Other	9.3	8.5	22.6	31.7
Other similar income	**34.1**	**29.5**	**111.0**	**121.9**
Interest and similar income	**209.2**	**188.8**	**740.0**	**801.8**
Loans and deposits from credit institutions	2.8	−1.5	−1.5	−7.1
Deposits from customers	−38.5	−40.3	−101.8	−171.5
Debt securities issued	−18.0	−16.3	−55.5	−59.4
Loss on hedging activities	−12.5	−8.5	−38.8	−45.5
Other	−0.1	−0.2	−0.6	−0.7
Interest expense	**−66.3**	**−66.8**	**−198.2**	**−284.2**
Total	**142.9**	**122.0**	**541.8**	**517.6**

4. Net fee and commission income

€m	2023			2024		
	Income	Expense	Total	Income	Expense	Total
Fourth quarter						
Cards	10.9	-6.0	**4.9**	11.7	-5.5	**6.2**
Credit products	1.8	-0.8	**1.0**	1.4	-0.6	**0.8**
Daily banking plans	4.8	–	**4.8**	5.0	–	**5.0**
Deposit products and cash management	3.4	-0.8	**2.6**	4.1	-0.8	**3.3**
Insurance	1.0	0.0	**1.0**	1.1	–	**1.1**
Investments	1.7	-0.5	**1.2**	1.4	-0.5	**0.9**
Pensions	2.3	-0.2	**2.1**	7.6	-0.7	**6.9**
Trade finance	3.0	–	**3.0**	2.7	0.0	**2.7**
Other	0.2	–	**0.2**	0.3	0.0	**0.3**
Total	**29.1**	**-8.3**	**20.8**	**35.3**	**-8.1**	**27.2**
12-months						
Cards	43.5	-22.4	**21.1**	45.0	-22.5	**22.5**
Credit products	6.7	-2.1	**4.6**	5.5	-1.7	**3.8**
Daily banking plans	19.4	–	**19.4**	19.8	–	**19.8**
Deposit products and cash management	14.3	-3.1	**11.2**	13.7	-3.2	**10.5**
Insurance	3.8	0.0	**3.8**	4.1	–	**4.1**
Investments	5.7	-1.7	**4.0**	4.9	-1.8	**3.1**
Pensions	8.9	-0.8	**8.1**	15.5	-1.8	**13.7**
Trade finance	11.4	–	**11.4**	10.9	0.0	**10.9**
Other	1.1	-0.1	**1.0**	1.2	0.0	**1.2**
Total	**114.8**	**-30.2**	**84.6**	**120.6**	**-31.0**	**89.6**

Fee and commission income by revenue recognition

€m	2023			2024		
	Over time	Point in time	Total	Over time	Point in time	Total
Fourth quarter						
Cards	0.6	10.3	**10.9**	0.6	11.1	**11.7**
Credit products	0.5	1.3	**1.8**	0.5	0.9	**1.4**
Daily banking plans	4.8	–	**4.8**	5.0	–	**5.0**
Deposit products and cash management	0.8	2.6	**3.4**	0.7	3.4	**4.1**
Insurance	–	1.0	**1.0**	–	1.1	**1.1**
Investments	0.9	0.8	**1.7**	0.9	0.5	**1.4**
Pensions	2.3	–	**2.3**	7.6	–	**7.6**
Trade finance	2.8	0.2	**3.0**	2.6	0.1	**2.7**
Other	0.1	0.1	**0.2**	0.0	0.3	**0.3**
Total	**12.8**	**16.3**	**29.1**	**17.9**	**17.4**	**35.3**
12-months						
Cards	8.3	35.2	**43.5**	2.3	42.7	**45.0**
Credit products	1.6	5.1	**6.7**	1.3	4.2	**5.5**
Daily banking plans	19.4	–	**19.4**	19.8	–	**19.8**
Deposit products and cash management	3.7	10.6	**14.3**	3.2	10.5	**13.7**
Insurance	–	3.8	**3.8**	–	4.1	**4.1**
Investments	2.9	2.8	**5.7**	3.1	1.8	**4.9**
Pensions	8.9	–	**8.9**	15.5	–	**15.5**
Trade finance	10.8	0.6	**11.4**	10.4	0.5	**10.9**
Other	0.1	1.0	**1.1**	0.0	1.2	**1.2**
Total	**55.7**	**59.1**	**114.8**	**55.6**	**65.0**	**120.6**

5. Net gain from financial instruments at fair value

€m	4Q		12M	
	2023	2024	2023	2024
Derivatives	-9.8	20.9	1.9	23.5
Financial instruments held for trading (a)	3.7	3.7	13.7	14.3
Financial instruments at FVTPL	0.5	0.5	1.1	1.6
Debt securities designated at FVTPL	3.7	1.4	7.0	6.6
Total	**-1.9**	**26.5**	**23.7**	**46.0**
a. of which FX spot	3.1	3.3	12.4	13.4

6. Other operating expense – net

€m	4Q		12M	
	2023	2024	2023	2024
Other income	0.3	0.9	1.0	1.6
Other operating income	**0.3**	**0.9**	**1.0**	**1.6**
Contributions to deposit guarantee schemes	-4.6	-2.3	-10.3	-9.9
Other expense	-1.2	-1.0	-3.8	-3.9
Other operating expense	**-5.8**	**-3.3**	**-14.1**	**-13.8**
Total	**-5.5**	**-2.4**	**-13.1**	**-12.2**

7. Other administration expenses

€m	4Q		12M	
	2023	2024	2023	2024
Information Technology-related	-21.7	-28.2	-98.9	-114.3
Consulting and professional services	-11.6	-7.0	-54.6	-15.9
Advertising and marketing	-3.9	-2.8	-8.6	-8.2
Real estate	-0.8	-0.8	-3.3	-3.1
Taxes and duties	3.7	6.0	-1.3	2.1
Other	-11.6	-21.7	-22.1	-31.8
Total	**-45.9**	**-54.5**	**-188.8**	**-171.2**

