Creditreform Bank Rating
Luminor Bank AS (Group)

Creditreform Rating

Rating Object	Rating Information	
Luminor Bank AS (Group) Creditreform ID: 400991898	Long Term Issuer Rating / Outlook: **A+ / stable** Type: Update / Unsolicited	Short Term: **L2**
Rating Date: **25 October 2024** Monitoring until: withdrawal of the rating Rating Methodology: CRA "Bank Ratings v.3.3" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.2" CRA "Environmental, Social and Governance Score for Banks v.1.1" CRA "Rating Criteria and Definitions v.1.3" Rating History: www.creditreform-rating.de	Rating of Bank Capital and Unsecured Debt Instruments: Preferred Senior Unsecured (PSU): Non-Preferred Senior Unsecured (NPS): Tier 2 (T2): Additional Tier 1 (AT1):	 A+ - - -

Rating Action

Creditreform Rating upgrades Luminor's Long-Term Issuer Rating to A+ (Outlook: stable)

Creditreform Rating (CRA) upgrades Luminor's Long-Term Issuer Rating to A+. The rating outlook is stable.

CRA upgrades Luminor's Preferred Senior Unsecured Debt to A+.

Please find a complete list of rating actions regarding the bank at the end of this rating update.

Key Rating Drivers

- New interest rate environment translates to rapid earnings increase
- Temporary bank taxes across the Baltic weighing on earnings potential
- Solid asset quality, marked by low NPL and relatively high RWA ratios
- Excellent capitalization
- Rating limited by exposure in Lithuania (A+/stable)

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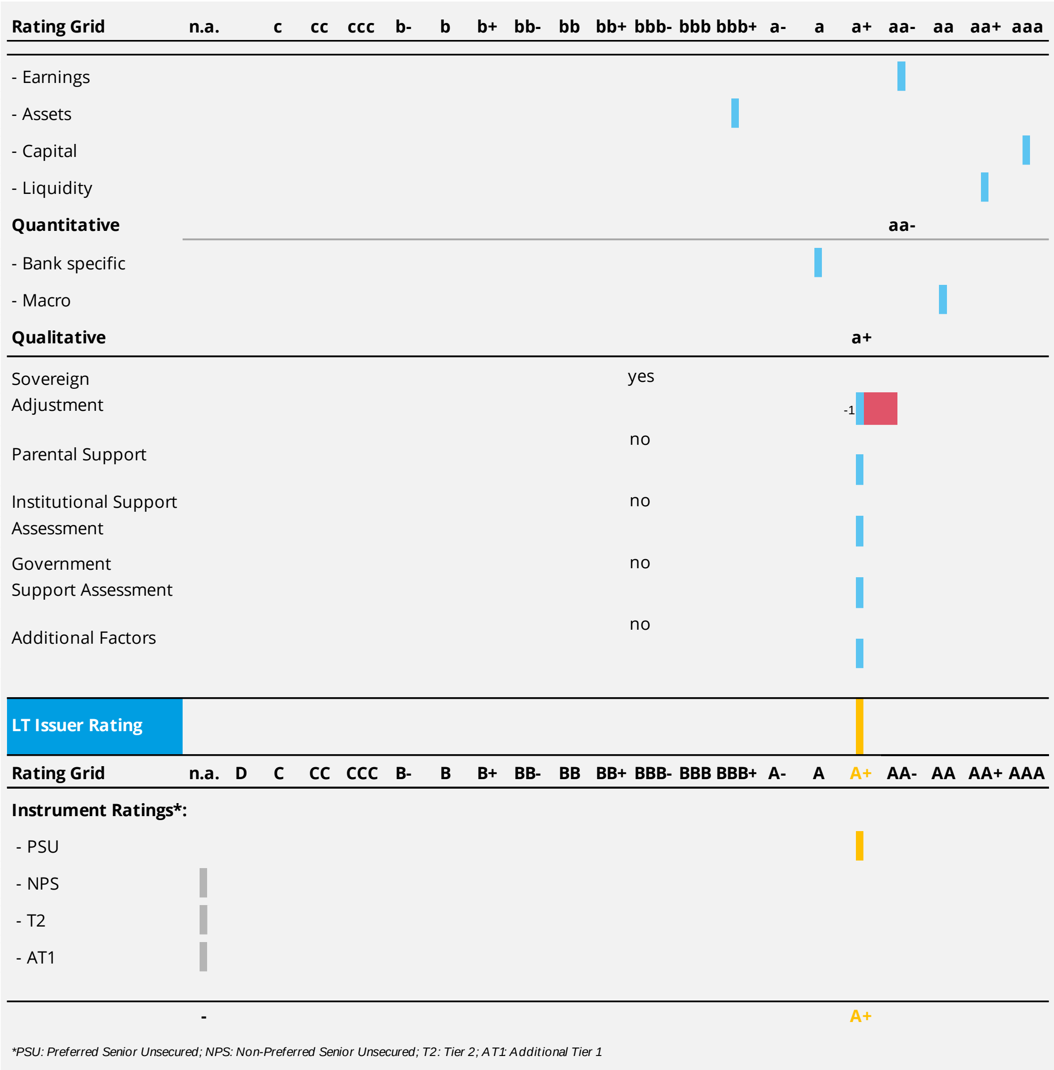
Executive Summary



