Luminor

Interim Report for Q3 2018

The interim report has been prepared in accordance with the IAS 34 and requirements set by the Bank of Estonia for quarterly reporting by credit institutions.

LUMINOR BANK AS, Estonia

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MANAGEMENT REPORT

Overview

Luminor was established on 1 October 2017 as a result of the merger of DNB Bank ASA (Commercial Register no. 984 851 006) and Nordea Bank AB (Swedish Commercial Register no. 516406-0120) operations in the Baltic countries to create a new-generation financial service provider for local businesses and financially active people.

Luminor is the third-largest financial services provider in the Baltics, with ca 1.1 million clients, ca 3,000 employees, 16% market share in deposits and 22% market share in lending. Total shareholder equity of Luminor amounts to 1.8 billion euros and is capitalised at CET1 17.3%. Luminor's vision is to become the best financial ecosystem for its customers.

On 13 September 2018, an agreement was signed between DNB Bank ASA and Nordea Bank AB with US-based private equity firm Blackstone to sell the majority stake in Luminor. As part of the transaction, Blackstone will acquire a 60% majority stake in the bank. Nordea and DNB will retain equal 20% equity stakes in Luminor and will continue to support the bank with long term funding, expertise and ongoing representation on the Board of Directors. Additionally, Blackstone has entered into an agreement with Nordea to purchase their remaining 20% stake over the coming years. Closing of the transaction is subject to European Central Bank's and local supervisory authorities' approvals and is anticipated to occur in the first half of 2019.

This transaction represents the largest majority-stake acquisition of a universal bank by private equity in the last decade globally, and one of the largest M&A transactions in Baltic history.

Luminor Bank AS (or "Luminor Estonia") offers a wide range of products and services to its customers in all channels, digital and physical, with headquarters in Tallinn and 10 offices in Tartu, Pärnu, Viljandi, Rakvere and Jõhvi, in addition a cashless advisory desk in Kuressaare. Luminor has a total of 100 ATMs throughout Estonia.

At the end of Q3 2018, Luminor Estonia employed ca 700 full-time employees and served ca 139,000 clients in the private and business segments, with a market share of 17% in lending and 10% in deposits, making it the third-largest financial service provider on the market. Luminor Estonia's capital ratio at the end of Q3 2018 in Estonia was 18.09% Common Equity Tier 1 capital.

Luminor Estonia has five subsidiaries: Luminor Liising AS, which provides leasing for vehicles, heavy equipment and other assets; Luminor Pensions Estonia AS, which focuses on growing the pension assets of clients; Luminor Kindlustusmaakler OÜ, which provides insurance broker services; and Promano OÜ and Uus-Sadama 11 OÜ, which provide asset management services.

Moody's has assigned first time long- and short-term, foreign and local currency deposit ratings of Baa1/Prime-2, as well as a local currency long-term (P)Baa2 senior MTN rating to Luminor Bank AS.

Macroeconomic overview

As expected, Estonia's economic momentum has marginally moderated in Q2 2018 to 3.7% y/y from the exceptionally brisk pace seen at the end of last year (5% y/y in Q4). As a key positive development, export growth has picked up speed in Q2 after a weak start to the year. However, the key drag resulted from investments. In terms of industry branches, the most substantial contributions to growth came from construction and the export-orientated manufacturing sector, followed by science and technology and the pivotal ICT (Information And Communication Technology) branches. As expected, consumers' appetite remains rather stable on the back of strong labour markets. Consumers have not really opted to spend the extra income received from the past taxation reform (which effectively increased the non-taxable income).

Estonia's underlying growth is expected to continue to be broad-based with cyclical indicators in the domestic and external sectors (including economic and consumer confidence) pointing to momentum carrying over into H2. Manufacturing value added growth has continued at a healthy single-digit pace with stable export orders complemented by strong domestic demand. Estonia's open economy is highly integrated with the economies of the euro area and the Nordic countries, and will continue to develop hand in hand with them. The three key trade partners: Finland, Sweden and Germany represent 40% of Estonia's direct exports. Economic growth in the medium term will depend more on investments in productivity, since the increase in employment will be contained and a more moderate growth pace is also expected in the external markets. Only gradual moderation of current strong growth is foreseen for next year as the economy faces headwinds in the external sector.

Overall, the risks to the 3.5% y/y growth forecast for 2018 remain rather balanced as rising capacity constraints and new flow of EU structural funds are expected to contribute to gradual recovery in investments. With a solid growth outlook and unemployment at approx. 6% in H1, households remain confident about their future economic prospects. Consumer appetite for major purchases remains at a high level, supporting the outlook for the residential real estate market, which has seen stable demand and close to euro-area-average price increases.

Activities

During Q3 2018, Luminor continued with the legal aspects of its merger, which will see the full integration of the banks, continuing operations in all three Baltic States through the Estonian bank and its registered branches in Latvia and Lithuania. In May 2018, Luminor received confirmation from the European Central Bank that the branches in Latvia and Lithuania could be established and commence operations. The cross border merger and legal change is expected to take place starting from 2 January 2019.

Household segment

Luminor's brand value lies in its close relationship with its customers and services. By the end of Q3 2018, Luminor Estonia had approximately 116,000 household clients. Average lending and deposit volumes remained stable. Delivering good customer experiences and meeting our customers' needs are essential to Luminor.

Luminor is continuing to automate and digitalise products and services to meet customers' needs and expectations. The majority of meetings with our clients and active client communication go through remote channels. Starting from 1 July 2018, all bank cards for day-to-day operations are renewed automatically and sent conveniently to customers by post.

Our goal is to become the home bank for our target customers by offering professional advice and excellent customer service. During Q3 2018, Luminor Estonia household segment focused on activation of home bank customer transactions. We want our customers to actively use Luminor bank cards and be more active in terms of their daily financial operations. This goal was supported by Luminor's card activation campaign aimed at customers who already have a bank card.

Private Banking segment

Our Private Banking customer activities are centred on everyday banking and growing the savings portfolio. We help high net worth individuals and their families to grow, manage and preserve their wealth.

By the end of Q3, Luminor Estonia had around 1,000 Private Banking customers. Private Banking gained momentum in Q3 2018 with positive growth in deposits area, resulting in growth of 39 million euros during the third quarter.

In Q3 2018, Private Banking focused on strategic positioning and attracting new funding through collaboration with Luminor's other business segments and marketing to help deliver results. We held a Private Banking customers event on 13 September 2018 where we gave insights on upcoming macroeconomic trends.

Business and corporate client segments

In Q3 2018, Luminor Estonia continued to serve its ca 22,000 customers in the corporate and business client segments. Luminor Estonia continued profitable lending growth to small and medium-sized business clients. We have strengthened our position in the agricultural sector and focused on increasing our customer base and customer activity in the business client segment.

The activities were supported by regional marketing events and marketing campaign to help to deliver improved customer service towards business clients.

Corporate client segment results were in line with macroeconomic developments. Lending to large corporations and international customers had a positive impact in lending profitability and growth in deposits.

Our corporate customers value our tailored financial products and services because they help them to operate efficiently and grow. In Q3 Luminor Estonia, held its annual customer event to strengthen our relationship with our target customers in the business, corporate and private client segments.

Leasing

Leasing services for vehicles, heavy equipment and other assets for private individuals and business clients are provided through the subsidiary Luminor Liising AS. In Q3 2018, the total leasing portfolio amounted to 947 million euros. Sales were supported through active campaigns with vendors and active sales via bank channels to the business and household customer segments.

Pensions

Luminor Estonia continued to provide 2nd and 3rd pillar and employer pension fund management services to its customers through its subsidiary Luminor Pensions Estonia AS. Luminor Estonia's first pension funds celebrated their 10th anniversary on 15 September 2018 with very strong results. Luminor funds topped the 10-year performance chart, outperforming the competition in both 2nd and 3rd pillar.

By the end of Q3 2018, assets under management had reached 329 million euros increasing by 3.5% compared to Q2 and the number of clients grew as well.

Corporate social responsibility in Luminor

We are creating a new-generation financial services provider 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 the local communities in which we operate.

We are committed to taking into account corporate governance, social conditions and 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.

Luminor has a responsibility to undertake efforts to ensure that the banking industry delivers ethical products and services, and we take responsibility for to whom and how the products and services will be offered.

Anti-money laundering related matters

At Luminor, we have zero tolerance towards money laundering and other financial crime risk. Luminor has developed and implemented a comprehensive set of measures to identify, manage and control its risks. We comply with sanctions laws and follow the guidelines, recommendations and standards issued by local regulatory and supervisory authorities and relevant international organizations, as well as those issued by local banking associations and financial intelligence units in each Baltic state.

Our Compliance and Anti-Money Laundering (AML) functions are operating at the pan-Baltic level, having competence centres and highly experienced professionals in the following areas: data protection, AML/ Certified Fraud Examiners (CFT), FATCA, IT compliance and digital channels, business integrity, bank products & new product development. Luminor's AML, Compliance and Anti-Financial Crime units employs over 100 professionals, maintaining a robust compliance framework and processes through the organization.

Significant events after 30 September 2018

Luminor has recently established a Euro Medium Term Note (EMTN) programme, which enables Luminor to issue bonds under standardized documentation. The programme has two purposes - to replace funding from the owner banks and to support and fund our customer business.