8. Bank taxes and resolution fee

€m	4Q		12M	
	2023	2024	2023	2024
Latvian bank tax	-	-6.9	-	-27.7
Lithuanian bank tax	-9.2	3.0	-30.1	-5.7
Resolution fee	-1.0	0.2	-3.4	-
Total	**-10.2**	**-3.7**	**-33.5**	**-33.4**

9. Debt securities

By type of obligor and IFRS9 measurement

€m	Govern-ments	Credit institutions	Financial institutions	Corporates	Total
31 December 2023					
AC	1,074.4	109.6	7.1	104.2	**1,295.3**
FVTPLD	152.7	22.7	–	–	**175.4**
FVTPLM	13.7	0.0	4.7	–	**18.4**
FVTOCI	2.7	–	–	–	**2.7**
Total	**1,243.5**	**132.3**	**11.8**	**104.2**	**1,491.8**
30 September 2024					
AC	1,133.2	149.8	4.9	102.9	**1,390.8**
FVTPLD	114.7	19.7	–	–	**134.4**
FVTPLM	24.4	1.0	2.3	0.0	**27.7**
FVTOCI	2.8	–	–	–	**2.8**
Total	**1,275.1**	**170.5**	**7.2**	**102.9**	**1,555.7**
31 December 2024					
AC	1,236.3	165.3	4.9	104.6	**1,511.1**
FVTPLD	115.8	16.9	–	–	**132.7**
FVTPLM	18.9	0.0	3.2	1.4	**23.5**
FVTOCI	2.9	–	–	–	**2.9**
Total	**1,373.9**	**182.2**	**8.1**	**106.0**	**1,670.2**

10. Loans to customers

€m	31 Dec 2023	30 Sep 2024	31 Dec 2024
Individuals	5,941.6	5,981.1	6,112.2
Businesses	4,181.4	3,984.7	4,023.5
Financial institutions	190.9	188.1	191.7
Public sector	188.9	179.8	208.0
Total	**10,502.8**	**10,333.7**	**10,535.4**
of which loans pledged as security for covered bonds	1,050.0	1,065.0	1,065.0
By country of registration			
Estonia, Latvia, and Lithuania	10,353.9	10,189.2	10,398.8
Rest of the European Union	123.0	120.4	112.4
Rest of the world	25.9	24.1	24.2
Total	**10,502.8**	**10,333.7**	**10,535.4**

Loans to customers by stage and borrower type

€m	Gross carrying amount				Credit loss allowances				Total
	Stage 1	2	3	Total	Stage 1	2	3	Total	
31 December 2023									
Mortgages	4,903.0	197.4	63.8	**5,164.2**	−11.6	−15.0	−14.3	**−40.9**	**5,123.3**
Leasing	402.1	27.1	2.9	**432.1**	−1.8	−1.3	−0.7	**−3.8**	**428.3**
Consumer loans, cards	116.9	11.2	0.8	**128.9**	−0.8	−0.8	−0.3	**−1.9**	**127.0**
Other	209.8	49.7	9.1	**268.6**	−1.2	−1.5	−2.9	**−5.6**	**263.0**
Individuals	**5,631.8**	**285.4**	**76.6**	**5,993.8**	**−15.4**	**−18.6**	**−18.2**	**−52.2**	**5,941.6**
Loans	1,918.4	1,043.3	99.4	**3,061.1**	−5.7	−19.0	−28.4	**−53.1**	**3,008.0**
Leasing	843.1	118.4	24.5	**986.0**	−3.0	−3.2	−8.0	**−14.2**	**971.8**
Factoring	174.1	27.3	1.5	**202.9**	−0.3	−0.2	−0.8	**−1.3**	**201.6**
Businesses	**2,935.6**	**1,189.0**	**125.4**	**4,250.0**	**−9.0**	**−22.4**	**−37.2**	**−68.6**	**4,181.4**
Financial institutions	139.7	52.2	0.1	**192.0**	−0.1	−1.0	0.0	**−1.1**	**190.9**
Public sector	189.0	–	0.1	**189.1**	−0.1	–	−0.1	**−0.2**	**188.9**
Total	**8,896.1**	**1,526.6**	**202.2**	**10,624.9**	**−24.6**	**−42.0**	**−55.5**	**−122.1**	**10,502.8**
30 September 2024									
Mortgages	4,936.2	198.3	60.2	**5,194.7**	−11.9	−14.6	−12.8	**−39.3**	**5,155.4**
Leasing	398.5	24.9	4.7	**428.1**	−1.9	−1.3	−1.6	**−4.8**	**423.3**
Consumer loans, cards	124.2	11.0	1.0	**136.2**	−0.8	−1.0	−0.5	**−2.3**	**133.9**
Other	212.8	53.0	8.4	**274.2**	−1.1	−1.5	−3.1	**−5.7**	**268.5**
Individuals	**5,671.7**	**287.2**	**74.3**	**6,033.2**	**−15.7**	**−18.4**	**−18.0**	**−52.1**	**5,981.1**
Loans	1,915.1	898.7	97.9	**2,911.7**	−6.0	−15.9	−20.5	**−42.4**	**2,869.3**
Leasing	778.3	123.1	25.2	**926.6**	−3.1	−3.6	−7.9	**−14.6**	**912.0**
Factoring	190.2	13.5	0.1	**203.8**	−0.3	0.0	−0.1	**−0.4**	**203.4**
Businesses	**2,883.6**	**1,035.3**	**123.2**	**4,042.1**	**−9.4**	**−19.5**	**−28.5**	**−57.4**	**3,984.7**
Financial institutions	156.7	32.4	0.1	**189.2**	−0.3	−0.8	0.0	**−1.1**	**188.1**
Public sector	179.8	0.1	0.0	**179.9**	−0.1	0.0	0.0	**−0.1**	**179.8**
Total	**8,891.8**	**1,355.0**	**197.6**	**10,444.4**	**−25.5**	**−38.7**	**−46.5**	**−110.7**	**10,333.7**
31 December 2024									
Mortgages	5,108.2	161.4	49.0	**5,318.6**	−4.0	−12.1	−9.5	**−25.6**	**5,293.0**
Leasing	400.5	23.7	3.7	**427.9**	−1.6	−1.4	−1.3	**−4.3**	**423.6**
Consumer loans, cards	125.4	7.5	1.0	**133.9**	−0.7	−0.8	−0.5	**−2.0**	**131.9**
Other	235.9	25.0	7.0	**267.9**	−0.7	−1.2	−2.3	**−4.2**	**263.7**
Individuals	**5,870.0**	**217.6**	**60.7**	**6,148.3**	**−7.0**	**−15.5**	**−13.6**	**−36.1**	**6,112.2**
Loans	2,297.0	572.9	102.9	**2,972.8**	−8.7	−12.7	−30.3	**−51.7**	**2,921.1**
Leasing	789.2	105.0	23.6	**917.8**	−3.5	−4.6	−8.2	**−16.3**	**901.5**
Factoring	194.6	6.7	0.1	**201.4**	−0.4	0.0	−0.1	**−0.5**	**200.9**
Businesses	**3,280.8**	**684.6**	**126.6**	**4,092.0**	**−12.6**	**−17.3**	**−38.6**	**−68.5**	**4,023.5**
Financial institutions	167.6	25.0	0.0	**192.6**	−0.3	−0.6	0.0	**−0.9**	**191.7**
Public sector	208.1	0.0	–	**208.1**	−0.1	0.0	–	**−0.1**	**208.0**
Total	**9,526.5**	**927.2**	**187.3**	**10,641.0**	**−20.0**	**−33.4**	**−52.2**	**−105.6**	**10,535.4**

