AS LHV Pank
Consolidated annual report 2024

(Translation of the Estonian original)

Consolidated annual report	**1 Jan 2024 – 31 Dec 2024**

Legal name	**AS LHV Pank**
Commercial Registry no.	**10539549**
Legal address	**Tartu mnt 2, 10145 Tallinn, Estonia**
Phone	**(+372) 6 800 400**
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E-mail	**lhv@lhv.ee**
Main activities	**Banking** **Leasing and other lending** **Financial advisory** **Security brokerage**
Financial year	**1 January – 31 December**
Management Board	**Kadri Kiisel (Chairman)** **Annika Goroško** **Indrek Nuume** **Jüri Heero** **Meelis Paakspuu** **Kadri Haldre**
Supervisory Board	**Madis Toomsalu (Chairman)** **Rain Lõhmus** **Andres Viisemann** **Tiina Mõis** **Raivo Hein** **Heldur Meerits** **Liisi Znatokov**
Auditor's legal name	**PricewaterhouseCoopers AS**

These are the Group's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The link to original document: https://investor.lhv.ee/en/reports/

Mandatory elements of the basic taxonomy of the ESEF

Name of reporting entity or other means of identification	**AS LHV Pank**
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period	**No changes**
Domicile of entity	**Republic of Estonia**
Legal form of entity	**Public Limited Company**
Country of incorporation	**Republic of Estonia**
Address of entity's registered office	**Tartu mnt 2, Tallinn, 10145, Republic of Estonia**
Principal place of business	**Republic of Estonia**
Description of nature of entity's operations and principal activities	**Banking, leasing and other lending, financial advisory, security brokerage**
Name of parent entity	**AS LHV Group**
Name of ultimate parent of group	**AS LHV Group**

Table of contents

Management report

Business overview

Our vision is encouraging people and businesses think big and act big.

Our mission is to provide better access to financial services and capital.

LHV's values are simple, supportive, and effective.

AS LHV Pank ('the Bank' or 'LHV Pank') remains the largest domestically owned bank in Estonia, consistently delivering strong financial performance and maintaining its position as a leader in customer satisfaction. The bank is dedicated to serving active and independent customers, fostering an entrepreneurial mindset among its clientele.

For private customers, LHV Pank offers comprehensive solutions for daily financial management and home loans, emphasizing the best customer experience and innovative options for growing wealth. For business customers, it provides flexible financing and tailored financial solutions, while financial intermediaries benefit from a robust platform for EUR and GBP transactions.

By prioritizing digital communication channels, LHV Pank ensures modern, efficient, and cost-effective services. These savings are passed on to customers through competitively priced banking services, reinforcing the bank's commitment to accessibility and value.

With almost 20% market share in Estonia's daily banking, deposit, and business loan segments, LHV Pank is now the third-largest bank in the country. The bank's long-term vision is to become Estonia's largest and most profitable financial institution by focusing on efficiency, innovation, and exceptional service delivery.

LHV Pank has offices in Tallinn, Tartu and Pärnu. LHV Pank's consolidated financial statements comprise the accounts of LHV Pank and its 65% ownership subsidiary AS LHV Finance ('LHV Finance'), which specialises in consumer financing (together referred to 'the Group' or 'LHV'). Parent company of LHV Pank is AS LHV Group ('LHV Group').

1.1 Business activities

In 2024, LHV Pank achieved significant milestones in customer acquisition, business growth, and operational efficiency despite the continuing competitive and regulatory pressures. A stabilizing macroeconomic environment and higher customer confidence enabled the bank to capitalize on its strengths and deliver exceptional results across all business areas.

LHV Pank continued to grow in 2024. The number of customers increased by 38,000 to 456,000, i.e., by 9%. The youth segment grew by 11% to 90,226 customers, fulfilling our target mission in excess. The growth in customer activity and business volumes were broad-based. LHV Pank continued servicing financial intermediaries in euro payments and safeguarding services. The growth in customer activity and business volumes were broad-based.