Under this programme, Luminor will be able to issue debt in different sizes and maturities going forward. On 10 October, Luminor issued a 350-million-euro senior unsecured inaugural public bond with a maturity of three years and coupon of 150 bps. The bond will be listed on the Irish Stock Exchange. The issue was well supported by the Baltic community and international accounts, having a total of 46 investors spread over 14 different countries. Bonds were issued by Luminor Bank Estonia, taking into account both the upcoming change in its ownership structure and Luminor's cross-border merger to become one centralised bank under Estonia with Latvia and Lithuania as branches starting from January 2019.

On 10 October, Moody´s Investor Service assigned to Luminor Bank a senior unsecured MTN rating of Baa2, which followed the issuance of senior debt within the scope of provisionally rated senior unsecured EMTN program carrying a long-term rating of (P) Baa2. The rationale for the senior unsecured EMTN program rating is explained in the Moody´s Investor Service rating action released on 13 September 2018.

Other events

Monika Peetson was recalled from Luminor Bank AS Management Board on 11. November 2018. Starting from 12 November 2018, Andrius Nacajus was appointed as a new Member of the Management Board. The Management Board of Luminor Bank AS consists of 3 members elected by the Supervisory Council. As of 12 November 2018, the members are Gunnar Toomemets (chairman), Sander Klaos and Andrius Nacajus.

Financial Results

The merger of the Baltic businesses of DNB and Nordea in October 2017 has had a significant impact both on the financial result and operational focus. The consolidated financial information prior to the merger represents consolidated results of DNB's respective entities, whereas starting from 1 October 2017, such financial information also reflects the effects of the acquisition of assets and liabilities of Nordea. As a result, comparability of consolidated financial information between January-September 2017 and January-September 2018 is limited in light of the effects of the merger.

Net profit earned in Q3 2018 was 7.1 million euros, which was 7.5 million euros less than Q2 2018 mainly due to reversals of impairment losses on loans, which increased the profit in Q2 2018. Net interest margin remained stable at 1.8%. Net fees and commission income from both corporate and household clients increased 3% in Q3 2018 compared to Q2 2018.

KEY FIGURES*

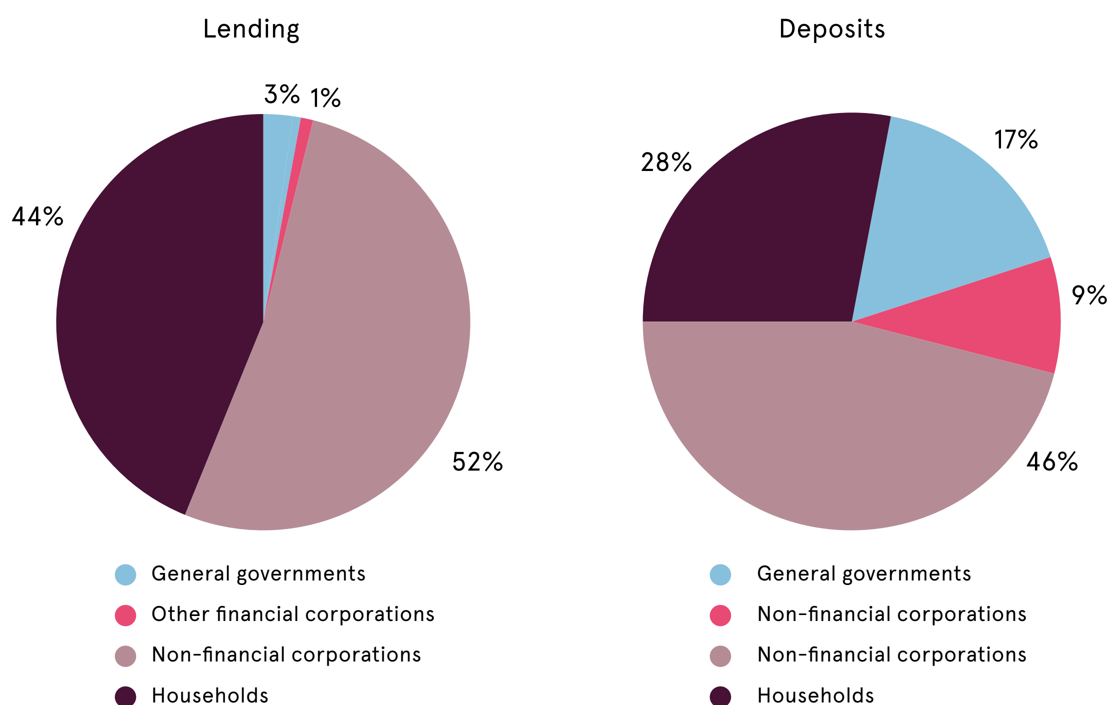
T EUR	Jan-Sep 2018	Q3 2018
Net profit	**24 476**	7 081
Average equity	**467 385**	468 998
Return on equity (ROE), %	**7.0**	6.0
Average assets	**3 780 807**	3 943 547
Return on assets (ROA), %	**0.9**	0.7
Net interest income	**53 206**	17 641
AVERAGE INTEREST EARNING ASSETS	**3 745 001**	3 904 505
Net interest margin (NIM), %	**1.9**	1.8
Cost / Income ratio (C/I), %	**65.0**	5 6.7

*Quarterly ratios and Jan-Sept 2018 ratios (ROE, ROA, NIM, C/I) have been expressed on an annualized basis.

Explanations:

Average equity (belonging to owners of company) = (equity at end of reporting period + equity at end of previous period) / 2
Return on equity (ROE) = Net profit / Average equity * 100%
Average assets = (assets at end of reporting period + assets at end of previous period) / 2
Return on assets (ROA) = Net profit / Assets, average * 100
Average interest earning assets = (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

Loans to customers remained stable at 3.3 billion euros at 30 September 2018. Loans to non-financial corporate customers comprised 52% and loans to households 44% of the credit portfolio of Luminor. The market share of Luminor’s loans in Estonia was approximately 17%.



Deposits from customers (excluding deposits from credit institutions) totalled 1.8 billion euros at 30 September 2018, increasing 5% from 30 June 2018. Deposits from non-financial corporate clients comprised 46% and deposits from households 28% of the customer deposit portfolio of Luminor. The market share of Luminor’s deposits in Estonia was approximately 10%.

The loan-to-deposit ratio decreased in Q3 2018 to 185% from 195% in Q2.

ASSET QUALITY FOR Q3

The credit quality of the Luminor Eesti AS lending portfolio as at the end of Q3 2018 has remained broadly unchanged. At the end of September 2018 allowances for on-balance expected credit losses were calculated as 42 million euros, i.e. approximately 1.3% of the group's loan portfolio, and no major changes in creditworthiness took place. 76 per cent of the provisions made are calculated on the portfolio of loans, which are more than 90 days past due.

T EUR	Household	Non-financial corporations	Other financial corporations	General governments	Total*
Gross Loans	1 444 442	1 749 174	42 984	99 658	3 336 258
Allowances	-7 665	-34 306	122	0	-41 849
Net Loans	1 436 777	1 714 868	42 862	99 956	3 294 463
Gross Impaired Loans	24 381	118 090	12	6	142 489
Impairment ratio %	0.53%	1.96%	0.28%	0.00%	1.25%
Gross impaired Loans vs Gross Loans (NPL ratio) %	1.69%	6.75%	0.03%	0.01%	4.27%
Allowances vs Gross impaired Loans %	31.44%	29.05%	1 016.67%	0.00%	29.37%

*excluding Loans to Credit Institutions

Explanations:

Impairment ratio % = Allowances / Gross Loans

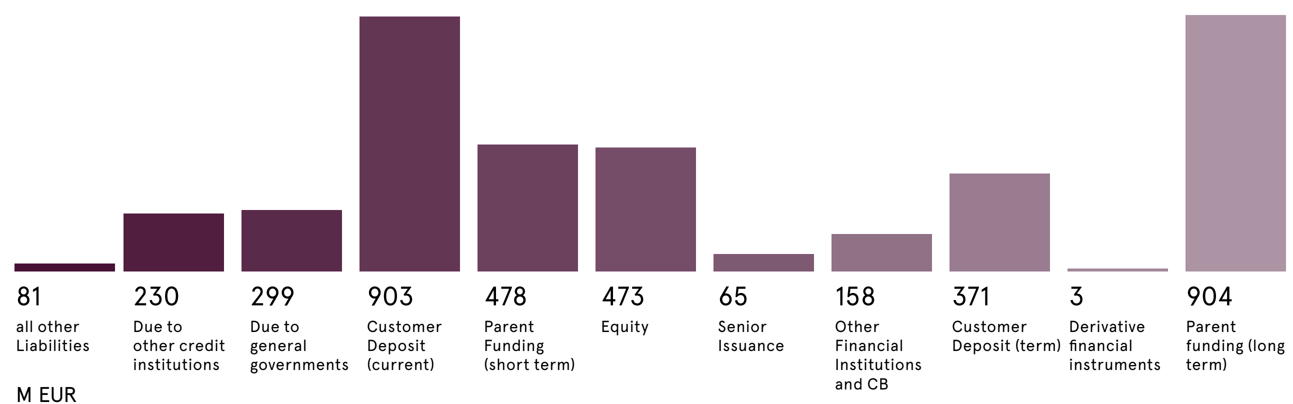
Gross impaired loans vs Gross Loans (NPL ratio) % = Gross impaired Loans / Gross Loans

Allowances vs Impaired Loans = Allowances(Provisions)/ Gross Impaired Loans

FUNDING

Luminor Estonia has a strong and prudent liquidity risk profile. The funding base consists of a large deposit base, issued debt securities and funding from parent banks, among other items. The funding base is mainly euro-denominated.