Loans to businesses by stage and sector

€m	Gross carrying amount				Credit loss allowances				Total
	Stage 1	2	3	Total	Stage 1	2	3	Total	
31 December 2023									
Real estate activities	963.2	316.5	7.9	**1,287.6**	−2.9	−5.5	−0.9	**−9.3**	**1,278.3**
Wholesale and retail	312.2	320.2	3.5	**635.9**	−0.9	−1.4	−2.2	**−4.5**	**631.4**
Manufacturing	328.9	173.0	16.7	**518.6**	−0.7	−3.3	−10.8	**−14.8**	**503.8**
Transport and storage	212.9	37.1	14.9	**264.9**	−0.8	−0.5	−4.2	**−5.5**	**259.4**
Agriculture, forestry, and fishing	292.2	58.6	16.9	**367.7**	−0.7	−1.4	−6.6	**−8.7**	**359.0**
Construction	158.0	84.0	11.5	**253.5**	−0.6	−2.8	−8.1	**−11.5**	**242.0**
Administrative and support services	240.5	57.4	1.9	**299.8**	−1.0	−1.3	−0.7	**−3.0**	**296.8**
Professional, scientific, technical	70.3	56.7	0.6	**127.6**	−0.5	−2.5	−0.3	**−3.3**	**124.3**
Electricity, gas, steam, and aircon	173.4	13.9	1.0	**188.3**	−0.3	−0.1	−0.7	**−1.1**	**187.2**
Other	184.0	71.6	50.5	**306.1**	−0.6	−3.6	−2.7	**−6.9**	**299.2**
Total	**2,935.6**	**1,189.0**	**125.4**	**4,250.0**	**−9.0**	**−22.4**	**−37.2**	**−68.6**	**4,181.4**
30 September 2024									
Real estate activities	894.5	329.1	3.4	**1,227.0**	−2.6	−4.0	−0.4	**−7.0**	**1,220.0**
Wholesale and retail	357.0	215.2	8.9	**581.1**	−1.1	−2.8	−5.1	**−9.0**	**572.1**
Manufacturing	347.9	157.3	18.4	**523.6**	−0.9	−3.3	−7.1	**−11.3**	**512.3**
Transport and storage	178.1	25.3	10.3	**213.7**	−0.7	−0.6	−3.3	**−4.6**	**209.1**
Agriculture, forestry, and fishing	274.7	53.4	19.2	**347.3**	−0.7	−2.1	−4.0	**−6.8**	**340.5**
Construction	153.2	78.6	3.5	**235.3**	−0.6	−2.6	−1.4	**−4.6**	**230.7**
Administrative and support services	220.4	63.4	8.3	**292.1**	−1.0	−1.4	−1.9	**−4.3**	**287.8**
Professional, scientific, technical	85.0	51.3	0.7	**137.0**	−0.6	−0.9	−0.2	**−1.7**	**135.3**
Electricity, gas, steam, and aircon	154.5	12.2	0.1	**166.8**	−0.3	−0.1	−0.1	**−0.5**	**166.3**
Other	218.3	49.5	50.4	**318.2**	−0.9	−1.7	−5.0	**−7.6**	**310.6**
Total	**2,883.6**	**1,035.3**	**123.2**	**4,042.1**	**−9.4**	**−19.5**	**−28.5**	**−57.4**	**3,984.7**
31 December 2024									
Real estate activities	1,009.5	191.3	5.7	**1,206.5**	−2.9	−2.3	−1.3	**−6.5**	**1,200.0**
Wholesale and retail	422.3	113.7	9.2	**545.2**	−1.5	−2.4	−5.4	**−9.3**	**535.9**
Manufacturing	421.0	115.1	9.4	**545.5**	−1.4	−3.0	−5.0	**−9.4**	**536.1**
Transport and storage	172.3	24.2	8.5	**205.0**	−0.7	−1.4	−3.1	**−5.2**	**199.8**
Agriculture, forestry, and fishing	259.8	64.3	11.2	**335.3**	−1.0	−3.6	−3.6	**−8.2**	**327.1**
Construction	189.6	41.7	2.9	**234.2**	−0.8	−2.3	−1.2	**−4.3**	**229.9**
Administrative and support services	250.9	42.6	7.5	**301.0**	−1.3	−1.2	−1.7	**−4.2**	**296.8**
Professional, scientific, technical	98.7	50.0	0.8	**149.5**	−0.5	−0.6	−0.3	**−1.4**	**148.1**
Electricity, gas, steam, and aircon	226.5	9.9	0.1	**236.5**	−1.5	−0.1	−0.1	**−1.7**	**234.8**
Other	230.2	31.8	71.3	**333.3**	−1.0	−0.4	−16.9	**−18.3**	**315.0**
Total	**3,280.8**	**684.6**	**126.6**	**4,092.0**	**−12.6**	**−17.3**	**−38.6**	**−68.5**	**4,023.5**

