Luminor

INTERIM REPORT

Q1 2021

LUMINOR BANK AS, Estonia

CONTENTS

This interim report has been prepared in accordance with the IAS 34 Interim Financial Reporting and legal requirements in Estonia. In this report 'Luminor', 'Luminor Bank', 'we', 'us' and 'our' refer to Luminor Bank AS together with its subsidiaries.

CHIEF EXECUTIVE'S STATEMENT

The effects of COVID-19 impacted the welfare of our customers, staff, and the Baltic societies we serve throughout the quarter. Despite the challenges of the pandemic we maintained our customer service standards, made progress with the next phase of our strategy, and improved our financial performance, with a return to profit as compared to this time last year.

The re-emergence of the pandemic brought lockdowns in Latvia and Lithuania at the end of 2020 which continued this quarter, while Estonia re-introduced a lockdown in March. As with the first wave of COVID-19, we supported our customers and looked after the well-being of our staff. My colleagues did a super job in difficult circumstances. I am enormously proud of how well they performed.

Last year we completed the second phase of our strategy – the creation of Luminor as a single, standalone, pan-Baltic bank. This quarter we turned the full focus of Luminor to customers and to business growth, which are the core of the next stage of our strategy. Our priorities are to grow our lending, notably in mortgages and to SME customers, to increase customer satisfaction, and to raise our level of digitisation and automation, while fulfilling our wider obligations to our communities and the environment. We have substantial work ahead of us to realise these goals, but I am encouraged by early signs of progress and optimistic of the benefits of the agreement we entered with IBM to support our IT services.

Demand for credit across the region was muted given the uncertain environment, uneven economic growth, and high levels of liquidity. Consumer lending balances reduced as market volumes lowered and overdraft utilisation by large corporates fell as they financed their working capital needs from their own resources. In a competitive market, we increased our mortgage lending balances and market share, and near-doubled our amount of new mortgage lending as compared to a year ago. We were at the heart of two important developments in Baltic capital markets, sponsored by development agencies. We launched a fund for SME customers and arranged the first commercial paper programme in the region.

We generated a net profit of 5.8 million EUR in the quarter, which compares favourably with a loss of 21.2 million EUR in the same quarter last year. This improvement was driven principally by a reduction of 27.9 million EUR in credit loss allowances. As we moved back into profit our return on equity improved to 1.4% from -5.3%. Exceptional costs, incurred as we transform our operations, totalled 26.1 million EUR. Without these costs we would have generated a return on equity of 6.8%.

Our Common Equity, Tier 1 and Total Capital Ratios at 31 March were 23.4% of Risk Exposure Amounts, an increase of 100bp over the quarter and substantially above our target Total Capital Ratio of 17%. Consistent with prevailing guidance from the European Central Bank, we retained our net profit for the period. We ended the quarter with a loans to deposits ratio of 82.4% as compared to 79.8% at year end.

The Baltic economies have proven resilient through the pandemic. Moreover, economic fundamentals are robust and supportive of above EU-average GDP growth. As the risks from COVID-19 diminish I look forward to Luminor doing more business, more effectively, with more individuals and businesses across our home markets of Estonia, Latvia, and Lithuania.

Peter Bosek

MANAGEMENT REPORT

General information

Luminor is the third-largest provider of financial services in the Baltics, with some 870 000 clients, 2 288 employees, and market share of 14.9% in deposits and 16.9% in lending as at the end of March 2021. Our core business is serving the financial needs of individuals, families, and businesses in all Baltic countries. We have total shareholders' equity of 1.7 billion EUR and a Common Equity Tier I (CET1) ratio of 23.4%.

We offer a wide range of financial services to our customers through digital and physical channels. We have 25 customer service centres throughout the Baltic countries, of which five are meet-up points, and 362 ATMs. We additionally provide services through 100 ATMs in partnership with other financial services providers.

31 March 2021	Estonia	Latvia	Lithuania	Total
Market shares				
Lending*	11.3%	21.9%	19.3%	16.9%
Deposits	7.4%	15.5%	20.2%	14.9%
Number of customers	~124 000	~213 000	~535 000	~872 000
Number of client service locations	6	8	11	25
Number of employees	576	792	920	2 288

*Market shares are based on regulatory reporting data and exclude other financial institutions

Macroeconomic overview

The Baltic economies staged a strong, but uneven recovery from the initial impact of COVID-19. The recovery was driven by consumers, trade in goods, and corporate investment delivering a substantial boost in Estonia through foreign direct investment in the IT sector. Across the Baltic counties, GDP at the end of 2020 was 1% to 2% lower than a year before as compared to a 4.9% reduction across the euro area.

The second wave of COVID-19 brought new lockdowns from the fourth quarter of 2020 in Latvia and Lithuania and the first quarter of 2021 in Estonia. The renewal of these containment measures is expected to dampen economic activity temporarily in the spring months, especially in contact-intensive services such as hospitality and catering, while industry continues to benefit from a rebound in global trade. Economic performance is uneven - retail sales grew by 5.9% year on year in Estonia in January and February yet fell by 9% in Latvia.

The ongoing vaccination campaigns together with the gradual relaxation of containment measures underpins the expectation of a solid rebound in economic activity over the course of 2021, with robust growth already predicted for 2022.

Business development

We continued to make good progress with our business development.

PRODUCT AND DIGITAL DEVELOPMENT

We announced a new five-year agreement with IBM under which we will migrate our IT infrastructure to IBM Cloud for Financial Services. As part of the agreement, which became effective on 1 March, 185 people from our Technology Division transferred to IBM. This agreement will enable our digital transformation and strengthen further our security and regulatory compliance processes.

We scaled up our e-commerce Gateway service and acquired some 100 new merchants. The volume of e-commerce transactions grew by 35% over the quarter. We will continue to invest in our e-commerce acquiring capabilities and will introduce additional payment methods through this year.

We further developed our digital capabilities. In Estonia we launched a new mobile bank application, and in Latvia we raised our level of automation, while in Lithuania we enabled push notifications to customers. In addition, our customers in Estonia saw several improvements to the user experience of our online and mobile banking channels. During the quarter we also migrated historical data from the network of a former parent bank to our systems.

Our investor platform saw an increase in new customers, after we improved the onboarding process last year, and assets under management increased by 20% quarter-on-quarter. During the first quarter we added Pension Investment Account (PIA) functionality to the platform.

THE RETAIL BANKING SEGMENT

We focused on mortgage lending during the quarter. New sales volumes were near double those of the same quarter last year. Demand for unsecured borrowing was impacted by COVID-19, but we maintained our new lending at the same level as same quarter of last year.

We consolidated our distribution channels and simplified processes to improve our customers' experience and extended from Estonia to Latvia and Lithuania digital application signing. We introduced on our website a new, customer-friendly design together with a better user experience and redesigned our digital journey and our application forms.

Pension assets grew to 1.62 billion EUR, which was 16.9% more than a year earlier, and 2.5% more than at the end of 2020. By the end of the first quarter, we had some 280 000 second pillar and 63 500 third pillar pension customers. The first quarter marked an important milestone in the reform of the Estonian pension system, as the first round of exit applications was completed. A total of 20% of participants in the second pillar market will exit the system and take with them 24% of the assets that have been built up.

In Private Banking investment assets were up 30% on the same quarter of 2020, helped by the improved functionality of our investor platform.

THE CORPORATE BANKING SEGMENT

Our corporate banking lending book contracted marginally in the first quarter driven primarily by a further reduction in the utilisation of overdrafts, as customers used their excess liquidity to finance their working capital needs. Subdued demand for credit because of COVID-19 restrictions coupled with record amounts of excess liquidity led to an increase in competition for loans. We observed in the market lower prices on new lending and softer credits terms.

We finalised the takeover of Danske Bank's business client portfolio in Latvia. The portfolio is worth approximately 35 million EUR and consists of loans, leases, and guarantee agreements.

We were at the heart of two important developments in Baltic capital markets. Last year the central banks of the Baltic countries and the European Bank for Reconstruction and Development, joined forces to develop a regional market for commercial paper. Under this initiative, which the Nordic Investment Bank joined in March, we arranged the first programme and sold the first commercial paper in the region, for a large corporate customer. We also launched a lending programme for Baltic SMEs backed by the European Investment Bank and the European Investment Fund, with a range of promotional activities to support it.

CORPORATE SOCIAL RESPONSIBILITY

We applied comprehensive measures to ensure the safety and well-being of our customers and employees as the incidence of COVID-19 increased substantially. Employee well-being was supported with webinars on work-life balance and self-development. To strengthen our learning culture, we launched 'Luminor Library 2.0'. The library offers content on Leadership, Sales & Marketing and Personal Development.

We advanced our efforts to address environmental, social and governance (ESG) topics. We made preparations to track our CO_2 footprint and evaluated options for offsetting our emissions. We completed a survey to understand our employees' awareness and expectations for action on ESG issues. We will use the results of the survey to develop and implement our ESG action plan. We supported the Negavatt project, a competition for green and sustainable ideas for young people organised by the Estonian Ministry of the Environment and the Environmental Investment Centre, as a mentor and sponsored a sustainability award.

Continuous support was given to local business in Latvia by providing and promoting an online platform for local crafts workers, artisans and small businesses. We continued to promote digital literacy and cyber security through media articles and customer communication. Our charitable activities centred on organisations providing relief from the impact of COVID-19. In Estonia, we donated to the West-Tallinn Central Hospital, in Latvia, we supported the Poga Centre, and in Lithuania we aided the Order of Malta.

