Interim Report for Q2 2018

The interim report has been prepared in accordance with the requirements set by the Financial and Capital Market Commission for quarterly public reporting by credit institutions.

Luminor Bank AS (Latvia)

Luminor

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1. MANAGEMENT REPORT

1.1 Overview

Luminor was established on 1 October 2017 by the merger of DNB Bank ASA (commercial Register number 984 851 006) and Nordea Bank AB (Swedish Commercial Register number 516406-0120) operations in the Baltic countries to create a new generation financial services provider for the local way of life and businesses.

Luminor is the 3rd largest player in the Baltic financial market with 1,3 million clients and 3 000 employees, as well as a 16% market share in deposits and 23% in lending. Luminor is capitalised at 17% Common Equity Tier 1 capital in the amount of EUR 1,6 billion.

Luminor's ambition is to become the home bank for financially active people with an entrepreneurial mind-set as well as for local companies, and to eventually become the best financial eco-system for its customers.

Luminor Bank AS (or "Luminor Latvia") offers a wide range of products and services to its customers in all channels, both digital and physical, with headquarter in Riga and 19 branches in the biggest cities of Latvia, including Rezekne, Daugavpils, Valmiera, Jelgava, Ventspils, Cesis and others. It offers a total of 220 ATMs located throughout Latvia.

At the end of Q2 2018, Luminor Latvia employed around 1,000 full time employees and served around 266 000 clients in private and business segments, with a market share of around 25% in lending and approximately 16% in deposits, making Luminor the second largest financial services provider on the Latvian market.

Luminor Latvia Group's capital ratio by the end of Q2 2018 was 17,82% CET 1.

1.2 Activities

During Q2 2018, Luminor Latvia continued work on system integration, new channel development and product portfolio synchronisation to strengthen customer service and increase simplicity throughout the organisation. A series of customer loyalty and information events were held to update Luminor customers on current work and upcoming plans for the future. During Q2 2018, new service models and standards for all customer segments were developed.

In Q2 2018 Luminor continued with the next phases of the legal merger, which foresee full integration of the banks, continuing operations in all Baltic countries through the Estonian bank and its branches registered in Latvia and Lithuania. On 28 June 2018 Luminor received regulatory approval from the European Central Bank to proceed with the cross-border merger. The cross-border merger and related legal changes are expected to take place on 2 January 2019.

Luminor Latvia has successfully incorporated the EU General Data Protection Regulation requirements into its internal regulations and external documents, as well as informed its clients and employees about changes in the regulation related to their rights regarding personal data according to the new EU regulation. Service delivery and customer information procedures were reviewed, new processes to secure proper management of personal data and raise awareness among customers and employees were implemented and extensive training for employees was also provided.

As a part of its transformation, Luminor is introducing Agile ways of working, including educating employees about the Agile methodology and providing attractive tools. In July 2018, the first Luminor Agile studio was launched. Agile studio embodies activity based on office principles that enables people to work in an agile way – open space along with flexibility and transformability in the office environment are important elements of this concept. Studio is also the first phase of the head office redesign and reconstruction in Riga to implement an activity-based office.

Household segment

At the end of Q2 2018, Luminor Latvia served around 243 000 household clients.Customer service as well as the overall customer experience significantly improved during Q2 2018, thus bringing us closer to the goal of providing excellent customer service to our clients. To generate higher interest in Luminor's remote services, online sales were strengthened with 50% of consumer credit activity directed to remote channels. To increase stable deposit base and promote savings culture, Luminor launched a deposit campaign for private customers in June 2018 with better interest rates.

Additionally, the cashless concept was implemented in branches in Riga, Latvia and the overall efficiency of the ATM network in Latvia was improved.

Private Banking segment

During Q2 2018 the total number of Private Banking customers decreased. The focus on target customers was strengthened by attracting new customers according to the approved Private Banking business model. As a result, there was growth in average asset volumes per customer. The quality of the Private Banking portfolio also improved from a risk perspective. Work on the value proposition for Private Banking customers continued. Private Banking moved to new premises, where an aligned approach for Private Banking services can now be offered.

Business and corporate clients segments

During Q2 2018, Luminor Latvia continued to serve its core customers in the corporate and business client segments with a total of 23 300 clients at the end of the period. Due to seasonality and dividend pay-outs by legal entities, the deposits portfolio has slightly decreased. New lending sales volumes have remained stable.

