RISK MANAGEMENT AND CAPITAL ADEQUACY (PILLAR 3) DISCLOSURE REPORT **2017**

LUMINOR LITHUANIA

INTRODUCTION

Risk Management and Capital Adequacy (Pillar 3) Disclosure report is prepared according to EU Regulation No 575/2013 (hereinafter referred to as the "CRR") part eight, European Commission implementing regulations as well as European Banking Authority's guidelines (hereinafter – EBA). Luminor Bank AB in Lithuania (hereinafter referred to as the "Bank") as significant subsidiary of EU parent financial holding company Luminor Group AB (Sweden) discloses information specified in Articles 437, 438, 440, 442, 450, 451 and 453 on sub consolidated basis regarding the Luminor Bank AB Financial Group in Lithuania (hereinafter referred to as the "Financial Group") as of 31 December 2017. According to the local legislation, the Bank is required to prepare the Financial group's consolidated financial information. The Financial Group includes the Bank and its subsidiaries engaged in financial service activities, that is Luminor Investicijų Valdymas UAB, Luminor Lizingas UAB, Industrius UAB, RECURSO UAB, PROMANO LIT UAB, and Intractus UAB with its subsidiary Gėlužės Projektai UAB. Information on full requirements specified in part eight of the Regulation will be disclosed on consolidated situation of Luminor Group AB. Pillar 3 report has not been audited, however it includes reconciled information contained in the Bank's Annual report for 2017. Pillar 3 complements Pillar 1 (minimum capital requirements) and Pillar 2 (internal capital adequacy assessment process and supervisory review process) with the aim to improve market discipline through disclosure of information regarding risks, risk management and capital.

On 1 October 2017 Nordea Bank AB (Swedish company registration No. 516406-0120) and DNB Bank ASA (Org. No. 984 851 006) after all regulatory approvals and competition clearance were received, have combined their Baltic business into a jointly owned bank, Luminor. By business transfer Nordea Bank AB Lithuania branch, Nordea Bank AB Latvia branch and Nordea Bank AB Estonia branch assets and liabilities, including shares of leasing, pension and distressed assets companies in Baltics were transferred to Luminor Bank AB in Lithuania (prev. AB DNB bankas), Luminor Bank AS in Latvia (prev. DNB banka AS) and Luminor Bank AS in Estonia (prev. Aktsiaselts DNB Pank).

The merger between DNB and Nordea has had significant impact both to the financial result and operational focus. 2017 full year result for Luminor Group in Lithuania consists of 9 months DNB Group result plus 3 months Luminor Group result.

As of 30 November 2017, the Bank of Lithuania recognized Luminor Bank AB as a systemically important financial institution in Lithuania (same as AB DNB Bankas) and left unchanged Other systemically important institution (O-SII) buffer of 2 % (same as in 2016 set to AB DNB Bankas).

CONSOLIDATION GROUP

Luminor Bank AB, registration number 12029270. The following subsidiaries of Luminor Bank AB are included in the consolidation group in Lithuania.

TABLE 1. SCOPE OF PRUDENTIAL AND ACCOUNTING CONSOLIDATION

Company name	Share capital, TEUR	Bank's share (%)	Country	Consolidation method
Luminor Būstas UAB	399,1	100%	Lithuania	Neither consolidated nor deducted
Luminor Investicijų valdymas UAB	579,2	100%	Lithuania	Full consolidation
UAB Intractus	42 703,3	100%	Lithuania	Full consolidation
UAB Industrius	13 782,3	99,92%	Lithuania	Full consolidation
UAB Recurso	4 344,3	100%	Lithuania	Full consolidation
Promano Lit UAB	10 000,0	100%	Lithuania	Full consolidation
Luminor Lizingas UAB	1 352,4	100%	Lithuania	Full consolidation

OWN FUNDS AND CAPITAL REQUIREMENTS

The Financial Group's regulatory capital is divided into two tiers:
1) Tier 1/Common Equity Tier 1 (CET 1) capital consists of the ordinary shares, share premium, retained earnings of the previous financial year, accumulated other comprehensive income, other reserves, less value adjustments due to requirements for prudent valuation, the intangible assets, deferred tax assets and other deductions.
2) Tier 2 capital consists of transitional adjustments related to the accumulated other comprehensive income.

TABLE 1. OWN FUNDS OVERVIEW

TEUR	31.12.2017
Total own funds for solvency purposes	**712 761**
Tier 1: Original own funds	**712 532**
Paid up capital	190 205
Share premium	81 942
Reserves	456 566
Valuation differences to eligible as original own funds	-11 487
Other deductions from Original Own Funds	-4 694
Tier 2 capital	**229**

MINIMUM CAPITAL REQUIREMENTS

Minimum capital requirements are calculated according to requirements set out in CRR. Minimum capital requirements are calculated for credit risk, credit counterparty risk, market risk and operational risk and CVA. CRR determines not only approaches to be used in calculations but also defines elements of own funds and limitations regarding their inclusion in total own funds.