EFFORTS TO PREVENT FINANCIAL CRIME

We do not tolerate financial crime. During the first quarter of 2021, we continued to apply our financial crime risk management framework to prevent, detect, and report potential financial crime. Our framework covers the technology, and policies and

procedures we employ to prevent and detect financial crime, assess risks, run training and awareness-raising sessions, and monitor new and developing financial crime risks.

We review our anti-financial crime (AFC) practices regularly and invest in the human and technological resources we need to meet our commitments. We are enhancing our common monitoring and screening solution across all three Baltic countries and have approved several further developments that will be delivered throughout 2021. We serve predominantly residents of the Baltic countries, and customers who have a strong personal or business connection to the Baltic countries.

We work closely with our regulators and supervisors and use this experience to enhance our systems and processes. We also follow international guidelines, recommendations and standards issued by regulatory and supervisory authorities, international bodies, local banking associations, and financial intelligence units in each Baltic country.

Preventing money laundering and terrorist financing remains firmly in the focus of our Management Board and Supervisory Council. We continue our efforts in this field by accelerating our technological development, further enhancing our internal processes and strengthening our pan-Baltic alignment. An important component of the financial crime risk management framework is to raise awareness. In the first quarter of 2021 we held 14 training events related to the AFC and corporate compliance.

OTHER EVENTS

On 1 January, Peter Bosek became Chief Executive Officer and Chairman of the Management Board.

Marilin Pikaro resigned as Head of the Compliance Division and Member of the Management Board effective 5 January. Mari Mõis, Head of the Legal Division, was appointed as Chief Compliance Officer from 6 January.

The Head of Products and Offering was made accountable for ESG matters effective 1 February.

On 26 February, we announced the appointment of Palle Nordahl as Chief Financial Officer and member of the Management Board, effective 1 May 2021.

On 1 March, Operations Department became part of Technology Division.

Financial review

SUMMARY STATEMENT OF PROFIT OR LOSS

million EUR	Q1 2021	Q1 2020
Net interest and similar income	56.6	55.8
Net fee and commission income	17.6	17.8
Net other operating income	2.7	6.7
Total income	**76.9**	**80.3**
Total expenses	-70.5	-71.5
Share of profit from an associate	0.3	0.3
Credit loss allowance	-0.1	-28.0
Other non-operating expenses	-0.1	-0.1
Profit before tax	**6.5**	**-19.0**
Tax expense	-0.7	-2.2
Profit for the period	**5.8**	**-21.2**

Profit before tax for the quarter was 6.5 million EUR compared to a loss of 19.0 million EUR in the same period last year. A reduction in net operating income of 3.4 million EUR was offset partially by a 1 million EUR reduction in total operating expenses, while credit loss allowances reduced by 27.9 million EUR.

Total operating income was 76.9 million EUR. Net interest income increased by 0.8 million EUR to 56.6 million EUR. Interest income decreased by 6.7 million EUR as the amount of loans fell, while interest expense fell by 7.5 million EUR due to lower interest on deposits and a lower commitment under the funding facility provided by our former parent banks. Net fee and commission income was virtually unchanged at 17.6 million EUR. Net other operating income was lower by 4.0 million EUR due to lower trading income and lower interest rate spreads between currencies this quarter as compared to the first quarter of 2020.

Total operating expenses were 70.5 million EUR. Personnel expenses were 1.8 million EUR higher in this period due mainly to higher variable pay accrual. Other administrative expenses reduced by 2.5 million EUR, driven by lower IT development expenditure after we completed migration of data to our systems. Exceptional costs were 26.1 million EUR, a decrease of 4.5 million EUR compared to the last year, as we continued to transform our operations. Exceptional costs relate to specific projects which are temporary in nature and are approved by the Supervisory Council as part of our financial plan. Although migration related costs are down, we continue significant investments into IT operations, credit risk analytics and business development.

Credit loss allowances were 0.1 million EUR, compared to 28.0 million EUR in the first quarter of 2020, which mainly consisted of a precautionary allowance for the expected severity of COVID-19. This quarter provisions for new non-performing loan inflows were offset by recoveries as we aligned our credit management methodology with new regulations. So far Covid-19 has had a limited effect on the credit quality of our loan book. Non-performing loans reduced to 3.1% of the loan portfolio, as compared to 3.9% a year ago.

Tax expense decreased to 0.7 million EUR as we recognized deferred tax assets. Profit for the period was 5.8 million EUR, an increase of 27.0 million from the loss of 21.2 million EUR in the first quarter of 2020.

KEY FIGURES AND RATIOS

million EUR	Q1 2021	Q1 2020
Net profit	5.8	-21.2
Average equity	1 668.1	1 621.2
Return on equity (ROE), %*	1.4	-5.3
Average assets	14 737.8	13 492.7
Return on assets (ROA), %*	0.2	-0.6
Net interest and similar income	56.6	55.8
Average interest earning assets	14 454.1	13 194.2
Net interest margin (NIM) %*	1.6	1.7
Cost / Income ratio, %*	91.7	89.0
Credit impairment ratio, %*	-0.02	1.05
Loans to customers	9 392.8	9 927.9
Deposits from customers	11 403.8	9 958.3
Loans / Deposits ratio, %	82.4	99.7
CET1 ratio, %	23.4	20.5
NPL ratio (gross), %	3.1	3.9
Net interest income / Loans, %	2.4	2.2

* Quarterly ratios (ROE, ROA, NIM, C/I, Credit impairment ratio) are expressed on an annualised basis

** If loan recoveries prevail, the ratio is negative

Explanations

Average equity (attributable to the owners of Luminor Bank AS) = (Equity at current period end + Equity at previous period end) / 2

Return on equity (ROE) = Net profit/Average equity * 100

Average assets = (Assets of current period end + Assets of previous period-end) / 2

Return on assets (ROA) = Net profit/Average assets * 100

Average interest earning assets = (Average interest earning assets at current period end + Average interest earning assets at previous period end) / 2

Net interest margin (NIM) = Net interest income/Average interest earning assets * 100

Cost/Income ratio = Total operating expenses/Net total operating income * 100

Credit impairment ratio = Net losses or reversal on loans to customers / Net loans, average * 100

Loans / Deposits ratio = Loans to customers / Deposits from customers * 100

CET 1 ratio = Common Equity Tier 1 capital / Risk exposure amount

NPL (non-performing loan) ratio = Gross impaired loans (Stage 3 loans) / Gross loans * 100

Net interest income / Loans = Net interest income / Net loans, average * 100

The cost-to-income ratio was 91.7% in this period, as compared to 89.0% in the same period last year. Excluding exceptional costs, the respective ratios were 58.0% and 50.9%.

Our return on equity was 1.4% in this period and -5.3% in the same period last year. Excluding exceptional costs, the respective returns were 6.8% and 1.2%.

LENDING AND DEPOSITS

Total assets decreased by 372.7 million EUR during the first quarter. Loans to customers decreased by 38.2 million EUR, or 0.4%, to 9 392.8 million EUR, with a 52.5 million EUR reduction in loans to financial institutions, public sector and business customers offset partially by a small increase in loans to individuals. Our share of the lending market in the Baltics fell from 18.1% to 16.9% over the 12 months.

Customer deposits decreased by 418 million EUR, or 3.5%, to 11 404 million EUR. The decrease was led by public sector and business customers' deposits. Our share of the deposit market in the Baltics fell from 16.0% to 14.9% over the 12 months. Cash and balances with central banks decreased by 324 million EUR, to 4 603 million EUR. The loans-to-deposits ratio increased during this quarter by 2.6 percentage points to 82.4%.

Loans to customers at 31 March 2021

million EUR	Individual customers	Business customers	Public sector	Financial institutions	Total
Estonia	1 254.4	1 045.0	48.0	103.3	2 450.7
Latvia	1 532.7	1 183.4	43.7	27.6	2 787.4
Lithuania	2 618.8	1 427.9	70.6	37.4	4 154.7
Total	**5 405.9**	**3 656.3**	**162.3**	**168.3**	**9 392.8**

Deposits from customers at 31 March 2021

million EUR	Individual customers	Business customers	Public sector	Financial institutions	Total
Estonia	490.7	823.0	328.1	143.8	1 785.6
Latvia	1 393.8	1 216.5	186.1	81.6	2 878.0
Lithuania	2 629.1	2 010.3	1 947.3	153.5	6 740.2
Total	**4 513.6**	**4 049.8**	**2 461.5**	**378.9**	**11 403.8**

Deposits from customers by country of registration

% of total deposits	Estonia, Latvia, Lithuania	EU (except Estonia, Latvia, Lithuania)	Other countries	Total
Estonia	97.7%	1.6%	0.7%	100%
Latvia	97.5%	1.5%	1.0%	100%
Lithuania	98.5%	0.8%	0.7%	100%
Total	**98.5%**	**0.7%**	**0.8%**	**100%**

ASSET QUALITY

The quality of the loan portfolio is good and stable. The negative consequences of COVID-19 have been limited and have impacted mostly certain industries and customers, while others have so far been almost unaffected.

The most severe impact was felt by the accommodation and food service activities, tourism, and aviation sectors. Our exposure to these sectors is 0.7% of our total net lending to customers, with next to no exposure to the aviation sector. A little under a third of the net exposure within these affected sectors we have classified as Stage 3.