In Q1, a newly developed service model was implemented in branches located in Riga. During Q3, implementation in all branches will be carried out. New product development continues and Luminor has been selected by ALTUM as one of the banks and financial institutions which will implement new state aid financial instruments for support of enterprises –portfolio guarantees. The guarantees will make it possible to improve the customer experience in receiving financing by improving speed and accessibility. It will be available to Luminor customers in Q3.

Leasing

Car leasing services for private individuals and business clients, as well as commercial transport, agricultural machinery, and other heavy equipment for business clients are provided via the subsidiary Luminor Līzings SIA. Q2 2018 continued planned new leasing sales rightsizing with a focus on profitability improvements, thus new leasing sales were growing slower than the market. New leasing sales in the first 6 months of the year reached EUR 103 million. Total portfolio reached EUR 528 million with income amounted to EUR 6,5 million. Campaigns with car and equipment vendor partners were continued. Luminor Līzings SIA is sustaining its leadership position as a financier for new cars and new construction and agricultural machinery, with a 30% market share.

Pensions

Pension assets of more than 132 000 Luminor customers reached EUR 511 million at the end of Q2, compared to EUR 492 million in Q1. During Q2, pension funds with equity strategies delivered strong positive results with an increase of 2,1%, contributing to the growth of customer pension savings. Fixed income strategies were in a defensive mode and returned flat results.

Pension product offers were expanded in Q2 by launching the Luminor Progressive Investment Plan, a new 2nd pillar pension fund product, which enables equity investments up to 75% of its assets. The new product is a perfect match for Luminor customers from ages 20-44 who would like to achieve a high investment return for their pension assets in the long-term.

Corporate social responsibility at Luminor

We are creating a new-generation bank because we are determined to build a better tomorrow – for families and businesses, and for the communities and countries in which we live and operate. We believe in contributing to the development of local communities in which we operate.

We are committed to taking into account corporate governance, social conditions and the environment in all of our activities, including product and service development, advisory services and sales, investment and credit decisions and other operations. We do not contribute to the infringement of human or labour rights, corruption, serious environmental harm or other actions that could be regarded as unethical.

With a goal to support and inspire the most successful exporting companies of Latvia, Luminor actively supported "The Red Jackets" initiative during Q2 participating in various activities such as mentoring programs, events and seminars.

1.3 Financial Results

The merger of the Baltic businesses of DNB and Nordea had significant impact on the financial results of the Group. The indicators for Q2 2018 cannot be directly compared to Q2 2017, as they include the results of the two merged banks and have therefore comparison to Q1 2018 results is provided.

Net profit earned in Q2 2018 was 17,6 million euros, which was 8 million more than Q1 2018 mainly due to reversal of impairement losses on loans and receivables and related items in other operating income arising from reversal of previously derecognised assets. Return on equity amounted to 13,22% in Q2 2018 which is 6,3% above Q1 2018 result. Net commission income decreased to 6 million in Q2 2018 from 6,4 million.

