Floor Research

Luminor Bank

Issuer View • 02 September 2025

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Ratings

Luminor Bank AS

	Rating	Outlook
Fitch	-	-
Moody's*	A2	Negative
S&P		

Homepage

www.luminor.ee

* Senior Unsecured/LT Bank Deposits

Luminor Bank (Luminor) is the largest independent bank in the Baltic states according to its own accounts. In addition to its home country of Estonia, the bank is also active with branches in Latvia and Lithuania and has a market share of 13.6% in the Baltic countries in terms of loan volume (Q2/2025). The bank, which specialises in retail banking, also offers its clients leasing and pension fund services through subsidiaries. The bank was formed in 2017 from the merger of DNB Bank ASA (DNB) and Nordea Bank Abp (Nordea) and their business activities in the three Baltic states. Luminor is owned by a consortium led by a private equity fund of Blackstone (80.05% of the shares). The remaining shares (19.95%) are held by DNB Bank. Luminor divides its business activities into the customer segments "Corporate" (Q2/2025: 69.9% of pre-tax profit), "Retail" (62.8%) and "Other" (-32.7%). The loan portfolio is made up of over 50% private mortgage loans, while around 10% is accounted for by commercial real estate loans. The bank's funding mix consists mainly of customer deposits (Q2/2025: 73.0% of liabilities), followed by issued securities (12.7%). Covered bonds account for around 25% of the securities issued by Luminor. The Bank has committed to lending EUR 700m for sustainable real estate and renewable energy by 2030 (as of FY/2024: EUR 182m). Luminor reported a green asset ratio (measured by turnover) of 3.5% at the end of 2024.

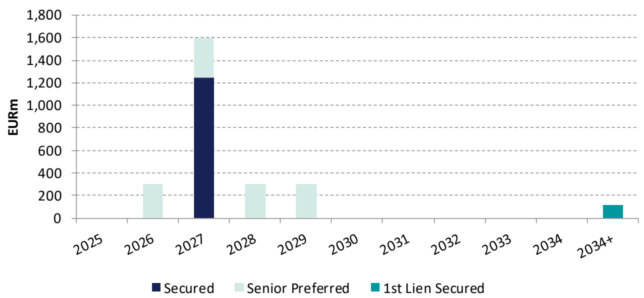
Balance Sheet

(EURm)	2023Y	2024Y	2025Q1
Net Loans to Customers	10,503	10,535	10,579
Total Securities	1,587	1,752	2,025
Total Deposits	11,278	11,353	11,124
Tier 1 Common Capital	1,441	1,478	1,522
Total Assets	15,493	15,724	15,027
Total Risk-weighted Assets	7,057	7,575	6,937

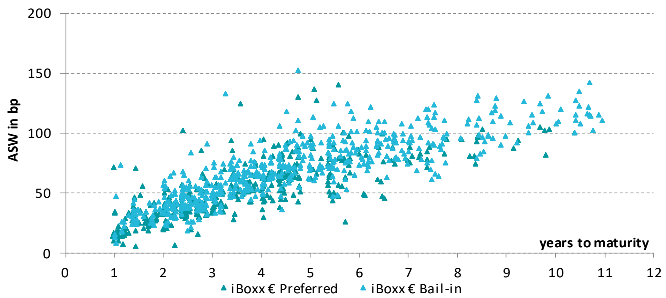
Income Statement

(EURm)	2023Y	2024Y	2025Q1
Net Interest Income	542	508	103
Net Fee & Commission Inc.	85	90	20
Net Trading Income	35	33	6
Operating Expense	370	378	73
Credit Commit. Impairment	-	-	-
Pre-tax Profit	243	256	56

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2023Y	2024Y	2025Q1
Net Interest Margin	3.59	3.36	2.72
ROAE	11.48	11.68	10.48
Cost-to-Income	57.00	59.82	56.07
Core Tier 1 Ratio	20.42	19.51	21.94