Deposits from customers increased by 14% to EUR 6,294 million. Deposits from regular customers grew by 14% to EUR 4,593 million, while deposits from financial intermediaries increased by 37% to EUR 1,355 million. Intragroup deposits increased by 54% to EUR 59 million. Competition in the deposit market was severe, but the focus was set on collecting more deposits than the market's organic growth, a goal that was fulfilled. The average cost, compared to the market, was lower. With a strong focus on deposits and liquidity, we also collected deposits from European platforms, resulting in a balance of EUR 287 million at the end of the year.

The Group's loan portfolio grew by 18% to EUR 4,204 million during the year. Corporate loans grew by 21% to EUR 2,274 million and retail loans by 21% to EUR 1,930 million. The breakdown of the retail loan portfolio was as follows: home loans 78%, leases 10% and other loans 12%.

The Group's net profit for the year remained almost the same by decreasing just 1% to EUR 140.5 million. Total income increased by 6%, total operating expenses increased by 12%. Net interest income increased due to increased corporate and home loan portfolios, with negative effect coming from repricing of deposits. The increase in net fee and commission income was 34%. It was mainly impacted by the higher customer activity. Credit losses increased by EUR 4.4 million. Still, the quality of the loan portfolio remained strong, with a very low share of non-performing loans. Results for the year also include EUR 24.4 million deferred tax expense for 2024 payable on the expected future dividend payment. The Group's performance indicators were solid: return on equity (on net profit attributable to shareholders) was 25.0%, the cost/income ratio was 34.5%, and risk cost ratio was 0.4%.

The Group's total assets increased by 17% to EUR 7,937 million in 2024.

Financial results

EUR million	2024	2023	Δ
Net interest income	237.1	228.5	4%
Net fee and commission income	36.4	27.2	34%
Net financial income	0.6	2.7	-78%
Other income	2.0	1.7	18%
Total net income	276.1	260.1	6%
Total operating expenses	95.4	85.2	12%
Expected credit losses	15.8	11.4	39%
Income tax expense	24.4	22.1	10%
Net profit	**140.5**	**141.4**	**-1%**

Business volumes

Loans (net)	4,204	3,549	18%
Deposits from customers	6,294	5,535	14%
No of bank customers, thous.	456	417	9%

Key figures, %

Return on equity (ROE)	25.0	30.9
Return on assets (ROA)	1.9	2.2
Net interest margin (NIM)	3.2	3.6
Spread	3.0	3.5
Cost / income ratio	34.5	32.8

Return on Equity (ROE) = net profit (attributable to the owners of the parent) / average equity (attributable to the owners of the parent) * 100

Return on Assets (ROA) = net profit / average assets * 100

Net Interest Margin (NIM) = net interest income / average interest earning assets * 100

Spread = yield on interest-bearing assets - cost of interest bearing liabilities

Cost/Income ratio (C/I) = total operating expenses / total net income * 100

1.2 Development activities

In 2024, the focus was on customer experience, improving existing services, and enhancing efficiency. Another stream was the cross-sale by utilizing different customer bases from all LHV Group Estonian entities and selling them all the products offered by LHV.

Several improvements were made to customer onboarding processes to improve convenience and speed as the main foundation of a great customer experience. Digital channels were also opened to all users of various LHV Group services. Customers can use biometric authentication, receiving notifications for outgoing transactions, which also serves as a mechanism for preventing and detecting fraudulent transactions. The mobile app gained new features for investment services, and the Financial Portal received a new platform and a modern look. Forward-looking developments for modernising the technological platform were in focus and will continue to be a focus in 2025.

1.3 Organisation

LHV Pank is divided into seven functional areas, each with its own departments. Business areas include retail banking, corporate banking, and financial intermediation. Support areas comprise IT, financial management and support services, risk management, and product development management. Human resource management, marketing and communication, and compliance are smaller bank-wide activities.

In 2024, the number of the Group's employees converted to the full-time equivalent increased by 99 to 925, including inactive and part-time staff, and the 19 employees of LHV Finance.

The year brought several awards and accolades. Once again, LHV Pank was named the bank with the best customer service in Estonia in a survey conducted by the market research company Dive. LHV Pank ranked first in the Most Attractive Employers survey conducted by the job portal CVKeskus.ee and TOP Employer in survey conducted by the job portal CV-Online Estonia. LHV Pank also received highest ranking in the employer reputation survey conducted by employer branding agency Instar by being the most attractive employer. LHV Pank's staff satisfaction survey Q12 reflected continuously a very high level of satisfaction. City Plaza building, where LHV Pank's Tallinn office is located, has a BREEAM (Building Research Establish Environmental Assessment Method) certificate.