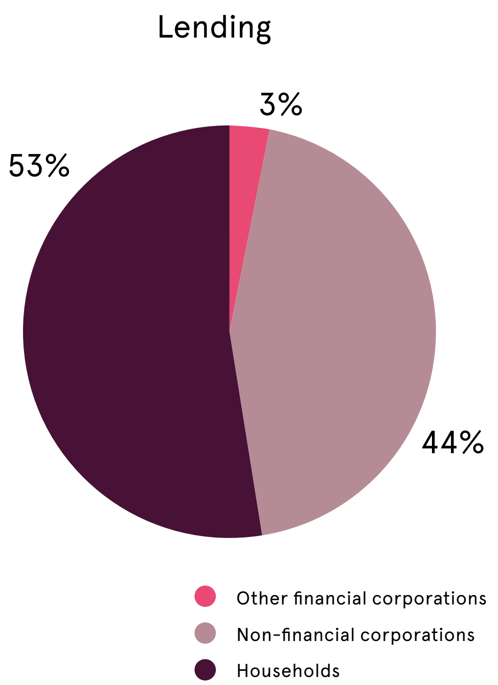
*explanation of ratios in Glossary

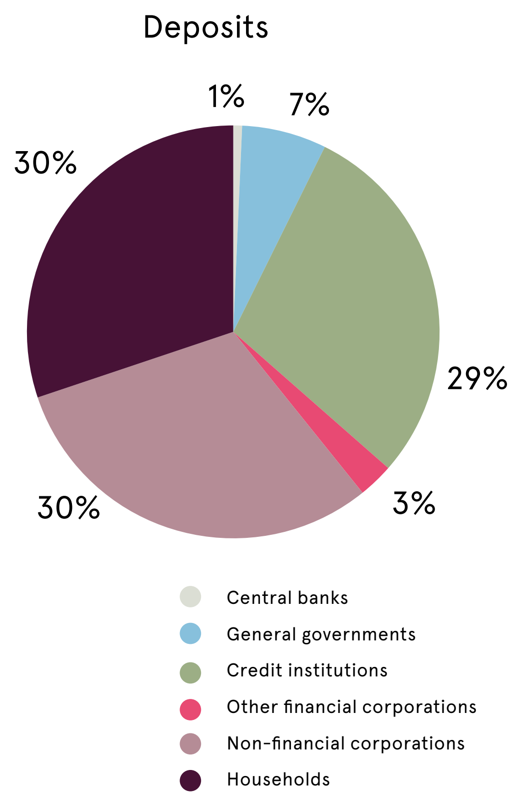
KEY FIGURES*

T EUR	Q2 2018	Q1 2018
Net profit	**17 628**	8 966
Average equity	**533 321**	519 009
Return on equity (ROE), %	**13,22%**	6,9%
Average assets	**4 398 805**	4 543 448
Return on assets (ROA), %	**1,60%**	0,79%
Net interest income	**22 424**	22 088
AVERAGE INTEREST EARNING ASSETS	**4 381 410**	4 549 918
Net interest margin (NIM), %	**2,05%**	1,9%
Cost / Income ratio (C/I), %	**61,12%**	64,75%

*Quarterly ratios (ROE, ROA, NIM, C/I) have been expressed on an annualized basis

Loans to customers totalled 3,4 billion euros at 30 June 2018. Loans to non-financial customers comprised 44% and loans to households 53% of the credit portfolio of Luminor. The market share of Luminor's loans in Latvia was approximately 25%.





Luminor

Customer deposits totalled 2,7 billion euros by 30 June 2018. Deposits from non-financial customers made 31% of the deposit portfolio whilst the deposits of private individuals accounted for 30%.

The loan-to-deposit ratio decreased in Q2 2018 to 125%. The goal is to reduce this ratio by increasing the volume of deposits and specifically the stable deposits. The market share of Luminor's deposits in Latvia is approximately 16%.

ASSET QUALITY in Q2

M EUR	Household	Corporate	Total
Gross Loans	1854	1567	3 420
Provisions	64	56	119
Net Loans	1790	1511	3 301
Impaired Loans	107	182	289
Impairment ratio %	3,44%	3,54%	3,49%
Impaired Loans vs Gross Loans %	5,79%	11,61%	8,45%
Provisions vs Impaired Loans %	44,99%	29,45%	35,21%

1.4 Macroeconomic overview

In Q2 Latvian economy continued to expand strongly. According to preliminary estimate, annual GDP growth accelerated from 4.0% in Q1 to 5.1%. On the other hand seasonally adjusted annual growth slowed down from 4.8% to 4.2%. These are estimates that are subject to revision, but we can safely say that the strong growth rate of 2017 (4.5%) was roughly maintained.

The very few early data about H2 — confidence indices, tax revenues suggest that strong growth continues. The impact of drought on agriculture and energy production is the most significant immediate cause for concern. Despite plenty of negative headlines about global developments, economic activity in EU, our main market remains quite strong.

GDP data are encouraging, but very general in nature. There are also important and encouraging details in the economic picture. First and foremost, labour market developments need to be mentioned. Both employment and occupied job position data tell that the number of people working is growing much faster this year. Employment growth reached 2.0% in Q2, 2018, in a labour market where employment growth opportunities were widely believed to be almost exhausted. Internal migration, repatriation and inclusion of previously discriminated groups are opportunities for further progress. Potential growth rate of the economy may be higher than generally acknowledged.

Investment has a large impact on both current activity and future potential. It was the main force behind growth acceleration in 2017, it continues double-digit growth this year. Performance of export sectors has been more uneven. Manufacturing is slowing down this year, largely because of the disappointing performance in milk processing. On the other hand, service export sectors are doing quite well. Annual service export growth in Q2, 2018 was the strongest since Q1, 2012. Transit flows have stabilised, tourism and business service exports are doing very well.

Our GDP growth forecast of 4.2% for 2018 seemed optimistic for a while, but it mostly appropriate right now, it might even be increased soon. In 2019 growth will probably slow down, perhaps somewhat below 4%.