At the end of Q3, Luminor Estonia had utilised 1.38 billion euros in funding from the parent banks.



Utilized parent funding amounts to 3.97 billion euros at the Luminor group level and is provided by the two parent banks in the form of a syndicate, where each parent bank provides 50%. Long-term funding was committed for 6 years (4+2), beginning from the 1 October 2017 when Luminor was established and short-term funding in the form of revolving credit of 364 days. In addition to the current outstanding utilized funding, there is also a committed credit line of 0.92 billion euros in place (not utilized at present). When Luminor attracts wholesale long-term (longer than one year) funding externally, the intent is to amortize an equal amount of parent funding.

Rating

On 13 September 2018, Moody's assigned first-time deposit ratings to Luminor Bank AS with a stable outlook on long-term deposit ratings. The ratings assigned to the bank include the following assessments:

Rating	Moody's
Provisional (P) local currency, long term Senior unsecured (MTN)	Baa2
Foreign and local currency long-term (LT) bank deposit	Baa1
Foreign and local currency short-term (ST) bank deposit	P-2
Baseline Credit Assessment (BCA)	Ba1
Adjusted Baseline Credit Assessment	Ba1
Local and foreign counterparty risk assessment	A3/P-2
Counterparty credit risk assessment	A3/P-2

On 11 October 2018, Moody's confirmed a local currency long-term senior unsecured debt rating of Baa2 to Luminor Bank AS (Estonia).

The ratings assigned to Luminor Bank AS (Estonia) reflect the forward-looking assessment of the group's operations as a whole, taking into account the effects of the future ownership change and merger, which are expected to legally consolidate Luminor Bank AS (Latvia) and Luminor Bank AB (Lithuania), which will be branches of Luminor Bank AS (Estonia) starting from 2 January 2019.

LIQUIDITY

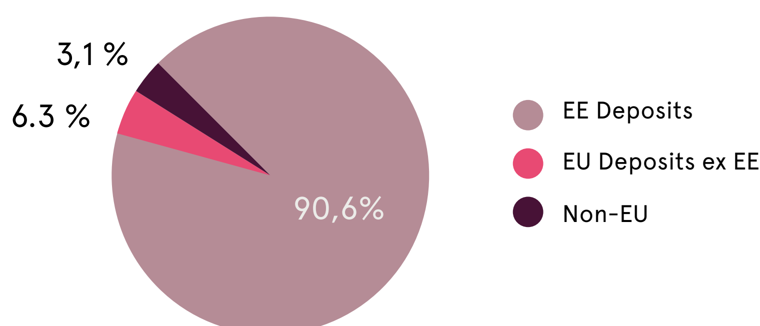
The LCR (liquidity coverage ratio) for Luminor Estonia was 162.9% at the end of Q3 2018, according to the Delegated Act's LCR definition. The liquidity buffer is composed of highly liquid central bank eligible securities and cash.

At the end of Q3 of 2018, Luminor Estonia's NSFR (net stable funding ratio) was 111.3% using an RSF (required stable funding) factor of 85% for qualifying collateralised mortgages.

Ratio	30 September 2018	30 June 2018	30 March 2018	31 December 2017
LCR	162.9%	160.7%	133.3%	112.0%
NSFR**	111.3%	108.4%	100.5%	102.0%

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

Deposit structure



Deposits from customers are mainly from residents of Estonia. In total, 96.9% of all deposits from household and non-financial corporates are from EU residents.

CAPITAL

Luminor Estonia's capital adequacy ratio reached 18.09% by 30 September 2018 (31 December 2017: 17.69%), which is well above the internal target of 17.0%. Capital adequacy increased as a result of the inclusion of 6-month audited profits for the period ended on 30 June 2018. The capital adequacy of Luminor Estonia is fully covered by CET1 capital.

Capital ratios

Position	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Capital adequacy	18.09%	17.55%	17.57%	17.69%
Leverage Ratio	11.45%	11.22%	11.24%	11.72%
CET 1 Ratio	18.09%	17.55%	17.57%	17.69%
T1 Capital Ratio	18.09%	17.55%	17.57%	17.69%
Total Capital Ratio	18.09%	17.55%	17.57%	17.69%

OWN FUND REQUIREMENTS

T EUR	30 September 2018	31 December 2017
TOTAL RISK EXPOSURE AMOUNT	2 509 442	2 517 074
1. RISK-WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES	2 314 732	2 322 026
1.1 Standardized approach (SA)	2 314 732	2 322 026
1.1.1 SA exposure classes excluding securitisation positions	2 314 732	2 322 026
Central governments or central banks	0	0
Regional governments or local authorities	11 201	8 789
Institutions	32 981	53 950
Corporates	1 131 750	1 161 641
Retail	452 556	508 870
Secured by mortgages on immovable property	383 150	370 846
Exposures in default	152 126	78 707
Equity	1 462	1 482
Other items	149 506	137 743
TOTAL RISK EXPOSURE AMOUNT FOR POSITION, FOREIGN EXCHANGE AND COMMODITIES RISKS	25	0
TOTAL RISK EXPOSURE AMOUNT FOR OPERATIONAL RISK (OpR)	193 307	193 307
TOTAL RISK EXPOSURE AMOUNT FOR CREDIT VALUATION ADJUSTMENT	1 378	1 741

PILLAR 3 – OVERVIEW OF RISK WEIGHTED ASSETS

The table presents risk-weighted assets (RWA) according to the type of risk and position according to the Pillar 3 disclosure requirements representing the breakdown for credit risk, market risk, operational risk and credit value adjustment.

	T EUR	RWAs 30 September 2018	RWAs 30 June 2018	RWAs 31 December 2017	Minimum capital requirements 30 September 2018
1	Credit risk (excluding CCR – Counterparty Credit Risk)	2 312 504	2 334 422	2 322 026	185 000
2	of which the standardised approach	2 312 504	2 334 422	2 322 026	185 000
6	CCR	2 021	2 414	1 741	162
7	of which mark to market	644	854	0	51
12	of which CVA (Credit Value Adjustment)	1 378	1 561	1 741	110
13	Settlement risk	0	0	0	0
14	Securitisation exposures in the banking book (after the cap)	0	0	0	0
19	Market risk	25	34	0	2
20	of which the standardised approach	25	34	0	2
22	Large exposures	0	0	0	0
23	Operational risk	193 307	193 307	193 307	15 465
24	of which basic indicator approach	193 307	193 307	193 307	15 465
27	Amounts below the thresholds for deduction (subject to 250% risk weight)	0	0	0	0
28	Floor adjustment	0	0	0	0
29	Total	2 507 858	2 530 178	2 520 298	200 629

LARGE EXPOSURES

T EUR	30 September 2018		31 December 2017	
	Number / Amount	% from net own funds	Number / Amount	% from net own funds
Number of customers with large exposures	5		4	
Due from customers with large exposures	291 229	63%	251 927	57%
Own funds included in calculation of capital adequacy	462 033		445 165	

Statement of the Management Board

The interim report of Luminor Bank AS for Q3 2018 consists of the following parts and reports:

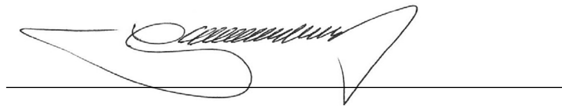
Management Report;

Condensed Consolidated Interim Financial Statements.

The data and additional information presented in the interim report of Luminor Bank AS for Q3 2018 are true and complete. The Condensed Consolidated Interim Financial Statements present a fair and true view of the financial status, economic performance and cash flow of the group.

The Condensed Consolidated Interim Financial Statements have been prepared according to the principles of the International Accounting Standard IAS 34 "Interim Financial Reporting" and the requirements established by the Bank of Estonia for the disclosure of information.

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



Gunnar Toomemets

Chairman of the Board

Tallinn, 27 November 2018

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed consolidated interim statement of profit or loss and other for a period ended 30 September 2018

T EUR	Note	01 January 2018 to 30 September 2018	01 January 2017 to 30 September 2017	Q3 2018	Q3 2017
Interest income	5	60 910	10 742	20 941	3 631
Interest expense	6	-7 703	-1 795	-3 300	-808
Net interest income		**53 206**	**8 948**	**17 641**	**2 823**
Fees and commission income	7	14 943	779	5 077	281
Fees and commission expense		-3 199	-28	-995	-8
Net fees and commission income		**11 744**	**751**	**4 081**	**273**
Net gain from operations with foreign currency		2 743	32	1 016	13
Net gain from financial assets designated at fair value through profit or loss		98	0	73	0
Other operating income		2 575	531	-288	96
Other operating expenses		-113	-193	-29	-62
Net other operating income		**5 304**	**370**	**771**	**47**
Net total operating income		**70 255**	**10 068**	**22 493**	**3 143**
Salaries and other personnel expenses		-26 802	-3 228	-8 571	-1 147
Other administrative expenses		-17 953	-700	-3 874	-325
Depreciation and impairment of tangible and intangible assets		-899	-557	-301	-182
Total operating expenses		**-45 655**	**-4 485**	**-12 747**	**-1 654**
Impairment of financial assets		-2 479	-455	-4 346	-1 383
Gain or loss on derecognition		4 029	0	1 532	0
Share of the profit of investments in associates		127	0	25	0
Profit before Tax		**26 276**	**5 128**	**6 957**	**106**
Tax (tax on dividends and corporate income tax)	18	-1 801	-1 497	124	0
Profit after tax		**24 475**	**3 631**	**7 081**	**106**
Profit attributable to:					
Equity holders of the Bank		24 475	3 631	7 081	106
Profit for the period		**24 475**	**3 631**	**7 081**	**106**
Total other comprehensive income		24 475	3 631	7 081	106
Total comprehensive income for the period attributable to:					
Equity holders of the Bank		24 475	3 631	7 081	106

