Luminor Bank
Interim Report
4Q 2022

AT A GLANCE

THE QUARTER IN BRIEF

- Growth in operating income of 35% as compared to 4Q21, and cost income ratio improved to of 55.1%
- A near doubling of Net profit to 40.3 million EUR as compared to 4Q21, and generated a return on equity of 10.2%
- Deposits in the quarter grew nearly 400 million EUR while lending volumes were flat
- Credit quality remains strong, with non-performing loans to gross loans falling to 1.2% - our lowest ever level
- No direct and marginal indirect exposure to Russia, Belarus and Ukraine
- Strong capitalisation with CET1 ratio of 19.4%

FINANCIAL PERFORMANCE

€m	4Q		Jan-Dec	
	2021	2022	2021	2022
Total operating income	92.3	124.3	330.7	391.8
Total operating expenses	-66.0	-68.5	-262.8	-233.3
Profit before credit loss allowance and tax	**26.3**	**55.8**	**67.9**	**158.5**
Credit loss allowance	-2.4	-9.2	14.5	-16.1
Tax expense	-3.2	-6.3	-7.7	-17.7
Profit for the period	**20.7**	**40.3**	**74.7**	**124.7**
Return on equity, %	5.0	10.2	4.6	8.0
Return on normalised equity, %	6.9	12.3	6.3	9.6

VOLUMES & KEY RATIOS

€m	31 Dec 2021	30 Sep 2022	31 Dec 2022
Loans to customers	9,946.7	10,889.2	10,874.7
Deposits from customers	10,305.4	10,552.9	10,947.9
Equity	1,548.8	1,543.1	1,583.4
Common Equity Tier 1 ratio (including result for the period), %	21.5	18.9	19.4
Liquidity coverage ratio, %	137.3	133.2	138.8

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. Just like our home markets of Estonia, Latvia, and Lithuania we are young, dynamic, and forward looking. Further information about us can be found at www.luminor.ee.

Cover and inside photographs: our principal offices in Estonia, Latvia and Lithuania.

CHIEF EXECUTIVE'S STATEMENT

The Baltic countries continued to record the highest inflation rates in the euro-zone in the fourth quarter and future economic development remains uncertain, which led to a reduction in demand for new loans towards the end of the year. Luminor, however, remains committed to support our customers – individuals and companies resident in the Baltic countries – and our employees who, once again, demonstrated their dedication and resilience.

We raised our financial performance in the fourth quarter. Net interest income improved as interest rates increased after years of extraordinary low rates and limited profitability for deposits. In the lending market the Baltic region experienced a decline in demand for new loans. However, we maintained our market shares and kept our lending flat over the quarter, whereas our deposits continued to increase. We increased our efficiency, and recorded an improved cost income ratio, which resulted in a near doubling in this quarter's net profits compared to the same quarter last year. We retained the profits we generated. Our return on normalised equity improved to 12.3% from 6.9% a year ago.

We continue to focus on the same priorities: to do more business with more customers – notably more mortgage and consumer lending, and lending to SME customers; to raise our efficiency and enhance our information technology; and build our unique culture. We are on a journey to realise our goals, but we made continued progress in the period despite the changed macro environment. We increased mortgage lending to individuals, and retained our position as the leading underwriter of Baltic corporate debt. Deposits grew by nearly 400 million EUR. IT was a key focus area as we worked to improve our service stability, fix legacy issues and implement a more resilient IT system. We expect this focus to remain in the period ahead as we invest to raise our IT performance. We took several steps to realise our ESG ambitions and received from Sustainalytics a 'Low Risk' ESG risk rating, the best of its kind among major banks in the Baltic region.

At quarter end our Common Equity, Tier 1 and Total Capital Ratios, including net profit for the period, were 19.4%. All our capital is composed of equity. We are reviewing our capital levels and structure to align with our plans and outlook, and improve the efficiency of our capital structure. We have no direct exposure to companies domiciled in Russia, Belarus or Ukraine, and next to no exposure to residents of these countries. Our credit quality remains robust with non-performing loans accounting for just 1.2% of gross lending at 31 December, our lowest ever level.

I was delighted Moody's recognised our progress when they affirmed Luminor Bank's A3 bank deposit and Baa1 senior unsecured debt ratings and changed the outlook on their ratings to positive. Moody's explained their decision by noting our robust capitalisation, successful reduction of non-performing loans, and improving profitability, together with the broad lending portfolio across customer types and countries, and our local deposit base.

In line with our commitment to enhance our information technology, I am delighted we recruited Ian Penny to the new role of Chief Operating Officer, which combines the responsibilities of Chief Technology Officer and Chief Operations Officer. Ian, who joined us in January, is an experienced technology professional with global expertise in leading technology and digital transformation, from strategy, development and engineering to operations and programme execution. Ilja Sovetov stepped down as Chief Technology Officer and as a member of the Management Board in January. He leaves the Board with my thanks for his contribution over the past three years and my warm wishes for the future.

The outlook for the Baltic region is strong but also has continued high uncertainty about future economic growth and high rates of inflation. That said, our position is clear; we are here for our customers. I look forward to Luminor doing more business, more effectively, with more individuals and companies across our home markets of Estonia, Latvia and Lithuania. In so doing, we will maintain our strong financial standing, exercise prudent risk management, and fulfil our wider obligations.

Peter Bosek

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.

MANAGEMENT REPORT

Financial Performance

Summary income statement	4Q		Jan-Dec	
€m	**2021**	**2022**	**2021**	**2022**
Net interest and similar income	64.4	98.4	239.2	300.8
Net fee and commission income	23.4	20.7	78.5	80.3
Net other operating income	4.5	5.2	13.0	10.7
Total operating income	**92.3**	**124.3**	**330.7**	**391.8**
Total operating expenses	-66.0	-68.5	-262.8	-233.3
Profit before allowances	**26.3**	**55.8**	**67.9**	**158.5**
Credit loss allowances	-2.4	-9.2	14.5	-16.1
Profit before tax	**23.9**	**46.6**	**82.4**	**142.4**
Tax expense	-3.2	-6.3	-7.7	-17.7
Profit for the period	**20.7**	**40.3**	**74.7**	**124.7**
Cost / income ratio, %	71.5	55.1	79.5	59.5

We generated a net profit of 40.3 million EUR in the quarter (Q4 2021: 20.7 million EUR) an increase of 94.7%.

Total operating income was 124.3 million EUR (Q4 2021: 92.3 million EUR) an increase of 34.7%. Net interest income increased by 34.0 million EUR, or 52.7%, to 98.4 million EUR. Interest income was up nearly two-thirds, or 45.4 million EUR. as interest rates increased and lending balances were higher than a year ago. At the same time interest expense increased by 11.4 million EUR mainly as reference rates increased.

Net fee and commission income was lower by 2.7 million EUR, or 11.5%, as net income from Investments and Pensions declined, mainly due to unfavorable market conditions in the fourth quarter as compared to the same quarter in 2021. Net other operating income increased marginally to 5.2 million EUR.

Total operating expenses were 68.5 million EUR (Q4 2021: 66.0 million EUR) an increase of 3.8%. This increase was driven by higher Salary and other personnel expenses of 0.8 million EUR, which reflects wage inflation in the Baltic region, as well as an increase in Other administration expenses of 2.4 million EUR mainly from consultancy expenses. Our cost-to-income ratio improved significantly to 55.1% from 71.5% in the same quarter last year.

We incurred credit loss allowances of 9.2 million EUR this quarter as compared to 2.4 million EUR in the fourth quarter last year. Increases in allowances were recorded due mostly to updated calculation parameters and macroeconomic scenarios of Stage 1 and 2 exposures. Reversals were driven by the release of a management overlay which we first introduced in 2020 related to potential credit losses related to COVID-19. At 30 September 2022 the overlay totalled 4.4 million EUR. As concerns about the impact of COVID-19 on credit quality receded we released the overlay in full. More details about our credit portfolio can be found in the 'Asset Quality' section, below.

Given our higher income and improved efficiency, in the quarter we generated a return on normalised equity of 12.2%, as measured on an annualised basis, as compared to 6.9% in the same period last year.

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Retail Banking

Financial performance	4Q		Jan-Dec	
€m	2021	2022	2021	2022
Net interest and similar income	28.2	45.0	110.2	134.2
Net fee and commission income	15.4	13.7	52.8	53.0
Other net income	1.9	1.6	7.5	7.1
Total operating income	**45.5**	**60.3**	**170.5**	**194.3**
Total operating expenses	-41.9	-41.9	-170.3	-146.1
Profit before allowances	**3.6**	**18.4**	**0.2**	**48.2**
Credit loss allowances	8.8	-5.5	11.4	1.0
Profit (-loss) before tax	**12.4**	**12.9**	**11.6**	**49.2**
Cost/ income ratio, %	92.1	69.5	99.9	75.2

Balances €m	31 Dec 2021	30 Sep 2022	31 Dec 2022
Loans to customers	5,389.8	5,610.4	5,667.1
Deposits from customers	6,066.3	5,865.3	6,066.2

Loans to customers of Retail banking increased marginally in the quarter. We maintained our share of new mortgage lending against a backdrop of lower demand for new lending as high inflation and rising interest rates impacted customer sentiment. Deposits from customers grew by 3.4%.

Volumes for new mortgage lending were 22% lower in the fourth quarter than in the same quarter of last year, which was when sales levels peaked. At the same time, volumes of new consumer lending were down by 7% over the year in the last quarter.

Our active customer base continued to increase. Payment card transactions grew by 10% in number and 13% in volume from the same quarter of last year, with more than a quarter of our active customers using ApplePay and GooglePay. In Estonia and Latvia, we enhanced the usability of mobile wallets and will extend this feature to customers in Lithuania. In Latvia, we trialled enhanced functionality of our remote onboarding capabilities for customers, adding a photo recognition application to our established on-boarding solution. If this pilot proves a success we will extend the functionality to Estonia and Lithuania.