1.5 Statement of the Management Board

The interim report of Luminor Bank AS for Q2 2018 consists of the following parts and reports:

Management Report;

Financial Statements;

Funding and Liquidity;

Capital;

General information;

Glossary.

The data and additional information presented in the interim report of Luminor Bank AS for Q2 2018 is true and complete. The Financial Statements present a fair and true view of the financial status and economic performance of the bank and the Consolidated Group.

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

The Financial Statements for Q2 2018 have not been audited.

Kerli Gabrilovica

Chair of the Management Board, Chief Executive Officer

Riga, 21 August 2018

Luminor

2. CONSOLIDATED FINANCIAL STATEMENTS

2.1 Consolidated Group and Bank Income Statement

Position	6 months 2018 Bank unaudited T EUR	6 months 2018 Group unaudited T EUR	6 months 2017 Bank unaudited T EUR	6 months 2017 Group unaudited T EUR
Interest income	46 003	52 225	20 536	22 829
Interest expenses (–)	-7 705	-7 713	-2 955	-3 237
Dividend income	28	28	2 062	18
Fees and commissions income	14 954	17 193	8 588	9 528
Fees and commissions expenses (–)	-4 522	-4 584	-2 677	-2 859
Gains/losses on financial assets & liabilities not measured at fair value through profit or loss, net (+/–)	-34	-737	0	0
Gains/losses on financial assets and liabilities designated at fair value through profit or loss, net (+/–)	170	170	-178	-178
Gains/losses from hedge accounting, net (+/–)	0	0	0	0
Exchange differences [gain/loss], net (+/–)	3 126	3 123	1 100	1 108
Gains/losses on derecognition of non financial assets other than held for sale, net (+/–)	19	445	68	330
Other operating income	3 819	3 795	2 450	2 531
Other operating Expenses (–)	-120	-961	-545	-1 923
Administrative expenses (-)	-36 170	-38 108	-15 803	-15 886
Depreciation (-)	-1 106	-1 537	-1 082	-1 504
Modification gains/losses, net (+/–)	106	109	0	0
Provisions (–/+)	299	404	102	-98
Net allowances for impairment losses (–/+)	2 904	3 192	2 074	2 074
Negative goodwill recognised in profit or loss	0	0	0	0
Share of the profit/loss of investments insubsidiaries, joint ventures and associates accounted for using the equity method (+/–)	0	118	0	0
Profit/loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (+/–)	0	0	0	
Profit/(loss) before income tax (+/-)	21 771	27 162	13 740	12 733
Corporate income tax	-9	-568	-400	-529
Net profit/(loss) for the year (+/–)	**21 762**	26 594	**13 340**	12 204
Other comprehensive income for the year (+/–)	486	486	194	194

2.2 Balance Sheet

Position	30 June 2018 Bank unaudited T EUR	30 June 2018 Group unaudited T EUR	31 December 2017 Bank audited* T EUR	31 December 2017 Group audited* T EUR
Cash and claims on demand on central banks	797 410	797 410	1 067 214	1 067 214
Claims on demand on credit institutions	51 461	52 282	33 865	34 634
Financial assets designated at fair value through profit or loss	54 296	54 296	76 308	76 308
Financial assets at fair value through other comprehensive income	3 142	3 142	2 547	2 547
Financial assets at amortised cost	3 405 305	3 407 452	3 455 321	3 443 271
Financial assets held for trading	31 684	31 684	17 223	17 223
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	0	0	0
Investments in subsidiaries, joint ventures and associates	65 099	3 105	63 194	2 987
Tangible assets	4 466	55 858	5 195	61 719
Intangible assets	999	1 379	1 297	1 681
Tax assets	0	327	0	90
Other assets	26 722	30 729	22 780	28 610
Non-current assets and disposal groups classified as held for sale	0	147	519	2 656
Total assets	**4 440 584**	**4 437 811**	**4 745 463**	**4 738 940**
Liabilities to central bank	26 499	26 499	60 500	60 500
Liabilities on demand to credit institutions	10 971	10 971	5 576	5 576
Financial liabilities designated at fair value through profit or loss	0	0	0	0
Financial liabilities measured at amortised cost	3 836 399	3 817 370	4 126 470	4 108 051
Financial liabilities held for trading	23 702	23 702	21 269	21 269
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	0	0	0
Provisions	1 261	1 352	228	261
Tax liabilities	342	393	1 233	1 283
Other liabilities	16 982	22 068	13 825	17 411
Liabilities included in disposal groups classified as held for sale	0	0	0	0
Total liabilities	**3 916 156**	**3 902 355**	**4 229 101**	**4 214 351**
Capital and reserves	524 428	535 456	516 362	524 589
Total capital and reserves and liabilities	**4 440 584**	**4 437 811**	**4 745 463**	**4 738 940**
Off-balance sheet items				
Contingent liabilities	183 008	183 008	198 785	198 785
Due to customers	587 492	493 714	562 069	524 511