TABLE 2. CAPITAL REQUIREMENTS OVERVIEW

TEUR	31.12.2017
Capital requirements for credit risk, standardised approach	**305 587,04**
Central governments or central banks	-
Regional governments or local authorities	-
Public sector entities	466,56
Institutions	5 261,60
Corporates	174 182,64
Retail	39 055,84
Secured by mortgages on immovable property	58 634,88
Exposures in default	17 327,60
Items associated with particular high risk	6 377,60
Equity	465,20
Other items	3 815,12
Capital requirements for market risk, standardized approach	**5 218,94**
Traded debt instruments	5 216,06
Equities	2,88
Foreign exchange	-
Commodities	-
Capital requirement for settlement risk	-
Capital requirements for operational risk, standardized approach	**22 135,79**
Capital requirements for credit valuation adjustment risk	**280,00**
Total capital requirements	**333 221,77**

CAPITAL ADEQUACY

TABLE 3. CAPITAL ADEQUACY OVERVIEW

TEUR	31.12.2017
Total own funds for solvency purposes	712 532
Capital requirements	333 222
Surplus of own funds	379 310
Risk weighted assets	4 165 272
Solvency ratio of Tier 1 capital (%)	17.11%

OVERVIEW OF RISK WEIGHTED ASSETS (RWA)

TABLE 4. EU OV1 – OVERVIEW OF RISK WEIGHTED ASSETS (RWA)

TEUR		RWAs 31.12.2017	Minimum capital requirements 31.12.2017
1	Credit risk (excluding CCR)	3 811 613,00	304 929,04
2	of which the standardized approach	3 811 613,00	304 929,04
6	CCR	11 725,00	938,00
7	of which mark to market	8 225,00	658,00
12	of which CVA	3 500,00	280,00
13	Settlement risk	0,00	0,00
19	Market risk	65 236,80	5 218,94
20	of which mark to market	65 236,80	5 218,94
22	Large exposures	0,00	0,00
23	Operational risk	276 697,38	22 135,79
25	of which the standardized approach	276 697,38	22 135,79
29	**Total**	**4 165 272,18**	**333 221,77**

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS

In accordance with the capital adequacy regulations, the Group has implemented a process for assessing the risk profile and internal capital adequacy for the Bank and for the Financial Group. ICAAP is aligned with the uniform guidelines pan-Baltic level for the Luminor Group AB. Baltic level ICAAP Report and local annexes are prepared as the result of ICAAP process in Luminor Group AB that incorporates Internal Liquidity Assessment Process (hereinafter – ILAAP) as well.

The purpose of ICAAP is to assure that the Bank and the Financial Group are appropriately capitalised with respect to all material risks that arise from current and future operations. Moreover, the internal capital requirement under Pillar 2 is calculated as a sum of the regulatory capital requirement and additional capital needs for material risks, that were not or were not fully captured by the regulatory capital requirement, are estimated during ICAAP. Liquidity risk is covered under ILAAP and Liquidity risk management framework.

Self-assessment and stress testing are integral parts of entire ICAAP process and are closely intertwined. The major sources of risk concerning the Group are assessed during self-assessment, their materiality and capital requirements are considered. Additional capital needs for material risks, identified during the internal risks self-assessment process with the involvement of different structural units in order to capture all material risks, are assessed in ICAAP. The following risks were evaluated:

- credit risk, including name concentration risk, economic sector concentration risk and residual risk;
- interest rate risk arising from the Banking Book;
- foreign exchange risk;
- operational risk;
- business risk;
- reputational risk.

Moreover, stress testing results are also integrated into ICAAP in order to ensure adequate capitalisation and resilience to adverse developments for the Bank and for the Financial Group. For the solvency stress testing maximum potential loss, capital adequacy ratios as well as leverage ratios were assessed under three different scenarios – standard scenario, possible scenario and worst case scenario. Reverse stress testing was performed to enable assessment of severity and plausibility of the earlier mentioned three solvency stress testing scenarios. Liquidity Stress testing is covered under ILAAP.

Both self-assessment and stress testing processes is being led by the Risk Analysis Department. Other relevant structural units including both business lines and risk management and control area are involved in identifying material risks through the process for risks self-assessment, development of methodologies and defining assumptions as well as estimation of the stress testing outcomes under the different stress testing scenarios. The key responsibility for separate parts of both self-assessment and stress testing rests within the Risk and Finance divisions.

The ICAAP results in a written report which presents the results of the assessment of adequacy of the capitalisation level and discloses the risk profile with respect to all material risks as well as the main principles of their management and measurement in the Bank and the Financial Group.

The Risk Analysis Department initiates and coordinates the ICAAP in Luminor Group AB. It works in cooperation with other structural units and sets the internal capital assessment rules and eventually prepares the ICAAP Report. Although the Risk Analysis Department has an overall overview on setting of the internal capital assessment rules, selection of risk measurement methods for each individual material risk not covered by the regulatory capital requirement and risk measurement itself is split between different structural units responsible for risk control.

Internal Audit regularly reviews and assesses the ICAAP and ILAAP processes in the Luminor Baltic Group. According to the Regulator's requirements during the last ICAAP/ILAAP audit the Self-Assessment, ICAAP, ILAAP and Stress Testing evaluation was carried out in all three countries in Luminor, i.e. Estonia, Latvia and Lithuania. The last ICAAP, with the ILAAP as the integrated part, audit was performed in Q1 2018.

Overall, Luminor Lietuva is well positioned to meet the increasing regulatory requirements towards the capitalisation. Moreover, the capital level is adequate to absorb large additional potential losses stemming from risks to which it is exposed or may be exposed in the future. Luminor Lithuania Stress testing results on liquidity risk are assessed as acceptable and has low liquidity risk profile that is ensured by the implemented the Liquidity Risk Management Strategy.