The rating of Luminor Bank AS is prepared on the basis of group consolidated accounts.

The long-term issuer rating was raised by one notch to A+. The upgrade is based on a continually improving earnings situation due to the new interest rate environment. At the same time, the capital base remains at a very high level coupled with solid asset quality.

The bank's ratings are limited by its high exposure in Lithuania and thus the rating of the Republic of Lithuania (A+/stable, CRA Sovereign Rating as of 18 October 2024). This confines the Long-Term Issuer Rating of Luminor to A+.

Company Overview

Luminor Bank AS (hereinafter: Luminor or Bank) is an independent bank operating primarily in the Baltic region with headquarters in Tallinn, Estonia. Luminor is the third largest provider of financial services in the region, Formed in 2017 by pooling DNB and Nordea operations through a merger of six smaller banks, the bank competes with two larger Swedish players and a smaller regional bank in all three main markets. In the Baltics, the market share in lending is 17%. As of 2019, Blackstone acquired a 60.1% stake in Luminor Holding (Ultimate Parent of Luminor Bank AS), DNB and Nordea held only a minority stake since that time. Since 2021, Blackstone has continuously increased its share of ownership of Luminor Holding AS at the expense of Nordea, which has sold its remaining interest to Blackstone in late 2022. Blackstone now owns 80.05% and DNB Bank 19.95% of Luminor Holding.

Luminor, since its inception, has undergone a significant transformation with the initial merger and setting up the headquarter in Estonia. With its current strategy, Luminor seeks, among others, to build the bank around its customers, being the preferred bank for many banking related services and to become more lean in its day-to-day operations.

Luminor operates several subsidiaries in each major market, including leasing subsidiaries and pension funds, among others. In 2022, it acquired Maksekeskus AS, an e-commerce platform for payments in Estonia. Customers segments are separated into Retail and Commercial Banking on a pan-Baltic basis, with branches in Lithuania and Latvia and the aforementioned headquarters in Estonia.

Business Development

Profitability

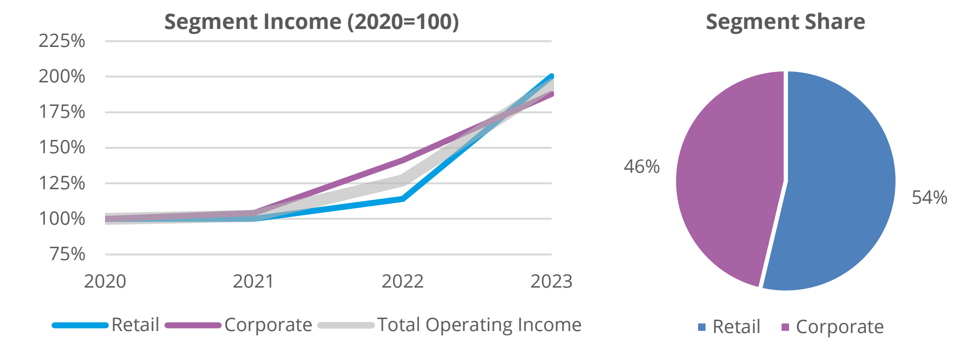
Creditreform Rating AG follows a structural approach in the presentation of the income statement and balance sheet as well as in the calculation of key ratios. The presentation may therefore differ from that of the bank. Creditreform Rating pursues the goal of making financial statements of different banks as well as within the scope of consolidation as comparable as possible. Certain key ratios are also taken or calculated from the bank's Pillar III Report for reasons of comparability. Balance sheet and income statement figures are taken from the consolidated financial statements of the respective years. One-off or exceptional items are, where possible, relegated to the line items non-recurring revenue and expense.