Condensed consolidated statement of financial position as at 30 September 2018

T EUR	Note	30 September 2018	31 December 2017
Assets			
Cash and balances with central banks	8	564 786	199 250
Due from other credit institutions	9	74 524	148 893
Derivative financial instruments		3 218	4 161
Financial assets at fair value through profit or loss		4 623	4 526
Loans and receivables	10	3 294 164	3 221 001
Investments in an associate		1 445	1 465
Intangible assets		3 650	4 226
Tangible assets		648	591
Other assets		17 274	13 169
Total assets		**3 964 331**	**3 597 282**
Liabilities			
Loans and deposits from credit institutions	11	1 611 954	1 397 509
Deposits from customers	12	1 776 620	1 648 598
Debt securities issued	13	65 167	65 007
Derivative financial instruments		3 218	4 161
Tax liabilities		156	-
Other liabilities		31 927	17 832
Provisions		2 750	1 942
Total liabilities		**3 491 793**	**3 135 050**
Shareholders' Equity			
Share capital		9 376	9 376
Share premium		402 141	402 141
Retained earnings		59 673	50 423
Other reserves		1 348	291
Total shareholders' equity attributable to the shareholders of the Bank		**472 539**	**462 232**
Total shareholders' equity		**472 539**	**462 232**
Total liabilities and shareholders' equity		**3 964 331**	**3 597 282**

Condensed consolidated statement of changes in equity for the period ended 30 September 2018

T EUR	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Total equity as at 1 January 2017	**9 376**	**92 505**	**0**	**9 943**	**111 825**
Dividends	0	0	0	–5 989	**–5 989**
Increase of reserve capital	0	0	309 928	–292	**309 636**
Total profit and other comprehensive income for the reporting period	0	0	0	3 631	**3 631**
Total equity as at 30 September 2017	**9 376**	**92 505**	**309 928**	**7 293**	**419 103**
Total equity as at 31 December 2017	**9 376**	**402 141**	**291**	**50 423**	**462 232**
Changes on initial application of IFRS 9	0	0	0	–14 169	**–14 169**
Restated equity as at 1 January 2018	9 376	402 141	291	36 254	**448 063**
Total profit and other comprehensive income for the reporting period	0	0	0	24 475	**24 475**
Other	0	0	1 057	–1 057	**0**
Total equity as at 30 September 2018	**9 376**	**402 141**	**1 348**	**59 673**	**472 539**

Condensed consolidated statement of cash flows for the period ended 30 September 2018

T EUR	Note	01 January 2018 to 30 September 2018	01 January 2017 to 30 September 2017
Cash flows from operating activities			
Profit before tax		26 276	5 128
Adjustment for:			
Depreciation and impairment of tangible and intangible assets		899	557
Impairment and derecognition gain/loss of financial assets		-1 985	455
Decrease/(Increase) in Provisions		436	0
Interest income	5	-60 910	-10 742
Interest expenses	6	7 703	1 795
Other corrections		0	-1 203
Cash flow from operating activities before changes in assets and liabilities		**-27 580**	**-4 010**
Decrease/(Increase) in financial assets fair value		63	0
Decrease/(Increase) in loans and advances to customers	10	-57 195	1 450
(Increase)/Decrease in due to credit institutions	11	214 445	-1 699
(Increase)/Decrease in receivables from parent pledged as collateral		37 647	21 053
Decrease/(Increase) in accrued income and deferred expenses		-5 515	-118 850
Decrease/(Increase) in other assets		1 430	76
Increase/(Decrease) in client deposits	12	127 365	-16 979
Increase/(Decrease) in accrued expenses and deferred income		13 361	-1 873
(Decrease)/Increase in other liabilities		733	-1 094
Interest received		51 543	10 756
Interest paid		-7 046	-1 793
Income tax paid		-1 645	-1 210
Increase/(decrease) in cash and cash equivalents as a result of operating activities		**347 607**	**-114 173**
Cash flows from investing activities			
Acquisition of property and equipment and intangible assets		-380	-10
(Decrease)/Increase in cash and cash equivalents as a result of investing activities		**-380**	**-10**
Cash flows from financing activities			
Dividends paid		0	-5 989
Increase in Share capital		0	309 636
(Increase)/decrease in cash and cash equivalents as a result of financing activities		**0**	**303 647**
Net increase/(decrease) in cash and cash equivalents		**347 227**	**189 464**
Cash and cash equivalents at the beginning of the year		292 083	219 417
Net increase/(decrease) in cash and cash equivalents		347 227	189 464
Cash and cash equivalents at the end of the period		**639 309**	**408 881**
Cash and Cash equivalents comprises			
Cash on hand		5 369	305
Non-restricted current account with central bank		559 416	190 160
Due from credit institutions on demand or with original maturity of three months or less		74 524	218 416
		639 309	**408 881**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS

In 2018-2019, an internal corporate restructuring of Luminor Group will take place with the aim of concentrating the entire Baltic businesses of Luminor Group in Luminor Bank AS, a credit institution in Estonia; where Luminor Bank AS in Estonia will remain as the surviving entity while Luminor Bank AB in Lithuania and Luminor Bank AS in Latvia will be merged into Luminor Bank AS in Estonia and cease to exist. A cross-border merger would be pursued under Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law as implemented in Lithuania, Latvia and

Estonia, respectively. All assets and liabilities of the respective subsidiaries would, in accordance with the relevant laws, be transferred into the Luminor Bank AS in Estonia as a matter of universal succession, and each subsidiary will cease to exist as a legal entity upon registration of the cross-border merger. Following the merger, Luminor Bank AS in Estonia will pursue banking business in Lithuania and Latvia through its branches starting from 2 January 2019.

In May 2018 Luminor received confirmation from the European Central Bank that the branches in Latvia and Lithuania could be established and commence operations. On 28 June 2018 Luminor received regulatory approval from the European Central Bank to carry out the cross-border merger.

In the current interim report, "Bank" (or Luminor Bank AS) refers to Luminor Bank AS. "Group" refers to the consolidated financial statements of Luminor Bank AS and its subsidiaries.

As at 30 September 2018 Bank owned the following subsidiaries:

- Luminor Liising AS (leasing and factoring activities),
- Luminor Pensions Estonia AS (management of funds),
- Promano Est OÜ (real estate management),
- Uus-Sadama 11 OÜ (real estate management),
- Luminor Kindlustusmaakler OÜ (insurance brokerage).

As at 30 September 2018 the Bank owned 100% of the share capital of all subsidiaries.

NOTE 2. ACCOUNTING PRINCIPLES

Basis of preparation

The condensed interim financial information of Luminor Bank AS (the Bank or the Group) was prepared in accordance with IAS 34 Interim Financial reporting as adopted by the European Union. The condensed interim financial information does not contain all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2017.

The accounting policies adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except the new accounting standards which came into force from 1 January 2018 and are described below.

Changes in accounting policies

IFRS 9 Financial Instruments

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of adoption of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Group did not early-adopt IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustment to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings of the current period.

The adoption of IFRS 9 has resulted in the changes in accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

Classification and measurement

At initial recognition, the Group measures trade receivables that do not have a significant financing component (determined in accordance with IFRS 15) at their transaction price. Other financial assets and financial liabilities are measured at initial recognition at their fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or

loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of the financial assets depends on the classification performed by the Group at initial recognition. At initial recognition, financial assets can be classified into one of the following categories:

- Financial assets measured at fair value through profit or loss,
- Financial assets measured at fair value through other comprehensive income (OCI),
- Financial assets measured at amortised cost.

Classification is performed based on both the Group's business model for managing financial assets and the characteristics of contractual cash flows of the financial assets. However, financial assets that meet the amortised cost or fair value through other comprehensive income measurement criteria, may be designated on initial recognition by the Group to fair value through profit or loss measurement option, provided that particular qualifying criteria are met. Additionally, the Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

On initial recognition, financial liabilities are classified into one of the following categories:

- Financial liabilities measured at amortised cost,
- Financial liabilities measured at fair value through profit or loss.

A financial liability is classified as measured at fair value through profit or loss if:

- It meets the definition of "held for trading" and
- It is designated upon initial recognition to fair value through the profit or loss measurement option.

All other financial liabilities are classified as measured at amortised cost.

Impairment of financial assets

IFRS 9 fundamentally changed the credit loss recognition methodology. The standard replaced IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. The Bank is required to recognize an allowance for expected losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset. Loss allowances based on lifetime expected credit losses are calculated also for purchased or originated credit-impaired assets (POCI) regardless of the changes in credit risk during the lifetime of an instrument. The Bank has established a policy to perform an assessment at the end of each reporting period of whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The assets to test for impairment are divided into three groups depending on the stage of credit deterioration. Stage 1 includes assets where there has been no significant increase in credit risk or which are classified as low risk (rating categorised as "Investment grade" or higher), stage 2 includes assets where there has been a significant increase in credit risk and stage 3 includes defaulted assets. Significant assets in stage 3 are tested for impairment on an individual basis, while for insignificant assets a collective assessment is performed. In stage 1, the allowances equal the 12-month expected credit loss. In stage 2 and 3, the allowances equal the lifetime expected credit losses.