Loans to customers by stage and risk category

€m	Stage 1	2	3	Total
31 December 2023				
Low risk	6,064.8	240.5	0.0	**6,305.3**
Moderate risk	2,738.4	755.9	0.0	**3,494.3**
High risk	92.9	530.2	0.0	**623.1**
Default	0.0	0.0	202.2	**202.2**
Gross carrying amount	**8,896.1**	**1,526.6**	**202.2**	**10,624.9**
of which POCI	0.0	6.7	1.3	**8.0**
30 September 2024				
Low risk	5,976.6	138.6	0.0	**6,115.2**
Moderate risk	2,797.5	704.6	0.0	**3,502.1**
High risk	117.7	511.8	0.0	**629.5**
Default	0.0	0.0	197.6	**197.6**
Gross carrying amount	**8,891.8**	**1,355.0**	**197.6**	**10,444.4**
of which POCI	0.0	4.3	1.0	**5.3**
31 December 2024				
Low risk	6,345.6	14.1	–	**6,359.7**
Moderate risk	3,082.5	512.6	0.0	**3,595.1**
High risk	97.9	400.5	–	**498.4**
Default	0.5	–	187.3	**187.8**
Gross carrying amount	**9,526.5**	**927.2**	**187.3**	**10,641.0**
of which POCI	–	4.1	1.0	**5.1**

Expected credit losses

€m	4Q		12M	
	2023	**2024**	**2023**	**2024**
Expected credit losses	–14.3	–2.2	–23.5	–0.8
Provisions	–5.9	1.5	–9.6	2.3
Total	**–20.2**	**–0.7**	**–33.1**	**1.5**

During the fourth quarter 2024 certain expected credit losses were moved from Expected credit losses to Provisions. This change had no impact on total expected credit losses.

Movement by Stage in Loans to customers and credit loss allowances

12 months	2023				2024			
€m	Stage 1	2	3	Total	Stage 1	2	3	Total
Gross carrying amount								
Opening balance	**9,205.0**	**1,637.7**	**133.4**	**10,976.1**	**8,896.1**	**1,526.6**	**202.2**	**10,624.9**
Transfers to Stage 1	387.6	-387.1	-0.5	**0.0**	527.4	-526.0	-1.4	**0.0**
Transfers to Stage 2	-866.9	900.2	-33.3	**0.0**	-392.1	418.1	-26.0	**0.0**
Transfers to Stage 3	-56.5	-98.6	155.1	**0.0**	-29.8	-65.7	95.5	**0.0**
Originated or purchased	2,007.1	-	-	**2,007.1**	2,082.1	0.0	0.0	**2,082.1**
Derecognised and repaid	-1,780.2	-525.6	-49.7	**-2,355.5**	-1,557.2	-425.8	-65.7	**-2,048.7**
Movement	**-308.9**	**-111.1**	**71.6**	**-348.4**	**630.4**	**-599.4**	**2.4**	**33.4**
Write-offs, recoveries etc	-	-	-2.8	**-2.8**	0.0	0.0	-17.3	**-17.3**
Closing balance	**8,896.1**	**1,526.6**	**202.2**	**10,624.9**	**9,526.5**	**927.2**	**187.3**	**10,641.0**
of which POCI	-	6.7	1.3	**8.0**	-	4.1	1.0	**5.1**
Credit loss allowances								
Opening balance	**-27.1**	**-31.0**	**-43.3**	**-101.4**	**-24.6**	**-42.0**	**-55.5**	**-122.1**
Transfers to Stage 1	-6.7	6.6	0.1	**0.0**	-10.7	10.5	0.2	**0.0**
Transfers to Stage 2	5.7	-12.2	6.5	**0.0**	4.7	-9.9	5.2	**0.0**
Transfers to Stage 3	4.5	3.3	-7.8	**0.0**	2.8	5.9	-8.7	**0.0**
Originated or purchased	-13.4	0.0	0.0	**-13.4**	-12.4	0.0	0.0	**-12.4**
Derecognised and repaid	2.5	5.0	5.5	**13.0**	0.6	0.9	0.8	**2.3**
Change in ECL assumptions, Stages & other	9.9	-13.7	-19.3	**-23.1**	19.6	1.2	-11.5	**9.3**
Movement	**2.5**	**-11.0**	**-15.0**	**-23.5**	**4.6**	**8.6**	**-14.0**	**-0.8**
Write-offs, recoveries etc	-	-	2.8	**2.8**	-	-	17.3	**17.3**
Closing balance	**-24.6**	**-42.0**	**-55.5**	**-122.1**	**-20.0**	**-33.4**	**-52.2**	**-105.6**
of which POCI	-	-0.1	-0.2	**-0.3**	-	-0.1	-0.2	**-0.3**

11. Intangible assets

€m	12M23			12M24		
	Goodwill	Other	Total	Goodwill	Other	Total
Accumulated cost						
Opening balance	48.8	46.0	**94.8**	49.1	49.2	**98.3**
Acquisition of subsidiary	0.3	–	**0.3**	–	–	**-**
Other additions	–	7.4	**7.4**	–	12.1	**12.1**
Disposals (a)	–	-4.2	**-4.2**	–	-3.8	**-3.8**
Closing balance	**49.1**	**49.2**	**98.3**	**49.1**	**57.5**	**106.6**
Accumulated amortisation and impairment						
Opening balance	–	-32.0	**-32.0**	-6.2	-36.1	**-42.3**
Amortisation	–	-4.7	**-4.7**	–	-4.1	**-4.1**
Disposals	–	0.6	**0.6**	–	0.2	**0.2**
Impairment	-6.2	–	**-6.2**	-11.1	–	**-11.1**
Closing balance	**-6.2**	**-36.1**	**-42.3**	**-17.3**	**-40.0**	**-57.3**
Carrying amount	**42.9**	**13.1**	**56.0**	**31.8**	**17.5**	**49.3**
of which assets under development			7.4			8.4

a. Disposals under category 'Other' in 2024 include derecognition of capitalised software costs of 3.4 million EUR (2023: 3.6 million EUR).