The operating result almost doubled in 2023, having already more than doubled in the previous year. This is primarily due to the substantial increase in net interest income as a result of the new interest rate environment, with net commission income, net trading income and net fair value result accounting for a small proportion of operating income.

In detail, net interest income increased by 80% from EUR 300.8mn in the previous year to EUR 542mn. Net fee and commission income and the fair value result also increased substantially, but together they only accounted for about one-sixth of operating income in 2023.

The development of the operating income of both business segments was comparable in the period under review. Overall, operating income has almost doubled since 2020 with only a slight increase in total assets. This was almost entirely due to net interest income. As of 2023, the retail share was 54% (2022: 47%) and the corporate share 46% (53%).

Chart 1: Segment Development of Luminor | Source: Luminor/Annual Report



On the expenditure side, other expenses and IT expenses in particular increased significantly compared to the previous year, primarily due to consulting costs associated with the transformation process and investments in IT infrastructure. Personnel costs also saw a notable rise due to inflationary trends in the Baltic region and a 6% increase in the workforce.

In total, operating income amounted to EUR 663.9mn in 2023 (2022: EUR 407.7mn) and operating expenses to EUR 357.6mn (EUR 249.2mn). As a result, the operating result increased by 93.3% to EUR 306.3mn.

Impairment expense in 2023 was EUR 33.1mn, compared to just EUR 16.1mn in the previous year. However, at 21bp, the cost of risk remains low compared to financial assets.

Pre-tax profit amounted to EUR 273.2mn. Income tax expense increased sharply from EUR

17.7mn to EUR 78.5mn due to the higher pre-tax profit and, among other things, temporary bank taxes in Lithuania. As a result, net profit increased by only EUR 70mn to EUR 194.7mn, which still represents a jump in profit of 56.1%.

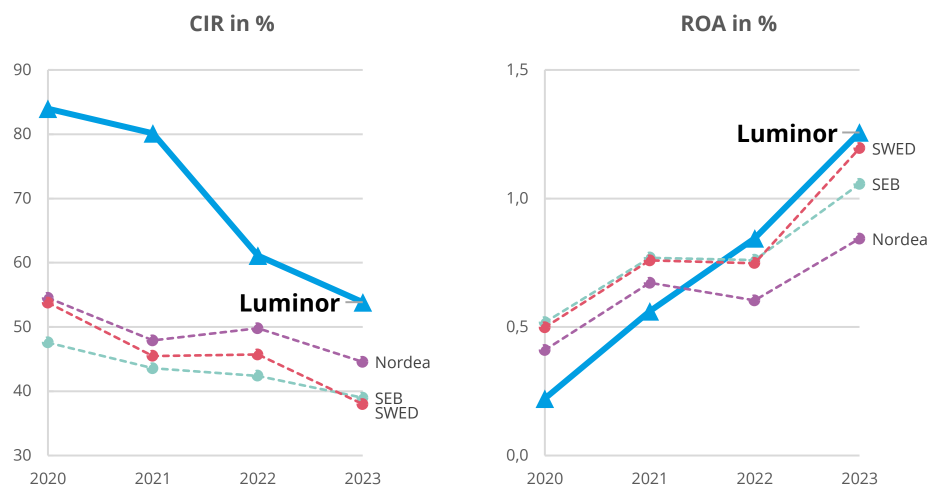
The H1-24 result is roughly on a par with the previous year. Net interest income was once again higher than in the previous year, with slight declines in other operating income components. Administration expenses were slightly below the previous year, while a temporary bank tax in Latvia, which is expected to amount to just under EUR 28mn for the year as a whole, had a strongly negative impact. This impact was mitigated by a positive contribution to earnings from risk costs due to the net reversal of risk provisions in the first half of the year.

With the improvement in earnings, the key earnings figures have improved accordingly. The cost/income ratio (CIR) was only 53.9%, compared to 80.2% two years ago and 61.1% in the previous year. The return on equity was 11% despite the substantial equity position, and the interest margin was a very good 3.7%.