One important driver for size of allowances under IFRS 9 is the trigger for transferring an asset from Stage 1 to Stage 2. The Bank has decided to use a mix of absolute and relative changes (0.6 p.p. and 2.5 times) in 12-month point-in-time Probability of Default (PD) to determine whether there has been a significant increase in credit risk. In addition, customers with forbearance measures, included on the watch list and contracts with payments more than thirty days past due are also transferred to Stage 2.

The agreed IFRS 9 impairment methodology is documented in internal procedures and applied in daily life. Integration into front office business processes follows and is intended to be finalized during the year 2018, but this does not impact impairment calculation. In general, IFRS 9 impairment model results in earlier recognition of credit losses for the respective items and increases the amount of loss allowances recognised for these items. Moreover, the impairment calculations under IFRS 9 are more volatile and pro-cyclical than under IAS 39, mainly due to the significant subjectivity applied in the forward-looking scenarios. IFRS 9 impairment requirements are applied retrospectively, with transition impact recognized in retained earnings at 1 January 2018.

Impact of the adoption of IFRS 9

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Group.

Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 as at January 2018 are compared as follows:

T EUR Financial assets	Original measurement category under IAS 39	New measurement category under IFRS 9	IAS 39 carrying amount 31 December 2017	New carrying amount under IFRS 9 1 January 2018
Cash and balances with central banks	Loans and receivables	Amortised cost	199 250	199 250
Due from other credit institutions	Loans and receivables	Amortised cost	148 893	148 888
Financial assets at fair value through profit or loss	Financial assets at FVTPL	Financial assets at FVTPL	4 526	4 526
Derivatives	Fair value through profit or loss	Fair value through profit or loss	4 161	4 161
Loans and receivables	Loans and receivables	Amortised cost	3 221 001	3 207 207

There were no changes for classification and measurement of financial liabilities.

Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

The following table reconciles the prior period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model as at 1 January 2018:

T EUR Financial assets	Loss allowance under IAS 39/ Provision under IAS 37	Reclassifications	Remeasurements	Credit loss allowance under IFRS 9
Amortised cost				
Cash and balances with central banks	-	-	-	-
Due from other credit institutions	0	-	-5	-5
Loans and receivables	-43 699	-	-13 794	-57 493
Total	**-43 699**	**-**	**-13 799**	**-57 498**

T EUR Financial liabilities	Provision under IAS 37	Reclassifications	Remeasurements	IFRS 9 carrying amount 1 January 2018
Provisions	650	-	372	1 022
Total	**650**	**-**	**372**	**1 022**

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

T EUR Financial assets	IAS 39 carrying amount 31 December 2017	Reclassifications	Remeasurements	IFRS 9 carrying amount 1 January 2018
Amortised cost				
Cash and balances with central banks				
Closing balance under IAS 39 and opening balance under IFRS 9	199 250	-	-	199 250
Due from other credit institutions				
Closing balance under IAS 39	148 893	-	-	-
Remeasurement (ECL allowances)	-	-	-5	-
Opening balance under IFRS 9	-	-	-	148 888
Loans and receivables				
Closing balance under IAS 39	3 221 001	-	-	-
Remeasurement (ECL allowances)	-	-	-13 794	-
Opening balance under IFRS 9	-	-	-	3 207 207
Financial assets measured at amortised cost - total	3 569 144	-	-13 799	3 555 345
Fair value through profit or loss				
Financial assets at fair value through profit or loss				
Closing balance under IAS 39 and opening balance under IFRS 9	4 526	-	-	4 526
Derivatives				
Closing balance under IAS 39 and opening balance under IFRS 9	4 161	-	-	4 161
Financial assets at fair value through profit or loss - total	8 687	-	-	8 687

T EUR Financial liabilities	IAS 39 carrying amount 31 December 2017	Reclassifications	Remeasurements 31 December 2017	IFRS 9 carrying amount 1 January 2018
Provisions	-	-	-	-
Closing balance under IAS 39 and opening balance under IFRS 9	650	-	372	1 022
Financial liabilities - total	**650**	**-**	**372**	**1 022**

IFRS 15 Revenue from Contracts with Customers

The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. Management has assessed that the application of the standard did not have any effect on the Group financial statements.

The core principle of IFRS 15 is that revenue must be recognised to reflect the transfer of services to customers at an amount that reflects the consideration that is expected to be received in exchange for such services. This core principle is applied through a five-step model:

1) Identify the contract with the customer,
2) Identify the performance obligation in the contract,
3) Determine the transaction price,

4) Allocate the transaction price to the performance obligation in the contract,

5) Recognise revenue when the performance obligation is satisfied.

For each performance obligation identified, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time, and whether the consideration is fixed or variable, including whether consideration is constrained due to external factors. Consideration is subsequently allocated to the identified performance obligation.

For services provided over time, consideration is recognised when the service is provided to the customer assuming that a significant reversal of consideration will not occur. Examples of income earned for services satisfied over time include the fee income earned for the asset management services.

If a performance obligation is satisfied at a point in time, then the income is recognised when the service is transferred to the customer. Examples of such income include fee income for executing transactions (clearing and settlement, customers' securities trading, payment cards transaction fees).

IFRS 15 Revenue from Contracts with Customers (Clarifications)

The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principles and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. As described above, management has assessed that the application of the standard did not have any material effect on the Group financial statements.

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases as of January 1, 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Currently the Group is analyzing the operating lease agreements to determine to what extent these will result in the recognition of assets and liabilities. Some of the commitments will be covered by the exception for short term and low value and some commitments will not qualify as leases under IFRS16. The assessment of the potential effect of IFRS 16 on the financial statements of 2019 is in process.

NOTE 3. RISK MANAGEMENT

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2017.

There have been no major changes in the risk management or in any risk management policies since year's end.

Key judgments, inputs, assumptions and estimation techniques used for assessing expected credit losses.

With the adoption of IFRS 9, a three-stage model was introduced:

Stage 1 – part of the portfolio for which no significant deterioration in credit quality has occurred since initial recognition (or the exposure is of low credit risk) and the financial instrument is not considered credit-impaired;

Stage 2 – part of the portfolio for which significant deterioration in credit quality has occurred since initial recognition, evidenced by the SICR – significant increase in credit risk – indicator, and the financial instrument is not considered credit-impaired;

Stage 3 – credit-impaired part of the portfolio. Luminor equates default and credit-impairment definitions so that all defaulted exposures are treated as credit-impaired and all credit-impaired exposures are treated as defaulted. This approach is based

on the fact that the default definition used by the Bank covers all events indicated by IFRS 9 as possible evidence that financial instrument is credit-impaired and all of these events are considered by Luminor as having a detrimental impact on the estimated future cash flows from the instrument.

Additional category is POCI financial assets - financial assets that were purchased or originated as credit-impaired. POCI assets are subject to unchanging classification, i.e. financial asset once classified as POCI remains in this group until derecognized. The POCI classification is determined at the financial instrument level.

Luminor applies low credit risk exemption to the following classes of exposures:

- central governments,
- central bank,
- regional governments,
- local authorities,
- institutions.

The counterparty must fulfil the condition of having a credit rating indicating investment grade.

Generally, the financial asset is treated as facing significant increase in credit risk if at least one of the following SICR indicators is identified after initial recognition of the financial instrument and was not present as of its origination:

- Significant increase of 12-month PD – significant increase of point-in-time (PIT) forward-looking 12-month PD since initial recognition until reporting date (2.5 times and 0.6 p.p. jointly),
- Risk grade 9 or 10 – risk grade 9 or 10 as of reporting date,
- 30 days past due – more than 30 days past due as of reporting date,
- Forborne performing – forborne performing status as of reporting date (forbearance not triggering non-performing status) in accordance with FINREP instruction reporting requirements,
- Watch list – watch list status as of reporting date.

All of the SICR indicators are recognized at financial instrument level in order to track changes in credit risk since initial recognition date for a particular financial instrument, even though some of them refer to the customer's characteristics.

Luminor identifies default when either or both of the following default indicators have taken place:

1. The customer is more than 90 days past due on any material obligation to the Bank;
2. The customer is considered unlikely to pay its credit obligations to the Bank.

For exposure to banks, the default is recognized when payments are due more than 7 days.

For the purpose of identifying unlikelihood of payment, the elements taken as indications of unlikelihood of payment include the following:

- Distressed restructuring of credit obligation (forbearance triggering non-performing status in accordance with FINREP instruction requirements);
- Major financial problems of the customer (present or expected), i.e. significant financial difficulties;
- Recognition of specific credit risk adjustment resulting from a significant decline in credit quality of the exposure;
- Bankruptcy of the customer or similar protection;
- Disappearance of an active market for a financial asset because of the financial difficulties of the customer;
- Sell of credit obligation at material credit-related economic loss;
- Purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;
- Credit fraud;
- External rating indicating default.

The default is recognised at the customer level.