The goodwill, which is recognised as part of business combination, is attributable mainly to the business potential of Maksekeskus AS. To determine the value-in-use of Maksekeskus the following assumptions were used:

Assumption	Approach used to determine values	Values 2023	Values 2024
Revenue growth rate 1-5 years	Annual growth rate over the five-year forecast period, by countries and methods; based on past performance and management's expectations of market development	average 22%	average 18%
EBITDA growth rate 6-10 years	Declining annual EBITDA growth	average 10%	average 10%
Long-term growth rate	ECB forecast 2022-2025	2.2%	2.2%
Pre-tax discount rate	Conservative and prudent estimate considering WACC	11.1%	9.62%

Goodwill was tested for impairment in June and December 2024. Assumptions used in the 2024 impairment tests were based on the prevailing financial plan considering latest forecasts and approved budgets. The assessments were based on the external market growth expectations and internal market share forecasts. The discount rate was reviewed and was decreased as compared to 2023 to reflect market rates. The goodwill impairment test in June resulted in a charge of 11.1 million EUR while the test in December resulted in no charge. (2023: 6.2 million EUR).

The recoverable amount of Maksekeskus is sensitive to changes in cash flow projections, discount rates and growth rates. Thus, as of December 2024, changes of parameters are the same as December 2023: change by 1 percentage point in the long-term growth rate would have impact of approximately 4 million EUR, change by 1 percentage point in the revenue growth rate would have impact of approximately 5 million EUR (reduction of these rates would result in additional impairment and vice versa), and change by 1 percentage point in the pre-tax discount rate would have impact of approximately 5 million EUR (increase of this rate would result in additional impairment and vice versa).

12. Other assets

€m	31 Dec 2023	30 Sep 2024	31 Dec 2024
Payments in transit	31.5	29.7	17.5
Mandatory reserve balances with central banks	115.8	115.1	114.2
Term balances with banks	8.7	7.7	2.3
Accounts receivables	4.1	3.7	4.7
Accrued income	5.2	5.2	8.7
Financial assets	**165.3**	**161.4**	**147.4**
Advance payments	11.2	16.1	17.1
Value Added Tax recoverable and other taxes	6.4	3.1	12.5
Other	4.8	5.9	5.9
Non-financial assets	**22.4**	**25.1**	**35.5**
Total	**187.7**	**186.5**	**182.9**

13. Deposits from customers

€m		31 Dec 2023	30 Sep 2024	31 Dec 2024
Individuals		4,738.1	4,706.6	4,988.1
Businesses		4,200.9	3,852.4	3,921.5
Financial institutions		249.6	177.7	194.6
Public sector		2,088.9	2,256.3	2,248.5
Total		**11,277.5**	**10,993.0**	**11,352.7**
of which	Demand deposits	8,483.7	8,122.6	8,416.0
	Term deposits	2,793.8	2,870.4	2,936.7
By country of registration				
Estonia, Latvia, and Lithuania		11,121.7	10,813.2	11,180.8
Rest of the European Union		76.8	91.4	71.7
Rest of the world		79.0	88.4	100.2
Total		**11,277.5**	**10,993.0**	**11,352.7**

See also Note 17, 'Derivatives', below

14. Debt securities issued

€m	First call date	Maturity date	Further information	31 Dec 2023	30 Sep 2024	31 Dec 2024
€500m, 0.01%	–	Mar 2025		475.3	487.4	491.8
€500m, 1.688%	–	Jun 2027		486.5	490.7	494.6
Covered bonds				**961.8**	**978.1**	**986.4**
€300m, 7.25%	Jan 2025	Jan 2026	€214.1m repurchased in 2024	319.9	89.1	88.6
€300m, 0.539%	Sep 2025	Sep 2026		300.5	300.5	299.4
SEK500m, floating rate	Mar 2026	Mar 2027	Issued Mar 2024. Pays 3mSTIBOR+2.25%	–	44.1	43.5
€300m, 7.75%	Jun 2026	Jun 2027		316.5	309.5	315.9
€300m, 4.042%	Sep 2027	Sep 2028	Issued Sep 2024	–	302.1	305.2
Senior bonds				**936.9**	**1,045.3**	**1,052.6**
€200m, 5.399%, Tier 2	Oct 2030	Oct 2035	Subordinated. Issued Dec 2024	–	–	199.0
Total				**1,898.7**	**2,023.4**	**2,238.0**

See also Note 17, 'Derivatives', below

15. Other liabilities

€m	31 Dec 2023	30 Sep 2024	31 Dec 2024
Payments in transit	85.3	77.4	60.8
Accrued liabilities	25.2	27.7	21.3
Account payables	4.2	8.2	11.4
Other	3.1	1.3	1.6
Financial liabilities	**117.8**	**114.6**	**95.1**
Accrued liabilities (related to Personnel expenses)	22.3	18.5	25.8
Received prepayments	3.2	3.3	2.8
Value Added Tax	4.6	3.5	1.5
Other tax liabilities	11.1	1.5	2.4
Other	6.5	8.2	6.8
Non-financial liabilities	**47.7**	**35.0**	**39.3**
Total	**165.5**	**149.6**	**134.4**

16. Contingent liabilities

€m	31 Dec 2023	30 Sep 2024	31 Dec 2024
Undrawn loan commitments	1,081.1	1,134.4	1,405.7
Performance guarantees	321.0	311.2	310.5
Financial guarantees	4.2	3.6	3.8
Other guarantees	453.9	412.4	363.6
Other commitments	195.6	194.1	181.1
Total	**2,055.8**	**2,055.7**	**2,264.7**