We have supported our customers throughout the pandemic, in particular through loan modifications. The most common modifications requested were grace periods for principal payments. We granted grace periods for principal and interest payments in exceptional circumstances, and only for around 1% of all modifications. The outstanding balance of loans under modifications decreased from 77 million to 67 million EUR over the first quarter. The total amount of modification requests for mortgage loans during the quarter was 16 million EUR, 5 million EUR less than in the fourth quarter of 2020. The total amount of modification requests for business customers was 14 million EUR during the first quarter, which were close to zero in the second half of last year. The increase is linked to a few real estate exposures.

In the portfolio with modifications the level of exposures overdue by more than 5 days after the end of the grace period is slightly higher at 3.9% than it is in the portfolio without modifications (2.6%). The differences between the level of exposures overdue more than 30 days for the portfolio with modifications after the end of the grace period compared to the portfolio without modifications are relatively minor (1.8% vs 1.4%).

Loan loss provisions were 0.1 million EUR during the first quarter. The increase in individual provisions for a few larger individually assessed exposures was balanced largely by the positive effect of aligning our credit management methodology with new regulations. This alignment was a one-off event.

Total non-performing loans amounted to 291 million EUR. The ratio of non-performing loans (NPL) to net lending was 3.1% at the end of the first quarter, 0.1 percentage points lower than at the end of the previous quarter. Even though the COVID-19 driven inflow continued in the first quarter, the outflow was 1.2 times higher than the inflow, and this left the volume of non-performing

loans at its historically lowest level. The key drivers for the decrease in the non-performing portfolio were cures resulting from the end of probation periods, collection activities including sales of collaterals, sales of claim rights, and write-offs of the amounts remaining after collection activities. The NPL ratio for the mortgage loan portfolio was 2.0%, a decrease of 0.7 percentage points as compared to 31 December 2020.

Total allowances for expected credit losses on the balance sheet were 124 million EUR at the end of the quarter, of which 78 million EUR were for Stage 3 exposures.

Loans to customers at 31 March 2021, by asset quality

million EUR	Total	Estonia	Latvia	Lithuania
Financial institutions				
Stage 1				
Gross carrying amount	161.8	102.2	24.3	35.3
Allowance for expected credit losses	-0.5	-0.5	0.0	0.0
Carrying amount	**161.3**	**101.7**	**24.3**	**35.3**
Stage 2				
Gross carrying amount	4.1	1.6	0.4	2.1
Allowance for expected credit losses	0.0	0.0	0.0	0.0
Carrying amount	**4.1**	**1.6**	**0.4**	**2.1**
Stage 3				
Gross carrying amount	6.3	0.3	6.0	0.0
Allowance for expected credit losses	-3.4	-0.3	-3.1	0.0
Carrying amount	**2.9**	**0.0**	**2.9**	**0.0**
Total carrying amount	**168.3**	**103.3**	**27.6**	**37.4**
Public sector				
Stage 1				
Gross carrying amount	162.5	48.0	43.9	70.6
Allowance for expected credit losses	-0.2	0.0	-0.2	0.0
Carrying amount	**162.3**	**48.0**	**43.7**	**70.6**
Stage 2				
Gross carrying amount	0.0	0.0	0.0	0.0
Allowance for expected credit losses	0.0	0.0	0.0	0.0
Carrying amount	**0.0**	**0.0**	**0.0**	**0.0**
Stage 3				
Gross carrying amount	0.0	0.0	0.0	0.0
Allowance for expected credit losses	0.0	0.0	0.0	0.0
Carrying amount	**0.0**	**0.0**	**0.0**	**0.0**
Total carrying amount	**162.3**	**48.0**	**43.7**	**70.6**

million EUR	Total	Estonia	Latvia	Lithuania
Individual customers				
Stage 1				
Gross carrying amount	5 043.9	1 176.6	1 391.7	2 475.6
Allowance for expected credit losses	-9.4	-1.2	-2.6	-5.6
Carrying amount	**5 034.5**	**1 175.4**	**1 389.1**	**2 470.0**
Stage 2				
Gross carrying amount	297.7	73.7	95.1	128.9
Allowance for expected credit losses	-15.3	-2.8	-5.4	-7.1
Carrying amount	**282.4**	**70.9**	**89.7**	**121.8**
Stage 3				
Gross carrying amount	116.0	9.9	73.7	32.4
Allowance for expected credit losses	-27.0	-1.8	-19.8	-5.4
Carrying amount	**89.0**	**8.1**	**53.9**	**27.0**
Total carrying amount	**5 405.9**	**1 254.4**	**1 532.7**	**2 618.8**
of which mortgage loans				
Stage 1				
Gross carrying amount	4 343.3	956.4	1 229.9	2 157.0
Allowance for expected credit losses	-5.7	-0.5	-1.8	-3.4
Carrying amount	**4 337.6**	**955.9**	**1 228.1**	**2 153.6**
Stage 2				
Gross carrying amount	220.6	60.9	87.9	71.8
Allowance for expected credit losses	-13.1	-2.4	-5.0	-5.7
Carrying amount	**207.5**	**58.5**	**82.9**	**66.1**
Stage 3				
Gross carrying amount	93.1	7.2	66.9	19.0
Allowance for expected credit losses	-21.9	-1.2	-18.2	-2.5
Carrying amount	**71.2**	**6.0**	**48.7**	**16.5**
Total carrying amount	**4 616.3**	**1 020.4**	**1 359.7**	**2 236.2**

million EUR	Total	Estonia	Latvia	Lithuania
Business customers				
Stage 1				
Gross carrying amount	2 675.0	770.1	807.5	1 097.4
Allowance for expected credit losses	-11.5	-5.9	-1.2	-4.4
Carrying amount	**2 663.5**	**764.2**	**806.3**	**1 093.0**
Stage 2				
Gross carrying amount	880.7	236.8	331.5	312.4
Allowance for expected credit losses	-9.1	-4.2	-1.5	-3.4
Carrying amount	**871.6**	**232.6**	**330.0**	**309.0**
Stage 3				
Gross carrying amount	168.7	58.8	62.0	47.9
Allowance for expected credit losses	-47.5	-10.6	-14.9	-22.0
Carrying amount	**121.2**	**48.2**	**47.1**	**25.9**
Total carrying amount	**3 656.3**	**1 045.0**	**1 183.4**	**1 427.9**
Totals				
Gross carrying amount Stage 1	8 043.2	2 096.9	2 267.4	3 678.9
Gross carrying amount Stage 2	1 182.5	312.1	427.0	443.4
Gross carrying amount Stage 3	291.0	69.0	141.7	80.3
Total gross carrying amount	**9 516.7**	**2 478.0**	**2 836.1**	**4 202.6**
Allowance for expected credit losses Stage 1	-21.6	-7.6	-4.0	-10.0
Allowance for expected credit losses Stage 2	-24.4	-7.0	-6.9	-10.5
Allowance for expected credit losses Stage 3	-77.9	-12.7	-37.8	-27.4
Total allowance for expected credit losses	**-123.9**	**-27.3**	**-48.7**	**-47.9**
Total carrying amount	**9 392.8**	**2 450.7**	**2 787.4**	**4 154.7**
Gross Stage 3 loans vs Gross loans (NPL ratio), %	3.1	2.8	5.0	1.9
Gross Stage 3 mortgage loans vs Gross mortgage loans (NPL ratio for mortgage loans), %	2.0	0.7	4.8	0.8
Allowance for expected credit losses Stage 3 vs Gross Stage 3 loans (Stage 3 impairment ratio), %	26.8	18.4	26.7	34.1
Allowance for expected credit losses vs Gross loans (Impairment ratio), %	1.3	1.1	1.7	1.1

Explanations:

Gross Stage 3 Loans vs Gross Loans (NPL ratio) % = Gross Stage 3 Loans / Gross Loans

Gross Stage 3 mortgage loans vs Gross mortgage loans (NPL ratio for mortgage loans), % = Gross Stage 3 Mortgage Loans / Gross Mortgage loans

Stage 3 Impairment ratio % = Allowances Stage 3 / Gross Stage 3 Loans

Impairment ratio % = Total Allowances / Total Gross Loans

Credit-impaired loans and collaterals

Credit-impaired loans are most often secured by real estate and movable assets. The value for such collateral is equal to its market value and not its liquidation value, and this is updated shortly after the default has been identified.

Stage 3 loans at 31 March 2020

million EUR	Gross carrying amount	Allowance for expected credit losses	Net carrying amount	Fair value of collateral
Business customers*	175.0	-50.9	124.1	139.5
Individual customers	116.0	-27.0	89.0	103.5
Total	**291.0**	**-77.9**	**213.1**	**243.0**

* Financial institutions and public sector Stage 3 loans included

FUNDING

We are funded predominantly by customer deposits. To mitigate the impact of negative rates charged by Central Banks we introduced negative rates on certain deposits from large corporate and public sector customers, and subsequently experienced some volatility in deposit balances from these sectors. During the quarter we terminated the committed funding facility provided by our former parent banks. The collateral assigned to this facility was released.

At 31 March 2021 our total Minimum Requirement of Eligible Liabilities (MREL) ratio was 15.5% as compared to 14.9% at 31 December 2020, of which 11.4% was in the form of own funds as per the Capital Requirements Regulation (CRR). We are required by 30 June 2022 to have met our target MREL ratio of 17.28% of total liabilities and own funds, of which 11.97% must be met with subordinated liabilities.

In the second quarter of 2021 we expect to receive from the Estonian Financial Supervision and Resolution Authority a revised MREL requirement. This revised requirement will be based on the second Bank Recovery and Resolution Directive (BRRD2) and the second Single Resolution Mechanism Regulation (SRMR2) and will be calculated against our risk exposure amounts rather than total liabilities and own funds.