1.4 Sustainability at LHV Pank

At LHV, we acknowledge the vital role of the financial sector in steering economic shifts and directing resources through lending and investments toward activities that promote a transition to a more sustainable economy. Since 2020, LHV Group has been a member of the United Nations Environment Programme Finance Initiative (UNEPFI), a comprehensive framework for sustainable banking developed through a partnership between banks worldwide and the United Nations. In 2024, LHV made substantial progress towards its sustainability goals, focusing on metrics, regulatory frameworks, ESG governance, credit portfolio analysis, and risk management processes. In this annual report there is a separate section of LHV's consolidated sustainability statements meeting the requirements of the Corporate Sustainability Reporting Directive (CSRD), demonstrating our ongoing dedication to transparent and responsible sustainability practices. Initiatives such as measuring and disclosing the climate impact of our loan portfolio will continue, with an ongoing commitment to enhancing data quality for more accurate reporting. This analytical approach enables us to identify the most emission-intensive sectors, allowing for targeted actions to reduce emissions within those areas.

Business environment

In 2024, cyclical imbalances in the global economy gradually eased, supported by improved economic activity across major economies. These trends, combined with restrictive monetary policies, contributed to lower global inflation rates. However, significant downside risks remain, including elevated political uncertainty and persistent services inflation in many regions. The U.S. economy demonstrated resilience, with GDP growing 2.8% in 2024, driven by increases in consumer spending, exports, investment, and federal government expenditures[1]. In contrast, growth in European economies remained subdued. The UK's GDP grew by 1.0% in Q3 compared to the same quarter last year[2]. The GDP growth rate in 2024 was 0.7% in the euro area and 0.8% in the EU[3]. Emerging Asia's growth in 2024 was buoyed by strong demand for semiconductors and electronics, fuelled by substantial investments in artificial intelligence. However, a sustained slowdown is evident in the region's two largest economies.

The year 2024 was a favourable one for global financial markets, with several major stock market indices achieving historical highs despite heightened volatility in the latter half of the year. The S&P 500 recorded an impressive annual return of 23.31%, reaching multiple all-time highs throughout the year and peaking at the start of December. However, the index closed the year on a slightly lower note, marking its first decline over the final four trading days of a calendar year since 1966. European stock markets posted more modest gains compared to their U.S. counterparts. The STOXX 600 experienced significant volatility, with a robust first half followed by a sharp decline in early August. Nevertheless, it ended the year with a 5.39% annual return. The London-based FTSE 100 exhibited a range-bound trading pattern for most of the year but finished strong with an annual return of 5.69%. The Nikkei 225 delivered a solid annual return of 19.22%, reaching a record high in July. Despite a 5.5% decline from its peak, the index closed 2024 at its highest year-end level since 1989. The SSE Composite Index trended downwards from May but rebounded sharply in September following the announcement of government economic stimulus measures. It concluded the year with an annual return of 12.67%. Gold emerged as a standout performer, achieving its best annual return since 2010, rising 27.24% for the year, driven by safe-haven flows and increased central bank purchases.

Economic activity in the euro area resumed at a moderate pace in 2024, with annual GDP growth projected at 0.7%. Sectoral trends indicate continued contraction in industrial activity during the third quarter, while the service sector maintained growth. Recent indicators point to weakening growth in the short term, as subdued consumer confidence and high uncertainty are expected to encourage increased household savings. On the downside, persistent weakness in manufacturing sector continues to weigh on growth in countries such as Germany and Italy. Despite these challenges, conditions are in place for a gradual recovery in the coming years, albeit amid significant geopolitical and policy uncertainty[4]. Economic weakness is still evident among Estonia's key trading partners in Scandinavia due to low foreign demand (including export opportunities to Germany) and elevated unemployment. Conversely, Lithuania has shown stronger-than-expected recovery, driven by robust private consumption and gradual improvements in export markets. Meanwhile, Latvia remains in a state of economic stagnation.