The CIR increased again in the first half of the year as a result of high extraordinary charges due to the temporary bank tax, but the ROE continued to improve despite lower net profit due to the high dividend payout and subsequent lower equity position.

In a peer group comparison, the development of earnings and cost efficiency at Luminor is similar to that of the comparable banks. High costs coupled with low income have given way to high operating efficiency, while Luminor now occupies the top position in terms of relative profitability to total assets in a peer group comparison. Although the cost-income ratio is still significantly higher in comparison, it is much more dynamic than at the peer banks.

Chart 2: CIR and ROA of Luminor in comparison to the peer group | Source: eValueRate / CRA



Asset Situation and Asset Quality

In 2023, the Bank's total assets increased, while the largest item, total loans and advances, decreased compared to the previous year. The increase was due to an increase in cash and cash equivalents of around EUR 1bn and debt securities, particularly from governments (mostly low-risk) of EUR 202mn, while loans and advances decreased by EUR 372mn compared to the previous year (-3.4%). The decline in loans was primarily in the area of loans to individuals by EUR

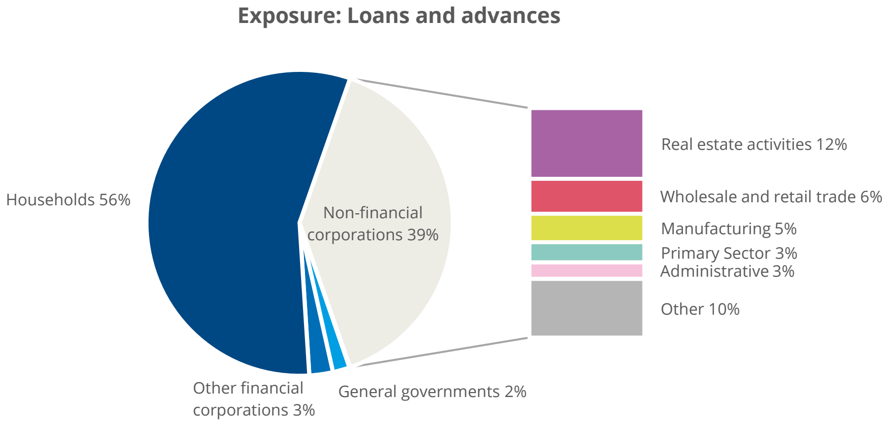
241mn and leasing (EUR -42mn).

In the first half of the year, total assets decreased slightly by EUR 206mn (-1.3%), mainly in the area of liquid assets in connection with the cash dividend.

The exposure of Luminor's loans and advances is very retail-heavy, with 56% attributable to households and only 39% to non-financial corporations. Around a third of these non-financial exposures are in the real estate sector, 15.2% in retail, 12.4% in manufacturing and almost 9% in the primary sector (agriculture, forestry and fishing). The share of the real estate sector and the primary sector is high compared to other banks, but the respective share of loans and advances as a whole is within a typical range.

Geographically, almost half of the exposure is localised in Lithuania, a quarter in Latvia and a fifth in Estonia, the country of domicile.

Chart 3: Credit Risk: Loans & Advances Q4-23 | Source: Pillar III (EU CQ5)