CAPITAL INSTRUMENTS' MAIN FEATURES TEMPLATE ACCORDING TO COMMISSION IMPLEMENTING REGULATION (EU) NO 1423/2013

1	Issuer	Luminor Bank AB
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	LT0000100174
3	Governing law(s) of the instrument	Lithuania
	Regulatory treatment	
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo and (Sub-) Consolidated
7	Instrument type	Ordinary share
8	Amount recognised in regulatory capital	EUR 272 million
9	Nominal amount of instrument	EUR 33,31
10	Accounting classification	Shareholders' equity
11	Original date of issuance	2001
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20.a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20.b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A

34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 1
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
N/A – not applicable		

TRANSITIONAL OWN FUNDS DISCLOSURE

TABLE 5. TRANSITIONAL OWN FUNDS DISCLOSURE ACCORDING TO COMMISSION IMPLEMENTATION REGULATION (EU) NO 1423/2013

		(A)	(B)	(C)
(A) Amount at Disclosure Date, thousand EUR (B) Regulation (EU) No 575/2013 Article Reference (C) Amount Subject to pre-Regulation (EU) No 575/2013 Treatment or Prescribed Residual Amount of Regulation (EU) No 575/2013				
Common Equity Tier 1 capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	272 147	26 (1), 27, 28, 29, EBA list 26 (3)	-
	Of which: ordinary shares	272 147	EBA list 26 (3)	
2	Retained earnings	78 146	26 (1) (c)	-
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	364 909	26 (1)	-
3.a	Funds for general banking risk	13 511	26 (1) (f)	-
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-	486 (2)	-
	Public sector capital injections grandfathered until 1 January 2018	-	483 (2)	-
5	Minority Interests (amount allowed in consolidated CET1)	-	84, 479, 480	-
5.a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	26 (2)	-
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	728 713		-
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	(397)	34, 105	-
8	Intangible assets (net of related tax liability) (negative amount)	(3 344)	36 (1) (b), 37, 472 (4)	-
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(1 350)	36 (1) (c), 38, 472 (5)	-
25.a	Losses for the current financial year (negative amount)	(264)	36 (1) (a), 472 (3)	-
25.b	Foreseeable tax charges relating to CET1 items (negative amount)	(10 597)	36 (1) (l)	-
26.b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR [1]	(229)	481	-
28	Total regulatory adjustments to Common equity Tier 1 (CET1)	(16 181)		-
29	Common Equity Tier 1 (CET1) capital	712 532		-
Additional Tier 1 (AT1) capital: instruments				
36	Additional Tier 1 (AT1) capital before regulatory adjustments	-		-
Additional Tier 1 (AT1) capital: regulatory adjustments				
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-		-
44	Additional Tier 1 (AT1) capital	-		-
45	Tier 1 capital (T1 = CET1 + AT1)	712 532		-
Tier 2 (T2) capital: instruments and provisions				
51	Tier 2 (T2) capital before regulatory adjustments			-

[1] Unrealized gains subtracted from CET1 and then reclassified as Tier 2 instrument in row 56.c.

		(A)	(B)	(C)
Tier 2 (T2) capital: regulatory adjustments				
56.c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre CRR	229	467, 468, 481	-
	Of which: filter for unrealised gains	229	468	-
57	Total regulatory adjustments to Tier 2 (T2) capital	229		-
58	Tier 2 (T2) capital	229		-
59	Total capital (TC = T1 + T2)	712 761		-
60	Total risk weighted assets	4 165 272		-
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	17,11%	92 (2) (a), 465	-
62	Tier 1 (as a percentage of risk exposure amount)	17,11%	92 (2) (b), 465	-
63	Total capital (as a percentage of risk exposure amount)	17,11%	92 (2) (c)	-
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	9,00%	CRD 128, 129, 130	-
65	of which: capital conservation buffer requirement	2,50%		-
66	of which: countercyclical buffer requirement	0,00%		-
67	of which: systemic risk buffer requirement	0,00%		-
67.a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	2,00%	CRD 131	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	9,11%	CRD 128	-

COUNTERCYCLICAL CAPITAL BUFFER

Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer. Disclosure follows Commission Delegated Regulation (EU) No 2015/1555.

TABLE 6. COUNTERCYCLICAL CAPITAL BUFFER

TEUR	General credit exposures 010	Sum of long and short position of trading book 030	Own funds requirement: General credit exposures 070	Own funds requirement: Trading book exposures 080	Total 100	Own funds requirement weights 110	Countercyclical capital buffer rate 120
Breakdown by country (010):							
Lithuania	5 306 129,00	2 578,00	284 907,00	206,00	285 113,00	95,02%	0,00%
Latvia	17 982,00	32,00	1 407,00	3,00	1 410,00	0,47%	0,00%
Estonia	8 168,00	-	554,00	-	554,00	0,18%	0,00%
Netherlands	125 542,00	-	10 028,00	-	10 028,00	3,34%	0,00%
Other EU countries: CC buffer* 0%	23 242,00	18,00	1 412,00	1,00	1 413,00	0,00%	0,00%
Other EU countries: CC buffer* >0%	14 677,00	-	806,00	-	806,00	0,27%	0,88%
Other non-EU countries: CC buffer* 0%	9 715,00	-	625,00	-	625,00	0,00	0,00%
Other non-EU countries: CC buffer* >0%	2 636,00	-	119,00	-	119,00	0,00	1,63%
Total (020)	**5 508 091,00**	**2 628,00**	**299 858,00**	**210,00**	**300 068,00**	**1,00**	**n/a**

* CC buffer – countercyclical capital buffer rate

The Bank recognizes general credit exposure or trading book exposure in 82 countries. Countercyclical capital buffer does not need to be calculated separately in each of them. Instead, an institution could apply some simplification and combine non-material exposures with its home country exposure (based on Commission Delegated Regulation EU 2015/1555). Although, the Bank does not use that derogation for countercyclical capital buffer calculation, simplification was applied for purpose of Pillar 3 report clarity.