Rating

Moody's rates our long-term senior unsecured debt at Baa2. During the quarter Moody's affirmed this rating and changed the outlook on their ratings from neutral to positive.

LIQUIDITY

Our structural liquidity risk is conservative and well-balanced. It is based on metrics that measure liquidity risk and is appropriately adapted to the current economic and regulatory environment. We use a range of metrics to measure liquidity risk, one of which is the Liquidity Coverage Ratio (LCR).

At 31 March 2021 our LCR was 197%, virtually unchanged from 31 December 2020. During the quarter a slight decrease in our High-Quality Liquid Assets (HQLA) was offset by a decrease of net outflows. The liquidity buffer is composed of highly liquid central bank eligible securities and cash. During the quarter, the amount of the liquidity bond portfolio within the liquidity buffer remained stable.

Long-term liquidity risk is measured by the Net Stable Funding Ratio (NSFR). At 31 March 2021 our NSFR was 159%, consistent with the previous quarter-end. The amount of Required Stable Funding (RSF) decreased mainly due to the termination of the funding facility agreement with our former parent banks and consequent release of encumbered assets. This was offset by a decreased amount of Available Stable Funding (ASF), driven mostly by the decrease in corporate deposits.

Liquidity ratios	31 March 2021	31 December 2020
Liquidity Coverage Ratio	197.3%	197.2%
Net Stable Funding Ratio	159.4%	159.0%

CAPITAL

At the end of the first quarter of 2021 we had 1 645 million EUR in own funds, composed entirely of Common Equity Tier 1 (CET1) capital. Our CET1, Tier 1, and Total capital ratios at the end of the quarter were 23.4%, up from 22.4% at the end of the fourth quarter of 2020. Own funds increased with the inclusion of 2020 net profits, all of which we retained except for a dividend of 1 million EUR to Luminor Holding AS to cover its stand-alone expenses. Meanwhile, the Risk Exposure Amount (REA) fell to 7 022 million EUR as Other items reduced by 47 million EUR.

Our capital ratios remain well above our minimum capital requirements set by our regulators, which required us at 31 March 2021 to have a CET1 ratio exceeding 10.1%, a Tier 1 ratio above 12.0% and a Total Capital ratio greater than 14.5%. The capital ratios were also above our targets of 16% for CET1 and Tier 1 capital and 17% for Total capital.

In response to the COVID-19 outbreak, the Baltic countries left their systemic risk buffer and countercyclical buffer requirements at 0%. The buffers are expected to be reviewed once the economic difficulties caused by COVID-19 ease. On 15 December 2020, the ECB issued an updated dividend recommendation to banks. The recommendation asked banks to refrain from or limit dividends until the end of September 2021.

Our leverage ratio increased to 10.8% at the end of quarter from 10.2% at the end of the fourth quarter of 2020 due to the inclusion of 2020 retained profits.

Capital ratios	31 March 2021	31 December 2020
Common Equity Tier 1 ratio	23.4%	22.4%
Tier 1 capital ratio	23.4%	22.4%
Total capital ratio	23.4%	22.4%
Leverage ratio	10.8%	10.2%

Own funds

million EUR	31 March 2021	31 December 2020
Own funds	1 644.6	1 586.4
1. Tier 1 Capital	1 644.6	1 586.4
1.1. Common Equity Tier 1 Capital	1 644.6	1 586.4
1.1.1. Capital instruments eligible as CET1 Capital	1 447.2	1 447.2
Paid-up capital instruments	34.9	34.9
Share premium	1 412.2	1 412.2
1.1.2. Retained earnings	215.0	150.6
1.1.3. (-) Other intangible assets	-11.5	-6.3
1.1.4 Other reserves	2.7	2.7
1.1.5 Adjustments to CET1 due to prudential filters	-0.4	-0.3
1.1.6 CET1 capital elements or deductions - other	0.0	0.0
1.1.7 Accumulated other comprehensive income	0.3	0.3
1.1.8 (-) Additional deductions of CET1 Capital due to Article 3 CRR	0.0	0.0
1.1.9 (-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-8.3	-7.3
1.1.10 (-) Goodwill	-0.4	-0.4

Risk exposure amounts

million EUR	31 March 2021	31 December 2020
Total Risk Exposure Amount	**7 021.5**	**7 086.3**
Risk weighted exposure amounts for counterparty credit and dilution risks and free deliveries	6 313.2	6 375.2
Standardised approach (SA)	6 313.2	6 375.2
SA exposure classes excluding securitisation positions	6 313.2	6 375.2
Central governments or central banks	0.0	0.0
Regional governments or local authorities	10.1	10.9
Public sector entities	1.8	2.0
Institutions	35.3	30.6
Corporations	3 112.2	3 128.2
Retail	1 120.8	1 144.5
Secured by mortgages on immovable property	1 543.2	1 519.9
Exposures in default	262.3	249.6
Items associated with particularly high risk	122.5	137.6
Covered bonds	2.4	2.4
Equity	5.8	5.4
Other items	96.9	144.0
Total risk exposure amount for position, foreign exchange and commodities risks	**20.6**	**18.4**
Total risk exposure amount for operational risk (OpR)	**673.6**	**673.6**
Total risk exposure amount for credit valuation adjustment	**14.1**	**19.2**

Statement of the Management Board

The interim report of Luminor Bank AS for the first quarter of 2021 consists of the following parts and reports:

- The Management Report;
- The Condensed Consolidated Interim Financial Statements.

The data and additional information presented in the interim report of Luminor Bank AS for the first quarter of 2021 are 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 for the disclosure of information.

Luminor Bank AS and the Bank's subsidiaries are going concerns.

Peter Bosek
Chief Executive Officer and
Chairman of the Management Board

Tallinn, 10 May 2021

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

million EUR	Notes	Q1 2021	Q1 2020
Interest income calculated using the effective interest method	3	52.0	58.2
Other similar income	3	11.9	12.4
Interest and similar expense	3	-7.3	-14.8
Net interest and similar income		**56.6**	**55.8**
Fee and commission income	4	22.5	24.3
Fee and commission expense	4	-4.9	-6.5
Net fee and commission income		**17.6**	**17.8**
Net gain (-loss) on financial assets and liabilities at fair value through profit/loss		0.1	-0.5
Net gain (-loss) on debt securities designated at fair value through profit or loss		-0.5	-0.8
Net gain (-loss) on financial assets held for trading		1.7	1.3
Net gain (-loss) from financial derivatives		12.0	7.3
Net gain (-loss) from operations with foreign currency		-8.7	0.5
Other operating income		0.9	0.6
Other operating expenses		-2.8	-1.7
Net other operating income		**2.7**	**6.7**
Total income		**76.9**	**80.3**
Salaries and other personnel expenses		-25.6	-23.8
Other administrative expenses	5	-41.9	-44.7
Depreciation and impairment of property, plant and equipment and intangible assets		-3.0	-3.0
Total expenses		**-70.5**	**-71.5**
Share of profit from an associate		0.3	0.3
Credit loss allowance, excluding off-balance sheet commitments		0.5	-26.4
Credit loss allowance on off-balance sheet commitments		-0.6	-1.6
Other non-operating expenses		-0.1	-0.1
Profit before tax		**6.5**	**-19.0**
Tax expense		-0.7	-2.2
Profit (-loss) for the period		**5.8**	**-21.2**
Total other comprehensive income		**0.0**	**0.0**
Total comprehensive income		**5.8**	**-21.2**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

million EUR	Notes	31 March 2021	31 December 2020
Assets			
Cash and balances with central banks		4 602.6	4 926.5
Due from other credit institutions		78.1	103.6
Loans to customers	6	9 392.8	9 430.8
Financial assets held for trading	11	6.7	2.9
Financial assets at fair value through profit or loss	11	284.0	284.1
Derivative financial instruments	9	49.6	43.4
Financial assets at fair value through other comprehensive income	11	0.1	0.1
Investments in associates		5.6	5.3
Intangible assets		11.9	6.7
Property, plant and equipment and right-of-use assets		53.6	56.6
Investment properties		0.4	0.6
Current tax assets		1.2	0.5
Deferred tax assets		10.3	9.4
Other assets		54.5	53.6
Total assets		**14 551.4**	**14 924.1**
Liabilities			
Loans and deposits from credit institutions		63.4	47.3
Deposits from customers	7	11 403.8	11 821.7
Debt securities issued	8	1 200.7	1 201.2
Derivative financial instruments	9	38.4	50.6
Tax liabilities		0.2	0.2
Lease liabilities		47.9	49.7
Other financial liabilities		43.4	14.7
Other liabilities		72.7	64.2
Provisions		9.9	9.3
Total liabilities		**12 880.4**	**13 258.9**
Shareholders' equity			
Issued capital		34.9	34.9
Share premium		1 412.2	1 412.2
Retained earnings		220.9	215.1
Other reserves		3.0	3.0
Total shareholders' equity attributable to the shareholders of the Bank		**1 671.0**	**1 665.2**
Total liabilities and shareholders' equity		**14 551.4**	**14 924.1**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

million EUR	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Total equity as at 31 December 2019	**34.9**	**1 412.2**	**1.2**	**183.9**	**1 632.2**
Profit (-loss) for the period	0.0	0.0	0.0	-21.2	**-21.2**
Other	0.0	0.0	0.0	-1.0	**-1.0**
Total equity as at 31 March 2020	**34.9**	**1 412.2**	**1.2**	**161.7**	**1 610.0**
Total equity as at 31 December 2020	**34.9**	**1 412.2**	**3.0**	**215.1**	**1 665.2**
Profit (-loss) for the period	0.0	0.0	0.0	5.8	**5.8**
Total equity as at 31 March 2021	**34.9**	**1 412.2**	**3.0**	**220.9**	**1 671.0**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