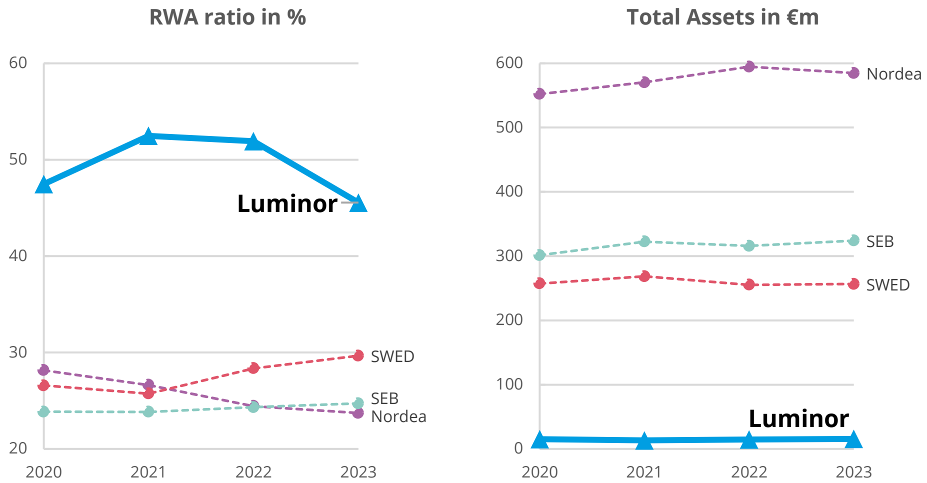


The asset quality of Luminor Bank remains solid, although there has been a notable deterioration in the NPL ratio, which yet remains at a low level. The cost of risk also increased significantly, but there was a positive contribution to earnings in the first half of the current year. The full-year outlook remains uncertain. Despite a further reduction in RWA ratio, it remains high at 45.6%.

Overall, the asset quality underperforms compared to the other areas of analysis, partly due to its small size and limited business area.

A peer group comparison clearly shows the difference between Luminor Bank and its major Scandinavian competitors or former owners (Nordea), some of which also operate in the Baltic region. The RWA ratio, and with it the regulatory risk, is significantly higher in comparison. This is due, among other things, to the high retail exposure with corresponding risk weightings. At the same time, Luminor is a very small bank overall with far less than 10% of the total assets of the next largest institution listed here, which also operate internationally.

Chart 4: RWA ratio and Total Assets of Luminor in comparison to the peer group | Source: eValueRate / CRA



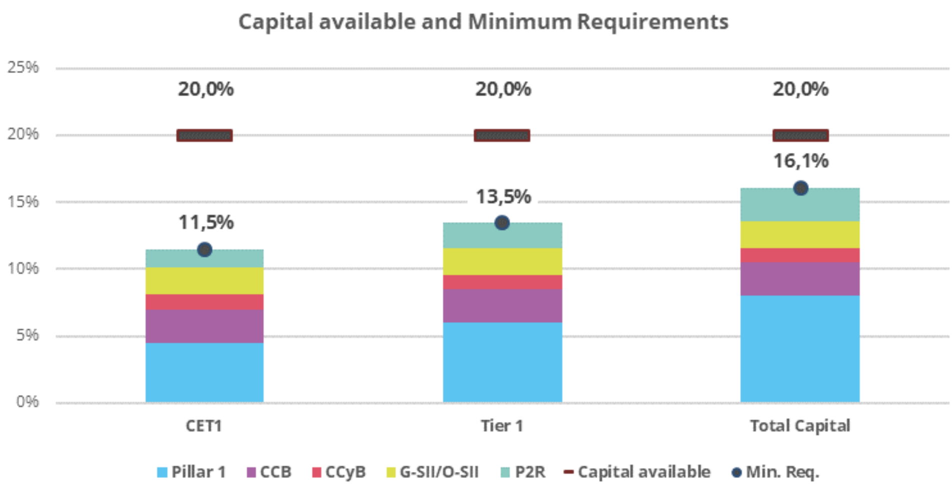
Refinancing, Capital Quality and Liquidity

The growth on the asset side was refinanced by increases in customer and bank deposits. In addition, the debt securities item increased slightly compared to the previous year. Equity also increased significantly, which is due to the high net profit for the year and the fact that no dividend was distributed for 2022. The equity position decreased again as of H1-24, as the half-year profit was unable to offset the high dividend payments.

On October 7 2024 Luminor launched its inaugural Tier 2 issue with a volume of EUR 200mn, providing an additional buffer for its existing EUR 950mn Senior Preferred issues.

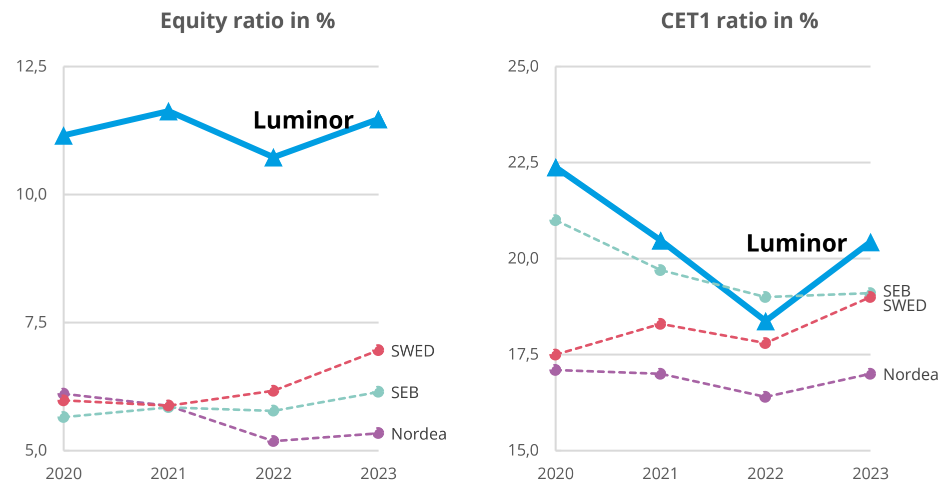
Luminor's capitalisation remains excellent. The equity ratio was 11.5% as at year-end 2023 and 11.1% as at H1-24. The regulatory equity ratio was 20.4% in 2023 and 20% as at H1-24. The regulatory CET1 buffer is a very high 8.5% as per H1-24.