Return to a non-defaulted status is possible not earlier than after 3 months when all default triggers cease to be met. During these 3 months of the probation period, the timely payments by the customer should be ensured. The exemption from the general rule of probation is distressed restructuring where at least 1 year needs to pass since the moment that restructuring measures were extended and the moment when a customer is deemed to have an ability to comply with the post-restructuring conditions. This approach is consistent with FINREP instruction requirements for treatment of forborne non-performing exposures.

With the shift from IAS 39 to IFRS 9 approach, the incurred loss model was replaced by the expected credit loss (ECL) model. For Stage 1 financial assets, loss allowances equal the 12-month ECL while for Stage 2 and Stage 3 financial instruments, lifetime ECL is calculated.

For Purchased or Originated Credit Impaired (POCI) financial assets, ECL is estimated in the lifetime horizon until the maturity. The loss expected at initial recognition is referred to as Initial impairment. In subsequent periods, only the cumulative changes in

the lifetime expected credit losses since initial recognition are recognised in profit or loss. Collective assessment of impairment is performed for all financial instruments that are not defaulted as of the reporting date, i.e. are classified as either Stage 1 or Stage 2 or are non-defaulted POCI asset. The expected loss is calculated as the probability-weighted average of losses expected in different macroeconomic scenarios. Expected loss in concrete macroeconomic scenario is calculated as the multiple of probability of default (PD), loss given default (LGD), exposure at default (EAD) and cumulative prepayment rate and is discounted using the effective interest rate. PD curves, LGD curves and EAD curves are estimated for all months until the maturity date of the facility. If the facility is classified as Stage 1, expected losses are estimated over the period of up to 12 months. If the facility is classified as Stage 2, then the expected loss is estimated over the period up to maturity date of the facility.

Estimation of PD and LGD curves take into account forward-looking macroeconomic information. The methodology of estimation of these risk parameters includes modelling of the relationship between risk parameters and macroeconomic variables. Forecasts of macroeconomic variables under different scenarios for 3 upcoming years together with scenario probabilities are prepared by Luminor macroeconomists. Three macroeconomic scenarios are considered: the baseline/realistic, positive, and pessimistic scenarios (with the probability weights of 60%, 25% and 15% respectively). Macroeconomic scenarios that are prepared for the estimation of expected losses are consistent with scenarios which are used in credit risk stress testing process. Macroeconomic variables that are included in the modelling are annual change in real GDP, unemployment rate and annual change of residential real estate price. Starting from the fourth year. it is assumed that risk parameters (PD and LGD) converge to their long-term average levels.

For Stage 3 exposures (or defaulted POCI assets), which are classified as material, Luminor evaluates the impairment amount on individual basis (individual assessment) under discounted cash flows (DCF) method. Two scenarios – base case and risk case – are used. For exceptional cases, usage of one scenario can be sufficient. The circumstances when only one scenario might be acceptable could be the deep workout case or the case when total exposure of defaulted borrower falls below the materiality threshold.

For Stage 3 exposures (or defaulted POCI assets), which are classified as immaterial, Luminor evaluates the impairment amount on collective basis (collective assessment). Impairment is calculated applying the pool rate for the unsecured part. Different pool rates are applied for these pools distinguished by Luminor:

- mortgage loans and private credits to private individuals,
- consumer loans and other loans to private individuals (including leasing),
- SMEs (all financial instruments to legal entities).

NOTE 4. CAPITAL MANAGEMENT

The new expected loss approach model had a negative impact on the Bank’s regulatory capital. By decision of the Board of Directors of Luminor Group AB, the Bank did not apply transitional arrangements allowed by EU Regulation 2017/2395 and recognised the full effect of the implementation of IFRS 9 from 1 January 2018. The capital adequacy ratio is still significantly above the regulatory minimum and in line with the internal Risk Appetite statement.

T EUR	30 September 2018	31 December 2017
OWN FUNDS		
1. TIER 1 CAPITAL	462 033	445 165
1.1. COMMON EQUITY TIER 1 CAPITAL	462 033	445 165
1.1.1. Capital instruments eligible as CET1 Capital	411 518	411 518
Paid-up capital instruments	9 377	9 377
Share premium	402 141	402 141
1.1.2. Retained earnings	54 016	37 609
1.1.3. (-) Other intangible assets	-3 650	-4 226
1.1.4 Other reserves	1348	291
1.1.5 Adjustments to CET1 due to prudential filters	-38	-25
1.1.6 CET1 capital elements or deductions - other	-1161	-2

NOTE 5. INTEREST INCOME

T EUR	01 January 2018 to 30 September 2018	01 January 2017 to 30 September 2017	Q3 2018	Q3 2017
Loans	42 396	5 360	14 409	1 715
Leasing	17 493	4 482	6 128	1 545
Deposits with other banks	674	0	309	0
Negative interest on interest bearing liabilities	347	900	95	371
	60 910	**10 742**	**20 941**	**3 631**

NOTE 6. INTEREST EXPENSE

T EUR	01 January 2018 to 30 September 2018	01 January 2017 to 30 September 2017	Q3 2018	Q3 2017
Credit institutions	4 122	100	1 844	-535
Time and other saving deposits	2 018	982	798	894
Negative interest on interest bearing assets	1 261	596	549	211
Other	302	117	109	239
	7 703	**1 795**	**3 300**	**808**

NOTE 7. FEE AND COMMISSION INCOME

T EUR	01 January 2018 to 30 September 2018	01 January 2017 to 30 September 2017	Q3 2018	Q3 2017	01 January 2018 to 30 June2018	01 January 2018 to 30 June2017
Credit contracts	2 805	166	932	71	1 873	95
Transaction fees	4 228	39	1 414	12	2 814	28
Brokerage fees	491	336	156	110	336	226
Other	7 419	238	2 575	88	4 844	149
	14 943	**779**	**5 077**	**281**	**9 866**	**498**

NOTE 8. CASH AND BALANCES WITH CENTRAL BANKS

T EUR	30 September 2018	31 December 2017
Cash on hand	5 369	7 246
Non-restricted current account with central banks	559 416	192 005
- of which mandatory reserve requirement	27 907	27 311
	564 785	**199 250**

NOTE 9. DUE FROM OTHER CREDIT INSTITUTIONS

T EUR	30 September 2018	31 December 2017
Due from other credit institutions		
Republic of Estonia credit institutions	2 079	2 358
EU (except Estonia) credit institutions	36 626	83 079
Other credit institutions	35 819	63 455
Total demand deposits	**74 524**	**148 893**

NOTE 10. LOANS AND RECEIVABLES TO CUSTOMERS

T EUR	30 September 2018	31 December 2017
Loans to corporates	1 002 394	945 902
Leases	920 498	924 758
Factoring	156 534	150 874
Public sector loans & leases	92 046	79 623
Housing loans	1 114 002	1 144 595
Other loans to private individuals	50 785	18 949
Impairment allowances	-42 096	-43 699
- of which to financial institutions	-125	0
- of which to business customers	-34 306	-38 841
- of which to individuals	-7 665	-4 858
	3 294 164	**3 221 001**
Due from customers registered in Estonia	3 190 714	3 087 599
Due from customers registered in EU (except Estonia)	76 456	94 079
Due from customers registered in other countries	26 994	39 324
	3 294 164	**3 221 001**

NOTE 11. DUE TO CREDIT INSTITUTIONS

T EUR	30 September 2018	31 December 2017
Demand deposits	8 848	8 907
Time deposits and loans (remaining maturity up to 1 year)	498 055	640 704
Time deposits and loans (remaining maturity more than 1 year)	1 104 000	747 000
Accrued interest payable to credit institutions	1 052	898
	1 611 954	**1 397 509**

T EUR	30 September 2018	31 December 2017
Due to credit institutions registered in Estonia	7 008	36 950
Due to credit institutions registered in EU (except Estonia)	913 418	731 568
Due to credit institutions registered in other countries	691 528	628 991
	1 611 954	**1 397 509**

	Division by remaining maturity					
30 September 2018	in 12 months	1-5 years	Total	Interest rate	**Base currency**	Termination
Other related parties	14 986	200 000	**214 986**	0% - 1%	**EUR**	2018 - 2020
Ultimate owners of Luminor Bank AS	484 386	904 000	**1 388 386**	0% - 1%	**EUR**	2018 - 2021
Other credit institutions	7 530	0	**7 530**	< 1%	**EUR**	2018
Interest payable	58	994	**1 052**			
	506 961	1 104 994	**1 611 954**			

31 December 2017	Division by remaining maturity in 12 months	1-5 years	Total	Interest rate	Base currency	Termination
Other related parties	94 686	0	**94 686**	0% - 1%	**EUR**	2018
Ultimate owners of Luminor Bank AS	546 000	711 000	**1 257 000**	0% - 1%	**EUR**	2018 - 2021
Central banks	0	36 000	**36 000**	< 1%	**EUR**	2018
Other credit institutions	8 904	0	**8 904**	0% - 1%	**EUR**	2018
Interest payable	91	828	**919**			
	649 681	747 828	**1 397 509**			

NOTE 12. DEPOSITS FROM CUSTOMERS

T EUR	30 September 2018	31 December 2017
Demand deposits	1 298 704	850 245
Time deposits and other saving deposits	476 944	797 810
Accrued interest payable to customers	971	545
	1 776 620	**1 648 598**
Non-residents	139 222	134 291
Residents	1 637 398	1 514 308
	1 776 620	1 648 598
Due to customers by type of customers		
Due to corporate customers	980 034	939 058
Due to public sector customers	299 323	211 897
Due to individuals	497 263	497 644
	1 776 620	**1 648 598**
Due to customers registered in Estonia	1 637 398	1 514 308
Due to customers registered in EU (except Estonia)	80 951	52 536
Due to customers registered in other countries	58 271	81 755
	1 776 620	**1 648 598**

NOTE 13. DEBT SECURITIES ISSUED

Luminor Bank AS completed the first bond issue during Q4 2017. The Bank issued senior bond on 20 December 2017 in the amount of 65 000 thousand euros at a rate of 0.33% per annum, with a term of 2 years. There were no specific covenants related to the bond issuance. As of 30 September 2018, the Bank has not issued any new bonds.