The labour market in the euro area remained tight. The unemployment rate declined to 6.3% in December, down from 6.5% a year earlier. Employment grew modestly in the second and third quarters but is expected to slow in the short term. However, significant disparities persist between countries, with unemployment rates ranging from 10.6% in Spain to 3.0% in Malta[5]. Compensation per employee growth is estimated to have slowed to 4.5% in Q3 2024. While this suggests reduced inflationary pressure from wages, growth remains above the historical average of 2.3%. Recent wage increases have outpaced productivity, leading to a 4.5% rise in unit labour costs during Q3 2024.

Youth unemployment (under 25s) remains elevated, with rates as high as 25.3% in Spain in December and an increase of 0.3 percentage points year-over-year to 6.4% in Germany.

Euro area inflation slowed steadily throughout 2024 but edged higher in the last quarter due to base effects from

[1] Bureau of Economic Analysis. *Gross Domestic Product (Third Estimate), Corporate Profits (Revised Estimate), and GDP by Industry, Third Quarter 2024.* 19 December 2024. Available: https://www.bea.gov/news/2024/gross-domestic-product-third-estimate-corporate-profits-revised-estimate-and-gdp-1

[2] Office for National Statistics (ONS). *GDP first quarterly estimate, UK: July to September 2024.* 15 November 2024. Available: https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpfirstquarterlyestimateuk/julytoseptember2024#:~:text=1.,same%20quarter%20a%20year%20ago.

[3] Eurostat. *namq_10_gdp*. Available: https://doi.org/10.2908/NAMQ_10_GDP

[4] European Central Bank (ECB). *Eurosystem staff macroeconomic projections for the euro area.* December 2024. Available: https://www.ecb.europa.eu/press/projections/html/ecb.projections202412_eurosystemstaff~71a06224a5.en.html

[5] Eurostat. *une_rt_m*. Available: https://doi.org/10.2908/UNE_RT_M

energy prices. Annual inflation stood at 2.5% in December and is expected to decline toward the European Central Bank's (ECB) 2% target by the second quarter of 2025. However, disparities persist, with 12 euro area members reporting inflation rates above the 2% target at the end of 2024. Core inflation, which excludes energy and food, remained relatively stable since early 2024, standing at 2.7% since September. While growth in non-energy industrial goods prices moderated to below long-term averages, services inflation has remained persistent[1].

The European Central Bank (ECB) initially maintained a restrictive monetary policy to ensure inflation stabilizes at its 2% medium-term target. However, as disinflation progressed, the ECB Governing Council shifted to a more accommodative stance, implementing four 25-basis-point rate cuts in June, September, October, and December 2024. By year-end, the deposit facility rate, which sets the interest rate for overnight bank deposits with the Eurosystem, stood at 3%, reflecting a gradual easing of monetary policy while remaining moderately restrictive.

Rate cuts have gradually reduced borrowing costs for new credit, though the impact of earlier rate hikes continues to affect existing credit. These monetary adjustments were reflected in market interest rates. The 6-month Euribor, tied to many loan agreements, declined from 3.9% in January to 2.6% in December, with most of the decline occurring in the fourth quarter, aligning with expectations of further policy easing. Longer-term interbank rates also fell, with the 12-month Euribor dropping below both the 3-month and 6-month Euribor rates.

In Q4 2024, Estonia's[2] GDP decreased by 0.1% year-over-year and remained unchanged from Q3. The economy is projected to contract by 0.7% annually in 2024. Following two years of recession, conditions are gradually improving for a return to growth. Falling energy and commodity prices, coupled with a slow recovery in purchasing power, are providing some relief. Estonian companies are also focusing on enhancing competitiveness. The general government budget deficit has increased, injecting additional funds into the economy. However, recently introduced tax increases and budget cuts are expected to delay economic recovery.

For most of 2024, value added across various economic sectors decline, export-dependent activities particularly affected. Manufacturing experienced an average contraction of 7% in the real value added over the first three quarters of the year. The construction sector saw an average decline of 12.4% from Q1 to Q3, with the downturn intensifying in later quarters. However, by the end of 2024, several struggling sectors, including transportation and storage, began to recover and are expected to continue improving.