Chart 5: Regulatory Capital Ratios and Minimum Requirements as per Q2-24| Source: Pillar III (EU KM1)



In a peer group comparison, Luminor also stands out positively. The equity ratio of 11.5% is excellent, and the CET1 ratio of 20.4% is also best in class. However, it is also evident that the very good capitalisation is attributable to the relatively high regulatory risk (RWA) in comparison to the peer group, which requires a high capital reserve.

Chart 6: Equity and CET1 ratios of Luminor in comparison to the peer group | Source: eValueRate / CRA / Pillar III



Due to Luminor's bank capital and debt structure and the issuing of Tier 2 capital which acts as a further buffer, the Preferred Senior Unsecured Debt instruments are not notched down in comparison to the Long-Term Issuer Rating.

Environmental, Social and Governance (ESG) Score Card

Luminor Bank AS has one significant and two moderate ESG rating drivers

• Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated negative

• Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting is rated negative, Coporate Behaviour is rated neutral

ESG Bank Grade

2,9 / 5

Grade Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
< = 1,75	Poor

	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated negative in terms of the CRA ESG criteria.	3	(-)
	1.2 Exposure to Environmental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	2	( )
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating.	1	( )
Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating.	1	( )
Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	4	( )
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	3	( )
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating.	1	( )

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
( )	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Grade is based on the Methodology "Environmental, Social and Governance Grade of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage https://creditreform-rating.de/en/about-us/regulatory-requirements.html. In addition, we refer to CRA's position paper "Consodering the Impact of ESG Factors".

Outlook

The outlook of the Long-Term Issuer Rating of Luminor Bank AS is stable. The bank has solidified its new earnings potential due to the new interest rate environment, yet current economical and geo-political risks persist. Furthermore, the Long-Term Issuer Rating is constrained by the Sovereign Rating of Lithuania (A+ (stable) as of 18 October 2024), in which Luminor holds its most significant exposure.

Scenario Analysis

Best-case scenario: AA-

Worst-case scenario: A

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

In a scenario analysis, the bank is able to reach a Long-Term Issuer Rating of AA- in the "Best-Case-Scenario" and a Long-Term Issuer Rating of A in the "Worst-Case-Scenario". The ratings of Bank Capital and Senior Unsecured Debt would respond similarly based on our rating methodology. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

We might upgrade Luminor's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt if the Sovereign Rating of the Republic of Lithuania improves and the current level of profitability, asset quality and capitalization is at least maintained.

By contrast, a downgrade of Luminor's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt might materialize if profitability, despite the new interest rate environment, declines to previously poor levels. Likewise, a material decline in asset and/or capital quality might facilitate a downgrade. A downgrade of the Sovereign Rating of the Republic of Lithuania might also be reason for a downgrade.

Appendix

Bank ratings Luminor Bank AS

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

Long-Term Issuer / Outlook / Short-Term **A+ / L2 / stable**

Bank Capital and Debt Instruments Ratings Luminor Bank AS

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred Senior Unsecured (PSU):	**A+**
Non-Preferred Senior Unsecured (NPS):	**-**
Tier 2 (T2):	**-**
Additional Tier 1 (AT1):	**-**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Bank Issuer Rating	Rating Date	Result
Initialrating	20.04.2022	A- / stable / L2
Rating Update	07.12.2023	A / stable / L2
Rating Update	25.10.2024	A+ / stable / L2
Bank Capital and Debt Instruments	**Rating Date**	**Result**
PSU / NPS / T2 / AT1 (Initial)	20.04.2022	A- / - / - / -
PSU	07.12.2023	A
PSU	25.10.2024	A+