	2023Y	2024Y	2025Q1
Liquidity Coverage Ratio	200.70	205.10	177.20
IFRS Tier 1 Leverage Ratio	9.39	9.45	10.18
NPL/Loans at Amortised Cost	1.93	1.78	1.89
Reserves/Loans at Amort. Cost	1.15	0.99	1.01

As of: 02.09.2025; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

Strengths / Opportunities

- Capitalization
- Diversification of the deposit and loan portfolio

Risks / Weaknesses

- Digital infrastructure
- Concentration risks in the CRE segment

Covered Bonds

Luminor Bank with outstanding covered bond volume of around EUR 1.3bn

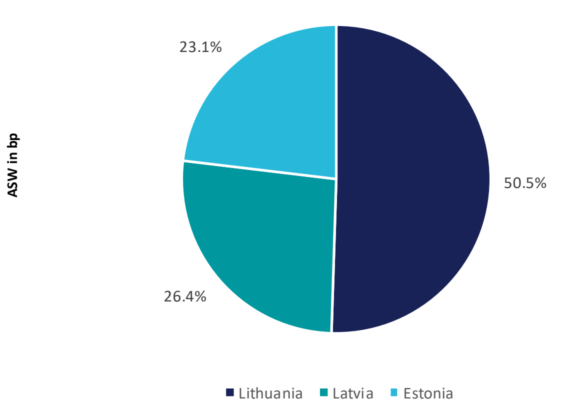
As of the reporting date of 30 June 2025, Luminor Bank's cover pool had cover assets with a volume of EUR 3.1bn. On the other hand, covered bonds issued amounted to EUR 1.3bn, resulting in a calculated overcollateralisation ratio of 150.5%. In the current composition of the iBoxx EUR Covered (August 2025), the institution is represented by an outstanding covered bond with a volume of EUR 500m, which was issued in May 2022.

Programme data

30 June 2025	Mortgage
Covered bonds outstanding	EUR 1.250bn
Cover pool volume	EUR 3.131bn
Current OC (nominal / legal)	150.5% / 5.0%
Type	100% Residential
Main country	50.5% Lithuania
Main region	21.3% Vilnius
Number of loans	49,638
Share top 10 exposures	0.2%
NPL	0.0%
Fixed interest (Cover Pool / CBs)	3.4% / 40.0%
WAL (Cover Pool / CBs)	12.0y / 1.8y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / -

Source: Issuer, rating agencies, Bloomberg, NORD/LB Floor Research

Cover Pool – Geographical distribution



Cover pool values to be located exclusively in the Baltic countries

The primary cover pool consists exclusively of residential assets. The total of 49,638 loans is geographically spread across Lithuania, Latvia and Estonia. The largest proportion is attributable to the respective capital regions, with all other regions consolidated under "Other". The average loan volume as of 30 June 2025 was around EUR 61,000 and the share of the ten largest exposures in the cover pool was 0.2%. The bank's cover pool does not include any non-performing loans. As of the reporting date, 93% of loans were used to finance owner-occupied residential property, while 5% were for second homes/holiday homes and 2% were in the "buy-to-let" category. While the average LTV for the non-indexed case is given as 63.5%, the indexed LTV, which takes into account price changes in the real estate market, is quoted at 48.8%. Luminor's mortgage cover pool consists almost exclusively of variable-rate loans, with only 3.4% of all mortgage loans having a fixed interest rate.

Rating and regulatory treatment

Luminor Bank's mortgage-backed covered bonds are rated Aaa by the rating agency Moody's. Based on the rating, a risk weight of 10% is decisive for the issuer's covered bonds in accordance with the CRR. In addition, we understand tie issuer's benchmark transactions to be suitable as Level 1 assets in the context of LCR management. In addition, Luminor's covered bonds are suitable as collateral in transactions with the ECB and can be marketed under the label "European Covered Bond (Premium)".

Appendix
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