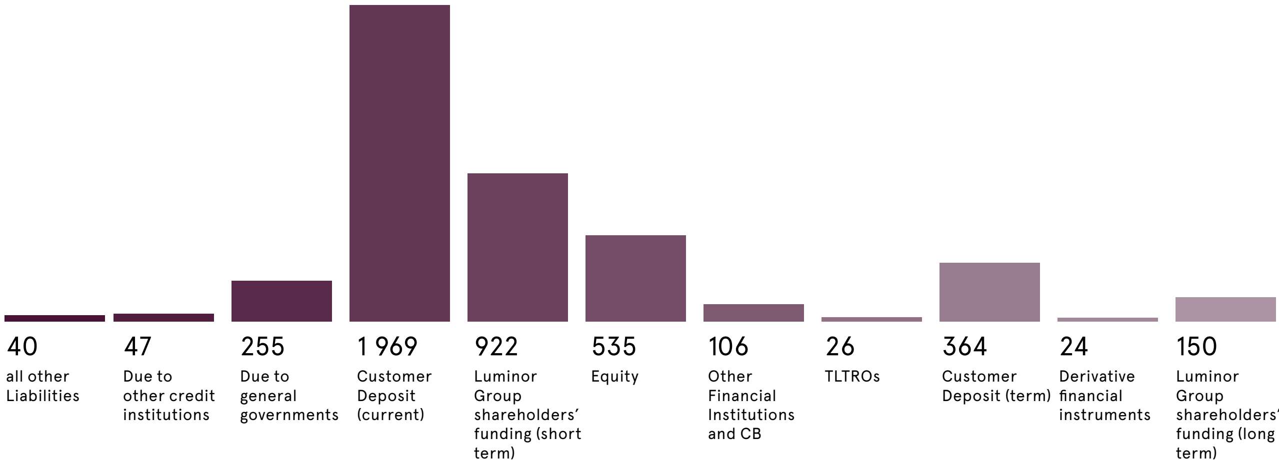
*Audit of the financial statement for the year ended 31 December 2017 was performed by Ernst & Young Baltic SIA.

3. Funding and liquidity

3.1 Funding

Luminor Latvia Group has a strong and prudent liquidity risk profile. The funding base consists of large deposit base, borrowings in the Eurosystem's targeted long-term refinancing operations (TLTROs) and funding provided under the loan facilities granted by largest shareholders of Luminor Group – Nordea Bank AB and DNB Bank ASA.

At the end of Q2, Latvia had utilised the funding provided by Nordea Bank AB and DNB Bank ASA in the amount of EUR 1,1 billion.



M EUR

The funding provided by Nordea Bank AB and DNB Bank ASA amounts to EUR 4,13 billion on Luminor Group level in the form of a syndicated loan facilities where each of the banks provides 50% of the funding. The long-term funding was committed for 6 years (4+2) and short-term funding is in the form of revolving credit of 364 days, beginning from 1 October 2017 when Luminor was established. In addition to the current term funding, there is also a committed credit line of EUR 0,76 billion in place (at present not utilized). When Luminor attracts the wholesale long term funding externally (with the maturity longer than one year), the intent is to amortize an equal amount of the funding provided by Nordea Bank AB and DNB Bank ASA.

3.2 Liquidity

Short-term liquidity risk is measured using several metrics and the Liquidity Coverage Ratio (LCR) is one such metric. The LCR for the Luminor LV Group was, according to the Delegated Act LCR definition, 130% at the end of the second quarter. The liquidity buffer is composed of highly liquid central bank eligible securities and cash.

The long-term liquidity risk is measured as Net Stable Funding Ratio (NSFR). At the end of the second quarter 2018, Luminor Latvia NSFR was 106,3%.

