Early Warning System

EBRD-50023

Luminor senior bonds

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Quick Facts

Countries	Estonia, Latvia, Lithuania
Financial Institutions	European Bank for Reconstruction and Development (EBRD)
Status	Approved
Bank Risk Rating	U
Voting Date	2018-05-23
Borrower	Luminor Bank AS
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 175.64 million
Loan Amount (USD)	$ 175.64 million
Project Cost (USD)	$ 409.83 million

Project Description

According to EBRD website, the project aims to support the Issuer raise medium-term funding in the capital markets in order to diversify the funding sources and establish itself as a self-sustainable pan-Baltic financial institution. Further, it will support the resilience of the financial sector and markets by:

(i) increasing the supply of investable listed instruments for local pension funds and other institutional investors

(ii) helping the diversification of the funding sources for the Issuer and decreasing the dependence on the parents and

(iii) supporting an orderly replacement of two Nordic banks, while mitigating the risk to stable and competitive financial intermediation in the Baltic countries.

Investment Description

- European Bank for Reconstruction and Development (EBRD)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Luminor Bank AS (Financial Intermediary)

Private Actors Description

The Issuer belongs to the Luminor Group. The Luminor Group currently comprises Luminor Group AB and its direct and indirect subsidiaries in Estonia, Latvia and Lithuania. Luminor Group AB, the holding company established in Sweden, has Nordea Bank Abp ("Nordea", Nordea Bank AB (publ) (Sweden) merged into Nordea Bank Abp (Finland) on 1 October 2018) and DNB Bank ASA ("DNB") as its main shareholders, based on an agreement to merge their Baltic operations in Estonia, Latvia and Lithuania. Luminor Group AB owns 100% of the shares of the Issuer, as well as of Luminor Latvia and Luminor Lithuania.

Luminor Group is the third largest financial services group on the Baltic market in terms of total assets and customer loans and deposits (according to the financial statements published by Baltic banks), providing retail, corporate and private banking as well as other financial services.

Contact Information

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ACCOUNTABILITY MECHANISM OF EBRD

The Project Complaint Mechanism (PCM) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an European Bank for Reconstruction and Development (EBRD)-financed project. If you submit a complaint to the PCM, it may assess compliance with EBRD's own policies and procedures to prevent harm to the environment or communities or it may assist you in resolving the problem that led to the complaint through a dialogue with those implementing the project. Additionally, the PCM has the authority to recommend a project be suspended in the event that harm is imminent. You can contact the PCM at pcm@ebrd.com or you can submit a complaint online using an online form, http://www.ebrd.com/eform/pcm/complaint_form?language=en. You can learn more about the PCM and how to file a complaint at http://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism.html.