17. Derivatives

€m	31 Dec 2023	30 Sep 2024	31 Dec 2024
Assets			
Interest rate-related	78.7	42.1	57.9
Currency-related	9.2	8.2	13.9
Commodity-related	4.3	2.8	6.1
Total	**92.2**	**53.1**	**77.9**
Liabilities			
Interest rate-related	56.2	32.3	26.8
Currency-related	13.5	12.2	2.9
Commodity-related	4.0	2.3	5.9
Total	**73.7**	**46.8**	**35.6**
Notional amounts			
Interest rate-related	3,861.2	3,945.8	3,823.8
Currency-related	1,012.1	1,140.7	750.0
Commodity-related	67.6	122.0	49.5
Total	**4,940.9**	**5,208.5**	**4,623.3**
Fair value hedges: By hedged item and hedging instruments (interest rate swaps)			
Deposits from Customers			
Assets	18.1	12.4	14.9
Liabilities	–	–	–
Notional amount	875.0	675.0	575.0
Debt securities issued			
Assets	32.0	6.6	22.9
Liabilities	40.5	18.4	14.5
Notional amount	1,900.0	1,900.0	1,900.0

Hedge accounting
Luminor applies hedge accounting to fair value hedges of euro-denominated Covered and Senior Debt securities issued and, from January 2023, part of Deposits from customers. To assess the hedge effectiveness of Covered and Senior Debt securities issued, Luminor uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in the fair value of the hedged item attributable to the hedged risk. Ineffectiveness was clearly immaterial as at 31 December 2023, and 30 September and 31 December 2024.

To assess the hedge effectiveness of Deposits from customers portfolio part, Luminor uses the prospective (regression analysis) and retrospective tests and compares the changes in the fair value of the hedging instrument against the changes in the fair value of the hedged item attributable to the hedged risk. The effectiveness measurement is made on a cumulative basis. Ineffectiveness was clearly immaterial as at 31 December 2023, and 30 September and 31 December 2024.

18. Fair value of financial instruments

€m	IFRS 9 measurement	Fair value				Carrying amount
		Level 1	2	3	Total	
31 December 2023						
Cash and balances with central banks	AC	105.4	2,963.7	–	**3,069.1**	3,069.1
Balances with banks	AC	–	47.5	–	**47.5**	47.5
Debt securities	AC	1,222.5	–	11.3	**1,233.8**	1,295.3
Debt securities	FVTPLD	175.4	–	–	**175.4**	175.4
Debt securities	FVTPLM	13.9	–	4.5	**18.4**	18.4
Debt securities	FVTOCI	2.7	–	–	**2.7**	2.7
Loans to customers	AC	–	–	10,692.4	**10,692.4**	10,502.7
Derivatives	FVTPLM	–	92.2	–	**92.2**	92.2
Equity instruments	FVTPLM	–	2.4	–	**2.4**	2.4
Equity instruments	FVTOCI	–	–	0.5	**0.5**	0.5
Other	AC	–	165.3	–	**165.3**	165.3
Total assets		**1,519.9**	**3,271.1**	**10,708.7**	**15,499.7**	**15,371.5**
Loans and deposits from credit institutions	AC	–	212.3	–	**212.3**	212.3
Deposits from customers	AC	–	8,483.7	2,799.3	**11,283.0**	11,277.5
Debt securities issued	AC	–	1,856.6	–	**1,856.6**	1,898.7
Derivatives	FVTPLM	–	73.7	–	**73.7**	73.7
Other	AC	–	117.8	–	**117.8**	117.8
Total liabilities		**–**	**10,744.1**	**2,799.3**	**13,543.4**	**13,580.0**
30 September 2024						
Cash and balances with central banks	AC	118.2	2,708.3	–	**2,826.5**	2,826.5
Balances with banks	AC	–	52.7	–	**52.7**	52.7
Debt securities	AC	1,331.5	–	21.9	**1,353.4**	1,390.8
Debt securities	FVTPLD	134.4	–	–	**134.4**	134.4
Debt securities	FVTPLM	25.4	–	2.3	**27.7**	27.7
Debt securities	FVTOCI	2.8	–	–	**2.8**	2.8
Loans to customers	AC	–	–	10,622.9	**10,622.9**	10,333.7
Derivatives	FVTPLM	–	53.1	–	**53.1**	53.1
Equity instruments	FVTPLM	–	2.8	–	**2.8**	2.8
Equity instruments	FVTOCI	–	–	0.5	**0.5**	0.5
Other	AC	–	161.4	–	**161.4**	161.4
Total assets		**1,612.3**	**2,978.3**	**10,647.6**	**15,238.2**	**14,986.4**
Loans and deposits from credit institutions	AC	–	167.7	–	**167.7**	167.7
Deposits from customers	AC	–	8,122.6	2,881.1	**11,003.7**	10,993.0
Debt securities issued	AC	–	1,940.8	–	**1,940.8**	2,023.4
Derivatives	FVTPLM	–	46.8	–	**46.8**	46.8
Other	AC	–	114.6	–	**114.6**	114.6
Total liabilities		**–**	**10,392.5**	**2,881.1**	**13,273.6**	**13,345.5**

€m	IFRS 9 measurement	Fair value				Carrying amount
		Level 1	2	3	Total	
31 December 2024						
Cash and balances with central banks	AC	120.4	2,985.9	–	**3,106.3**	3,106.3
Balances with banks	AC	–	63.6	–	**63.6**	63.6
Debt securities	AC	1,466.3	–	12.1	**1,478.4**	1,511.1
Debt securities	FVTPLD	132.7	–	–	**132.7**	132.7
Debt securities	FVTPLM	20.7	–	2.8	**23.5**	23.5
Debt securities	FVTOCI	2.9	–	–	**2.9**	2.9
Loans to customers	AC	–	–	10,804.7	**10,804.7**	10,535.4
Derivatives	FVTPLM	–	77.9	–	**77.9**	77.9
Equity instruments	FVTPLM	–	3.0	–	**3.0**	3.0
Equity instruments	FVTOCI	–	–	0.5	**0.5**	0.5
Other	AC	–	147.4	–	**147.4**	147.4
Total assets		**1,743.0**	**3,277.8**	**10,820.1**	**15,840.9**	**15,604.3**
Loans and deposits from credit institutions	AC	–	192.9	–	**192.9**	192.9
Deposits from customers	AC	–	8,416.0	2,945.1	**11,361.1**	11,352.7
Debt securities issued	AC	–	2,457.5	–	**2,457.5**	2,238.0
Derivatives	FVTPLM	–	35.6	–	**35.6**	35.6
Other	AC	–	95.1	–	**95.1**	95.1
Total liabilities		**–**	**11,197.1**	**2,945.1**	**14,142.2**	**13,914.3**