Countercyclical capital buffer template presents Lithuania, Latvia and Estonia as countries relevant from business perspective as well as Netherlands. The latter has been identified as a relevant country in accordance to Commission Delegated Regulation (EU) 2015/1555. The rest of the countries were grouped into EU and non-EU states and into non-zero or zero countercyclical buffer. For groups with non-zero countercyclical buffer rates, the column 120 in Table 6 shows simple average of the buffer rates in the cohort.

TABLE 7 AMOUNT OF INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER.

Row		Column 010
010	Total risk exposure amount, TEUR	4 165 272,18
020	Institution specific countercyclical buffer rate	0,0040%
030	Institution specific countercyclical buffer requirement	164,98

CREDIT RISK

The Group uses the following definitions for accounting purposes:

- Neither past due nor impaired – are exposures that are not due and for which no individual allowances for impairment are made.
- Past due but not impaired loans and advances mean loans and advances that are past due but have no individual allowances for impairment.
- Impaired loans and advances mean loans and advances that have individual allowances for impairment.

Past-due exposures (more than 90 days) that are not considered to be impaired amounted to EUR 26,9 million mainly due to sufficient collateral values why there is no reason to establish individual allowances for impairment.

The institution has implemented the definition of forborne exposures defined in Annex V of the Commission Implementing Regulation (EU) No 680/2014.

Information regarding impairment policy is disclosed under 1.3. IMPAIRMENT POLICIES in Luminor Bank AB Consolidated Annual Report 2017, Luminor Bank AB, Group Consolidated Annual Report for the year ended 31 December. Considerable changes that are made in 2018 with implementation of the approach and methodology in compliance with International Financial Reporting Standard 9 are disclosed under IFRS 9 Financial Instruments in the aforementioned report.

TOTAL NET AMOUNT OF EXPOSURES

Table 8 covers exposures subject to credit risk. Reported values do not account for credit risk mitigation techniques or credit conversion factors but adjust for provisions and allowances. Such definition corresponds to the COREP (common reporting framework) original exposure value less credit risk adjustments in accordance to Annex II of Commission Implementing Regulation (EU) No 680/2014 (referred to as “net COREP original exposure”).

TABLE 8. EU CRB-B — TOTAL AMOUNT OF EXPOSURES

TEUR		Net value of exposures 31.12.2017
16	Central governments or central banks	1 228 438,00
17	Regional governments or local authorities	162 938,00
18	Public sector entities	46 992,00
19	Multilateral development banks	-
20	International organisations	-
21	Institutions	168 554,00
22	Corporates	2 597 316,00
23	*of which: SMEs*	637 987,00
24	Retail	889 113,00
25	*of which: SMEs*	513 541,00
26	Secured by mortgages on immovable property	2 098 276,00
27	*of which: SMEs*	10 571,00
28	Exposures in default	192 933,00
29	Items associated with particularly high risk	65 298,00
30	Covered bonds	-
31	Claims on institutions and corporates with a short-term credit assessment	-
32	Collective investments undertakings	-
33	Equity exposures	5 815,00
34	Other exposures	181 725,00
35	**Total (standardised approach)**	**7 637 398,00**

In accordance to Guideline EBA/GL/2016/11, the template CRB-B shall disclose net values of exposures as of 31-12-2017 as well as average of net exposures during 2017. Luminor Bank AB inception date was October 1st hence one-year moving average is not yet feasible.

GEOGRAPHICAL BREAKDOWN OF EXPOSURES

Recall that Luminor Bank AB recognizes exposures subject to credit risk or counterparty credit risk in 82 countries. Hence the following logic has been applied for purpose of disclosure clarity. First, the Bank assumed that it is relevant to disclose separately exposure in home country and two other Baltic states. Secondly, the quantitative materiality threshold at the level of 2% of the exposure measure has been established. Norway exceeded the threshold and hence has been reported separately in Table 9.

The exposure measure in template CRB-C is net COREP original exposure. Note that a reporting institution is mandated to set up materiality threshold with respect to geographical breakdown disclosure based on EBA's guidelines EBA/GL/2016/11 and EBA/GL/2014/14.

TABLE 9. EU CRB-C - GEOGRAPHICAL BREAKDOWN OF EXPOSURES

		Net value					
TEUR		**Lithuania**	**Latvia**	**Estonia**	**Norway**	**Other countries**	**Total**
7	Central governments or central banks	1 228 438,00	-	-	-	-	1 228 438,00
8	Regional governments or local authorities	162 938,00	-	-	-	-	162 938,00
9	Public sector entities	47 010,00	-	-	-	-	47 010,00
12	Institutions	19 569,00	359,00	80 655,00	153 490,00	24 536,00	278 609,00
13	Corporates	2 391 632,00	28 316,00	9 672,00	600,00	171 835,00	2 602 055,00
14	Retail	882 325,00	384,00	1 382,00	119,00	5 477,00	889 687,00
15	Secured by mortgages on immovable property	2 078 695,00	351,00	81,00	1 729,00	17 422,00	2 098 278,00
16	Exposures in default	189 813,00	232,00	-	188,00	2 701,00	192 934,00
17	Items associated with particularly high risk	64 947,00	-	-	-	350,00	65 297,00
21	Equity exposures	2 550,00	-	-	-	3 265,00	5 815,00
22	Other exposures	180 214,00	868,00	363,00	71,00	209,00	181 725,00
23	**Total (standardised approach)**	**7 248 131,00**	**30 510,00**	**92 153,00**	**156 197,00**	**225 795,00**	**7 752 786,00**

CONCENTRATION OF EXPOSURES BY INDUSTRY AND COUNTERPARTY TYPES

Table 10 covers exposures to non-financial corporations and non-physical persons which are subject to credit risk. The reported values are net COREP original exposures. The basis for division by industry is the NACE classification codes.