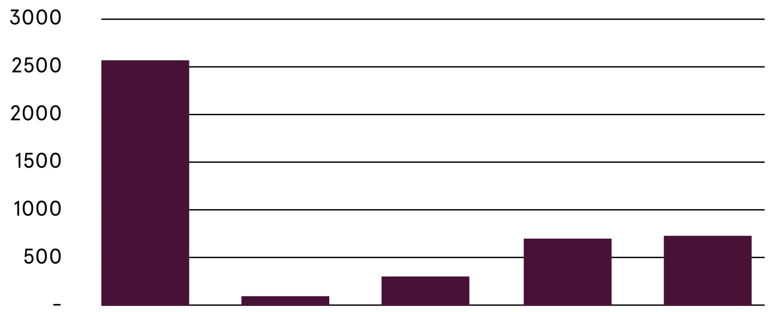
Ratio	30 June 2018	31 March 2018
LCR	130%	150%
NSFR**	106,3%	109,0%

**mortgages that would qualify for 35% or lower risk weight are calculated with 85% RSF factor.

Liquidity ratio

No	Position	30 June 2018 Bank T EUR	30 June 2018 Group T EUR
1.	Liquidity buffer	823 415	823 415
2.	Net liquidity outflow	634 028	633 978
3.	Liquidity coverage ratio (%)	130%	130%

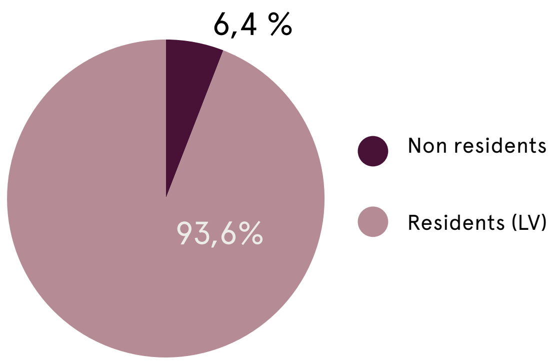
Maturity Structure***

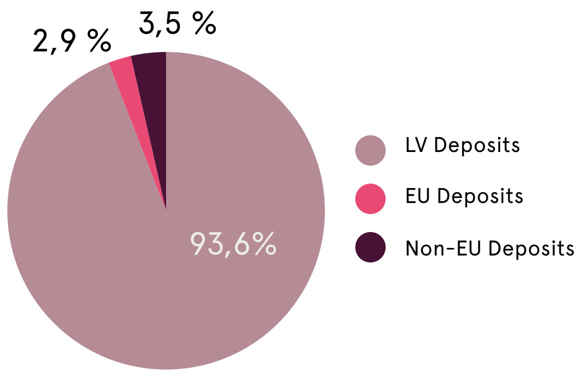


	<3m	3m-6m	6m-9m	9m-12m	Over 1Y
EURm	2 565	70	321	707	753

***Based on consolidated NSFR

Deposit structure





Deposits are mainly from residents of Latvia. In total 96,5% of all deposits from household and nonfinancial customers are from EU residents.

3.3 Rating

Luminor Latvia does not have a rating. Luminor Estonia is in a process to acquire rating.

Nordea Bank AB and DNB Bank ASA are ultimate owners of holding company Luminor Group AB. Nordea Bank AB owns 56,2% and DNB Bank ASA owns 43,6% of proprietary rights. DNB Bank ASA has a credit rating (Standard & Poor's A+, Moody's Aa2). Nordea Bank AB has a credit rating (Standard & Poor's AA-, Fitch AA-, Moody's Aa3).

4. Capital

4.1 Performance Ratios

Position	30 June 2018 Bank	30 June 2018 Group	30 June 2017 Bank	30 June 2017 Group
Return on equity (ROE) (%)	**8,42%**	10,11%	**9,17%**	8,30%
Return on assets (ROA) (%)	**0,91%**	1,19%	**1,22%**	1,05%

Position	**Q2 2018 Group**	**Q1 2018** Group
Capital adequacy	17,82%	18,13%
Leverage Ratio	10,75%	10,38%
CET 1 Ratio	17,82%	18,13%
T1 Capital Ratio	17,82%	18,13%
Total Capital Ratio	17,82%	18,13%
ROE	13,22%	6,91%
ROA	1,60%	0,79%
Cost Income Ratio%	61,12%	64,75%
Net Interest Margin (NIM)	2,05%	1,94%