In 2024, Estonia's consumer price index growth slowed to a low of 2.5% in the summer but began accelerating in the autumn. By Q4, inflation reached 3.9%, with half of the increase attributed to VAT and excise tax hikes implemented earlier in the year. The yearly inflation rate stood at 3.5%. Food and services inflation remained high in the second half of 2024. Food prices rose by over 5%, driven by global market price increases for item such as coffee, juices, butter, and vegetables. Services inflation steadily accelerated, reaching approximately 7.2% in December.

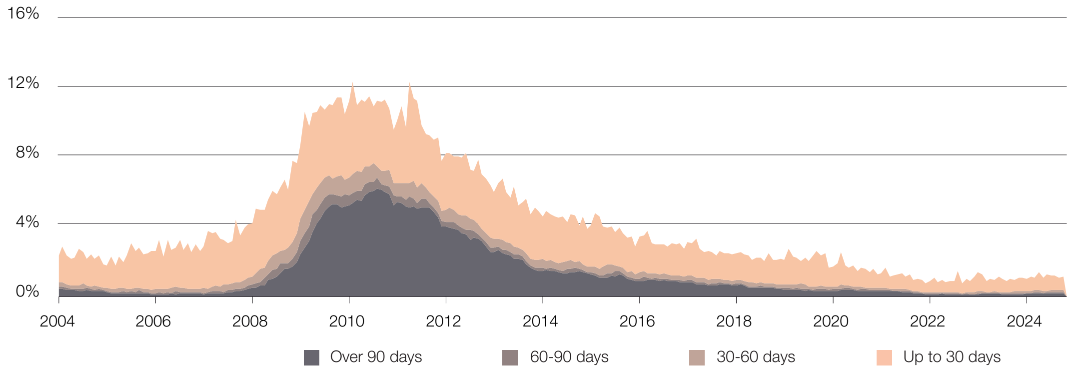
In the second half of 2024, Estonian exports showed early signs of recovery. However, domestic demand remained weak, with declines in both investment and household consumption, while government consumption expenditure increased slightly. Household consumption fell by 2.1% in Q3 compared to the previous year. Despite overall weak economic performance, investments continued to grow in key sectors such as energy, manufacturing, ICT, and transportation and storage.

The loan market was primarily driven mainly by private individuals, with the household loan portfolio growing nearly 8.5% year-over-year by the end of December. The corporate loan portfolio in Estonia grew at an average annual rate of 6.8% per month in 2024. However, growth accelerated towards the end of the year, reaching 10.7% year-over-year in December. The average interest margin for loans to nonfinancial companies remained stable at around 2.7% by year-end, while the margin for housing loans declined to 1.4%. Household deposits grew rapidly throughout 2024, reaching an annual growth rate of 8.5% by year-end. Corporate deposits also began to recover in Q3, achieving an annual growth rate of 10% in Q4. Overdue loans remained at historically low levels throughout 2024, though there was a slight increase during the year. By year-end, the market average share of loans overdue by more than 60 days stood at 0.3%, reflecting continued stability in the credit market.

[1] Eurostat. *prc_hicp_manr*. Available: https://doi.org/10.2908/PRC_HICP_MANR

[2] Data for Estonia originates from the databases of Statistics Estonia and the Bank of Estonia.

Market average share of overdue loans in loan portfolio, %



Source: Bank of Estonia

Estonia's economic continues to face challenges from reduced external demand, ongoing competitiveness issues, and the prolonged Ukraine-Russia war. However, conditions for recovery are improving. While exporting companies still face weak demand, relief is anticipated as input and energy costs rise at a slower pace. Economic projections indicate a return to growth, with GDP expected to increase by 1.6% in 2025, accelerating to 2.9% in 2026 and 2027. However, the recovery is slower than previously anticipated, delayed by planned tax and excise hikes in the coming years.