TABLE 10. EU CRB-D - CONCENTRATION OF EXPOSURES BY INDUSTRY AND COUNTERPARTY TYPES

	TEUR	Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air conditioning supply	Water supply; sewerage; waste management and remediation activities	Construction	Wholesale and retail trade; repair of motor vehicles and motorcycles	Transporting and storage	Accommodation and food service activities	Information and communication	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence; compulsory social security	Education	Human health and social work activities	Arts, entertainment and recreation	Other services	Total
7	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	22	-	162 916	-	-	-	-	162 938
9	Public sector entities	58	-	32	73	1 509	38	19	929	-	85	4 158	922	111	34 825	1 319	2 357	322	234	46 991
12	Institutions	-	-	-	-	-	-	-	-	-	-	13 568	-	-	-	-	-	-	-	13 568
13	Corporates	154 570	15 494	602 247	120 475	16 927	195 863	644 544	196 468	21 972	12 393	356 451	75 616	90 811	93	1 236	3 555	5 251	36 108	2 550 074
14	Retail	176 081	1 523	77 076	720	2 532	45 951	99 906	35 611	7 254	4 197	26 392	7 055	70 263	-	978	5 177	1 090	10 406	572 212
15	Secured by mortgages on immovable property	1 982	-	1 196	30	-	-	3 301	1 077	806	535	-	497	257	-	49	80	17	966	10 793
16	Exposures in default	6 329	50	23 953	83	47	4 082	12 363	2 641	7 129	322	52 333	335	9 664	-	112	111	620	604	120 778
17	Items associated with particularly high risk	-	-	-	-	-	8 042	-	-	-	-	49 093	-	-	-	-	-	-	-	57 135
21	Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Other exposures	-	-	-	-	-		-	-	-	-	-	-	12 850	-	-	-	-	-	12 850
23	**Total**	**339 020**	**17 067**	**704 504**	**121 381**	**21 015**	**253 976**	**760 133**	**236 726**	**37 161**	**17 532**	**501 995**	**84 447**	**183 956**	**197 834**	**3 694**	**11 280**	**7 300**	**48 318**	**3 547 339**

MATURITY OF EXPOSURES

Table 11 covers exposures subject to credit risk. Reported values are net COREP original exposure.

TABLE 11. EU CRB-E - MATURITY OF EXPOSURES

TEUR		Net exposure value					
		On demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity	Total
7	Central governments or central banks	1 228 438,00	-	-	-	-	1 228 438,00
8	Regional governments or local authorities	-	174,00	30 095,00	132 669,00	-	162 938,00
9	Public sector entities	51,00	323,00	39 968,00	6 650,00	-	46 992,00
12	Institutions	62 880,00	80 304,00	22 973,00	2 397,00	-	168 554,00
13	Corporates	255 914,00	261 796,00	1 198 786,00	880 820,00	-	2 597 316,00
14	Retail	48 438,00	78 818,00	333 043,00	428 814,00	-	889 113,00
15	Secured by mortgages on immovable property	197,00	2 348,00	11 327,00	2 084 404,00	-	2 098 276,00
16	Exposures in default	2 394,00	36 256,00	47 372,00	106 913,00	-	192 935,00
17	Items associated with particularly high risk	-	27 488,00	32 200,00	5 609,00	-	65 297,00
21	Equity exposures	-	891,00	4 924,00		-	5 815,00
22	Other exposures	-	1 386,00	180 339,00	-	-	181 725,00
23	**Total (standardised approach)**	**1 598 312,00**	**489 784,00**	**1 901 027,00**	**3 648 276,00**	**-**	**7 637 399,00**

CREDIT QUALITY OF EXPOSURES BY EXPOSURE CLASS AND INSTRUMENT

Table 12 covers exposures subject to credit risk. Reported values are gross exposures as defined in Annex II of Commission Implementing Regulation (EU) No 680/2014 that is an exposure value without taking into account value adjustments and provisions, conversion factors and the effect of credit risk mitigation techniques (referred further to as "gross COREP original exposure"). Table 12 contains also net COREP original exposure calculated as sum of gross COREP original exposure and specific credit risk adjustment (in negative values). Accumulated write-offs in Table 12 serve as memorandum item.