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Corporate Banking

Financial performance	4Q		Jan-Dec	
€m	**2021**	**2022**	**2021**	**2022**
Net interest and similar income	32.6	56.1	125.8	177.8
Net fee and commission income	7.7	6.8	25.3	26.3
Other net income	3.6	3.4	11.8	16.9
Total operating income	**43.9**	**66.3**	**162.9**	**221.0**
Total operating expenses	-22.9	-23.0	-89.9	-81.0
Profit before allowances	**21.0**	**43.3**	**73.0**	**140.0**
Credit loss allowances	-10.8	-2.9	2.5	-16.9
Profit before tax	**9.8**	**40.4**	**75.5**	**123.1**
Cost/ income ratio, %	52.6	34.7	55.2	36.7

Balances, €m	31 Dec 2021	30 Sep 2022	31 Dec 2022
Loans to customers	4,556.4	5,277.0	5,205.9
Deposits from customers	4,196.8	4,592.9	4,788.2

Loans to customers of corporate banking fell by 1.3% over the quarter, while deposits grew by 4.3%. We maintained our position as the leading underwriter of new debt securities from Baltic corporate issuers.

Loans to customers reduced over the quarter as growth in investment loans and leasing was more than offset by a seasonal decrease in utilisation of working capital facilities. Demand for new loans fell as customers slowed or suspended new investments given the economic uncertainty caused by the rise in interest rates, high inflation in the region, and elevated geopolitical risks arising from the invasion of Ukraine. However, a number of corporate customers are considering a range of different investment projects, and we continued to see increased demand for investment in renewable energy.

In the fourth quarter we lead-managed three new securities for local issuers. We acted as Arranger, Bookrunner and Green Structuring Advisor for a corporate customer's latest issue under their green bond programme, which is aligned with ICMA Green Bond Principles. We also were lead manager for two MREL-eligible securities issued by local financial institutions.

To contribute to the sustainable growth of the Baltic economies, we continued to host ESG seminars for our corporate customers. In the fourth quarter we delivered a seminar on the climate impact of the agricultural sector.

Financial condition

Summary balance sheet €m	31 Dec 2021	30 Sep 2022	31 Dec 2022
Cash and central bank balances	2,494.2	2,315.8	2,178.1
Debt securities	608.2	1,100.7	1,289.8
Loans to customers	9,946.7	10,889.2	10,874.7
Other assets	267.7	382.4	414.1
Total assets	**13,316.8**	**14,688.1**	**14.756.7**
Deposits from customers	10,305.4	10,552.9	10,947.9
Debt securities issued	1,163.6	1,881.3	1,813.9
Other liabilities	299.0	710.8	411.5
Equity	1,548.8	1,543.1	1,583.4
Total liabilities and equity	**13,316.8**	**14,688.1**	**14,756.7**

The total balance sheet grew by 0.5% to 14.8 billion EUR over the fourth quarter, with Loans to customers accounting for nearly three-quarters of Total assets.

Lending was flat over the quarter with growth in lending to individuals being offset by lower lending to companies. Mortgage loans grew 64.3 million EUR, while leasing to individuals, and consumer loans decreased marginally. Loans to business customers decreased by 83.3 million EUR with lower lending to the wholesale and retail, manufacturing, and construction sectors offset partially by higher lending to the real estate, and utilities sectors. Lending to the agriculture sector remained unchanged.

Debt securities increased by 189.1 million EUR, as we increased our investments in primarily government securities. Conversely Cash and central bank balances fell by 137.7 million EUR. High-quality government and covered bonds, which can be pledged with the European Central Bank to allow us to obtain additional liquidity, account for most of our liquidity portfolio.

Deposits from customers increased by 395.0 million EUR. Deposits from individuals increased by 180.5 million EUR while deposits from companies were 214.5 million EUR higher. Deposits from business customers grew following a marketing campaign though this increase was offset partially by a decrease in deposits from financial institutions and public sector customers. Debt securities issued fell by 67.4 million EUR as we repaid the outstanding balance of a debt security which matured.

Equity increased by 40.3 million EUR as we retained net profit generated in the period.

At quarter end our MREL-eligible securities totalled 30.10% of Total Risk Exposure Amounts and 14.96% of our leverage exposure, as compared to an effective minimum of 27.37% and 5.91% respectively.

We sold a 3-year, 300 million EUR senior preferred debt issue on 16 January. The issue, which we have the right to redeem 1-year prior to maturity, supports our strategy, strengthens our MREL base, and enhances our liability structure.

Capital and liquidity

Capital €m	31 Dec 2021	30 Sep 2022	31 Dec 2022
Shareholders' Equity	1,548.8	1,543.1	1,583.4
Regulatory adjustments	-43.9	-94.2	-94.8
Prudential filters	-0.4	-0.6	-0.6
Common Equity Tier 1	**1,504.5**	**1,448.3**	**1,488.0**
Credit risk exposure amounts	6,307.2	6,983.3	6,944.3
Operational risk exposure amounts	648.8	648.8	675.2
Other risk exposure amounts	31.7	41.7	43.0
Total risk exposure amounts	**6,987.7**	**7,673.8**	**7,662.5**
Common Equity Tier 1 ratio, %	21.5	18.9	19.4
Capital, excluding result for the period[1]			
Common Equity Tier 1, €m	1,429.8	1,408.2	1,407.7
Common Equity Tier 1 ratio, %	20.5	18.4	18.4
Leverage ratio, %	10.3	9.2	9.1

1. 31 December 2021 data excludes all profit retained in 2021; 30 September and 31 December 2022 data include first and second quarters 2022 profit, but exclude third and fourth quarters retained profit.

At the end of the fourth quarter, our own funds totalled 1,488.0 million EUR, composed entirely of Common Equity Tier 1 (CET1) capital. Our capital ratios increased 0.5 percentage points over the quarter as we retained net profits while Risk Exposure Amounts (REA), which we measure on a standardised basis, were virtually unchanged.

Our capital ratios remain well above our minimum capital requirements set by our regulators, which increased in the fourth quarter by 20 basis points principally, as we incurred a countercyclical buffer of 1% of our risk exposures in Estonia and require us to have a CET1 ratio exceeding 10.68%, a Tier 1 ratio above 12.64% and a Total Capital ratio greater than 15.14%. These include a Pillar 2 additional own funds requirement of 2.2%. We will be subject to a countercyclical buffer of 1% of our risk exposures in Lithuania from October 2023 and 0.5% in Estonia from December 2023. We estimate these new buffers will add 58 basis points to our minimum CET1, Tier 1 and Total capital requirements, taking them to 11.26%, 13.22% and 15.72% respectively.

Our target is to manage our capital at a level 150-300 bps above the minimum regulatory requirements. This target includes Pillar 2 guidance and management buffers. We continue to assess the value of issuing Tier 2 capital to improve the efficiency of our capital structure. Our leverage ratio slightly decreased to 9.1% during the quarter.

Liquidity %	31 Dec 2021	30 Sep 2022	31 Dec 2022
Liquidity Coverage Ratio	137.3	133.2	138.8
Net Stable Funding Ratio	140.8	130.3	130.5

We manage our liquidity risk prudently and use a range of measures, one of which is the Liquidity Coverage Ratio (LCR). Our LCR increased over the quarter to 138.8%, driven by the increase in Deposits from customers, as compared to a minimum regulatory requirement of 100%. The liquidity buffer is composed of cash and liquid, central bank eligible securities. Long-term liquidity risk is measured by the Net Stable Funding Ratio (NSFR). On 31 December 2022 our NSFR was 130.5% compared to 130.3% at the end of the third quarter, and a minimum regulatory requirement of 100%. The marginal increase of the ratio during the quarter was driven by the increase in Deposits from customers.

Asset Quality

Loans to customers €m	31 Dec 2021	30 Sep 2022	31 Dec 2022
Stage 1	8,452.0	9,185.6	9,205.0
Stage 2	1,411.0	1,663.1	1,637.7
Stage 3	185.6	141.1	133.4
Gross carrying amount[1]	**10,048.6**	**10,989.8**	**10,976.1**
Credit loss allowances	-101.9	-100.6	-101.4
Net carrying amount	**9,946.7**	**10,889.2**	**10,874.7**
Non-performing loans ratio, %	1.8	1.3	1.2

1. Stage 2 and Stage 3 include POCI loans

The quality of our loan portfolio remains good and stable though given high and persistent price inflation in the Baltic countries the outlook for loan losses remains uncertain.

Our exposure to Russia, Belarus and Ukraine is insignificant. We have no direct exposure to companies domiciled in these countries nor investments in the region. Our exposure to residents of Russia, Belarus and Ukraine is 0.01% of our total gross lending and consists mostly of mortgage loans which are secured against residential real estate in the Baltic countries. Our counterparty credit risk exposure is also insignificant. The number of our corporate customers with ownership links to the affected region is limited, sales markets for most customers are diversified, and the risks related to the material sourcing and location of production units and operations are mitigated in most cases. A systematic assessment we completed identified no systemic risk.

Our total Stage 2 exposures decreased by 25.4 million EUR in the fourth quarter. The outflow of Stage 2 exposures was around 1.1 times higher than the inflow, and this left the volume of Stage 2 exposures slightly lower than at the end of the previous quarter. The inflow was driven primarily by migrations from Stage 1 to Stage 2, while the outflow was driven by both migrations between stages and exposure decreases. 80% of the inflow was driven by exposures to legal entities and 20% to private individuals. Both the inflow and the outflow were more related to specific exposures rather than particular economic sectors.

Total non-performing ('Stage 3') loans decreased by 7.7 million to 133.4 million EUR, or 1.2% of gross lending, at the end of the fourth quarter. The outflow of non-performing loans was around 1.4 times higher than the inflow, and this left the volume of non-performing loans at its lowest level ever. 80% of the outflow were driven by repayments, while cures contributed to 20% of the outflow. Some half of the inflow was driven by a single larger exposure in the construction sector.

Of the 101.4 million EUR total allowances for expected credit losses on the balance sheet at the end of the quarter, 43.3 million EUR were for Stage 3 exposures. The net carrying amount of Stage 3 loans was 90.1 million EUR against which we held collateral with a fair value of 117.3 million EUR. Details of the Credit loss allowance for the quarter of 9.2 million EUR can be found in the 'Financial Performance' section, above.