NOTE 14. CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

T EUR 30 September 2018	Contract amount Assets	Liabilities
Irrevocable and conditionally revocable transactions		
Guarantees and other similar off-balance sheet irrevocable liabilities and claims	0	178 026
Loan commitments	0	258 667
Leasing and factoring commitments	0	103 548
	0	**540 241**

31 December 2017	Contract amount	
	Assets	Liabilities
Irrevocable and conditionally revocable transactions		
Guarantees and other similar off-balance sheet irrevocable liabilities and claims	0	190 256
Loan commitments	0	318 327
Leasing and factoring commitments	234	27 954
	234	**536 537**

NOTE 15. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amount of the major part of Group's assets and liabilities is a reasonable approximation of their fair value. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair values.

The fair value of loans to customers, customer deposits, amounts due from credit institutions and amounts due to credit institutions and other financial assets and liabilities, obligations under finance leases is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

In assessing the fair value for financial assets, the management has performed discounted cash flow analysis; up-to-date market information at the moment of assessment is used for assessing cash flows. For loans, where base interest rates are pegged to floating market interest rates, the Group has considered the difference between the average interest margin of issued loans and average interest margin for newly issued loans. Given that for part of the loan portfolio this margin has not been changed (increased) since issuance, the Group has estimated that for such loans the carrying value is considered equal to fair value.

Fair value of financial liabilities at amortized cost such as Loans and deposits from credit institutions and Deposits from customers which are not on demand have been estimated based on discounted cash flow model using interest rates for similar products as at period's end. Fair value of those financial liabilities that are on demand or have floating interest rate have been estimated to be approximately equal to its carrying amount.

The table below summarizes the fair value measurement hierarchy of the Bank financial assets and liabilities accounted for at fair value. Financial instruments are distributed by 3 levels of fair value:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of all Bank contracted derivatives is defined as level 2. These are interest rate swaps and in all cases pricing is based on market observable inputs.

There were no movements of financial instruments between the levels during 2018 and 2017.

Valuation of all financial assets and liabilities measured at fair value was performed as at 30 September 2018.

FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS

		Fair value measurement using			
T EUR	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets	**30.09.2018**				
Cash and cash balances with central banks		5 369	559 416	0	**564 786**
Due from other credit institutions		0	74 524	0	**74 524**
Derivative financial instruments		0	3 218	0	**3 218**
Financial assets at fair value through profit or loss		0	4 623	0	**4 623**
Loans and receivables		0	0	3 294 164	**3 294 164**
Total		**5 369**	**641 782**	**3 294 164**	**3 941 315**
Liabilities	**30.09.2018**				
Loans and deposits from credit institutions		0	1 611 954	0	**1 611 954**
Deposits from customers		0	1 776 620	0	**1 776 620**
Debt securities issued		0	0	65 167	**65 167**
Derivative financial instruments		0	3 218	0	**3 218**
Total		**0**	**3 391 792**	**65 167**	**3 456 960**

		Fair value measurement using			
T EUR	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets	**31 December 2017**				
Cash and cash balances with central banks		0	0	199 250	**199 250**
Due from other credit institutions (demand)		0	0	92 832	**92 832**
Receivables from parent pledged as collateral		0	0	37 647	**37 647**
Derivative financial instruments		0	4 161	0	**4 161**
Financial assets at fair value through profit or loss		0	4 526	0	**4 526**
Loans and receivables		0	0	3 239 414	**3 239 414**
Total		**0**	**8 687**	**3 569 143**	**3 577 830**
Liabilities	**31 December 2017**				
Loans and deposits from credit institutions		0	0	1 397 509	**1 397 509**
Deposits from customers		0	0	1 648 598	**1 648 598**
Debt securities issued		0	0	65 007	**65 007**
Derivative financial instruments		0	4 161	0	**4 161**
Total		0	0	**3 111 114**	**3 115 275**

Demand deposits due from credit institutions and loans and receivables to customers are issued on market conditions. Therefore, the fair value of these financial assets does not materially differ from their carrying amount as at 30 September 2018 and 31 December 2017. The rates for the financial instruments are mostly floating. In determining the fair value of loans and receivables to customers, management judgements are used. Loans and receivables from customers are thus categorised under hierarchy level 3.

Fair value measurement for liabilities is based on the calculation using non-observable inputs thus the same categorization as for assets should be applied.

NOTE 16. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions.

Related parties are defined as key shareholders, members of the Supervisory Board and the Management Board, key management personnel, their close relatives and companies in which they have a controlling interest as well as associated companies.

The majority shareholders of the parent company Luminor Group AB are DNB Bank AB and Nordea Bank AB.

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, foreign currency transactions and financial instruments. These transactions were carried out on commercial terms and at market rates.

The volumes of related party transactions, outstanding balances at the period end, and relating income and expense for the period are as follows:

T EUR	01 January 2018 to 30 September 2018	01 January 2017 to 30 September 2017	Q3 2018	Q3 2017
Interest income				
Parent company	675	792	297	286
Other related parties	0	0	0	0
	675	**792**	**297**	**286**
Other income				
Parent company	9	0	1	0
Other related parties	2 465	90	-164	0
	2 474	**90**	**-163**	**0**
Interest paid on money market deposits/loans				
Parent company	3 214	867	1 007	302
Other related parties	659	102	586	32
	3 873	**969**	**1 593**	**334**
Other expenses				
Parent company	3 313	296	727	257
Other related parties	1 117	9	-906	5
	4 430	**305**	**-179**	**262**

T EUR	30 September 2018	31 December 2017
Nostro balances		
Parent company	40 481	99 942
Other related parties	38	1 520
	40 519	**101 462**
Receivables pledged as collateral		
Parent company	0	37 657
	0	**37 657**
Loans and advances		
Parent company	31 788	0
Other related parties	0	0
	31 788	**0**
Loans and deposits from		
Parent company	1 389 596	1 257 449
Other related parties	215 024	95 312
	1 604 620	**1 352 761**
Liabilities		
Parent company	952	1 200
Other related parties	531	715
	1 483	**1 915**
Contingent loan commitments from parent company		
Parent company	66 000	168 200
	66 000	**168 200**

NOTE 17. SEGMENT REPORTING

Measurement of performance of operating segments

The measurement principles and allocation between operating segments follow the information reported to the Chief Operating Decision Maker (CODM), as required by IFRS 8. At Luminor, the CODM has been defined as Group Executive Management.

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the consolidated financial statements. Interest income is reported net as management primarily relies on net interest revenue as a performance measure, along with the gross income and expense.

From 1 October 2017, Luminor Group implemented new reportable operating segments, and therefore there is no comparable data with respective segmentation for previous periods.

Basis of segmentation

Financial results are presented for the four main business areas: Corporate Banking, Business Clients, Household and Private Banking. Other operating segments below the quantitative thresholds in IFRS 8 and that are not completely allocated are included in the Other segment.

Reportable Operating Segments

Corporate Banking service large corporate customers and Business service small and medium-sized corporate customers. Corporate & Business Banking works with a relationship-driven customer service model with a customer-centric value proposition for Luminor's corporate customers. The Household segment serves Luminor's household customers in the Baltic markets, through various channels offering a full range of financial services and solutions. The business area includes advisory and service staff, channels, product units, back office and IT under a common strategy, operating model and governance across markets.

Private Banking provides high-quality investment, savings and risk management products. It also manages customers' assets and gives financial advice to affluent and high net worth individuals as well as to institutional investors. The Other segment includes results not fully allocated to any of the operating segments.