TABLE 12. EU CR1-A — CREDIT QUALITY OF EXPOSURES BY EXPOSURE CLASS AND INSTRUMENT

TEUR		Gross carrying values of		Specific credit risk adjustment	Accumulated write-offs	Net values
		Defaulted exposures	Non-defaulted exposures			
16	Central governments or central banks	-	1 228 438,00	-	(317,00)	1 228 438,00
17	Regional governments or local authorities	-	163 060,00	(122,00)	-	162 938,00
18	Public sector entities	-	47 034,00	(42,00)	-	46 992,00
21	Institutions	-	168 567,00	(13,00)	(20,00)	168 554,00
22	Corporates	-	2 601 481,00	(4 165,00)	(44,00)	2 597 316,00
23	*Of which: SMEs*	-	77 108,00	(51,00)	-	77 057,00
24	Retail	-	890 346,00	(1 233,00)	(246 431,00)	889 113,00
25	*Of which: SMEs*	-	489 647,00	(996,00)	(176 825,00)	488 651,00
26	Secured by mortgages on immovable property	-	2 098 842,00	(566,00)	-	2 098 276,00
27	*Of which: SMEs*	-	9 313,00	(27,00)	-	9 286,00
28	Exposures in default	268 783,00		(75 850,00)	-	192 933,00
29	Items associated with particularly high risk	-	91 247,00	(25 949,00)	-	65 298,00
33	Equity exposures	-	5 815,00	-	-	5 815,00
34	Other exposures	-	181 725,00	-	-	181 725,00
35	**Total (standardised approach)**	**268 783,00**	**7 476 555,00**	**(107 940,00)**	**(423 637,00)**	**7 637 398,00**
37	Of which: Loans	228 282,00	3 789 880,00	(98 049,00)	-	3 920 113,00
38	Of which: Debt securities	-		-	-	-
39	Of which: Off-balance-sheet	17 102,00	969 287,00	(107,00)	-	986 282,00

exposures

CREDIT QUALITY OF EXPOSURES BY INDUSTRY

Table 13 covers exposures to non-financial corporations and non-physical persons which are subject to credit risk. The basis for division by industry is the NACE classification codes. Reported values are gross and net COREP original exposure. Net COREP original exposure is calculated as gross COREP original exposure less specific credit risk adjustment. Accumulated write-offs in Table 13 serve as memorandum item.

TABLE 13. EU CR1-B — CREDIT QUALITY OF EXPOSURES BY INDUSTRY

TEUR		Gross carrying values of		Specific credit risk adjustment	Accumulated write-offs	Net values
		Defaulted exposures	Non-defaulted exposures			
1	Agriculture, forestry and fishing	7 791,00	333 547,00	(2 316,00)	(5 157,00)	339 022,00
2	Mining and quarrying	179,00	17 072,00	(184,00)	(92,00)	17 067,00
3	Manufacturing	26 602,00	681 378,00	(3 476,00)	(42 825,00)	704 504,00
4	Electricity, gas, steam and air conditioning supply	86,00	121 349,00	(54,00)	-	121 381,00
5	Water supply; sewerage; waste management and remediation activities	48,00	21 114,00	(147,00)	(248,00)	21 015,00
6	Construction	9 837,00	194 823,00	(8 824,00)	(47 317,00)	195 836,00
7	Wholesale and retail trade; repair of motor vehicles and motorcycles	21 498,00	749 734,00	(11 099,00)	(25 739,00)	760 133,00
8	Transporting and storage	4 977,00	234 358,00	(2 608,00)	(5 833,00)	236 727,00
9	Accommodation and food service activities	9 738,00	30 072,00	(2 649,00)	(2 945,00)	37 161,00
10	Information and communication	497,00	17 270,00	(234,00)	(83,00)	17 533,00
11	Real estate activities	73 988,00	463 630,00	(35 623,00)	(40 265,00)	501 995,00
12	Professional, scientific and technical activities	575,00	84 336,00	(463,00)	(10 256,00)	84 448,00
13	Administrative and support service activities	9 854,00	174 532,00	(431,00)	(1 100,00)	183 955,00
14	Public administration and defence; compulsory social security	-	197 984,00	(150,00)	-	197 834,00
15	Education	127,00	3 589,00	(22,00)	(32,00)	3 694,00
16	Human health and social work activities	393,00	11 193,00	(306,00)	(309,00)	11 280,00
17	Arts, entertainment and recreation	737,00	6 695,00	(132,00)	(470,00)	7 300,00
18	Other services	754,00	47 765,00	(201,00)	(15 255,00)	48 318,00
19	**Total**	**167 681,00**	**3 390 441,00**	**(68 919,00)**	**(197 926,00)**	**3 489 203,00**

CREDIT QUALITY OF EXPOSURES BY GEOGRAPHY

In Table 14 the same logic has been applied as in Table 9, that is, the Bank assumed that it is relevant to disclose separately exposure in home country and two other Baltic states and established the quantitative materiality threshold. Norway exceeded the threshold and hence has been reported separately. Threshold has been set at the level of 2% of the exposure measure which is net COREP original exposure value (the same as in Table 9). A reporting institution is mandated to set up materiality threshold with respect to geographical breakdown disclosure based on EBA's guidelines EBA/GL/2016/11 and EBA/GL/2014/14.

TABLE 14. EU CR1-C — CREDIT QUALITY OF EXPOSURES BY GEOGRAPHY

		Gross carrying values of		Specific credit risk adjustment	Accumulated write-offs	Net values
TEUR		Defaulted exposures	Non-defaulted exposures			
1	Lithuania	259 613,00	7 090 303,00	(101 784,00)	(245 687,00)	7 248 132,00
2	Latvia	491,00	30 294,00	(276,00)	(450,00)	30 509,00
3	Estonia	-	92 169,00	(14,00)	-	92 155,00
4	Norway	259,00	156 012,00	(74,00)	-	156 197,00
5	Other countries	8 422,00	223 160,00	(5 790,00)	(675,00)	225 792,00
6	**Total**	**268 785,00**	**7 591 938,00**	**(107 938,00)**	**(246 812,00)**	**7 752 785,00**

AGEING OF PAST-DUE EXPOSURES

Table 15 presents gross COREP original exposures which are at least 1 day past-due.