Additional information

ECONOMIC ENVIRONMENT

Latest data and forecasts[1]	Public Debt /GDP	Economic growth (GDP)[2]		Inflation (CPI)[2]		Unemployment rate		Wage growth[2]	
%	22Q3	22Q3	23f	Dec 22	23f	22Q3	23f	22Q3	23f
Estonia	15.8	−2.3	0.0	17.6	11.0	5.6	7.0	8.2	12.0
Latvia	39.9	−0.6	−0.5	20.8	9.0	6.9	5.0	6.2	9.4
Lithuania	37.3	2.5	−1.2	21.7	6.5	5.7	7.0	12.6	8.0

1. Luminor economists' forecasts as of September 2022, data as of 13 January 2023; 2. Year-on-year change

As shown above, the economic performance of the three Baltic countries diverged in 2022: Estonian GDP fell in the year to the third quarter of 2022 while GDP grew in Lithuania. Furthermore, in November 2022, industrial production was 12.2% lower compared to a year ago in Estonia, stable in Lithuania, yet grew by 4% in Latvia. Overall, however, labour markets remain strong with low rates of unemployment and solid nominal wage growth. Government indebtedness continues to decline because of strong nominal growth, with public debt-to-GDP ratio falling in all three countries, and remaining half that of the EU average in Latvia and Lithuania and only a quarter of the EU average in Estonia. Real estate prices saw double digit growth in the year to the third quarter of 2022, but since then have stabilised while the volume of property transactions has fallen.

The year-on-year inflation rates were some 20% in December across the Baltic countries. The month-to-month changes in prices over the last three months indicate, however, that current inflation is much below the annual inflation rate, with the price level being steady in Estonia since August 2022. Measures of economic confidence and sentiment stabilised in November and December as energy prices fell and governments introduced support measures which slowed the pace of price increases, and warmer weather lowered demand.

In 2023, the Baltic economies are expected to be burdened by increasing energy prices and geopolitical risks initially, but growth should resume in the second half of the year. Inflation will likely drop strongly throughout the year reaching single digits. Governments' historic fiscal conservatism means they are well placed, and have ample capacity, to provide economic stimulus should more challenging conditions occur.

BUSINESS DEVELOPMENTS

We made progress in strengthening our security and regulatory compliance processes further, with particular priority given to ensuring robust cyber-security and fraud management, and addressing geopolitical challenges. In addition, we enhanced our open banking capabilities, and strengthened our fraud monitoring systems. We started to modernise our ATM network in Estonia, and this process will continue into the first quarter of 2023.

IT was a key focus area in the period as we worked to improve our service stability, fix legacy issues and implement a more resilient IT system. We expect this focus to remain in the period ahead as we invest to raise our IT performance.

On 1 November Moody's Investor Service affirmed Luminor Bank's A3 bank deposit and Baa1 senior unsecured debt ratings and changed the outlook on their ratings to positive. Moody's explained their decision by noting Luminor's robust capitalisation, successful reduction of non-performing loans, and improving profitability, together with the broad lending portfolio of the bank across customer types and countries, and its local deposit base.

On 30 November Morningstar Sustainalytics awarded us an inaugural ESG risk rating of 10.5, the highest rating of its kind among major banks in the Baltic region. The Sustainalytics analysis highlighted our strong accountability and reporting of ESG matters in providing their rating.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

During the quarter, we updated our Sustainability Policy, and approved our Sustainable Investment Guidelines. We also refined our ESG Risk Assessment Procedure and enhanced further our lending framework for industries that are exposed to increased ESG risks as we revised our Industry ESG Risk Management Procedures. In addition, we refreshed our Real Estate Financing Guidelines to provide differentiated financing terms depending on a property's energy efficiency.

To assist customers, we completed an analysis of EU taxonomy alignment criteria and their transposition into local legislation. Based on this analysis, we developed tools for six economic sectors to determine the EU taxonomy alignment of loans that we advance and prepared a pilot for customers that do not fall under mandatory reporting obligations. We performed 11 Vendor ESG self-assessments. Five vendors were identified as having a high risk rating. Actions were defined to reduce the identified risks.

We launched a training for our employees about human rights and their relevance to financial institutions and specifically to us, and initiated the development of employee Sustainability Awards to generate ideas to reduce our GHG emissions and solve ESG data-related challenges. We continue to support Social entrepreneurship across the Baltic countries, with sponsorship of several programmes and in-person lectures from Luminor experts, promote financial literacy and raise awareness of financial fraud, notably to those most at risk, and fund scholarships and donate to charitable causes.

PREVENTING FINANCIAL CRIME

We do not tolerate financial crime. We operate only in the Baltic countries and target our products and services at residents of the Baltic countries, and at individuals and companies with a strong connection to these countries. We continued to improve our processes and routines during the quarter to keep them consistent with our low risk appetite and our conservative business model. We also continued to invest in our anti money laundering capabilities, sanctions compliance, and anti-fraud framework and technology, while promoting ethical behaviour and building our risk culture.

We are committed to the protection of human rights, and to countering the financing of terrorism and the proliferation of weapons of mass destruction. For this reason, we fulfil our statutory obligations relating to sanctions imposed by the United Nations, the European Union and the authorities of Estonia, Latvia and Lithuania, and also apply sanctions imposed by the United States' Treasury Department's Office of Foreign Asset Control (OFAC), HM Treasury in the United Kingdom, and the governments of Norway and Sweden. We report possible sanctions breaches and violations to the regulatory authorities.

We implemented a new online tool for monitoring fraud in Estonia and deployed successfully a new anti-fraud solution in Latvia. We are also in the process of implementing a new pan-Baltic anti-fraud solution for non-card payments. We worked continuously to improve our rules and models to ensure that our fraud prevention efforts are effective. We made continuous efforts to raise public awareness about fraud prevention through our communication, and remain committed to protecting our customers and maintaining the integrity of the financial system.

OTHER EVENTS

We strengthened our management team with the recruitment of Ian Penny to the new role of Chief Operating Officer, which combines the responsibilities of Chief Technology Officer and Chief Operations Officer. Ian joined Luminor, and the Management Board, on 16 January 2023, and will head the Technology division including Business Operations. Accordingly, he is responsible for IT delivery, digital channels and core banking, and processing and the development of business operations. His appointment is subject to regulatory approval. Ilja Sovetov who lead the technological carve out of our systems from our former parents, stepped down as Chief Technology Officer and from the Management Board on 15 January.

Statement of the Management Board

The interim report of Luminor Bank AS for the fourth quarter of 2022 consists of the Management Report and the Condensed Consolidated Interim Financial Statements.

The data and additional information presented in this interim report 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 of the Republic of Estonia for the disclosure of information.

Luminor Bank AS and its subsidiaries are going concerns.

Peter Bosek
Chief Executive Officer and
Chairman of the Management Board
Tallinn, 31 January 2023

INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

€m	Notes	4Q		Jan-Dec	
		2021	2022	2021	2022
Interest income calculated using the effective interest method	3	57.5	90.1	223.5	270.6
Other similar income	3	11.3	24.1	42.9	57.4
Interest and similar expense	3	−4.4	−15.8	−27.2	−27.2
Net interest and similar income		**64.4**	**98.4**	**239.2**	**300.8**
Fee and commission income	4	29.4	28.5	102.1	110.3
Fee and commission expense	4	−6.0	−7.8	−23.6	−30.0
Net fee and commission income		**23.4**	**20.7**	**78.5**	**80.3**
Net gain (−loss) from instruments at fair value	5	7.3	−15.5	28.8	17.7
Net gain (−loss) from foreign currency operations		−1.2	24.2	−7.9	6.7
Other operating income – net		−2.0	−3.8	−9.7	−15.3
Share profit from associates		0.4	0.3	1.8	1.6
Net other operating income		**4.5**	**5.2**	**13.0**	**10.7**
Total operating income		**92.3**	**124.3**	**330.7**	**391.8**
Salaries and other personnel expenses		−28.7	−29.5	−101.0	−110.6
Other administrative expenses	6	−34.2	−36.6	−149.7	−112.7
Depreciation, amortisation and impairment		−3.1	−2.4	−12.1	−10.0
Total operating expenses		**−66.0**	**−68.5**	**−262.8**	**−233.3**
Profit before credit loss allowance and tax		**26.3**	**55.8**	**67.9**	**158.5**
Credit loss allowances	8	−2.4	−9.2	14.5	−16.1
Profit before tax		**23.9**	**46.6**	**82.4**	**142.4**
Tax expense		−3.2	−6.3	−7.7	−17.7
Profit for the period		**20.7**	**40.3**	**74.7**	**124.7**
Total comprehensive income		**20.7**	**40.3**	**74.7**	**124.7**

CONDENSED CONSOLIDATED BALANCE SHEET

€m	Notes	31 Dec 2021	30 Sep 2022	31 Dec 2022
Assets				
Cash and balances with central banks		2,494.2	2,315.8	2,178.1
Due from other credit institutions		64.4	69.9	123.4
Debt securities	7	608.2	1,100.7	1,289.8
Loans to customers	8	9,946.7	10,889.2	10,874.7
Derivatives	13	75.5	147.4	121.6
Equity instruments		3.2	2.5	2.5
Investments in associates		6.4	7.8	5.7
Intangible assets	9	10.0	61.3	62.8
Tangible assets		47.0	31.4	30.2
Current tax assets		2.6	0.0	0.0
Deferred tax assets		8.7	8.6	12.5
Other assets		49.9	53.5	55.4
Total		**13,316.8**	**14,688.1**	**14,756.7**
Liabilities				
Loans and deposits from credit institutions	13	83.8	356.2	36.6
Deposits from customers	10	10,305.4	10,552.9	10,947.9
Debt securities issued	11	1,163.6	1,881.3	1,813.9
Derivatives	13	70.3	191.0	194.1
Tax liabilities		0.5	1.8	10.0
Lease liabilities		43.4	31.0	30.0
Other liabilities	12	91.9	120.4	118.8
Provisions		9.1	10.4	22.0
Total		**11,768.0**	**13,145.0**	**13,173.3**
Shareholder's equity				
Share capital		34.9	34.9	34.9
Share premium		1,412.2	1,412.2	1,412.2
Retained earnings		97.9	92.4	132.7
Other reserves		3.8	3.6	3.6
Total		**1,548.8**	**1,543.1**	**1,583.4**
Total liabilities and shareholder's equity		**13,316.8**	**14,688.1**	**14,756.7**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€m	Share capital	Share premium	Retained earnings	Other reserves	Total equity
Balance as at 31 December 2020	**34.9**	**1,412.2**	**215.1**	**3.0**	**1,665.2**
Profit for the period	0.0	0.0	74.7	0.0	**74.7**
Total comprehensive income	**0.0**	**0.0**	**74.7**	**0.0**	**74.7**
Transfer to statutory reserve capital	0.0	0.0	−0.8	0.8	**0.0**
Dividends	0.0	0.0	−191.0	0.0	**−191.0**
Other	0.0	0.0	−0.1	0.0	**−0.1**
Balance as at 31 December 2021	**34.9**	**1,412.2**	**97.9**	**3.8**	**1,548.8**
Balance as at 31 December 2021	**34.9**	**1,412.2**	**97.9**	**3.8**	**1,548.8**
Profit for the period	0.0	0.0	124.7	0.0	**124.7**
Total comprehensive income	**0.0**	**0.0**	**124.7**	**0.0**	**124.7**
Transfer to statutory reserve capital	0.0	0.0	0.0	0.0	**0.0**
Dividends	0.0	0.0	−90.0	0.0	**−90.0**
Other	0.0	0.0	0.1	−0.2	**−0.1**
Balance as at 31 December 2022	**34.9**	**1,412.2**	**132.7**	**3.6**	**1,583.4**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