Key economic indicators of Estonia*

							Bank of Estonia forecast			
	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E
Nominal GDP (EUR billion)	26.4	28.4	27.8	31.4	36.4	38.2	39.2	41.1	43.4	45.7
*GDP volume***	3.7%	3.6%	2.5%	7.2%	0.0%	-3.1%	-0.7%	1.6%	2.9%	2.9%
*Private consumption expenditures****	4.6%	4.3%	0.8%	7.1%	2.9%	-1.6%	-0.1%	1.6%	2.6%	2.5%
Government consumption expenditures	1.1%	3.3%	3.9%	3.9%	1.5%	0.6%	1.5%	-3.4%	1.6%	-0.3%
Fixed capital formation	10.5%	6.2%	17.8%	0.3%	-8.3%	8.7%	-4.0%	4.2%	1.1%	3.6%
Exports	2.9%	5.0%	4.1%	22.1%	5.0%	-9.0%	-0.8%	3.4%	3.8%	3.3%
Imports	6.5%	3.7%	0.8%	22.7%	5.0%	-6.6%	0.5%	3.2%	8.8%	2.7%
CPI	3.4%	2.3%	-0.4%	4.7%	19.4%	9.2%	3.6%	4.3%	3.6%	2.7%
Unemployment rate (% of the labour force)	5.4%	4.5%	6.8%	6.2%	5.6%	6.4%	7.6%	7.3%	6.9%	6.3%
Current account (% of GDP)	0.6%	2.0%	2.5%	-3.6%	-3.9%	-1.7%	-1.9%	-2.0%	-1.1%	-0.2%
Budget balance (% of GDP) ****	-0.6%	-0.1%	5.4%	-2.6%	-1.1%	-2.8%	-2.8%	-2.8%	-2.8%	-2.2%

* The figures reported are annual changes in percentage terms unless otherwise indicated;
** GDP and its components are chain-linked;
*** Including NPISH;
**** The budget balance forecast considers only those measures on which sufficient information was available at the date of the forecast.

Source: Bank of Estonia, Statistics Estonia

Management[1] and compensation policy

LHV Pank's governing bodies are the General Meeting of shareholders, the Supervisory Board and the Management Board.

1. General Meeting

The General Meeting of shareholders is the highest governing body of LHV Pank, where shareholders invoke their rights. Since LHV Group is the sole shareholder of LHV Pank, the resolutions of the General Meeting are adopted solely by LHV Group.

The primary duties of the General Meeting of shareholders are amendment of the articles of association, increase and decrease of share capital, decisions on issuance of convertible bonds, election and extension of terms of Supervisory Board members, premature removal of Supervisory Board members, approval of the annual report and profit allocation, determining the number of auditors, appointment and recall of auditors, deciding on the conclusion of transactions beyond the scope of everyday economic activities with members of the Supervisory Board, and other decisions that are within the powers of the General Meeting of shareholders pursuant to law.

The Management Board calls General Meetings of shareholders. The annual General Meeting of shareholders for approval of the annual report is held at least once per annum. Since LHV Group is the sole shareholder, physical meetings are not required. Resolutions are adopted by the sole shareholder in writing, unless otherwise required by law.

The shareholders with significant influence in LHV Group are Rain Lõhmus and persons related to him, who held 21.18% of share capital in aggregate and Andres Viisemann and persons related to him, who held 11.04% of share capital in aggregate, as of 31 December 2024.

2. Supervisory Board

The Supervisory Board is the governing body of LHV Pank that plans the activities, organises the management and supervises the activities of the Management Board. The Supervisory Board approves and regularly reviews the strategy, general plan of action, risk management policies and the annual budget of LHV Pank. The Supervisory Board consists of five to seven members. Supervisory Board members have terms of up to five years. Members of the Supervisory Board elect the Chairman of the Supervisory Board from among themselves who organises the Supervisory Board's activities.

The authority to elect and recall members of the Supervisory Board, as well as extend their terms, is vested in LHV Group as the sole shareholder of LHV Pank. Only individuals with sufficient knowledge and experience to fulfil the duties of a Supervisory Board member and who meet the requirements set out in applicable laws, internal regulations, and the Rules of Suitability Assessment of Management Body Members, Management Bodies, and Key Function Holders may be appointed. Suitability is assessed in accordance with the ESMA and EBA Guidelines and the European Central Bank's (ECB) suitability assessment framework, taking into account the specific nature of LHV Pank's operations.