*explanation of ratios in Glossary

4.2 Capital Base and Minimum Capital Requirement Summary

No	Position	30 June 2018 Bank T EUR	30 June 2018 Group T EUR
1.	**Own funds (1.1.+1.2.)**	498 152	503 971
1.1.	**Tier 1 capital (1.1.1+1.1.2.)**	498 152	503 971
1.1.1.	Common equity tier 1 capital	498 152	503 971
1.1.2.	Additional tier 1 capital	0	0
1.2.	**Tier 2 capital**	0	0
2.	**Total risk exposure amount**	2 927 117	2 827 797
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	2 713 343	2 591 675
2.2.	Total risk exposure amount for settlement/delivery	0	0
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	0	0
2.4.	Total risk exposure amount for operational risk	199 548	221 895
2.5.	Total risk exposure amount or credit valuation adjustment	14 226	14 226
2.6.	Total risk exposure amount related to large exposures in the trading book	0	0
2.7.	Other risk exposure amounts	0	0
3.	**Capital ratios and capital levels**		
3.1.	CET 1 Capital ratio (1.1.1./2.*100)	17,02%	17,82%
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	366 431	376 721
3.3.	Tier 1 Capital ratio (1.1./2.*100)	17,02%	17,82%
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital (1.1.-2.*6%)	322 525	334 304
3.5.	**Total capital ratio (1./2.*100)**	17,02%	17,82%
3.6.	Surplus(+)/ Deficit(-) of total capital (1.-2.*8%)	263 982	277 748
4.	**Combined buffer requirement**	132 791	128 324
4.1.	Capital conservation buffer	73 178	70 695
4.2.	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State	0	0
4.3.	Institution specific countercyclical capital buffer	0	0
4.4.	Systemic risk buffer	1 070	1 073
4.5.	Other Systemically Important Institution buffer	58 542	56 556
5.	**Capital adequacy ratios, including adjustments**		
5.1.	Asset value adjustments for capital adequacy ratio purposes	0	0
5.2.	Common equity Tier 1 Capital ratio including line 5.1. adjustments	17,02%	17,82%
5.3.	Tier 1 Capital ratio including line 5.1. adjustments	17,02%	17,82%
5.4.	Total capital ratio including line 5.1. adjustments	17,02%	17,82%

5. GENERAL INFORMATION

5.1 Contact details

Luminor Bank AS

Location and address	Skanstes 12, Riga, LV-1013
Registered country	Republic of Latvia
Commercial Register code	40003024725
Telephone	+371 67 17 1880
Fax	+372 628 3201
DNB SWIFT code:	RIKOLV2X
Nordea SWIFT code:	NDEALV2X
Website	www.luminor.lv
E-mail	info@luminor.lv
Balance sheet date	30 June 2018
Reporting period	1 April 2018 - 30 June 2018
Reporting currency	Euro

5.2. Composition of the Consolidated Group

30 June 2018

No	Name of the company	Registration number	Country of domicile, registration address	Company type*	Portion of a holding in share capital (%)	Portion of voting rights in the company (%)	Motivation for inclusion in the group**
1	Luminor Bank AS	40003024725	LV, Riga, Skanstes street 12	BNK	-	-	MT
2	Luminor Līzings Latvija SIA	40003659898	LV, Riga, Skanstes street 12	LIZ	100	100	MS
3	Luminor Asset Management IPAS	40003699053	LV, Riga, Skanstes street 12	IPS	100	100	MS
4	SIA Skanstes 12	40003975842	LV, Riga, Skanstes street 12	PLS	100	100	MS
5	SIA Salvus	40103223713	LV, Riga, Skanstes street 12	PLS	100	100	MS
6	SIA Salvus 2	50103254931	LV, Riga, Skanstes street 12	PLS	100	100	MS
7	SIA Salvus 3	40103261113	LV, Riga, Skanstes street 12	PLS	100	100	MS
8	SIA Salvus 4	40103588074	LV, Riga, Skanstes street 12	PLS	100	100	MS
9	SIA Salvus 6	40103826344	LV, Riga, Skanstes street 12	PLS	100	100	MS
10	Liminor Līzings SIA	40003348054	LV, Riga, Vienibas gatve 109	LIZ	100	100	MS
11	Luminor Latvijas atklātais pensiju fonds AS	40103331798	LV, Riga, Kr. Valdemara iela 62	PFO	100	100	MS
12	Luminor Pensions Latvia IPAS	40103170952	LV, Riga, Kr. Valdemara iela 62	IPS	100	100	MS
13	SIA "Promano Lat"	40103235197	LV, Riga, Kr. Valdemara iela 62	PLS	100	100	MS
14	SIA "BALTIK ĪPAŠUMS"	40003892818	LV, Riga, Kr. Valdemara iela 62	PLS	100	100	MMS
15	Luminor Finance SIA	40103424424	LV, Riga, Kr. Valdemara iela 62	PLS	100	100	MS
16	SIA "Trioleta"	40103565264	LV, Riga, Kr. Valdemara iela 62	PLS	100	100	MS
17	SIA "Realm"	50103278681	LV, Riga, Kr. Valdemara iela 62	PLS	100	100	MS