TABLE 15. EU CR1-D — AGEING OF PAST-DUE EXPOSURES

		Gross carrying values					
TEUR		≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
1	Loans	157 886,00	36 726,00	16 881,00	29 544,00	20 733,00	122 045,00
2	Debt securities	-	-	-	-	-	-
3	**Total exposures**	**157 886,00**	**36 726,00**	**16 881,00**	**29 544,00**	**20 733,00**	**122 045,00**

NON-PERFORMING AND FORBORNE EXPOSURES

Table 16 reports gross COREP original exposures divided in accordance to performing/non-performing status, forbearance status and default definition. Source of abovementioned status/definition is FINREP (financial reporting framework) therefore the total of defaulted exposure might differ with COREP defaulted class (as reported e.g. in Table 12 CR1-A).

TABLE 16. EU CR1-E — NON-PERFORMING AND FORBORNE EXPOSURES

TEUR	Gross carrying values of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
		of which performing but past due > 30 days and <= 90 days	of which performing forborne	of which non-performing				on performing exposures		on non-performing exposures		on non-performing exposures	of which: forborne
					of which: defaulted	of which: impaired	of which: forborne		of which: forborne		of which: forborne		
010 Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-
020 Loans and advances	6 672 899	32 594	28 708	321 174	304 899	235 660	204 968	(6 017)	(51)	(101 815)	(78 721)	188 201	106 556
030 Off-balance sheet exposures	986 389	87	-	17 102	17 102	1 307	-	-	-	(107)	-	2 708	-

CHANGES IN THE STOCK OF SPECIFIC CREDIT RISK ADJUSTMENTS

Table 17 reports changes in credit risk adjustment and has been reconciled with FINREP data.

TABLE 17. EU CR2-A — CHANGES IN THE STOCK OF SPECIFIC CREDIT RISK ADJUSTMENTS

TEUR		Accumulated specific credit risk adjustment
1	**Opening balance 31-12-2016**	**(101 304,00)**
2	Increases due to amounts set aside for estimated loan losses during the period	(21 451,00)
3	Decreases due to amounts reversed for estimated loan losses during the period	10 854,00
4	Decreases due to amounts taken against accumulated credit risk adjustments	22 999,00
5	Transfers between credit risk adjustments	586,00
6	Impact of exchange rate difference	-
7	Business combinations, including acquisitions and disposals of subsidiaries	-
8	Other adjustments	(19 516,00)
9	**Closing balance 31-12-2017**	**(107 832,00)**
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	7 812,00
11	Specific credit risk adjustments directly recorded to the statement of profit or loss	-

CHANGES IN THE STOCK OF DEFAULTED AND IMPAIRED LOANS

Table 18 contains year flows within default class exposures. The closing balance of 31-12-2017 has been reconciled with the COREP value of default class reported e.g. in Table 12 CR1-A. The definition of exposure value in Table 18 is gross COREP original exposure.

TABLE 18. EU CR2-B — CHANGES IN THE STOCK OF DEFAULTED AND IMPAIRED LOANS

TEUR		Gross carrying value defaulted exposures
1	**Opening balance 31-12-2016**	**211 500,00**
2	Loans and debt securities that have defaulted or impaired since the last reporting period	(29 992,00)
3	Returned to non-defaulted status	124 090,00
4	Amounts written off	(22 255,00)
5	Other changes	(14 560,00)
6	**Closing balance 31-12-2017**	**268 783,00**

CREDIT RISK MITIGATION

Credit risk mitigation is an integral part of the credit risk management process in Luminor Lithuania. Defined requirements for new customers, prudent evaluation of debt service capacity and collateral held as security are the main credit risk mitigation measures. However, other risk mitigation techniques, tools and processes are used in daily activities as well (e.g. different risk classification models, calculation of debt service capacity, transparent credit approval authorities, strict credit decision making rules and credit risk monitoring).

The Group periodically executes monitoring of all customers with credit obligations. The monitoring includes control of financial and non-financial covenants, control of payments and collateral position, analysis of business activities and financial data, update of a rating grade. In case a worsened financial situation, which can lead to insolvency, is identified for the customer during the monitoring process, special attention is paid to such customer by including it into the watch-list and devising an action plan (which has to be revised quarterly) and additional tools of control. The watch-list is the management tool for the business areas and consists of performing commitments that meet the following criteria: loss events have occurred, though no impairment losses have been recorded, or some financial covenants have been breached.

Qualitative disclosure on credit risk mitigation techniques is disclosed in 1.2. Risk limit control and mitigation policies in Luminor Bank AB Consolidated Annual Report 2017, Luminor Bank AB, Group Consolidated Annual Report for the year ended 31 December.