Change in debt securities in Level 3

€m	12M	
	2023	2024
Opening balance	3.5	15.8
Additions or disposals	–	-12.5
Transferred to Level 3	11.1	11.1
Unrealised gains for assets held at the end of the reporting period	1.2	0.5
Closing balance	**15.8**	**14.9**

19. Customer segments

€m	2023				2024			
	Retail	Corporate	Other	Total	Retail	Corporate	Other	Total
Fourth quarter								
Net interest and similar income	75.5	62.1	5.3	**142.9**	63.3	49.7	9.0	**122.0**
Net fee and commission income	14.3	6.6	−0.1	**20.8**	21.0	6.5	−0.3	**27.2**
Net other operating income	1.6	5.0	−3.4	**3.2**	1.4	2.2	2.2	**5.8**
Total operating income	**91.4**	**73.7**	**1.8**	**166.9**	**85.7**	**58.4**	**10.9**	**155.0**
Total administration expenses	−54.1	−32.6	−7.4	**−94.1**	−69.4	−33.1	1.4	**−101.1**
Profit before credit losses and taxes	**37.3**	**41.1**	**−5.6**	**72.8**	**16.3**	**25.3**	**12.3**	**53.9**
Expected credit losses	−6.8	−12.7	−0.7	**−20.2**	14.5	−15.3	0.1	**−0.7**
Bank taxes and resolution fee	–	–	−10.2	**−10.2**	–	–	−3.7	**−3.7**
Profit (−loss) before tax	**30.5**	**28.4**	**−16.5**	**42.4**	**30.8**	**10.0**	**8.7**	**49.5**
12-months								
Net interest and similar income	280.4	247.7	13.7	**541.8**	274.3	224.5	18.8	**517.6**
Net fee and commission income	54.7	30.6	−0.7	**84.6**	63.2	26.1	0.3	**89.6**
Net other operating income	6.0	15.6	1.8	**23.4**	5.7	10.2	5.7	**21.6**
Total operating income	**341.1**	**293.9**	**14.8**	**649.8**	**343.2**	**260.8**	**24.8**	**628.8**
Total administration expenses	−205.2	−125.2	−9.7	**−340.1**	−216.4	−110.5	−14.3	**−341.2**
Profit before credit losses and taxes	**135.9**	**168.7**	**5.1**	**309.7**	**126.8**	**150.3**	**10.5**	**287.6**
Expected credit losses	−12.5	−21.2	0.6	**−33.1**	13.9	−13.3	0.9	**1.5**
Bank taxes and resolution fee	–	–	−33.5	**−33.5**	–	–	−33.4	**−33.4**
Profit (−loss) before tax	**123.4**	**147.5**	**−27.8**	**243.1**	**140.7**	**137.0**	**−22.0**	**255.7**

Fee and commission income

€m	2023				2024			
	Retail	Corporate	Other	Total	Retail	Corporate	Other	Total
Fourth quarter								
Cards	7.8	3.1	0.0	**10.9**	8.6	3.1	0.0	**11.7**
Credit products	0.2	1.5	0.1	**1.8**	0.2	1.2	0.0	**1.4**
Daily banking plans	4.7	0.1	0.0	**4.8**	4.9	0.1	0.0	**5.0**
Deposit products and cash management	1.7	1.6	0.1	**3.4**	2.7	1.3	0.1	**4.1**
Insurance	0.8	0.2	0.0	**1.0**	1.0	0.1	0.0	**1.1**
Investments	0.9	0.6	0.2	**1.7**	1.5	0.4	-0.5	**1.4**
Pensions	2.3	0.0	–	**2.3**	7.6	0.0	–	**7.6**
Trade finance	0.1	2.9	0.0	**3.0**	0.1	2.5	0.1	**2.7**
Other	0.1	0.1	0.0	**0.2**	0.1	0.2	0.0	**0.3**
Total	**18.6**	**10.1**	**0.4**	**29.1**	**26.7**	**8.9**	**-0.3**	**35.3**
12-months								
Cards	31.2	12.3	0.0	**43.5**	32.5	12.5	0.0	**45.0**
Credit products	0.5	6.1	0.1	**6.7**	0.5	5.0	0.0	**5.5**
Daily banking plans	18.9	0.5	0.0	**19.4**	19.3	0.5	0.0	**19.8**
Deposit products and cash management	7.4	6.7	0.2	**14.3**	7.9	5.5	0.3	**13.7**
Insurance	3.1	0.7	0.0	**3.8**	3.5	0.6	0.0	**4.1**
Investments	2.7	2.3	0.7	**5.7**	3.7	1.2	0.0	**4.9**
Pensions	8.9	0.0	–	**8.9**	15.5	0.0	–	**15.5**
Trade finance	0.1	10.9	0.4	**11.4**	0.1	10.5	0.3	**10.9**
Other	0.4	0.6	0.1	**1.1**	0.6	0.5	0.1	**1.2**
Total	**73.2**	**40.1**	**1.5**	**114.8**	**83.6**	**36.3**	**0.7**	**120.6**