million EUR	Notes	1 January 2021 to 31 March 2021	1 January 2020 to 31 March 2020
Cash flows from operating activities			
Profit before tax		**6.5**	**-19.0**
Adjustment for:			
Credit loss allowance, excluding off-balance sheet commitments		-0.5	26.4
Credit loss allowance on off-balance sheet commitments		0.6	1.6
Share of profit from an associate		-0.3	-0.3
Loss/(profit) from foreign currency revaluation		0.1	0.1
Depreciation, amortization and impairment		3.0	3.0
Other adjustments		0.1	0.1
Interest income	3	-63.9	-70.6
Interest expenses	3	7.3	14.8
Cash flow from operations before changes in operating assets/liabilities		**-47.1**	**-43.9**
Change in operating assets/liabilities			
Increase (-)/decrease (+) of lending to customers		40.7	268.3
Increase (-)/decrease (+) of other assets		14.8	1.1
Increase (+)/decrease (-) of deposits from customers		-400.7	-984.1
Increase (+)/decrease (-) of liabilities		21.9	12.2
Total change in operating assets/liabilities		**-323.3**	**-702.5**
Interest received		60.1	69.5
Interest paid		-5.3	-15.3
Income tax paid		-2.3	-2.8
Cash flow from operating activities		**-317.9**	**-695.0**
Investing activities			
Acquisition of property, equipment and intangible assets		-5.2	-1.0
Proceeds from disposal of property, equipment and intangible assets		0.0	0.6
Proceeds from disposal of investment property		0.2	0.0
Cash flows from investing activities		**-5.0**	**-0.4**
Financing activities			
Debt securities issued	9	0.0	503.3
Payments of principal on leases		-1.7	-0.7
Cash flows from financing activities		**-1.7**	**502.6**
Net increase/(-decrease) in cash and cash equivalents		**-324.6**	**-192.8**

Cash and cash equivalents at the beginning of the period	4 884.8	2 948.7
Effects of currency translation on cash and cash equivalents	-0.1	-0.1
Net increase/(-decrease) in cash and cash equivalents	-324.6	-192.8
Cash and cash equivalents at the end of the period	**4 560.1**	**2 755.8**

Cash and cash equivalents comprise		
Cash on hand	126.9	136.0
Non-restricted current account with central bank	4 363.0	2 510.8
Due from other credit institutions on demand or with original maturity of three months or less	70.2	109.0
Total	**4 560.1**	**2 755.8**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

CORPORATE INFORMATION

Luminor Bank AS is a pan-Baltic credit institution whose headquarters are in Tallinn. Luminor Bank AS is owned by Luminor Holding AS, which is ultimately controlled by BCP VII, an investment fund managed by an affiliate of Blackstone Group Inc. Other shareholders of Luminor Holding AS - Nordea Bank Abp and DNB BANK ASA - are also considered to have significant influence over Luminor Holding AS.

In this report 'Luminor Bank' or 'Luminor' refers to Luminor Bank AS together with its subsidiaries.

BASIS OF PRESENTATION

The condensed consolidated interim financial information of Luminor Bank AS was prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The condensed consolidated interim financial information does not contain all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements of Luminor Bank AS for the year ended 31 December 2020.

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Luminor Bank AS annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. Several amendments and interpretations are effective for the first time in 2021, 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.

The financial information in this interim report is presented in the same format as in the Luminor Bank AS Annual Report 2020, except for several changes in classification within the Consolidated Statement of Profit or Loss and Other Comprehensive Income, as described below.

Change in presentation

Content of the statement of profit or loss and other comprehensive income has been reviewed for the annual report. Based on the review results reclassifications have been made for better presentation of the financial information.

Reclassification of consolidated statements

Reclassification has been made for the following consolidated statement of profit or loss and other comprehensive income items:

million EUR	Q1 2020		
	As restated	Change	As previously reported
Interest and similar expense*	-14.8	+1.7	-16.5
Other operating expenses*	-1.7	-1.7	0.0
Other operating expenses**	0.0	+2.8	-2.8
Other administrative expenses**	-44.7	-2.8	-41.9
Credit loss allowance on off-balance sheet commitments	-1.6	-1.6	0.0
Other non-operating expenses	-0.1	+1.6	-1.7

* Cash contributions to resolution funds and guarantee schemas.

** Reclassification of other operating expenses to other administrative expenses due to review results, which showed that by nature these expenses were administrative expenses rather than operating expenses (legal expenses and VAT taxes, for example).

Reclassification impacted the following consolidated statement of cashflows items:

million EUR	1 January 2020 to 31 March 2020		
	As restated	Change	As previously reported
Interest expenses*	14.8	-1.7	16.5
Interest paid	-15.3	+1.7	-17.0
Increase (-)/decrease (+) of other assets	-3.0	+1.7	-4.7
Credit loss allowance on off-balance sheet commitments	1.6	+1.6	0.0
Other adjustments	0.1	-1.6	1.7
Increase (-)/decrease (+) of lending to customers	268.3	-1.6	269.9
Cash and cash equivalents at the beginning of the period	2 948.7	-4.1	2 952.8
Increase (-)/decrease (+) of other assets	4.1	+4.1	0.0
Net increase/(-decrease) in cash and cash equivalents	-192.8	+4.1	-196.9

* Cash contributions to resolution funds and guarantee schemas.

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 continuously evaluated and are based on management's experience and expectations of future events. Consistent with Luminor financial statements for the year ended 31 December 2020 the significant estimates are considered to be the impairment of the financial instruments as well as the determination of the fair value.

The methods and the key assumptions related to the calculation of the impairment of financial instruments are consistent with the ones applied in Luminor for the year ended 31 December 2020. For more detailed information on the impairment policies, please, refer to the Note 5 'General Risk Management Policies' of the Luminor Bank AS Annual Report 2020.

The applied Expected Credit Loss (the ECL) model was not changed in the first quarter of 2021. A managerial overlay adjustment introduced in the fourth quarter of 2020 was also applied in the first quarter of 2021 to adjust the standard ECL model output for the potential credit losses due to COVID-19 pandemic related uncertainties.

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from the active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. For the fair value of financial assets and liabilities, please, refer to the Note 11.

2. GENERAL RISK MANAGEMENT POLICIES

CREDIT RISK

COVID-19

Luminor's credit risk management and approach to address COVID-19 are described in detail in Note 5 'General Risk Management Policies' of the Luminor Bank AS Annual Report 2020. During the first quarter of 2021 the approach remained unchanged.

A key governmental support measure directly affecting Luminor's customers in 2020 was the moratoria agreement introduced by the European Banking Authority (the EBA) and regulated by the EBA Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 pandemic (EBA/GL/2020/02). Luminor joined the industry-wide private moratoria initiatives in each Baltic country, which comply with the EBA/GL/2020/02. Grace periods of COVID-19 affected, and modified exposures have already ended for most of these exposures (ca. 91%), the grace periods for the remaining 9% of exposure (67 million EUR) will expire in 2021. The performance of customers after the end of grace periods is monitored, relative to the performance of customers without modifications.

Impairment policies

Luminor recognizes credit losses in accordance with the requirements of the IFRS 9, which applies a forward-looking ECL approach. For more detailed information on the impairment policies, please, refer to the Note 5 'General Risk Management Policies' of the Luminor Bank AS Annual Report 2020. During the first quarter of 2021 the impairment model remained unchanged.

The three stages model is followed. For Stage 1 financial assets loss allowances equal 12-month ECL, while for Stage 2 (including non-defaulted POCI assets) and Stage 3 (including defaulted POCI assets) financial assets lifetime ECL is calculated. For Stage 3 financial assets which are classified as material, loss allowances for ECL are calculated on an individual basis.

A collective assessment of impairment is performed for all financial assets that are not defaulted as at the reporting date, i.e. are classified to either Stage 1 or Stage 2 or are non-defaulted POCI assets. The expected loss is calculated as the probability weighted average of losses expected in different macroeconomic scenarios. The expected loss in the concrete macroeconomic scenario is calculated as the multiple of PD, LGD, EAD and cumulative prepayment rate and is discounted using a discount rate.

Three macroeconomic variables - annual change in real GDP, unemployment rate and annual change of residential real estate price - are included in the modelling for the individual customers' segment and two of them – annual change in real GDP together with unemployment rate – are used for modelling in the case of the business customers' segment. Separate forecasts of macroeconomic variables with projections and assumptions over three years are prepared for each Baltic country. The most recent review of the forecasts of macroeconomic variables over three years was performed in the fourth quarter of 2020. The direct application of macroeconomic parameters and historically observed default frequency levels does not fully capture the current COVID-19 affected operating environment and would lead to significant reversals of ECLs. Such a reversal of ECLs is not considered appropriate, given still significant economic uncertainties. Therefore, a Management overlay decision was taken to override any macro forecast related ECL reversals from the Stage 1 and Stage 2. Fluctuations in overdues, no clear trend of customers' post grace period behavior and other remaining uncertainties due to COVID-19 pandemic support this decision.

For Stage 3 financial assets exposures (or defaulted POCI assets), which are classified as material, Luminor evaluates the impairment amount on an individual basis (individual assessment) under the discounted cash flows (DCF) method, where both future cash flows from the customer's operations and cash flows from collateral are taken into account. Generally, two scenarios – base case and risk case – with certain probability weights are used. For exceptional cases one scenario can be used which then shall be a gone concern scenario (only cash flow from collateral realization without any cash flow from operating activities).