* BNK - bank, IPS – investment management company, PFO - pension fonds, LIZ – leasing company, PLS – supporting company.
** MT - parent company, MS - subsidiary company, MMS - subsidiary of the subsidiary company

5.3 Shareholders and participation in paid-in share capital

30 June 2018

Shareholder	Paid-in share capital EUR'000	% of total paid-in share capital	Number of shares
Luminor Group AB	191178	100%	191178337

5.4 Management of Luminor banka

30 June 2018

The Supervisory Council

Name	Position
Erkki Raasuke	Chair of the Supervisory Council
Mari Mõis	Member of the Supervisory Council
Marilin Pikaro	Member of the Supervisory Council
Hannu Saksala	Member of the Supervisory Council
Christian Wallentin	Member of the Supervisory Council

The Management Board

Name	Position
Kerli Gabrilovica	Chair of the Management Board, Chief Executive Officer
Ivita Asare	Member of the Management Board, Vice President
Jānis Buks	Member of the Management Board, Vice President
Jānis Teteris	Member of the Management Board, Vice President
Kristaps Zakulis	Member of the Management Board, Vice President

Risk analysis

Information on risk analysis can be found in AS Luminor Bank financial report for the year ended 31 December 2017 from page 32 to 37 and since the publication of the report it has not been significantly changed:

https://www.luminor.lt/sites/default/files/documents/luminor-lv-annual-report-2017-en.pdf

Bank's branches

Information on list of branches of Luminor Bank AS can be found in the Bank's Internet home page chapter "Contacts":

https://www.luminor.lv/en/contacts

5.5 Financial assets designated at fair value through profit or loss*

Financial assets designated at fair value through profit or loss	30 June 2018 Bank T EUR	30 June 2018 Group T EUR	31 March 2018 Bank T EUR	31 March 2018 Group T EUR
Debt securities				
Latvian government securities	31 159	31 159	46 111	46 111
France's financial institutions bonds	23 137	23 137	30 197	30 197
Total	**54 296**	**54 296**	**76 308**	**76 308**

Moody's equivalent grades		30 June 2018 T EUR	%	31 March 2018 T EUR	%
Risk rating class 1	Aaa	0	0%	0	0%
Risk rating class 2	Aa1-A3	54 296**	100%	76 308**	100%
Risk rating class 3	Baa1-Baa2	0	0%	0	0%
Risk rating class 4	Baa3	0	0%	0	0%
Not rated		0	0%	0	0%
Total		**54 296**	**100%**	**76 308**	**100%**

* Positions specified by country of the issuer if the carrying amount of the issuer securities exceeds 10 percent of the Bank's own funds

** Latvian government securities are classified according to the credit rating of Latvia, OECD financial institutions securities are classified according to the rating of guaranteed securities

5.6 Expected Credit Losses Split by Stages According to IFRS9

TEUR Expected credit loss, total	30.06.2018.			**30.06.2018.**		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
of which for financial assets	3 142	14 327	100 324	2 650	13 934	96 641
of which for credit facilities	254	194	316	232	194	248
of which for guarantees	154	13	197	154	13	197

Luminor AS does not apply a transitional period in order to mitigate the effect of the introduction of IFRS 9 on Own Funds in accordance with the Article 473a of EU Regulation Nr. 575/2013.

6. GLOSSARY

6.1 Ratios

- Average equity (belonging to owners of company) = equity at the end of each month in current quarter/ 3
- Return on equity (ROE) = Net profit / Average equity * 100%
- Assets, average = assets at the end of each month on current quarter
- Return on assets (ROA) = Net profit / Assets, average * 100
- Interest earning assets, average = (interest earning assets at end of reporting period + interest earning assets at end of previous period) / 2
- Net interest margin (NIM) = Net interest income / Interest earning assets, average * 100
- Cost income ratio = Total operating expenses / Total net income * 100
- CET 1 = Common Equity Tier 1 Capital/ Risk-Weighted Assets
- Leverage ratio = Tier 1 Capital/ Total Exposure
- T1 ratio = Tier 1 Capital/ Risk-Weighted assets
- Total capital ratio = Total Capital/ Risk-Weighted asset