T EUR 01 January 2018 to 30 September 2018	Corporate Banking	Business clients	Household	Private Banking	Other	Total
Net interest income	13 448	6 355	11 045	912	21 446	**53 206**
Net fees & commission income	3 071	1 136	3 364	252	3 921	**11 744**
Trading income	1 034	291	391	80	1 045	**2 841**
Other income	92	144	17	0	2 210	**2 463**
Total income	**17 645**	**7 926**	**14 817**	**1 244**	**28 623**	**70 255**
Personnel costs, administrative costs and depreciation	-7 395	-4 269	-13 773	-781	-19 437	**-45 655**
Net impairment (losses/ reversal)	4 963	-4 303	3 811	13	-2 935	**1 549**
Other	0	0	0	0	-1 674	**-1 674**
Total operating profit	**15 213**	**-646**	**4 855**	**476**	**4 577**	**24 475**

T EUR Q3 2018	Corporate Banking	Business clients	Household	Private Banking	Other	Total
Net interest income	6 798	3 262	5 733	427	1 421	**17 641**
Net fees & commission income	1 543	655	1 797	121	-35	**4 081**
Trading income	787	110	152	98	-58	**1 089**
Other income	72	0	13	0	-402	**-317**
Total income	**9 200**	**4 027**	**7 695**	**646**	**925**	**22 493**
Personnel costs, administrative costs and depreciation	-3 328	-1 715	-6 087	-398	-1 219	**-12 747**
Net impairment (losses/ reversal)	-2 380	383	-781	-44	7	**-2 815**
Other	0	0	0	0	149	**149**
Total operating profit	**3 492**	**2 695**	**827**	**204**	**-137**	**7 081**

T EUR 30 September 2018	Corporate Banking	Business clients	Household	Private Banking	Other	Total
Loans and receivables	1 391 087	503 885	1 394 673	37 195	0	**3 326 840**
Other assets					637 491	**637 491**
Total assets	**1 391 087**	**503 885**	**1 394 673**	**37 195**	**637 491**	**3 964 331**
Deposits from customers	813 229	286 297	369 456	230 634	0	**1 699 616**
Other liabilities					1 792 177	**1 792 177**
Total liabilities	**813 229**	**286 297**	**369 456**	**230 634**	**1 792 177**	**3 491 793**

NOTE 18. TAX

Starting from 1 April 2018, the quarterly profits of credit institutions are subject to corporate income tax at the rate of 14%. The tax is payable by the 10th day of the third month of the following quarter. Once the profits are distributed, an additional income tax of up to 6% is further payable, which adds up to the total tax rate of up to 20%. The rate of the additional tax depends on the regularity of the dividend payments. If no dividends are paid, the advance tax payments are not refunded. Advance income tax was first time applied to the bank's profit for 2018 Q2 in the amount of 1 144 thousand euros. In Q3, the advance income tax was recognized in the amount of 360 thousand euros.

NOTE 19. UNCONSOLIDATED PRIMARY STATEMENTS OF LUMINOR BANK AS AS A SEPARATE ENTITY

19.1 Statement Of Comprehensive Income for Period Ended 30 September 2018 for Luminor Bank AS

T EUR	01 January 2018 to 30 September 2018	01 January 2017 to 30 September 2017	Q3 2018	Q3 2017
Interest income	46 515	10 527	15 746	3 550
Interest expense	-7 152	-1 796	-2 756	-809
Net interest income	**39 364**	**8 732**	**12 990**	**2 741**
Dividend income	**2 000**	**0**	**0**	**0**
Fees and commission income	8 247	443	2 735	171
Fees and commission expense	-2 513	-21	-770	-5
Net fees and commission income	**5 734**	**422**	**1 966**	**166**
Net gain from operations with foreign currency	2 745	32	1 007	13
Other operating income	3 171	591	-143	116
Other operating expenses	-113	-344	-29	-155
Net other operating income	**5 803**	**278**	**835**	**-26**
Net total operating income	**52 901**	**9 431**	**15 791**	**2 881**
Salaries and other personnel expenses	-24 129	-3 153	-7 692	-1 113
Other administrative expenses	-16 524	-316	-3 445	-187
Depreciation and impairment of tangible and intangible assets	-745	-557	-248	-182
Total operating expenses	**-41 397**	**-4 026**	**-11 386**	**-1 481**
Impairment of financial assets	1 446	-600	-3 966	-1 408
Gain or loss on derecognition	2 175	0	676	0
Profit before Tax	**15 124**	**4 806**	**1 115**	**-8**
Tax (tax on dividends and corporate income tax)	-1 301	-1 384	123	0
Profit after tax	**13 824**	**3 422**	**1 239**	**-8**
Profit attributable to:				
Equity holders of the Bank	13 824	3 422	1 239	-8

Luminor

19.2 Statement of Financial Position at 30 September 2018 for Luminor Bank AS

T EUR	30 September 2018	31 December 2017
Assets		
Cash and balances with central banks	564 786	199 250
Due from other credit institutions	72 636	129 001
Derivative financial instruments	3 218	4 161
Loans and receivables	2 960 782	3 123 417
Investments in an associate	110 983	110 983
Intangible assets	1 127	1 707
Tangible assets	607	547
Other assets	7 225	10 123
Total assets	**3 721 366**	**3 579 190**
Liabilities		
Loans and deposits from credit institutions	1 411 954	1 397 509
Deposits from customers	1 780 486	1 663 065
Debt securities issued	65 167	65 007
Derivative financial instruments	3 218	4 161
Tax liabilities	156	0
Other liabilities	18 299	13 741
Provisions	2 785	1 942
Total liabilities	**3 282 066**	**3 145 425**
Shareholders' Equity		
Share capital	9 376	9 376
Share premium	402 141	402 141
Retained earnings	27 117	21 956
Other reserves	664	291
Total shareholders' equity attributable to the shareholders of the Bank	**439 299**	**433 765**
Total shareholders' equity	**439 299**	**433 765**
Total liabilities and shareholders' equity	**3 721 366**	**3 579 190**

19.3 Statement of Changes in equity for the period ended 30 September 2018 for Luminor Bank AS

T EUR	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Total equity at 1 January 2017	**9 376**	**92 505**	**0**	**6 993**	**108 874**
Dividends	0	0	0	-5 536	**-5 536**
Increase of reserve capital	0	0	309 928	-291	**309 637**
Total profit and other comprehensive income for the reporting period	0	0	0	3 422	**3 422**
Total equity at 30 September 2017	**9 376**	**92 505**	**309 928**	**4 588**	**416 397**
Restated equity as 31 December 2017	**9 376**	**402 141**	**291**	**21 956**	**433 765**
Changes on initial application of IFRS 9	0	0	0	-8 290	**-8 290**
Restated equity as at 1 January 2018	**9 376**	**402 141**	**291**	**13 666**	**425 475**
Total profit and other comprehensive income for the reporting period	0	0	0	13 824	**13 824**
Other	0	0	373	-373	**0**
Total equity at 30 September 2018	**9 376**	**402 141**	**664**	**27 117**	**439 299**

19.4 Statement of cash flows for the period ended 30 September 2018 for Luminor Bank AS

T EUR	01 January 2018 to 30 September 2018	01 January 2017 to 30 September 2017
Cash flows from operating activities		
Profit before tax	**15 124**	**4 806**
Adjustment for:		
Depreciation and impairment of tangible and intangible assets	745	557
Impairment and derecognition gain/loss of financial assets	-4 092	600
Decrease/(Increase) in Provisions	471	0
Interest income	-46 515	-10 527
Interest expenses	7 152	1 796
Cash flow from operating activities before changes in assets and liabilities	**-27 116**	**-2 769**
Decrease/(Increase) in financial assets fair value	160	0
Decrease/(Increase) in loans and advances to customers	158 878	1 305
(Increase)/Decrease in due to credit institutions	14 445	-1 578
(Increase)/Decrease in receivables from parent pledged as collateral	37 647	21 052
Decrease/(Increase) in accrued income and deferred expenses	1 488	-116 011
Decrease/(Increase) in other assets	1 410	-2 766
Increase/(Decrease) in client deposits	116 739	-17 705
Increase/(Decrease) in accrued expenses and deferred income	3 825	-4 291
(Decrease)/Increase in other liabilities	733	124
Interest received	46 448	10 541
Interest paid	-6 470	-1 797
Income tax paid	-1 144	-1 096
Increase/(decrease) in cash and cash equivalents as a result of operating activities	**347 042**	**-114 991**
Cash flows from investing activities		
Acquisition of property and equipment and intangible assets	-225	-10
(Decrease)/Increase in cash and cash equivalents as a result of investing activities	-225	-10
Cash flows from financing activities		
Dividends paid	0	-5 536
Increase in Share capital	0	309 636
(Increase)/decrease in cash and cash equivalents as a result of financing activities	**0**	**304 100**
Net increase/(decrease) in cash and cash equivalents	**346 817**	**189 099**
Cash and cash equivalents at the beginning of the year	290 605	218 475
Net increase/(decrease) in cash and cash equivalents	346 817	189 099
Cash and cash equivalents at the end of the period	**637 422**	**407 574**
Cash and Cash equivalents comprises		
Cash on hand	**5 369**	**305**
Non-restricted current account with central bank	559 416	190 160
Due from credit institutions on demand or with original maturity of three months or less	72 636	217 109
	637 422	**407 574**

NOTE 20. EVENTS AFTER THE REPORTING PERIOD

Under the European Medium Term Note (EMTN) programme, on 10 October 2018 Luminor Bank AS issued a 350 million euros senior unsecured inaugural public bond with a maturity of three years and a price of 150 bps over MidSwap and listed on the Irish Stock Exchange.

CONTACT DETAILS

Luminor Bank AS

Location and address	Liivalaia 45
	10145 Tallinn
	Estonia
Registered country	Republic of Estonia
Main activity:	Credit institution
Commercial Register code	11315936
Telephone	+372 628 3300
Fax	+372 628 3201
Nordea SWIFT/BIC	NDEAEE2X
DNB SWIFT/BIC	RIKOEE22
Website	www.luminor.ee
E-mail	info@luminor.ee
Balance sheet date	30 September 2018
Reporting period	01.07.2018 – 30.09.2018
Reporting currency	Euro

Consolidation group

Luminor Liising AS
Commercial Register code: 10237140

Luminor Pensions Estonia AS
Commercial Register code: 11469303

Luminor Kindlustusmaakler OÜ
Commercial Register code: 11588048

Promano Est OÜ
Commercial Register code: 11681888

Uus-Sadama 11 OÜ
Commercial Register code: 11954914

Location and address: Liivalaia 45 10145 Tallinn Estonia
Registered country: Republic of Estonia