For Stage 3 financial assets (or defaulted POCI assets), which are classified as immaterial, Luminor evaluates the impairment amount on a collective basis (collective assessment defined by asset type). Impairment is calculated for the unsecured part. The unsecured part for impairment purposes is calculated using the collateral value capped to the exposure amount and afterwards discounted, eliminating situations when overcollateralized loans have an entirely secured part and result in zero impairment.

For summary of changes in the credit loss allowances and gross carrying amounts for loans to customers, please, refer to the Note 6.

MARKET RISK

Luminor has a low appetite for market risk, which is defined as the risk of losses from on- and off-balance sheet positions arising from adverse movements in market parameters such as interest rates, credit spreads, currency exchange rates, equity prices or commodity prices. Based on internal risk self-assessment, the most significant parts of the market risk for Luminor are interest rate risk, credit spread risk and foreign exchange risk, which all stayed well within internal Risk Appetite Framework and lower level limits, while the exposures were at similar levels as they were during the last reporting quarter. The significance of other risks is lower as Luminor does not have any open positions in equity instruments for trading, and all commodity deals with customers are hedged with back-to-back transactions.

LIQUIDITY RISK

Liquidity risk is managed to ensure a constant ability to settle contractual obligations. Luminor has developed a set of early warning indicators, limits for a timely identification of liquidity issues, as well as business and funding contingency plans to manage Luminor's liquidity during market disruptions. The liquidity risk management strategy is reviewed at least annually or after any significant change in the internal or external environment in which Luminor operates.

Liquidity risk management has a focus on short term obligations and more structural long-term liquidity risk applying different internal and external metrics. Luminor uses a range of liquidity metrics for measuring, monitoring and controlling liquidity risk including the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR), internal liquidity limits for funding

concentration, and the survival horizon metric as a part of the liquidity stress testing. Liquidity metrics were within internal and external limits during the first quarter of 2021.

3. NET INTEREST AND SIMILAR INCOME

million EUR	Q1 2021	Q1 2020
Interest income calculated using the effective interest method		
Loans and advances to customers at amortised cost	51.9	56.8
Deposits with other banks	0.1	1.4
Total interest income calculated using effective interest method	**52.0**	**58.2**
Other similar income		
Finance leases	10.2	12.3
Other interest*	1.7	0.1
Total other similar income	**11.9**	**12.4**
Total interest and similar income	**63.9**	**70.6**
Interest expense		
Loans and deposits from credit institutions**	-4.6	-4.8
Deposits from customers	-0.5	-3.5
Impact of hedging activities	0.6	0.2
Debt securities issued	-2.0	-2.6
Other***	-0.8	-4.1
Total interest expense	**-7.3**	**-14.8**
Net interest and similar income	**56.6**	**55.8**

* Includes income from a negative interest on deposits in the amount of 1.4 million EUR for Q1 2021 and in the amount of 0.0 million EUR in Q1 2020.
** Includes interest paid on cash balances at central bank for Q1 2021 in the amount of 4.5 million EUR, for Q1 2020 in the amount of 2.7 million EUR.
*** Includes former parent funding off balance sheet loan commitment interest expense for Q1 2021 in the amount of 0.3 million EUR, for Q1 2020 in the amount of 3.5 million EUR.

Total interest and similar income by country of income generation

million EUR	Q1 2021	Q1 2020
Estonia	16.2	19.1
Latvia	20.1	22.3
Lithuania	27.6	29.2
Total interest and similar income	**63.9**	**70.6**

4. NET FEE AND COMMISSION INCOME

million EUR	Q1 2021			Q1 2020		
	Over time	Point in time	Total	Over time	Point in time	Total
Cards	1.8	5.0	**6.8**	2.3	6.1	**8.4**
Credit products	0.5	0.6	**1.1**	0.9	0.8	**1.7**
Daily banking plans	3.9	0.0	**3.9**	3.3	0.0	**3.3**
Deposit products and cash management	0.8	3.3	**4.1**	1.0	3.2	**4.2**
Insurance	0.0	0.9	**0.9**	0.0	1.1	**1.1**
Investments	0.4	0.6	**1.0**	0.4	0.5	**0.9**
Pensions	2.5	0.0	**2.5**	2.3	0.0	**2.3**
Trade finance	1.8	0.2	**2.0**	1.9	0.2	**2.1**
Other net commission income	0.1	0.1	**0.2**	0.0	0.3	**0.3**
Total fee and commission income	**11.8**	**10.7**	**22.5**	**12.1**	**12.2**	**24.3**
Cards			**-3.5**			**-5.2**
Credit products			**-0.2**			**-0.2**
Deposit products and cash management			**-0.6**			**-0.7**
Investments			**-0.4**			**-0.2**
Pensions			**-0.1**			**-0.1**
Trade finance			**0.0**			**0.0**
Other net commission income			**-0.1**			**-0.1**
Fee and commission expense			**-4.9**			**-6.5**
Net fee and commission income			**17.6**			**17.8**

Total fee and commission income by segment

million EUR	Q1 2021				Q1 2020			
	Corporate	Retail	Other	Total	Corporate	Retail	Other	Total
Cards	0.9	6.1	0.0	**7.0**	1.3	7.1	0.0	**8.4**
Credit products	0.8	0.1	0.1	**1.0**	1.3	0.4	0.0	**1.7**
Daily banking plans	0.1	3.9	0.0	**4.0**	0.1	3.2	0.0	**3.3**
Deposit products and cash management	1.8	2.0	0.2	**4.0**	1.9	2.2	0.1	**4.2**
Insurance	0.2	0.7	0.0	**0.9**	0.3	0.7	0.1	**1.1**
Investments	0.2	0.7	0.2	**1.1**	0.3	0.4	0.2	**0.9**
Pensions	0.0	2.4	0.0	**2.4**	0.0	2.3	0.0	**2.3**
Trade finance	1.9	0.0	0.0	**1.9**	2.1	0.0	0.0	**2.1**
Other net commission income	0.1	0.1	0.0	**0.2**	0.1	0.2	0.0	**0.3**
Total fee and commission income	**6.0**	**16.0**	**0.5**	**22.5**	**7.4**	**16.5**	**0.4**	**24.3**

Total fee and commission income by country of income generation

million EUR	Q1 2021	Q1 2020
Estonia	3.7	3.8
Latvia	6.9	7.4
Lithuania	11.9	13.1
Total fee and commission income	**22.5**	**24.3**

5. OTHER ADMINISTRATIVE EXPENSES

million EUR	Q1 2021	Q1 2020
IT related expenses	-24.2	-31.5
Consulting and professional services	-10.1	-3.8
Advertising and marketing expenses	-0.6	-0.5
Real estate expenses	-1.0	-1.4
Taxes and duties	-1.4	-2.2
Travel expenses	0.0	-0.2
Other expenses	-4.6	-5.1
Total	**-41.9**	**-44.7**

Exceptional costs under other administrative expenses were 24.9 million EUR in Q1 2021 and 25.3 million EUR in Q1 2020. Exceptional costs relate to specific projects which are temporary in nature and are approved by the Supervisory Council as part of Luminor's financial plan.

6. LOANS TO CUSTOMERS

million EUR	31 March 2021	31 December 2020
Financial institutions	**172.2**	**132.4**
Public sector	**162.5**	**138.6**
Business customers	**3 724.4**	**3 846.9**
Loans	2 706.1	2 823.1
Leasing	826.0	843.0
Factoring	192.3	180.8
Individual customers	**5 457.6**	**5 449.8**
Mortgage loans	4 657.0	4 614.2
Leasing	435.9	454.3
Consumer and card loans	101.4	106.3
Other loans	263.3	275.0
Impairment allowances	**-123.9**	**-136.9**
Loans to customers total	**9 392.8**	**9 430.8**
Loan to customers by country of registration		
Estonia, Latvia, and Lithuania	9 151.0	9 188.3
EU (except Estonia, Latvia, and Lithuania)	171.9	175.6
Other countries	69.9	66.9
Loans to customers total	**9 392.8**	**9 430.8**

million EUR	31 March 2021	31 December 2020
Pledged assets		
Loans*	588.7	887.7
Total	**588.7**	**887.7**

* As at 31 March 2021 including 548.4 million EUR (as at 31 December 2020 it was 548.5 million EUR) of loans pledged for Covered Bond and 0.0 million EUR (as at 31 December 2020 it was 292.8 million EUR) pledged for former parent funding.