Tables Group (if applicable)

Figure 2: Income statement[1] | Source: eValueRate / CRA

Income Statement (EUR m)	2023	%	2022	2021	2020
Income					
Net Interest Income	542	+80,2	301	239	227
Net Fee & Commission Income	85	+5,4	80	79	74
Net Insurance Income	-	-	-	-	-
Net Trading & Fair Value Income	35	+42,2	24	21	28
Equity Accounted Results	2	+0,0	2	2	1
Dividends from Equity Instruments	-	-	-	-	0
Other Income	1	+66,7	1	2	7
Operating Income	**664**	**+62,8**	**408**	**342**	**336**
Expense					
Depreciation and Amortisation	17	+68,0	10	12	12
Personnel Expense	131	+18,7	111	101	100
Tech & Communications Expense	99	+38,7	71	97	106
Marketing and Promotion Expense	9	+13,2	8	7	3
Other Provisions	-	-	-	-	-
Other Expense	102	> +100	50	58	61
Operating Expense	**358**	**+43,5**	**249**	**274**	**282**
Operating Profit & Impairment					
Operating Profit	**306**	**+93,2**	**159**	**68**	**54**
Cost of Risk / Impairment	33	> +100	16	-15	18
Net Income					
Non-Recurring Income	-	-	-	-	0
Non-Recurring Expense	-	-	-	-	1
Pre-tax Profit	**273**	**+91,9**	**142**	**82**	**36**
Income Tax Expense	79	> +100	18	8	3
Discontinued Operations	-	-	-	-	-
Net Profit	**195**	**+56,1**	**125**	**75**	**33**
Attributable to minority interest (non-controlling interest)	-	-	-	-	-
Attributable to owners of the parent	-	-	-	-	-

Figure 3: Key earnings figures| Source: eValueRate / CRA and Pillar III

Income Ratios (%)	2023	%	2022	2021	2020
Cost Income Ratio (CIR)	53,86	-7,26	61,12	80,15	83,97
Cost Income Ratio ex. Trading (CIRex)	56,83	-8,18	65,01	85,36	91,52
Return on Assets (ROA)	1,26	+0,41	0,85	0,56	0,22
Return on Equity (ROE)	10,95	+3,07	7,88	4,82	1,99
Return on Assets before Taxes (ROAbT)	1,76	+0,80	0,96	0,62	0,24
Return on Equity before Taxes (ROEbT)	15,36	+6,37	8,99	5,32	2,15
Return on Risk-Weighted Assets (RORWA)	2,76	+1,13	1,63	1,07	0,47
Return on Risk-Weighted Assets before Taxes (RORWAbT)	3,87	+2,01	1,86	1,18	0,50
Net Financial Margin (NFM)	3,65	+1,42	2,23	1,97	1,60
Pre-Impairment Operating Profit / Assets	1,98	+0,90	1,07	0,51	0,36

Change in %Points

[1] Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets| Source: eValueRate / CRA

Assets (EUR m)	2023	%	2022	2021	2020
Cash and Balances with Central Banks	3.185	+46,2	2.178	2.494	4.927
Net Loans to Banks	56	-54,5	123	64	104
Net Loans to Customers	10.503	-3,4	10.875	9.947	9.431
Total Securities	1.495	+15,7	1.292	611	287
Total Derivative Assets	92	-24,2	122	76	43
Other Financial Assets	32	+23,5	26	-	-
Financial Assets	**15.362**	**+5,1**	**14.616**	**13.192**	**14.792**
Equity Accounted Investments	6	-3,5	6	6	5
Other Investments	-	-	-	0	1
Insurance Assets	-	-	-	-	-
Non-current Assets & Discontinued Ops	0	-86,7	2	2	1
Tangible and Intangible Assets	83	-10,8	93	57	63
Tax Assets	10	-23,2	13	11	10
Total Other Assets	32	+11,6	28	48	52
Total Assets	**15.492**	**+5,0**	**14.757**	**13.317**	**14.924**