€m	Notes	Jan-Dec 2021	Jan-Dec 2022
Profit before tax		82.4	142.4
Adjustment for non-cash items:			
Credit loss allowance		-14.8	16.1
Depreciation, amortisation, and impairment		12.1	10.0
Other non-cash items		-1.5	-1.5
Interest and similar income	3	-266.4	-328.0
Interest and similar expenses	3	27.2	27.2
Change in operating assets/liabilities:			
Increase (-) / decrease (+) of lending to customers		-509.1	-956.9
Increase (-) / decrease (+) of other assets		-318.5	-849.9
Increase (+) / decrease (-) of client deposits	10	-1,478.5	597.4
Increase (+) / decrease (-) of other liabilities		31.2	178.9
Interest received		276.5	346.2
Interest paid		-27.8	-18.2
Income tax paid		-8.8	-28.4
Dividend income		-0.7	-2.4
Cash flow used in operating activities		**-2,196.7**	**-867.1**
Acquisition of tangible and intangible assets		-8.0	-61.3
Proceeds from disposal of tangible and intangible assets		0.3	0.1
Proceeds from disposal of investment property		0.5	0.0
Dividend received		0.7	2.4
Cash flows used in investing activities		**-6.5**	**-58.8**
Debt securities issued	11	299.3	796.9
Debt securities matured		-100.8	-71.8
Debt securities repurchased		-235.5	0.0
Payments of principal on leases		-6.3	-5.5
Dividends paid		-191.0	-90.0
Cash flows from / (used in) financing activities		**-234.3**	**629.6**
Net increase or decrease in cash and cash equivalents		**-2,437.5**	**-296.3**
Cash and cash equivalents at the beginning of the period		4,884.7	2,447.2
Effects of currency translation on cash and cash equivalents		0.0	0.1
Net increase or decrease in cash and cash equivalents		-2,437.5	-296.3
Cash and cash equivalents at the end of the period		**2,447.2**	**2,151.0**
Cash and cash equivalents			
Cash on hand		136.1	127.4
Non-restricted current account with central bank		2,249.3	1,938.1
Due from other credit institutions within three months		61.8	85.5
Total		**2,447.2**	**2,151.0**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

BASIS OF PRESENTATION

The condensed consolidated interim financial statements of Luminor Bank AS were prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The condensed consolidated interim financial 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 2021 (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 condensed consolidated interim financial 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 2022. Several amendments and interpretations are effective for the first time in 2022, but do not have a material impact on the interim condensed consolidated financial statements. 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, and 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 2021, except as noted further. For more detailed information on the impairment policies, please, refer to the Annual Report, Note 4, 'General Risk Management Policies'.

The applied Expected Credit Loss (the ECL) model was enhanced during the first quarter of 2022 to reflect the effects of the invasion of Ukraine. New collective Significant Increase in Credit Risk (SICR) indicators were incorporated into the ECL model due to different measures taken by governments and companies, such as sanctions and closure of operations. Consequently, an additional collective impairment was established. Implementation of the new SICR indicators had an impact on staging of credit exposures by increasing the amount of exposures classified as Stage 2, as well as by increasing the total amount of impairment due to reclassification of exposures from Stage 1 to Stage 2. Consideration of the new SICR indicators was based on the assessment of the impact of geopolitical risk, inflationary risk (including sustained energy price increase) on customers, and on identification of customers with energy intensive operations. This approach remained unchanged at the end of 2022.

A management overlay, to adjust the standard ECL model output for potential credit losses related to COVID-19, was introduced in the fourth quarter of 2020, and at 31 December 2021 totalled 12 million EUR. The overlay was released completely in the fourth quarter of 2022 as concerns about the impact of COVID-19 on credit quality receded. Macroeconomic scenarios and their weights were re-considered in the first and fourth quarters of 2022 to reflect, mainly, possible consequences of the invasion of Ukraine and COVID-19. Further details can be found in Note 2, below.

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 2021, except for loans to customers, where differentiated interest rates are used to discount future cash flows of mortgage loans to private individuals and all other loans. For detailed information on the valuation techniques and inputs, please, refer to the Annual Report.

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. More detailed information on the impairment policies is contained in the Annual Report, Note 4. During 2022, the impairment calculation approach remained unchanged, except for the amendments disclosed in Note 1, above.

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 2022 to reflect, mainly, possible consequences of the invasion of Ukraine and COVID-19. 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 following table shows the parameters that were used for macroeconomic modelling:

Measure, %	2021a	Scenarios											
31 December 2022		Optimistic				Baseline				Pessimistic			
		22f	23f	24f	25f	22f	23f	24f	25f	22f	23f	24f	25f
Real GDP[1]													
Estonia	8.0	1.0	2.0	4.0	3.0	0.0	0.0	4.0	4.0	0.0	-2.0	2.0	4.0
Latvia	4.5	3.0	3.0	4.0	4.0	3.0	0.0	4.0	4.0	2.0	-2.0	3.0	4.0
Lithuania	5.0	2.0	3.0	5.0	4.0	1.3	-1.2	5.5	3.5	0.0	-3.0	3.0	4.0
Unemployment rate													
Estonia	6.2	6.0	6.0	5.0	6.0	6.0	7.0	8.0	7.0	7.0	10.0	8.0	7.0
Latvia	7.6	7.0	7.0	6.0	6.0	7.0	8.0	7.0	7.0	8.0	11.0	8.0	8.0
Lithuania	7.2	5.8	6.0	6.0	6.0	5.8	7.0	6.8	6.4	7.0	10.0	9.0	8.0
Residential Real Estate price[1]													
Estonia	15.0	20.0	7.0	6.0	6.0	20.0	4.0	5.0	5.0	15.0	-7.0	0.0	3.0
Latvia	10.9	11.0	8.0	6.0	5.0	11.0	4.0	6.0	5.0	10.0	-5.0	0.0	2.0
Lithuania	16.1	21.0	6.0	5.0	5.0	21.0	0.0	4.0	4.0	12.0	-6.0	0.0	3.0

1. Annual change

MARKET AND LIQUIDITY RISK

Luminor has low appetite for market risk. The most significant parts of market risk for Luminor are interest rate risk and credit spread risk. Luminor does not have any open positions in equity instruments for trading, customer related foreign exchange flow is managed through daily hedging activities, and all derivative deals with customers are hedged with back-to-back transactions. The recently changing interest rate and market environment did not significantly alter the bank's overall market risk profile.

Luminor increased its banking book bond portfolio holdings to 1,260.5 million EUR at the end of 2022. Luminor's liquidity position has remained strong in the fourth quarter, with an LCR ratio of 138.8% at quarter end. There were no external regulatory limit breaches for liquidity risk during the fourth quarter of 2022.

3. NET INTEREST AND SIMILAR INCOME

€m	4Q		Jan-Dec	
	2021	2022	2021	2022
Loans and advances to customers at amortised cost	55.1	89.7	215.9	264.5
Deposits with other banks	0.1	0.4	0.4	0.9
Negative interest on financial liabilities	2.3	0.0	7.2	5.2
Interest income calculated using effective interest method	**57.5**	**90.1**	**223.5**	**270.6**
Finance leases	11.1	15.7	42.0	47.4
Other	0.2	8.4	0.9	10.0
Other similar income	**11.3**	**24.1**	**42.9**	**57.4**
Interest and similar income	**68.8**	**114.2**	**266.4**	**328.0**
Loans and deposits from credit institutions[1]	-3.1	-2.7	-15.1	-7.4
Deposits from customers	-0.2	-4.2	-1.3	-4.7
Debt securities issued	-1.3	-6.9	-7.5	-15.5
Impact of hedging activities	0.4	-1.8	-1.2	1.1
Other	-0.2	-0.2	-2.1	-0.7
Interest expense	**-4.4**	**-15.8**	**-27.2**	**-27.2**
Net interest and similar income	**64.4**	**98.4**	**239.2**	**300.8**
1. Of which interest paid on cash balances at central bank	-3.0	-4.4	-14.7	-0.9

In January-December 2021 Other interest expense included 1.2 million EUR of interest paid on former parent funding loan commitment

Interest and similar income by country of income generation	4Q		Jan-Dec	
€m	2021	2022	2021	2022
Estonia	16.8	26.9	65.8	75.2
Latvia	21.8	32.9	85.0	98.8
Lithuania	30.2	54.4	115.6	154.0
Total	**68.8**	**114.2**	**266.4**	**328.0**

4. NET FEE AND COMMISSION INCOME

€m	2021			2022		
	Income	Expense	Net	Income	Expense	Net
Fourth quarter						
Cards	9.6	-4.4	5.2	9.9	-5.5	4.4
Credit products	1.3	-0.1	1.2	1.7	-0.6	1.1
Daily banking plans	4.4	0.0	4.4	4.6	0.0	4.6
Deposit products and cash management	4.2	-0.3	3.9	4.1	-0.7	3.4
Insurance	1.0	0.0	1.0	1.0	0.0	1.0
Investments	1.8	-0.3	1.5	1.2	-0.4	0.8
Pensions	4.4	-0.9	3.5	2.1	-0.2	1.9
Trade finance	2.5	0.0	2.5	2.5	0.0	2.5
Other	0.2	0.0	0.2	1.4	-0.4	1.0
Total	**29.4**	**-6.0**	**23.4**	**28.5**	**-7.8**	**20.7**
January-December						
Cards	34.2	-17.2	**17.0**	38.6	-21.5	**17.1**
Credit products	4.9	-0.6	**4.3**	7.3	-2.5	**4.8**
Daily banking plans	16.0	0.0	**16.0**	17.6	0.0	**17.6**
Deposit products and cash management	16.8	-2.9	**13.9**	16.5	-2.9	**13.6**
Insurance	3.9	0.0	**3.9**	3.5	-0.1	**3.4**
Investments	5.1	-1.4	**3.7**	5.0	-1.3	**3.7**
Pensions	11.5	-1.3	**10.2**	8.9	-0.8	**8.1**
Trade finance	8.9	0.0	**8.9**	9.8	0.0	**9.8**
Other	0.8	-0.2	**0.6**	3.1	-0.9	**2.2**
Total	**102.1**	**-23.6**	**78.5**	**110.3**	**-30.0**	**80.3**