Loans to customers by gross carrying amount and expected credit loss allowance

31 March 2021 million EUR	Gross carrying amount	Allowance for impairment	Net carrying amount
Financial institutions	**172.2**	**-3.9**	**168.3**
Public sector	**162.5**	**-0.2**	**162.3**
Business customers	**3 724.4**	**-68.1**	**3 656.3**
Loans	2 706.1	-51.3	2 654.8
Leasing	826.0	-14.2	811.8
Factoring	192.3	-2.6	189.7
Individual customers	**5 457.6**	**-51.7**	**5 405.9**
Mortgage loans	4 657.0	-40.7	4 616.3
Leasing	435.9	-3.7	432.2
Consumer and card loans	101.4	-1.1	100.3
Other loans	263.3	-6.2	257.1
Total	**9 516.7**	**-123.9**	**9 392.8**

31 December 2020 million EUR	Gross carrying amount	Allowance for impairment	Net carrying amount
Financial institutions	**132.4**	**-0.5**	**131.9**
Public sector	**138.6**	**0.0**	**138.6**
Business customers	**3 846.9**	**-78.1**	**3 768.8**
Loans	2 823.1	-61.7	2 761.4
Leasing	843.0	-14.3	828.7
Factoring	180.8	-2.1	178.7
Individual customers	**5 449.8**	**-58.3**	**5 391.5**
Mortgage loans	4 614.2	-44.2	4 570.0
Leasing	454.3	-4.1	450.2
Consumer and card loans	106.3	-1.1	105.2
Other loans	275.0	-8.9	266.1
Total	**9 567.7**	**-136.9**	**9 430.8**

Loans to customers by risk category and stage

31 March 2021 million EUR	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit-impaired)	POCI	Total
Low risk	5 082.6	84.5	0.0	3.6	**5 170.7**
Moderate risk	2 848.7	748.8	0.0	12.6	**3 610.1**
High risk	111.9	311.6	0.0	21.3	**444.8**
Default	0.0	0.0	276.0	15.1	**291.1**
Gross carrying amount	**8 043.2**	**1 144.9**	**276.0**	**52.6**	**9 516.7**
Less: allowance for impairment	-21.6	-24.3	-74.5	-3.5	**-123.9**
Net carrying amount	**8 021.6**	**1 120.6**	**201.5**	**49.1**	**9 392.8**

31 December 2020 million EUR	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit-impaired)	POCI	Total
Low risk	5 091.2	63.7	0.0	3.5	**5 158.4**
Moderate risk	2 721.0	868.2	0.0	12.6	**3 601.8**
High risk	146.1	334.3	0.0	21.7	**502.1**
Default	0.0	0.0	288.2	17.2	**305.4**
Gross carrying amount	**7 958.3**	**1 266.2**	**288.2**	**55.0**	**9 567.7**
Less: allowance for impairment	-21.3	-23.1	-89.1	-3.4	**-136.9**
Net carrying amount	**7 937.0**	**1 243.1**	**199.1**	**51.6**	**9 430.8**

Explanations
Stage 1 (12 - months ECL)
Stage 2 (Lifetime ECL for SICR)
Stage 3 (Lifetime ECL for Credit Impaired)
POCI (Lifetime ECL for Purchased or Originated Credit Impaired)

Information about credit loss allowances

The following tables disclose the changes in the credit loss allowance and gross carrying amount for loans to customers between the beginning and the end of the reporting period. For the purposes of the movement schedules below, Luminor assesses Stages only at the reporting date and transfers between the Stages reflect this. Movements between stages are measured at the beginning of the reporting period.

Change in loans to customers, by credit loss allowance and gross carrying amount

million EUR	Credit loss allowance					Gross carrying amount				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
At 31 December 2020	-21.2	-23.1	-89.2	-3.4	**-136.9**	7 958.3	1 266.3	288.2	54.9	**9 567.7**
Movements with impact on credit loss allowances for the period										
Transfers:										
-to lifetime (from Stage 1 and stage 3 to Stage 2)	1.2	-4.1	2.9	0.0	**0.0**	-225.5	250.2	-24.7	0.0	**0.0**
-to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	3.1	1.0	-4.1	0.0	**0.0**	-17.5	-53.7	71.2	0.0	**-0.0**
-to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	-4.8	2.8	2.0	0.0	**-0.0**	252.4	-238.6	-13.8	0.0	**0.0**
New originated or purchased*	-6.7	0.0	0.0	0.0	**-6.7**	539.9	0.0	0.0	5.4	**545.3**
Derecognised and repaid during the period*	0.6	0.4	19.0	0.0	**20.0**	-464.4	-79.3	-32.6	-7.5	**-583.8**
Changes to ECL model assumptions and effect from changes in Stages	19.9	5.2	-17.4	-0.1	**7.6**	0.0	0.0	0.0	0.0	**0.0**
Management overlay adjustment	-13.7	-6.5	0.0	-0.2	**-20.4**	0.0	0.0	0.0	0.0	**0.0**
Total movements with impact in credit loss allowance charge for period	**-0.4**	**-1.2**	**2.4**	**-0.3**	**0.5**	**84.9**	**-121.4**	**0.1**	**-2.1**	**-38.5**
Movements without impact on credit loss allowances for the period										
Write-offs	0.0	0.0	12.3	0.2	**12.5**	0.0	0.0	-12.3	-0.2	**-12.5**
At 31 March 2021	**-21.6**	**-24.3**	**-74.5**	**-3.5**	**-123.9**	**8 043.2**	**1 144.9**	**276.0**	**52.6**	**9 516.7**

* Includes intra-portfolio reclassifications

At 31 March 2021 out of total POCI loans credit loss allowances -0.1 million EUR is in Stage 2 and -3.4 million EUR is in Stage 3, gross carrying amount 37.6 million EUR is in Stage 2 and 15.0 million EUR in Stage 3.

Economic sectors

Loans to customers by economic sectors

million EUR	31 March 2021	31 December 2020
Financial Institutions	**168.3**	**131.9**
Public Sector	**162.3**	**138.6**
Business Customers	**3 656.3**	**3 768.8**
Agriculture, forestry, and fishing	267.7	272.3
Mining and quarrying	16.9	13.5
Manufacturing	454.6	456.2
Electricity, gas, steam, and air conditioning supply	99.4	117.9
Water supply	29.9	27.5
Construction	173.6	151.6
Wholesale and retail trade	639.9	705.8
Transport and storage	303.6	308.3
Accommodation and food service activities	44.1	46.4
Information and communication	17.8	17.9
Real estate activities	1 155.8	1 161.6
Professional, scientific, and technical activities	177.9	179.8
Administrative and support service activities	184.8	190.0
Public administration and defence, compulsory social security	0.1	0.1
Education	4.9	5.1
Human health services and social work activities	19.2	20.2
Arts, entertainment, and recreation	10.8	11.4
Travel agencies and tour operators	7.3	8.4
Other services	48.0	74.8
Individual Customers	**5 405.9**	**5 391.5**
Total	**9 392.8**	**9 430.8**

7. DEPOSITS FROM CUSTOMERS

million EUR	31 March 2021	31 December 2020
Term deposits	953.5	1 087.0
Demand deposits	10 450.3	10 734.7
Total	**11 403.8**	**11 821.7**
Deposits from customers by type of customers		
Corporate customers	4 428.7	4 617.9
Public sector customers	2 461.5	2 694.4
Individuals	4 513.6	4 509.4
Total	**11 403.8**	**11 821.7**
Deposits from customers by country of registration		
Estonia, Latvia, and Lithuania	11 227.8	11 614.2
EU (except Estonia, Latvia, and Lithuania)	85.6	110.5
Other countries	90.4	97.0
Total	**11 403.8**	**11 821.7**

8. DEBT SECURITIES ISSUED

million EUR	First call date	Maturity date	Nominal amount	Carrying amount	
				31 March 2021	31 December 2020
1.5% senior bond		October 2021	99.3	100.4	100.1
1.375% senior bond		October 2022	300.0	301.1	301.6
0.01% covered bond		March 2025	500.0	499.8	502.0
0.792% callable senior bond	December 2023	December 2024	300.0	299.4	297.5
Total			**1 199.3**	**1 200.7**	**1 201.2**

9. DERIVATIVE FINANCIAL INSTRUMENTS

million EUR	Notional amounts	Fair values	
		Assets	Liabilities
At 31 March 2021			
Derivatives held for trading			
Interest rate-related contracts	2 891.3	11.5	9.8
Currency-related contracts	1 163.7	34.7	25.3
Commodity-related contracts	7.2	3.4	3.3
Total	**4 062.2**	**49.6**	**38.4**
At 31 December 2020			
Derivatives held for trading			
Interest rate-related contracts	2 879.4	13.1	11.5
Currency-related contracts	1 147.1	28.8	37.6
Commodity-related contracts	12.8	1.5	1.5
Total	**4 039.3**	**43.4**	**50.6**

HEDGE ACCOUNTING

There is an economic relationship between the hedged item and the hedging instruments as the terms of the interest rate swaps match the terms of the fixed rate loan (i.e. notional amount, maturity, payment and reset dates). Luminor has established a hedge ratio of 1:1 for the hedging relationships, as the underlying risk of the interest rate swaps is identical to the hedged risk component. To test hedge effectiveness, 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 March 2021 and 31 December 2020.

million EUR	Notional amount	Carrying Amount	Line item in the statement of financial position
Interest rate swap 31 March 2021	1 100.0	3.8	Assets: Derivative financial instruments
Interest rate swap 31 December 2020	1 100.0	5.3	Assets: Derivative financial instruments

10. CONTINGENT LIABILITIES

million EUR	31 March 2021	31 December 2020
Undrawn loan commitments given	1 280.1	1 199.1
Financial guarantees given	550.6	433.5
Performance guarantees	149.3	147.1
Total	**1 980.0**	**1 779.7**

Off-balance sheet items are all with short term maturity. All exposures have either on demand or less than 1-month settlement.

11. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The valuation techniques along with the selection of relevant inputs have not changed in the reporting period. For detailed information on the valuation techniques and inputs, please, refer to the Luminor Bank AS Annual Report 2020.