Figure 5: Development of asset quality| Source: eValueRate / CRA and Pillar III

Asset Ratios (%)	2023	%	2022	2021	2020
Net Loans to Customers / Assets	67,79	-5,90	73,69	74,69	63,19
Risk-weighted Assets[1] / Assets	45,55	-6,37	51,92	52,48	0,00
NPL[2]/ Loans to Customers[3]	1,94	+0,70	1,23	1,88	3,24
NPL[2]/ Risk-weighted Assets[1]	2,86	+1,13	1,74	2,65	4,31
Potential Problem Loans[4]/ Loans to Customers[3]	14,58	-0,53	15,11	14,02	13,83
Reserves[5]/ NPL[2]	98,63	+0,14	98,50	97,82	97,74
Cost of Risk / Loans to Customers[3]	0,32	+0,17	0,15	-0,15	0,19
Cost of Risk / Risk-weighted Assets[1]	0,47	+0,26	0,21	-0,21	0,25
Cost of Risk / Total Assets	0,21	+0,10	0,11	-0,11	0,12

Change in %Points

1 RWA: Pillar 3, EU CR1
2 NPL: Gross; Non-Performing Loans of the categories Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
3 Loans to Customers: Gross; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
4 Potential Problem Loans: Stage 2; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
5 Reserves: Impairment & Provisions and Collateral & Guarantees; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

Figure 6: Development of refinancing and capital adequacy| Source: eValueRate / CRA

Liabilities (EUR m)	2023	%	2022	2021	2020
Total Deposits from Banks	224	> +100	37	84	47
Total Deposits from Customers	11.287	+3,1	10.948	10.305	11.822
Total Debt	1.899	+4,7	1.814	1.164	1.201
Derivative Liabilities	81	-58,5	194	70	51
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	67	+40,4	48	29	15
Total Financial Liabilities	**13.558**	**+4,0**	**13.040**	**11.652**	**13.136**
Insurance Liabilities	-	-	-	-	-
Non-current Liabilities & Discontinued Ops	-	-	-	-	-
Tax Liabilities	36	> +100	10	1	0
Provisions	28	+27,3	22	9	9
Total Other Liabilities	93	-8,6	101	106	114
Total Liabilities	**13.714**	**+4,1**	**13.173**	**11.768**	**13.259**
Total Equity	**1.778**	**+12,3**	**1.583**	**1.549**	**1.665**
Total Liabilities and Equity	**15.492**	**+5,0**	**14.757**	**13.317**	**14.924**

Figure 7: Development of capital and liquidity ratios | Source: eValueRate / CRA and Pillar III

Capital Ratios and Liquidity (%)	2023	%	2022	2021	2020
Total Equity / Total Assets	11,48	+0,75	10,73	11,63	11,16
Leverage Ratio[1]	10,70	+1,10	9,60	10,30	10,20
Common Equity Tier 1 Ratio (CET1)[2]	20,43	+2,06	18,38	20,48	22,38
Tier 1 Ratio (CET1 + AT1)[2]	20,43	+2,06	18,38	20,48	22,38
Total Capital Ratio (CET1 + AT1 + T2)[2]	20,43	+2,06	18,38	20,48	22,38
CET1 Minimum Capital Requirements[1]	11,34	+0,64	10,70	10,14	10,13
Net Stable Funding Ratio (NSFR)[1]	147,09	+16,62	130,47	140,81	159,19
Liquidity Coverage Ratio (LCR)[1]	177,26	+40,66	136,60	167,94	163,00

Change in %Points

1 Pillar 3 EU KM1

2 Regulatory Capital Ratios: Pillar 3 EU KM1

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following table clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	No
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the following methodologies and Rating Criteria and Definitions (v1.3):

- Bank ratings (v3.3)
- Rating of bank capital and unsecured debt instruments (v2.2)
- Environmental, Social and Governance Score for Banks (v1.1)

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions are published on our homepage:

https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html

On 25 October 2024, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to Luminor Bank AS, and the preliminary rating report was made available to the bank. There was no change in the rating.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Rating Endorsement Status: The rating of Luminor Bank AS (Group) was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the CRA-Regulation.

Conflict of Interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks.

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No ancillary services in the regulatory sense were provided for this rating.

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The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate

2. Annual Report and interim reports

3. Investors relations information and other publications

4. Website of the rated bank

5. Public and internal market analyses

6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The "Basic data" information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings are explained in mentioned methodologies and / or in the credit rating report.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the rating report or in the "Basic data" card as a "Rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

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