Fee and commission income by country of income generation	4Q		Jan-Dec	
€m	2021	2022	2021	2022
Estonia	4.6	4.6	15.8	16.8
Latvia	9.4	8.3	31.6	32.5
Lithuania	15.4	15.6	54.7	61.0
Total	**29.4**	**28.5**	**102.1**	**110.3**

Fee and commission income by revenue recognition and product

€m	2021			2022		
	Over time	Point in time	Total	Over time	Point in time	Total
Fourth quarter						
Cards	2.5	7.1	**9.6**	2.9	7.0	**9.9**
Credit products	0.4	0.9	**1.3**	0.3	1.4	**1.7**
Daily banking plans	4.4	0.0	**4.4**	4.6	0.0	**4.6**
Deposit products and cash management	0.7	3.5	**4.2**	1.2	2.9	**4.1**
Insurance	0.0	1.0	**1.0**	0.0	1.0	**1.0**
Investments	0.6	1.2	**1.8**	0.6	0.6	**1.2**
Pensions	4.4	0.0	**4.4**	2.1	0.0	**2.1**
Trade finance	2.3	0.2	**2.5**	2.4	0.1	**2.5**
Other	0.0	0.2	**0.2**	0.0	1.4	**1.4**
Total	**15.3**	**14.1**	**29.4**	**14.1**	**14.4**	**28.5**
January–December						
Cards	9.3	24.9	**34.2**	10.9	27.7	**38.6**
Credit products	1.6	3.3	**4.9**	1.2	6.1	**7.3**
Daily banking plans	16.0	0.0	**16.0**	17.6	0.0	**17.6**
Deposit products and cash management	3.0	13.8	**16.8**	4.1	12.4	**16.5**
Insurance	0.0	3.9	**3.9**	0.0	3.5	**3.5**
Investments	2.1	3.0	**5.1**	2.1	2.9	**5.0**
Pensions	11.5	0.0	**11.5**	8.9	0.0	**8.9**
Trade finance	8.1	0.8	**8.9**	9.0	0.8	**9.8**
Other	0.0	0.8	**0.8**	0.1	3.0	**3.1**
Total	**51.6**	**50.5**	**102.1**	**53.9**	**56.4**	**110.3**

5. NET GAIN (-LOSS) FROM FINANCIAL INSTRUMENTS AT FAIR VALUE

€m	4Q		Jan-Dec	
	2021	2022	2021	2022
Net gain (-loss) from derivatives	6.6	-17.5	23.4	30.5
Net gain (-loss) on financial assets and liabilities at FVTPL	0.1	0.5	0.3	-0.1
Net loss on debt securities designated at FVTPL	-1.5	-0.3	-1.9	-20.4
Net gain on financial assets and liabilities held for trading	2.1	1.8	7.0	7.7
Total	**7.3**	**-15.5**	**28.8**	**17.7**

6. OTHER ADMINISTRATIVE EXPENSES

€m	4Q		Jan-Dec	
	2021	2022	2021	2022
Information Technology-related	-24.4	-20.2	-96.8	-71.3
Consulting and professional services	-1.7	-6.6	-24.8	-12.7
Advertising and marketing	-2.6	-2.7	-6.5	-7.6
Real estate	-0.9	-1.2	-3.7	-3.7
Taxes and duties	-0.6	0.8	-3.8	-0.5
Other	-4.0	-6.7	-14.1	-16.9
Total	**-34.2**	**-36.6**	**-149.7**	**-112.7**

7. DEBT SECURITIES

€m	Governments	Credit institutions	Financial institutions	Corporates	Total
31 December 2021					
Amortised cost	242.7	37.4	0.0	45.4	**325.5**
FVTPL (designated)	242.1	23.7	0.0	0.0	**265.8**
FVTPL (mandatorily)	1.4	5.2	7.9	1.0	**15.5**
FVTOCI	1.4	0.0	0.0	0.0	**1.4**
Total	**487.6**	**66.3**	**7.9**	**46.4**	**608.2**
30 September 2022					
Amortised cost	699.9	55.8	0.0	106.7	**862.4**
FVTPL (designated)	178.4	22.1	0.0	0.0	**200.5**
FVTPL (mandatorily)	26.1	0.1	4.8	4.2	**35.2**
FVTOCI	2.6	0.0	0.0	0.0	**2.6**
Total	**907.0**	**78.0**	**4.8**	**110.9**	**1,100.7**
31 December 2022					
Amortised cost	881.9	60.7	0.0	108.0	**1,050.6**
FVTPL (designated)	178.0	22.0	0.0	0.0	**200.0**
FVTPL (mandatorily)	25.4	0.0	4.7	6.4	**36.5**
FVTOCI	2.7	0.0	0.0	0.0	**2.7**
Total	**1,088.0**	**82.7**	**4.7**	**114.4**	**1,289.8**

8. LOANS TO CUSTOMERS

€m	31 Dec 2021	30 Sep 2022	31 Dec 2022
Individuals	5,640.0	5,904.8	5,951.9
Businesses	3,922.9	4,581.3	4,498.0
Financial institutions	199.5	232.1	222.2
Public sector	184.3	171.0	202.6
Total	**9,946.7**	**10,889.2**	**10,874.7**
of which pledged loans	549.1	1,925.0	1,925.0
By country of registration			
Estonia, Latvia, and Lithuania	9,671.9	10,695.1	10,685.3
Rest of the European Union	178.5	162.6	158.9
Other	96.3	31.5	30.5
Total	**9,946.7**	**10,889.2**	**10,874.7**

Loans to customers by Stage and class

€m	Gross carrying amount				Credit loss allowance				Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
31 December 2021									
Mortgages	4,415.4	364.8	53.4	**4,833.6**	-8.2	-8.2	-14.0	**-30.4**	**4,803.2**
Leasing	421.4	30.8	2.7	**454.9**	-0.7	-0.7	-0.6	**-2.0**	**452.9**
Consumer loans, cards	102.3	5.3	0.7	**108.3**	-0.5	-0.5	-0.2	**-1.2**	**107.1**
Other	214.3	55.2	13.8	**283.3**	-1.0	-1.4	-4.1	**-6.5**	**276.8**
Individuals	**5,153.4**	**456.1**	**70.6**	**5,680.1**	**-10.4**	**-10.8**	**-18.9**	**-40.1**	**5,640.0**
Loans	1,981.7	759.5	95.9	**2,837.1**	-3.1	-12.8	-31.6	**-47.5**	**2,789.6**
Leasing	704.4	168.4	16.9	**889.7**	-1.8	-5.1	-4.8	**-11.7**	**878.0**
Factoring	237.1	18.1	1.8	**257.0**	-0.7	-0.1	-0.9	**-1.7**	**255.3**
Businesses	**2,923.2**	**946.0**	**114.6**	**3,983.8**	**-5.6**	**-18.0**	**-37.3**	**-60.9**	**3,922.9**
Financial institutions	191.0	8.9	0.3	**200.2**	-0.2	-0.2	-0.3	**-0.7**	**199.5**
Public sector	184.4	0.0	0.1	**184.5**	-0.1	0.0	-0.1	**-0.2**	**184.3**
Total	**8,452.0**	**1,411.0**	**185.6**	**10,048.6**	**-16.3**	**-29.0**	**-56.6**	**-101.9**	**9,946.7**
31 December 2022									
Mortgages	4,842.6	232.7	33.2	5,108.5	-10.4	-10.6	-8.0	-29.0	**5,079.5**
Leasing	445.1	33.2	1.5	479.8	-1.9	-1.1	-0.3	-3.3	**476.5**
Consumer loans, cards	110.8	9.6	0.6	121.0	-0.5	-0.7	-0.2	-1.4	**119.6**
Other	213.9	57.2	11.4	282.5	-1.4	-1.6	-3.2	-6.2	**276.3**
Individuals	**5,612.4**	**332.7**	**46.7**	**5,991.8**	**-14.2**	**-14.0**	**-11.7**	**-39.9**	**5,951.9**
Loans	2,184.5	1,023.8	72.7	3,281.0	-8.3	-13.7	-24.4	-46.4	**3,234.6**
Leasing	816.2	188.4	9.1	1,013.7	-3.6	-2.9	-3.7	-10.2	**1,003.5**
Factoring	224.3	35.0	4.7	264.0	-0.4	-0.2	-3.5	-4.1	**259.9**
Businesses	**3,225.0**	**1,247.2**	**86.5**	**4,558.7**	**-12.3**	**-16.8**	**-31.6**	**-60.7**	**4,498.0**
Financial institutions	164.9	57.8	0.1	222.8	-0.4	-0.2	0.0	-0.6	**222.2**
Public sector	202.7	0.0	0.1	202.8	-0.2	0.0	0.0	-0.2	**202.6**
Total	**9,205.0**	**1,637.7**	**133.4**	**10,976.1**	**-27.1**	**-31.0**	**-43.3**	**-101.4**	**10,874.7**