CRM TECHNIQUES – OVERVIEW

TABLE 19. EU CR3 — CRM TECHNIQUES – OVERVIEW

TEUR		Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees
1	Total loans	5 469 995,00	2 282 790,00	2 205 174,00	77 616,00
2	Total debt securities	-	-	-	-
3	**Total exposures**	**5 469 995,00**	**2 282 790,00**	**2 205 174,00**	**77 616,00**
4	Of which defaulted	136 634,15	56 298,85	53 761,85	2 537,00

STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS

TABLE 20. STANDARDISED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS

TEUR		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	Exposure classes	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1	Central governments or central banks	1 228 438	-	1 248 243	-	-	0,0%
2	Regional government or local authorities	161 417	1 521	164 616	778	-	0,0%
3	Public sector entities	45 855	1 137	65 727	433	5 822	0,2%
6	Institutions	165 029	3 525	165 029	1 009	62 593	1,6%
7	Corporates	1 860 350	736 966	1 849 826	336 411	2 172 576	57,0%
8	Retail	687 967	201 146	658 151	91 725	487 866	12,8%
9	Secured by mortgages on immovable property	2 095 374	2 902	2 095 374	837	732 937	19,2%
10	Exposures in default	175 938	16 995	173 401	7 045	216 595	5,7%
11	Exposures associated with particularly high risk	43 207	22 091	43 207	9 940	79 719	2,1%
15	Equity	5 815	-	5 815	-	5 815	0,2%
16	Other items	181 725	-	181 725	-	47 689	1,3%
17	**Total**	**6 651 115**	**986 283**	**6 651 114**	**448 177**	**3 811 612**	**100,0%**

LEVERAGE

QUALITATIVE DISCLOSURE

The leverage ratio is determined as Tier 1 capital divided by the total exposure measure. This ratio ensures additional level of protection against model risks and assessment errors.

As of 31 December 2017, the leverage ratio of the Financial Group was 9.75%. The capital measure is Tier 1 capital; the total exposure measure is the aggregate amount of assets and off balance sheet items. The leverage ratio is calculated using end of reporting period data. The Group is not exposed to the risk of excessive leverage.

TABLE 21. LRQUA: QUALITATIVE ITEMS

Row		
1.	Description of the processes used to manage the risk of excessive leverage	The Bank and the Financial Group regularly evaluates the leverage risk. Every quarter the information on leverage ratio is included in the Risk report and presented to the Bank's Management Board and Supervisory Council Risk Committee that in case of necessity make decisions on appropriate actions in order to decrease the risk of excessive leverage. Such actions may include increase of own capital, sales of assets or lending limitation. In Q2 2018, the Supervisory Council approved the reviewed Risk Appetite Framework where also the minimum level of leverage ratio is set. Neither the Bank, nor the Financial Group are exposed to the risk of excessive leverage. As at 31 December 2017, the leverage ratio for the Bank was 9.69% and for the Financial Group 9.75%.
2.	Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage Ratio refers	Due to the merger, in 2017 both Tier 1 capital and total risk exposure increased. As a result the leverage ratio has not changed substantially compared to the end of 2016.

CRR LEVERAGE RATIO

Table 22 begins with FINREP total assets and then discloses reconciliation between that amount and leverage ratio total exposure measure. Starting with FINREP total assets makes adjustment for prudential consolidation scope obsolete. Disclosure of the leverage ratio follows Commission Delegated Regulation (EU) No 2016/200.

TABLE 22: LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

TEUR		Applicable amount
1	Total assets as per published financial statements	6 851 576,00
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	-
4	Adjustments for derivative financial instruments	7 531,00
5	Adjustment for securities financing transactions (SFTs)	900,00
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	455 868,00
{ES-6a}	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	-
{ES-6b}	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	-
7	Other adjustments	(5 090)
8	**Leverage ratio total exposure measure**	**7 310 785,00**

TABLE 23. LRCOM: LEVERAGE RATIO COMMON DISCLOSURE

TEUR		**CRR leverage ratio exposures**
	On-balance sheet exposures (excluding derivatives and SFTs)	
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	6 743 720
2	(Asset amounts deducted in determining Tier 1 capital)	(5 090)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**6 738 630**
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	6 370
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	7 531
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivatives exposures (sum of lines 4 to 10)**	**13 901**
	SFT exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	101 486
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	Counterparty credit risk exposure for SFT assets	900
{ES-14a}	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	-
15	Agent transaction exposures	-
{ES-15a}	(Exempted CCP leg of client-cleared SFT exposure)	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**102 386**
	Other off-balance sheet exposures	
17	Off-balance sheet exposures at gross notional amount	986 276
18	(Adjustments for conversion to credit equivalent amounts)	-530 408
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	**455 868**
	Capital and total exposure measure	
20	**Tier 1 capital**	**712 761**

TEUR		CRR leverage ratio exposures
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**7 310 785**
	Leverage ratio	
22	**Leverage ratio**	**9,75%**
	Choice on transitional arrangements and amount of derecognised fiduciary items	
ES-23	Choice on transitional arrangements for the definition of the capital measure	Fully phased in
ES-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	-

TABLE 24 LRSPL: SPLIT-UP OF ON BALANCE SHEET EXPOSURES

TEUR		CRR leverage ratio exposures
ES-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**6 743 721**
ES-2	Trading book exposures	87 911
ES-3	**Banking book exposures, of which:**	**6 655 810**
ES-5	Exposures treated as sovereigns	1 389 856
ES-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	45 855
ES-7	Institutions	165 029
ES-8	Secured by mortgages of immovable properties	2 095 374
ES-9	Retail exposures	687 967
ES-10	Corporate	1 860 350
ES-11	Exposures in default	175 938
ES-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	235 441

REMUNERATION POLICY

Partial Remuneration policy disclosure covering Article 450 of the CRR is disclosed in the consolidated annual financial report part 15. Remuneration policy. More detailed information in accordance with the requirements of Article 450 is being prepared and will be published in the middle of 2018.