FAIR VALUE OF FINANCIAL INSTRUMENTS AT AMORTISED COSTS

million EUR	31 March 2021		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	4 602.6	4 602.6	4 926.5	4 926.5
Due from other credit institutions	78.1	78.1	103.6	103.6
Loans to customers	9 392.8	9 145.4	9 430.8	9 107.0
Other financial assets	10.3	10.3	12.0	12.0
Total	**14 083.8**	**13 836.4**	**14 472.9**	**14 149.1**
Liabilities				
Loans and deposits from credit institutions	63.4	63.4	47.3	47.3
Deposits from customers	11 403.8	11 403.8	11 821.7	11 821.7
Debt securities issued	1 200.7	1 199.7	1 201.2	1 200.2
Other financial liabilities	43.4	43.4	14.7	14.7
Total	**12 711.3**	**12 710.3**	**13 084.9**	**13 083.9**

FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS

Fair value measurement of financial instruments

31 March 2021 million EUR	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets				
Assets for which fair values are disclosed				
Cash on hand	126.9	0.0	0.0	**126.9**
Balances with central banks	0.0	4 475.7	0.0	**4 475.7**
Due from other credit institutions	0.0	78.1	0.0	**78.1**
Loans to customers	0.0	0.0	9 145.4	**9 145.4**
Other financial assets	0.0	10.3	0.0	**10.3**
Financial assets at fair value				
Financial assets held for trading				
Debt securities	6.7	0.0	0.0	**6.7**
Financial assets at fair value through profit or loss				
Equity instruments	0.0	2.8	0.0	**2.8**
Debt securities				
General governments	250.7	0.0	0.0	**250.7**
Credit institutions	24.0	0.0	0.0	**24.0**
Other financial corporations	0.0	0.0	6.5	**6.5**
Derivative financial instruments				
Derivative financial instruments	0.0	49.1	0.5	**49.6**
Financial assets at fair value through other comprehensive income				
Equity instruments	0.0	0.0	0.1	**0.1**
Total	**408.3**	**4 616.0**	**9 152.5**	**14 176.8**
Liabilities				
Liabilities for which fair values are disclosed				
Loans and deposits from credit institutions	0.0	63.4	0.0	**63.4**
Deposits from customers	0.0	10 450.3	953.5	**11 403.8**
Debt securities issued	0.0	1 199.7	0.0	**1 199.7**
Other financial liabilities	0.0	43.4	0.0	**43.4**
Financial liabilities at fair value				
Derivative financial instruments				
Derivative financial instruments	0.0	37.4	1.0	**38.4**
Total	**0.0**	**11 794.2**	**954.5**	**12 748.7**

31 December 2020 million EUR	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets				
Assets for which fair values are disclosed				
Cash on hand	123.8	0.0	0.0	**123.8**
Balances with central banks	0.0	4 802.7	0.0	**4 802.7**
Due from other credit institutions	0.0	103.6	0.0	**103.6**
Loans to customers	0.0	0.0	9 107.0	**9 107.0**
Other financial assets	0.0	0.0	10.2	**10.2**
Financial assets at fair value				
Financial assets held for trading				
Debt securities	2.9	0.0	0.0	**2.9**
Financial assets at fair value through profit or loss				
Equity instruments	0.0	2.7	0.0	**2.7**
Debt securities				
General governments	251.1	0.0	0.0	**251.1**
Credit institutions	24.1	0.0	0.0	**24.1**
Other financial corporations	0.0	0.0	6.2	**6.2**
Derivative financial instruments				
Derivative financial instruments	0.0	42.7	0.7	**43.4**
Financial assets at fair value through other comprehensive income				
Equity instruments	0.0	0.0	0.1	**0.1**
Total	**401.9**	**4 951.7**	**9 124.2**	**14 477.8**
Liabilities				
Liabilities for which fair values are disclosed				
Loans and deposits from credit institutions	0.0	47.3	0.0	**47.3**
Deposits from customers	0.0	10 734.7	1 087.0	**11 821.7**
Debt securities issued	499.2	701.0	0.0	**1 200.2**
Other financial liabilities	0.0	0.0	14.7	**14.7**
Financial liabilities at fair value				
Derivative financial instruments				
Derivative financial instruments	0.0	49.3	1.3	**50.6**
Total	**499.2**	**11 532.3**	**1 103.0**	**13 134.5**

Change in debt securities in level 3:

million EUR	Q1 2021	FY 2020
Opening balance	**6.2**	**12.9**
Additions/disposals	0.0	-7.2
Unrealised gains/losses for assets held at the end of the reporting period	0.3	0.5
Closing balance	**6.5**	**6.2**

12. RELATED PARTIES

Related parties are defined as shareholders with significant influence, control, or joint control; members of the Supervisory Council and the Management Board as key management personnel, their close relatives and companies in which they have a controlling interest; and associated companies.

A number of banking transactions are entered into with related parties in the normal course of business, on commercial terms and at market rates. There have been no doubtful debts due from related parties as well as allowances for doubtful debts as at 31 March 2021 and 31 December 2020.

The volumes of related party transactions outstanding balances and related income and expense were as follows:

Entities with significant influence

Luminor Holding AS, the immediate parent of Luminor Bank AS, is ultimately controlled by BCP VII, an investment fund managed by an affiliate of Blackstone Group Inc. Other shareholders of Luminor Holding AS - Nordea Bank Abp and DNB BANK ASA - are also considered to have significant influence over Luminor Holding AS.

million EUR	Q1 2021	Q1 2020
Interest expenses	-4.0	-4.8
Net commission and fee income	-0.1	0.0
Net gain from financial derivatives	19.7	6.8
Other administrative expenses	-2.1	-4.4
Other expenses	0.2	-2.3
Total	**13.7**	**-4.7**

million EUR	31 March 2021	31 December 2020
Loans to credit institutions	21.7	55.9
Derivative instruments	31.4	18.7
Other assets	0.0	0.1
Total assets	**53.1**	**74.7**
Due to credit institutions	5.0	3.1
Derivative instruments	23.1	41.3
Other liabilities	8.7	4.4
Total liabilities	**36.8**	**48.8**

Key management personnel

Payments of fixed and variable remuneration to the key management personnel in Q1 2021 amounted to 0.4 million EUR (in Q1 2020 the amount was 0.5 million EUR).

As at 31 March 2021 loans to key management personnel amounted to 0.1 million EUR (as at 31 December 2020 it was 1.0 million EUR), deposits from key management personnel to 0.4 million EUR (as at 31 December 2020 it was 1.1 million EUR).

Associate ALD Automotive (3 entities)

million EUR	31 March 2021	31 December 2020
Loans to credit institutions	9.9	11.2
Total assets	**9.9**	**11.2**
Deposits from customers	0.5	0.8
Total liabilities	**0.5**	**0.8**

13. SEGMENT REPORTING

million EUR	Corporate	Retail	Other	Total
Q1 2021				
Net interest and similar income	28.6	25.4	2.6	**56.6**
Net fee and commission income	5.1	12.3	0.2	**17.6**
Trading income	1.8	1.5	1.3	**4.6**
Other income	0.1	0.2	-2.2	**-1.9**
Total income	**35.6**	**39.4**	**1.9**	**76.9**
Personnel costs, administrative costs, and depreciation	-23.8	-38.3	-8.4	**-70.5**
Credit loss allowance on loans to customers	-2.6	2.4	0.1	**-0.1**
Other	-0.1	0.0	0.3	**0.2**
Profit before tax	**9.1**	**3.5**	**-6.1**	**6.5**
o/w exceptional costs	-8.7	-17.3	-0.1	**-26.1**

million EUR	Corporate	Retail	Other	Total
31 March 2021				
Loans to customers*	4 198.4	5 311.9	30.0	**9 540.3**
Deposits from customers	5 588.7	5 761.5	53.6	**11 403.8**

* Amount in Segment reporting does not include allowances and accumulated interests

million EUR	Corporate	Retail	Other	Total
Q1 2020				
Net interest and similar income	30.5	29.4	-4.1	**55.8**
Net fees & commission income	6.5	11.5	-0.2	**17.8**
Trading income	3.1	1.4	3.3	**7.8**
Other income	0.8	0.4	-2.3	**-1.1**
Total income	**40.9**	**42.7**	**-3.3**	**80.3**
Personnel costs, administrative costs, and depreciation	-24.4	-46.5	-0.6	**-71.5**
Credit loss allowance on loans to customers	-23.9	-4.1	0.0	**-28.0**
Other	0.0	0.0	0.3	**0.3**
Profit before tax	**-7.4**	**-7.9**	**-3.6**	**-18.9**
o/w exceptional costs	-11.6	-18.7	-0.4	**-30.7**

million EUR	Corporate	Retail	Other	Total
31 December 2020				
Loans to customers*	4 307.8	5 251.8	31.9	**9 591.5**
Deposits from customers	6 024.8	5 743.1	53.8	**11 821.7**

* Amount in Segment reporting does not include allowances and accumulated interests.

The table below shows reconciliation between the total amount of loans and receivables presented under reportable segments above to the net carrying amount from Luminor's condensed consolidated statement of financial position:

million EUR	31 March 2021	31 December 2020
Total under segment reporting	**9 540.3**	**9 591.5**
Accrued interest	23.3	20.5
Allowance	-123.9	-136.9
Initial impairment	-21.9	-18.7
Amortized fee	-25.0	-25.6
Net carrying amount	**9 392.8**	**9 430.8**

CONTACT DETAILS

Luminor Bank AS

Location and address	Liivalaia 45 10145 Tallinn Estonia
Registered country	The Republic of Estonia
Main activity:	Credit institution
Commercial Register code	11315936
Telephone	+372 628 3300
SWIFT/BIC	RIKOEE22
Website	www.luminor.ee
E-mail	info@luminor.ee
Investor relations	ir@luminorgroup.com
Balance sheet date	31 March 2021
Reporting period	1 January to 31 March 2021 ('Q1 2021')
Reporting currency	Euro