Customer balances

€m	31 Dec 2023	30 Sep 2024	31 Dec 2024
Loans to customers			
Retail	5,700.2	5,759.8	5,900.1
Corporate	4,799.3	4,573.3	4,632.2
Other	3.3	0.6	3.1
Total	**10,502.8**	**10,333.7**	**10,535.4**
Deposits from customers			
Retail	5,915.5	5,819.3	6,119.2
Corporate	5,282.2	5,138.2	5,196.9
Other	79.8	35.5	36.6
Total	**11,277.5**	**10,993.0**	**11,352.7**

20. Related parties

€m	4Q		12M	
	2023	2024	2023	2024
Entities with significant influence (DNB Bank ASA, Blackstone entities)				
Net interest and similar income	-0.1	-0.1	-0.1	-0.5
Net fee and commission income	0.0	0.0	-0.1	-0.1
Net gain (-loss) from financial instruments at fair value	-7.7	6.5	-7.4	6.0
Other administration expenses	0.0	-4.7	-0.7	-4.7
Other income and expenses	0.1	0.0	0.0	0.0
Total	**-7.7**	**1.7**	**-8.3**	**0.7**
Key management personnel				
Personnel expenses	-1.3	-1.3	-5.2	-6.8
Associates (ALD Automotive – 3 entities)				
Net interest and similar income	0.1	0.3	0.3	0.7
Other administration expenses	0.0	0.0	-0.1	-0.1

€m	31 Dec 2023	30 Sep 2024	31 Dec 2024
Entities with significant influence			
Assets			
Balances with banks	1.2	2.2	2.0
Debt securities	0.0	9.5	9.6
Derivatives	17.5	11.4	8.5
Other	0.0	0.0	0.0
Total	**18.7**	**23.1**	**20.1**
Liabilities			
Loans and deposits from credit institutions	19.1	10.8	10.9
Derivatives	1.6	2.0	0.0
Other	–	–	0.2
Total	**20.7**	**12.8**	**11.1**
Key management personnel			
Loans to customers	0.1	0.1	0.2
Deposits from customers	0.7	0.7	0.4
Provisions	0.2	0.0	0.0
Associates			
Loans to customers	11.9	19.3	23.3
Other assets	0.0	0.1	0.1
Deposits from customers	0.7	1.0	1.0
Other liabilities	0.0	0.1	0.1

21. Country information

Interest and fee income by country where generated

€m	4Q		12M	
	2023	2024	2023	2024
Interest and similar income				
Estonia	45.8	42.9	168.9	182.7
Latvia	59.2	54.0	209.2	226.7
Lithuania	104.2	91.9	361.9	392.4
Total	**209.2**	**188.8**	**740.0**	**801.8**
Fee and commission income				
Estonia	4.7	6.9	18.2	20.2
Latvia	8.6	12.2	34.1	37.9
Lithuania	15.8	16.2	62.5	62.5
Total	**29.1**	**35.3**	**114.8**	**120.6**

Customer balances

€m	31 Dec 2023	30 Sep 2024	31 Dec 2024
Loans to customers			
Estonia	2,391.1	2,277.4	2,302.9
Latvia	2,863.0	2,837.3	2,815.3
Lithuania	5,248.7	5,219.0	5,417.2
Total	**10,502.8**	**10,333.7**	**10,535.4**
Deposits from customers			
Estonia	1,236.9	1,320.1	1,270.0
Latvia	3,043.8	2,842.1	3,047.2
Lithuania	6,996.8	6,830.8	7,035.5
Total	**11,277.5**	**10,993.0**	**11,352.7**

ADDITIONAL INFORMATION

Glossary and abbreviations

AC
Amortised Cost

Common Equity Tier 1 ratio
Shareholders' equity subject to regulatory adjustments as a percentage of total risk exposure amounts

Companies
Businesses, Financial institutions, and Public sector customers

Cost/income ratio
Total administration expenses as a percentage of total operating income

EIM
Effective Interest Method

FVTOCI
Fair Value Through Other Comprehensive Income

FVTPLD
Designated at Fair Value through Profit or Loss

FVTPLM
Measured mandatorily at Fair Value through Profit or Loss

Leverage ratio
Tier 1 capital as a percentage of total assets and off-balance sheet items subject to regulatory adjustments

LCR – Liquidity Coverage Ratio
High-quality liquid assets as a percentage of the estimated net liquidity outflow over the next 30 calendar days

NIM – Net interest margin
Net interest and similar income as a percentage of average interest earning assets – the average of opening and closing balances of Cash and balances with central banks, Cash balances with banks, Debt securities, and Loans to customers

NSFR – Net Stable Funding Ratio
Available stable funding as a percentage of required stable funding over a one-year horizon

Non-performing loans ratio
Gross carrying amount for Stage 3 loans as a percentage of gross carrying amount of total loans

Provisions
Expected credit losses on Contingent liabilities

Return on Equity
Profit for the period (annualised) as a percentage of average shareholders' equity for that period. The average shareholder's equity is calculated using the opening and closing balances for the period

POCI loans
Loans which were credit impaired when purchased or originated

Information about Luminor Bank

Country of registration
Republic of Estonia

Commercial register code
11315936

Main activity
Credit institution

Telephone
+372 628 3300

E-mail
info@luminor.ee

SWIFT/BIC
RIKOEE22

Balance sheet date
31 December 2024

Reporting period
1 January to 31 December 2024

Reporting currency
euro (millions)

Contacts

For media:
Ivi Heldna
ivi.heldna@luminorgroup.com
+372 5231 192

For investors:
Nick Turnor
nick.turnor@luminorgroup.com
+372 5306 7820

Financial Calendar 2025

Date	Report
17 April 2025	Annual report 2024
8 May 2025	Interim report 1Q 2025
31 July 2025	Interim report 2Q 2025
30 October 2025	Interim report 3Q 2025

Cover photo: Still image from our brand campaign 'Future You', which we ran in 2024. With the support of experts and advanced technology, we created a unique experience for nine people to meet their future selves 20 years ahead and hear, in their own voice, how they are doing.

This report was designed and produced by Luminor Bank AS

Luminor

Luminor Bank AS
Liivalaia 45
10145 Tallinn
Estonia
www.luminor.ee