Lending to businesses by sector

€m	Gross carrying amount				Credit loss allowances				Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
31 December 2021									
Real estate activities	805.3	338.3	35.4	**1,179.0**	-1.2	-7.6	-2.4	**-11.2**	**1,167.8**
Wholesale and retail	589.5	170.3	6.4	**766.2**	-1.2	-2.1	-2.1	**-5.4**	**760.8**
Manufacturing	380.1	120.0	8.8	**508.9**	-0.7	-1.8	-3.0	**-5.5**	**503.4**
Transport and storage	248.5	48.4	8.8	**305.7**	-0.6	-1.0	-4.3	**-5.9**	**299.8**
Agriculture, forestry, and fishing	243.1	51.5	5.5	**300.1**	-0.7	-0.9	-1.8	**-3.4**	**296.7**
Construction	173.6	33.3	15.5	**222.4**	-0.5	-0.4	-7.2	**-8.1**	**214.3**
Administrative & support services	111.5	73.8	10.2	**195.5**	-0.2	-2.7	-5.1	**-8.0**	**187.5**
Professional, scientific, technical	107.0	18.0	0.4	**125.4**	-0.1	-0.2	-0.2	**-0.5**	**124.9**
Electricity, gas, steam, & aircon	69.5	8.1	2.8	**80.4**	-0.1	-0.2	-1.7	**-2.0**	**78.4**
Other	195.1	84.4	20.7	**300.2**	-0.3	-1.1	-9.5	**-10.9**	**289.3**
Total	**2,923.2**	**946.1**	**114.5**	**3,983.8**	**-5.6**	**-18.0**	**-37.3**	**-60.9**	**3,922.9**
31 December 2022									
Real estate activities	1,011.3	331.8	13.6	**1,356.7**	-3.8	-4.7	-1.0	**-9.5**	**1,347.2**
Wholesale and retail	512.5	174.5	20.8	**707.8**	-1.6	-1.3	-5.9	**-8.8**	**699.0**
Manufacturing	410.4	226.0	15.9	**652.3**	-0.9	-2.9	-6.7	**-10.5**	**641.8**
Transport and storage	212.4	108.9	0.8	**322.1**	-1.0	-1.3	-0.3	**-2.6**	**319.5**
Agriculture, forestry, and fishing	285.7	58.7	4.7	**349.1**	-1.0	-0.9	-2.0	**-3.9**	**345.2**
Construction	189.1	43.7	13.0	**245.8**	-1.1	-1.1	-8.4	**-10.6**	**235.2**
Administrative & support services	191.9	61.7	5.1	**258.7**	-1.0	-0.7	-2.5	**-4.2**	**254.5**
Professional, scientific, technical	117.3	56.0	0.5	**173.8**	-0.8	-1.1	-0.4	**-2.3**	**171.5**
Electricity, gas, steam, & aircon	79.9	36.4	1.7	**118.0**	-0.2	-0.3	-1.6	**-2.1**	**115.9**
Other	214.5	149.5	10.4	**374.4**	-0.9	-2.5	-2.8	**-6.2**	**368.2**
Total	**3,225.0**	**1,247.2**	**86.5**	**4,558.7**	**-12.3**	**-16.8**	**-31.6**	**-60.7**	**4,498.0**

Loans to customers by risk category

€m	31 Dec 21				31 Dec 22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Low risk	5,949.6	310.8	0.0	**6,260.4**	6,900.3	379.2	0.0	**7,279.5**
Moderate risk	2,342.8	752.4	0.0	**3,095.2**	2,196.7	890.4	0.2	**3,087.3**
High risk	159.6	347.8	0.0	**507.4**	108.0	368.1	0.0	**476.1**
Default	0.0	0.0	185.6	**185.6**	0.0	0.0	133.2	**133.2**
Gross carrying amount	**8,452.0**	**1,411.0**	**185.6**	**10,048.6**	**9,205.0**	**1,637.7**	**133.4**	**10,976.1**

Movement in Loans to customers and allowances

€m	2021				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount								
Opening balance	**7,958.3**	**1,303.9**	**305.5**	**9,567.7**	**8,452.0**	**1,411.0**	**185.6**	**10,048.6**
Transfers to Stage 1	232.3	-222.2	-10.1	**0.0**	476.3	-475.0	-1.3	**0.0**
Transfers to Stage 2	-723.2	782.3	-59.1	**0.0**	-1,075.7	1,114.9	-39.2	**0.0**
Transfers to Stage 3	-20.5	-56.8	77.3	**0.0**	-83.8	-31.5	115.3	**0.0**
Originated or purchased	1,987.7	0.0	0.0	**1,987.7**	2,938.7	0.0	0.0	**2,938.7**
Derecognised and repaid	-982.6	-396.2	-105.8	**-1,484.6**	**-1,502.5**	**-381.7**	**-117.1**	**-2,001.3**
Movement	**493.7**	**107.1**	**-97.7**	**503.1**	**753.0**	**226.7**	**-42.3**	**937.4**
Write-offs	0.0	0.0	-22.2	**-22.2**	0.0	0.0	-9.9	**-9.9**
Closing balance	**8,452.0**	**1,411.0**	**185.6**	**10,048.6**	**9,205.0**	**1,637.7**	**133.4**	**10,976.1**
of which POCI	0.0	33.6	5.1	**38.7**	0.0	13.8	3.0	**16.8**
Credit loss allowances								
Opening balance	**-21.3**	**-23.3**	**-92.3**	**-136.9**	**-16.3**	**-29.0**	**-56.6**	**-101.9**
Transfers to Stage 1	-7.7	6.5	1.2	**0.0**	-10.8	10.5	0.3	**0.0**
Transfers to Stage 2	3.2	-12.2	9.0	**0.0**	4.7	-9.4	4.7	**0.0**
Transfers to Stage 3	0.7	1.3	-2.0	**0.0**	5.7	1.7	-7.4	**0.0**
Originated or purchased	-8.5	0.0	0.0	**-8.5**	-16.4	0.0	0.0	**-16.4**
Derecognised and repaid	2.7	4.0	9.7	**16.4**	1.1	3.8	3.1	**8.0**
Changes in ECL assumptions, Stages & other	2.1	-1.9	-4.4	**-4.2**	4.9	-20.5	2.7	**-12.9**
Management overlay	12.5	-3.4	0.0	**9.1**	0.0	11.9	0.0	**11.9**
Movement	**5.0**	**-5.7**	**13.5**	**12.8**	**-10.8**	**-2.0**	**3.4**	**-9.4**
Write-offs	0.0	0.0	22.2	**22.2**	0.0	0.0	9.9	**9.9**
Closing balance	**-16.3**	**-29.0**	**-56.6**	**-101.9**	**-27.1**	**-31.0**	**-43.3**	**-101.4**
of which POCI	0.0	-0.4	-1.1	**-1.5**	0.0	-0.1	-0.4	**-0.5**

Movement in allowances and provisions

	4Q		Jan-Dec	
€m	2021	2022	2021	2022
Credit loss allowances	-1.4	-2.7	12.8	-9.4
Provisions (Credit loss allowance on Contingent liabilities)	-1.0	-6.5	1.7	-6.7
Total	**-2.4**	**-9.2**	**14.5**	**-16.1**

9. INTANGIBLE ASSETS

€m	2021			2022		
	Goodwill	Other	Total	Goodwill[1]	Other	Total
Accumulated cost						
Opening balance	0.4	32.8	**33.2**	0.4	39.0	**39.4**
Additions	0.0	6.7	**6.7**	48.4	7.1	**55.5**
Disposals	0.0	−0.5	**−0.5**	0.0	−0.1	**−0.1**
Closing balance	**0.4**	**39.0**	39.4	**48.8**	**46.0**	**94.8**
Accumulated amortisation and impairment						
Opening balance	0.0	−26.5	**−26.5**	0.0	−29.4	**−29.4**
Amortisation	0.0	−3.1	**−3.1**	0.0	−2.7	**−2.7**
Disposals	0.0	0.5	**0.5**	0.0	0.1	**0.1**
Impairment for the year	0.0	−0.3	**−0.3**	0.0	0.0	**0.0**
Closing balance	**0.0**	**−29.4**	−29.4	**0.0**	**−32.0**	−32.0
Carrying amount	**0.4**	**9.6**	10.0	**48.8**	**14.0**	62.8

1. The goodwill which is recognized as part of business combination is attributable mainly to the business potential of Maksekeskus AS including expected synergies from consolidation into Luminor. None of the goodwill recognised is deductible for tax purposes. See also Note 18, 'Business combination', below.

10. DEPOSITS FROM CUSTOMERS

€m	31 Dec 2021	30 Sep 2022	31 Dec 2022
Individuals	4,788.6	4,611.1	4,791.6
Businesses	4,044.8	3,639.3	3,937.3
Financial institutions	246.9	301.2	271.7
Public sector	1,225.1	2,001.3	1,947.3
Total	**10,305.4**	**10,552.9**	**10,947.9**
of which Demand deposits	9,416.9	9,519.4	9,614.0
Term deposits	888.5	1,033.5	1,333.9
By country of registration			
Estonia, Latvia, and Lithuania	10,075.9	10,387.2	10,736.6
Rest of the European Union	80.0	114.8	165.4
Other	149.5	50.9	45.9
Total	**10,305.4**	**10,552.9**	**10,947.9**

11. DEBT SECURITIES ISSUED

€m	First call date	Maturity date	Notes	31 Dec 2021	30 Sep 2022	31 Dec 2022
€500m, 0.01%		Mar 2025	Hedge accounted	494.6	460.4	459.3
€500m, 1.688%		Jun 2027	Hedge accounted. Issued May 2022	0.0	466.3	467.3
Covered bonds				**494.6**	**926.7**	**926.6**
€300m, 1.375%		Oct 2022	€228.5m repurchased Sep 2021	71.8	69.4	0.0
€300m, 5%	Aug 2023	Aug 2024	Hedge accounted. Issued Aug 2022	0.0	296.8	300.4
€300m, 0.792%	Dec 2023	Dec 2024	Hedge accounted	298.3	289.6	290.0
€300m, 0.539%	Sep 2025	Sep 2026		298.9	298.8	296.9
Senior bonds				**669.0**	**954.6**	**887.3**
Total				**1,163.6**	**1,881.3**	**1,813.9**

12. OTHER LIABILITIES

€m	31 Dec 2021	30 Sep 2022	31 Dec 2022
Payments in transit	27.8	52.4	43.2
Other	1.2	2.4	4.3
Financial liabilities	**29.0**	**54.8**	**47.5**
Accrued liabilities	46.9	47.2	53.9
Received prepayments	3.6	5.6	3.2
Value Added Tax liabilities	1.7	2.1	2.9
Other tax liabilities	1.4	1.6	2.0
Other	9.3	9.1	9.3
Non-financial liabilities	**62.9**	**65.6**	**71.3**
Total	**91.9**	**120.4**	**118.8**

13. DERIVATIVES

Fair value €m	31 Dec 2021	30 Sep 2022	31 Dec 2022
Interest rate-related	7.6	47.3	48.8
Currency-related	22.8	52.5	11.9
Commodity-related	45.1	47.6	60.9
Total assets	**75.5**	**147.4**	**121.6**
Interest rate-related	10.0	110.6	114.1
Currency-related	15.5	34.4	20.3
Commodity-related	44.8	46.0	59.7
Total liabilities	**70.3**	**191.0**	**194.1**

Notional amounts €m	31 Dec 2021	30 Sep 2022	31 Dec 2022
Interest rate-related	2,023.7	2,881.1	2,820.3
Currency-related	1,351.3	1,239.4	1,202.2
Commodity-related	170.1	256.9	230.6
Total assets	**3,545.1**	**4,377.4**	**4,253.1**

Hedge accounting

Luminor applies hedge accounting to fair value hedges of certain debt securities issued. 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 December 2021 and 2022, and 30 September 2022. The carrying amounts of the derivatives are included in the line item 'Derivatives' in the Balance Sheet, on either the Assets or Liabilities side depending on the fair value of the instruments.

Hedging instruments (interest rate swaps) €m	31 Dec 2021	30 Sep 2022	31 Dec 2022
Notional amount	800.0	1,600.0	1,900.0
Carrying amount	-3.5	-81.7	-84.4

Loans and deposits from credit institutions included, at 31 December 2022, cash balances of 10.9 million EUR (31 December 2021: 62.0 million EUR, 30 September 2022: 129.4 million EUR) received as collateral under derivative contracts. Change in the amount of cash balances reflects changes in the value of the associated derivative contracts.

14. CONTINGENT LIABILITIES

€m	31 Dec 2021	30 Sep 2022	31 Dec 2022
Undrawn loan commitments	1,230.1	1,353.4	1,528.4
Financial guarantees	498.9	547.2	496.1
Performance guarantees	190.5	229.0	256.1
Total	**1,919.5**	**2,129.6**	**2,280.6**

All contingent liabilities have a short-term maturity and can be settled within one month.

15. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

€m	Accounting method	Fair Value				Carrying amount
		Level 1	Level 2	Level 3	Total	
31 December 2021						
Cash and balances with central banks	Amortised cost	136.1	2,358.1	0.0	**2,494.2**	**2,494.2**
Due from other credit institutions	Amortised cost	0.0	64.4	0.0	**64.4**	**64.4**
Debt securities	Amortised cost	314.4	6.9	0.0	**321.3**	**325.5**
Debt securities	FVTPL (designated)	265.8	0.0	0.0	**265.8**	**265.8**
Debt securities	FVTPL (mandatorily)	2.3	6.3	6.9	**15.5**	**15.5**
Debt securities	FVOCI	0.0	1.4	0.0	**1.4**	**1.4**
Loans to customers	Amortised cost	0.0	0.0	9,740.6	**9,740.6**	**9,946.7**
Derivatives	FVTPL (mandatorily)	0.0	74.9	0.6	**75.5**	**75.5**
Equity instruments	FVTPL (mandatorily)	0.0	2.7	0.0	**2.7**	**2.7**
Equity instruments	FVOCI	0.0	0.0	0.5	**0.5**	**0.5**
Other	Amortised cost	0.0	15.3	0.0	**15.3**	**15.3**
Total assets		**718.6**	**2,530.0**	**9,748.6**	**12,997.2**	**13,207.5**
Loans and deposits from credit institutions	Amortised cost	0.0	83.8	0.0	**83.8**	**83.8**
Deposits from customers	Amortised cost	0.0	9,416.9	888.5	**10,305.4**	**10,305.4**
Debt securities issued	Amortised cost	0.0	1,106.4	0.0	**1,106.4**	**1,163.6**
Derivatives	FVTPL (mandatorily)	0.0	70.3	0.0	**70.3**	**70.3**
Other	Amortised cost	0.0	29.0	0.0	**29.0**	**29.0**
Total liabilities		**0.0**	**10,706.4**	**888.5**	**11,594.9**	**11,652.1**
30 September 2022						
Cash and balances with central banks	Amortised cost	122.3	2,193.5	0.0	**2,315.8**	**2,315.8**
Due from other credit institutions	Amortised cost	0.0	69.9	0.0	**69.9**	**69.9**
Debt securities	Amortised cost	812.2	6.6	0.0	**818.8**	**862.4**
Debt securities	FVTPL (designated)	200.5	0.0	0.0	**200.5**	**200.5**
Debt securities	FVTPL (mandatorily)	29.2	2.5	3.5	**35.2**	**35.2**
Debt securities	FVOCI	0.0	2.6	0.0	**2.6**	**2.6**
Loans to customers	Amortised cost	0.0	0.0	11,048.5	**11,048.5**	**10,889.2**
Derivatives	FVTPL (mandatorily)	0.0	144.4	3.0	**147.4**	**147.4**
Equity instruments	FVTPL (mandatorily)	0.0	2.0	0.0	**2.0**	**2.0**
Equity instruments	FVOCI	0.0	0.0	0.5	**0.5**	**0.5**
Other	Amortised cost	0.0	17.5	0.0	**17.5**	**17.5**
Total assets		**1,164.2**	**2,439.0**	**11,055.5**	**14,658.7**	**14,543.0**
Loans and deposits from credit institutions	Amortised cost	0.0	356.2	0.0	**356.2**	**356.2**
Deposits from customers	Amortised cost	0.0	9,519.4	1,033.5	**10,552.9**	**10,552.9**
Debt securities issued	Amortised cost	0.0	1,843.8	0.0	**1,843.8**	**1,881.3**
Derivatives	FVTPL (mandatorily)	0.0	191.0	0.0	**191.0**	**191.0**
Other	Amortised cost	0.0	54.8	0.0	**54.8**	**54.8**
Total liabilities		**0.0**	**11,965.2**	**1,033.5**	**12,998.7**	**13,036.2**

€m	Accounting method	Fair Value				Carrying amount
		Level 1	Level 2	Level 3	Total	
31 December 2022						
Cash and balances with central banks	Amortised cost	127.4	2,050.7	0.0	**2,178.1**	**2,178.1**
Due from other credit institutions	Amortised cost	0.0	123.4	0.0	**123.4**	**123.4**
Debt securities	Amortised cost	809.1	9.7	0.0	**818.8**	**1,050.6**
Debt securities	FVTPL (designated)	200.0	0.0	0.0	**200.0**	**200.0**
Debt securities	FVTPL (mandatorily)	32.0	1.0	3.5	**36.5**	**36.5**
Debt securities	FVOCI	0.0	2.7	0.0	**2.7**	**2.7**
Loans to customers	Amortised cost	0.0	0.0	11,149.4	**11,149.4**	**10,874.7**
Derivatives	FVTPL (mandatorily)	0.0	118.5	3.1	**121.6**	**121.6**
Equity instruments	FVTPL (mandatorily)	0.0	2.0	0.0	**2.0**	**2.0**
Equity instruments	FVOCI	0.0	0.0	0.5	**0.5**	**0.5**
Other	Amortised cost	0.0	25.5	0.0	**25.5**	**25.5**
Total assets		**1,168.5**	**2,333.5**	**11,156.5**	**14,658.5**	**14,615.6**
Loans and deposits from credit institutions	Amortised cost	0.0	36.6	0.0	**36.6**	**36.6**
Deposits from customers	Amortised cost	0.0	9,614.0	1,333.9	**10,947.9**	**10,947.9**
Debt securities issued	Amortised cost	0.0	1,952.1	0.0	**1,952.1**	**1,813.9**
Derivatives	FVTPL (mandatorily)	0.0	194.1	0.0	**194.1**	**194.1**
Other	Amortised cost	0.0	47.5	0.0	**47.5**	**47.5**
Total liabilities		**0.0**	**11,844.3**	**1,333.9**	**13,178.2**	**13,040.0**

Change in debt securities in Level 3	Jan-Dec	
€m	2021	2022
Opening balance	6.2	6.9
Sold	0.0	-4.0
Unrealised gains for assets held at the end of the reporting period	0.7	0.6
Closing balance	**6.9**	**3.5**

16. SEGMENT REPORTING

€m	2021				2022			
	Retail	Corporate	Other	Total	Retail	Corporate	Other	Total
Fourth quarter								
Net interest and similar income	28.2	32.6	3.6	**64.4**	45.0	56.1	-2.7	**98.4**
Net fee and commission income	15.4	7.7	0.3	**23.4**	13.7	6.8	0.2	**20.7**
Net financial income	1.8	3.2	1.1	**6.1**	1.6	2.9	4.2	**8.7**
Other income	0.1	0.4	-2.1	**-1.6**	0.0	0.5	-4.0	**-3.5**
Total operating income	**45.5**	**43.9**	**2.9**	**92.3**	**60.3**	**66.3**	**-2.3**	**124.3**
Total operating expenses	-41.9	-22.9	-1.2	**-66.0**	-41.9	-23.0	-3.6	**-68.5**
Credit loss allowance	8.8	-11.2	0.0	**-2.4**	-5.5	-2.9	-0.8	**-9.2**
Profit (-loss) before tax	**12.4**	**9.8**	**1.7**	**23.9**	**12.9**	**40.4**	**-6.7**	**46.6**
January-December								
Net interest and similar income	110.2	125.8	3.2	**239.2**	134.2	177.8	-11.2	**300.8**
Net fee and commission income	52.8	25.3	0.4	**78.5**	53.0	26.3	1.0	**80.3**
Net financial income	7.2	9.7	4.0	**20.9**	6.9	14.8	2.7	**24.4**
Other income	0.3	2.1	-10.3	**-7.9**	0.2	2.1	-16.0	**-13.7**
Total operating income	**170.5**	**162.9**	**-2.7**	**330.7**	**194.3**	**221.0**	**-23.5**	**391.8**
Total operating expenses	-170.3	-89.9	-2.6	**-262.8**	-146.1	-81.0	-6.2	**-233.3**
Credit loss allowance	11.4	2.5	0.6	**14.5**	1.0	-16.9	-0.2	**-16.1**
Profit (-loss) before tax	**11.6**	**75.5**	**-4.7**	**82.4**	**49.2**	**123.1**	**-29.9**	**142.4**

Fee and commission income by segment

€m	2021				2022			
	Retail	Corporate	Other	Total	Retail	Corporate	Other	Total
Fourth quarter								
Cards	8.2	1.4	0.0	**9.6**	8.6	1.7	-0.4	**9.9**
Credit products	0.1	1.2	0.0	**1.3**	0.1	1.6	0.0	**1.7**
Daily banking plans	3.9	0.1	0.4	**4.4**	4.5	0.1	0.0	**4.6**
Deposit products and cash management	2.1	2.0	0.1	**4.2**	2.3	1.8	0.0	**4.1**
Insurance	0.8	0.2	0.0	**1.0**	0.9	0.1	0.0	**1.0**
Investments	0.8	1.0	0.0	**1.8**	0.5	0.5	0.2	**1.2**
Pensions	4.3	0.1	0.0	**4.4**	2.1	0.0	0.0	**2.1**
Trade finance	0.0	2.5	0.0	**2.5**	0.1	2.4	0.0	**2.5**
Other	0.1	0.1	0.0	**0.2**	0.1	0.1	1.2	**1.4**
Total	**20.3**	**8.6**	**0.5**	**29.4**	**19.2**	**8.3**	**1.0**	**28.5**
January-December								
Cards	29.1	5.1	0.0	**34.2**	32.8	6.1	-0.3	**38.6**
Credit products	0.5	4.2	0.2	**4.9**	0.4	6.9	0.0	**7.3**
Daily banking plans	15.3	0.3	0.4	**16.0**	17.1	0.4	0.1	**17.6**
Deposit products and cash management	8.5	8.1	0.2	**16.8**	8.8	7.5	0.2	**16.5**
Insurance	3.0	0.9	0.0	**3.9**	3.0	0.5	0.0	**3.5**
Investments	2.8	1.6	0.7	**5.1**	2.1	1.6	1.3	**5.0**
Pensions	11.3	0.2	0.0	**11.5**	8.7	0.2	0.0	**8.9**
Trade finance	0.1	8.8	0.0	**8.9**	0.1	9.6	0.1	**9.8**
Other	0.5	0.3	0.0	**0.8**	0.4	0.4	2.3	**3.1**
Total	**71.1**	**29.5**	**1.5**	**102.1**	**73.4**	**33.2**	**3.7**	**110.3**

Customer balances €m	**31 Dec 2021**	**30 Sep 2022**	**31 Dec 2022**
Retail	5,389.8	5,610.4	5,667.1
Corporate	4,556.4	5,277.0	5,205.9
Other	0.5	1.8	1.7
Loans to customers	**9,946.7**	**10,889.2**	**10,874.7**
Retail	6,066.3	5,865.3	6,066.2
Corporate	4,196.8	4,592.9	4,788.2
Other	42.3	94.7	93.5
Deposits from customers	**10,305.4**	**10,552.9**	**10,947.9**

17. RELATED PARTIES

A number of banking transactions are entered into with related parties in the normal course of business as shown below. Nordea sold their remaining shareholding in Luminor Holding AS on 1 September and are no longer treated as a related party. The income statement and balance sheet entries, shown below, include Nordea up to the date of the share sale.

Entities with significant influence

€m	4Q		Jan-Dec	
	2021	2022	2021	2022
Interest income calculated using the effective interest method	0.0	0.0	0.0	0.1
Interest and similar expenses[1]	-3.2	-8.2	-7.9	-50.4
Fee and commission income	-0.1	0.0	-0.2	-0.2
Net other financial income	4.2	31.5	27.0	73.5
Other administrative expenses	0.0	0.0	-4.0	0.0
Other income and expenses	0.1	0.0	0.4	-0.1
Total	**1.0**	**23.3**	**15.3**	**22.9**

1. Interest expense includes reduction in value of interest rate swaps used for hedge accounting purposes

€m	31 Dec 2021	30 Sep 2022	31 Dec 2022
Due from other credit institutions	11.5	2.6	2.2
Derivatives	54.8	64.5	28.3
Other assets	0.3	0.0	1.4
Total assets	**66.6**	**67.1**	**31.9**
Due to credit institutions	59.2	76.3	0.0
Deposits from customers	3.9	3.1	4.0
Derivatives	21.2	13.5	30.8
Total liabilities	**84.3**	**92.9**	**34.8**

Key management personnel

€m	4Q		Jan-Dec	
	2021	2022	2021	2022
Fixed and variable remuneration	-0.6	-0.3	-2.7	-1.6

€m	31 Dec 2021	30 Sep 2022	31 Dec 2022
Loans to customers	0.1	0.1	0.1
Deposits from customers	0.9	1.6	1.5

Associated companies

ALD Automotive (3 entities) €m	31 Dec 2021	30 Sep 2022	31 Dec 2022
Loans to Customers	5.9	3.5	13.5
Deposits from customers	0.5	0.1	0.3

18. BUSINESS COMBINATION

On 1 July 2022, we acquired control of Maksekeskus AS when we purchased 99% of its issued share capital for a cash consideration of 53.4 million EUR. We incurred acquisition-related costs of 0.3 million EUR in legal fees and due diligence costs which are included in 'Other administrative expenses. The goodwill which is recognized as part of business combination is attributable mainly to the business potential of Maksekeskus AS including expected synergies from consolidation into Luminor. None of the goodwill recognised is deductible for tax purposes.

Recognised amounts of assets acquired, and liabilities assumed at the date of acquisition, €m	**Fair value**
Due from other credit institutions	5.3
Intangible assets	1.3
Other assets	0.2
Other liabilities	-1.7
Total identifiable net assets acquired	**5.1**

Goodwill arising from the acquisition, €m	**Fair value**
Consideration transferred	53.4
Non-Controlling Interest, based on proportionate interest in the recognized net assets (1%)	0.1
Fair value of identified net assets	-5.1
Goodwill	**48.4**

GLOSSARY

Common Equity Tier 1 ratio
Shareholders' equity subject to regulatory adjustments as a percentage of total Risk Exposure Amounts.

Companies
Business customers, Financial institutions, and Public sector

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

FVTOCI
Fair Value through Other Comprehensive Income

FVTPL
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.

Liquidity coverage ratio
High-quality liquid assets as a percentage of the estimated net liquidity outflow over the next 30 calendar days.

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.

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

Return on normalised equity
Profit for the period (annualized) as a percentage of total risk exposure amounts (multiplied by 17%) at period end.

POCI loans
Purchased or originated credit impaired loans

LUMINOR BANK AS INFORMATION

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11315936

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Credit institution

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Balance sheet date
31 December 2022

Reporting period
1 January to 31 December 2022

Reporting currency
euro

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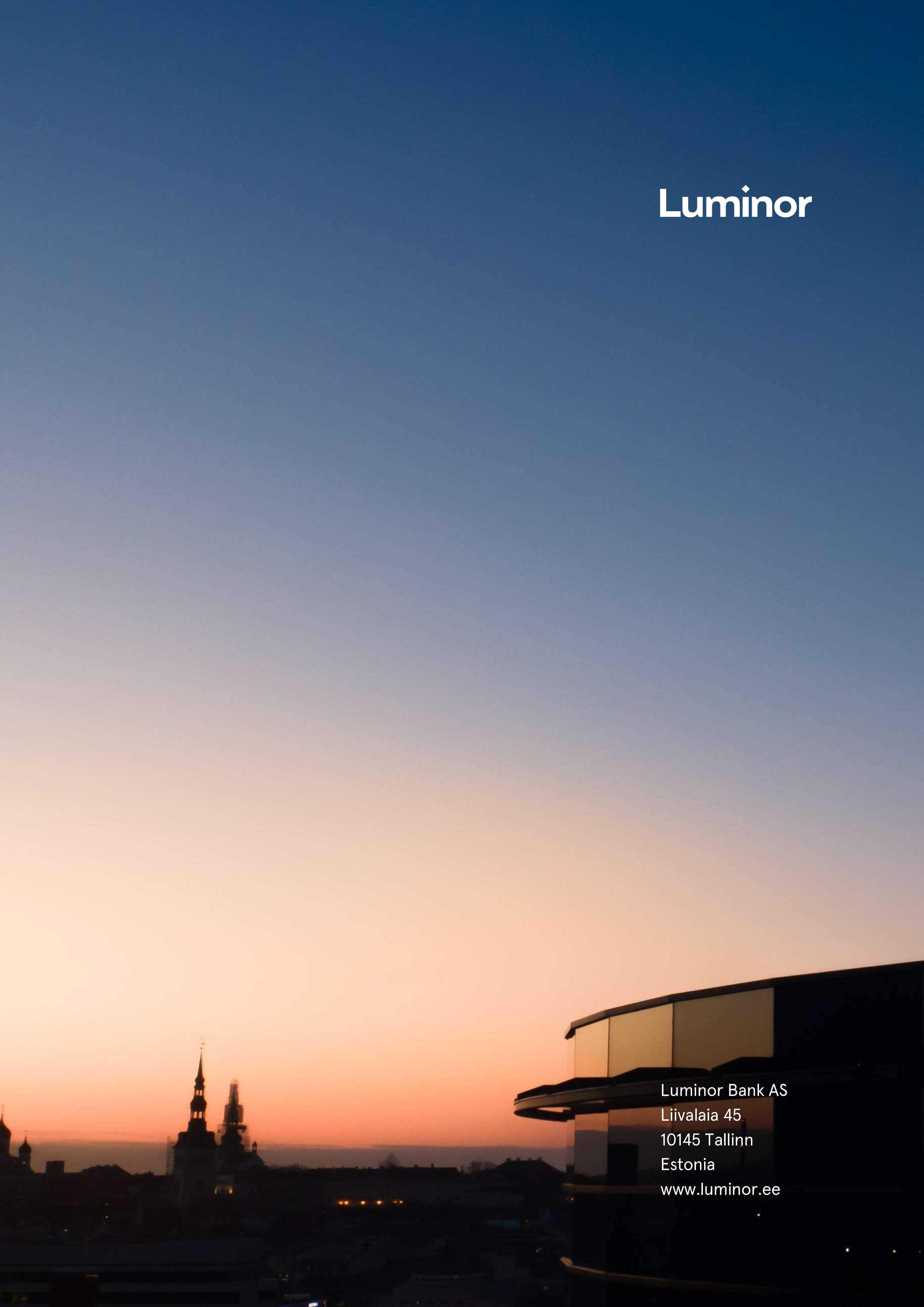

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