Supervisory Board members possess a range of skills and expertise in banking, investments, financial oversight, and risk management. To maintain effective oversight, members regularly participate in professional development activities, ensuring their knowledge remains current. Their expertise is evaluated periodically through a suitability assessment, confirming compliance with legal and governance standards.

The Supervisory Board ensures adherence to prudential regulations, supervises the Management Board's execution of the bank's strategy, and aligns LHV Pank's activities with the long-term objectives of LHV Group.

Supervisory Board members of LHV Pank do not receive separate remuneration for performing their duties as members of the Supervisory Board of LHV Pank. Due to the significant overlap between their duties and membership at the LHV Group level, remuneration is determined and paid at the LHV Group level. This structure ensures alignment across governance levels and avoids duplication in compensation. At the LHV Group level, Supervisory Board members receive fixed remuneration, which is not tied to financial results, and they are not eligible for variable remuneration, share options, or other performance-based compensation. An exception is the Chairman of the Supervisory Board, Madis Toomsalu, who receives performance-based compensation in his capacity as the Chairman of the Management Board of LHV Group.

The members of the Supervisory Board are required to declare their economic interests and any potential conflicts of interest annually. There were no conflicts of interest reported in 2024, and no corrective measures were required. Transactions between LHV Pank and members of the Supervisory Board, their close family members, or related parties that fall outside the ordinary course of LHV Pank's economic activities must be approved in advance by the sole shareholder, LHV Group. In 2024, there were no such transactions, and no valid contracts of this nature exist from earlier periods. None of the Supervisory Board

[1] Disclosed in line with the disclosure requirements related to ESRS G1 GOV-1, paragraphs 5a and 5b, and covered with limited assurance engagement for Compliance Sustainability Statement.

members hold shares exceeding 5% in companies that are business partners, suppliers, or clients of LHV Pank. These measures ensure that the Supervisory Board operates in an impartial and transparent manner, aligned with LHV Group's policies and best governance practices.

2.1 Composition and Expertise

The Supervisory Board of LHV Pank has seven members: Madis Toomsalu (Chairman, until 31 March 2026), Rain Lõhmus (until 20 March 2029), Andres Viisemann (until 31 March 2027), Tiina Mõis (until 20 March 2029), Heldur Meerits (until 31 March 2026), Raivo Hein (until 31 March 2027), Liisi Znatokov (from 20 March 2024 until 20 March 2029).

Madis Toomsalu is the Chairman of the Management Board of LHV Group and the Chairman of the Supervisory Boards of LHV Pank, AS LHV Kindlustus, AS LHV Varahaldus and AS LHV Paytech, a member of the Supervisory Board of AS LHV Finance, and the Chairman of the Board of Directors of LHV Bank Limited. He is also a member of the Management Board of MTÜ "FinanceEstonia" and a member of the council of the foundation SA Rohetiiger. Madis Toomsalu has obtained a bachelor's degree in business management from Tallinn University of Technology (TalTech) in 2009 and a master's degree in 2011 in public sector finance. Madis Toomsalu and a person related to him own altogether 1,572,230 shares, representing 0.48% of all shares of LHV Group. With the options issued in 2022, 2023 and 2024, Madis Toomsalu has the right to subscribe a total of 607,206 shares of LHV Group.

Rain Lõhmus is one of the founders of LHV and the Chairman of the Supervisory Board of LHV Group. He is a member of the Supervisory Board of LHV Pank and belongs to the Supervisory Board of Kodumaja AS. He is the owner and a member of the Management Boards of AS Lõhmus Holdings and Lohmus Capital OÜ and the owner of OÜ Merona Systems, Kõrberebane OÜ and one of the owners of Zerospotnrg OÜ. Additionally, he is one of the owners of OÜ KODRESTE and Umblu Records OÜ. Rain Lõhmus graduated from Tallinn University of Technology (TalTech) and the management programme of Harvard Business School. Rain Lõhmus and persons related to him (Lõhmus Holdings OÜ, OÜ Merona Systems) own altogether 68,649,130 shares, representing 21.18% of all shares of LHV Group.

Andres Viisemann is one of the founders of LHV and the manager of LHV pension funds. He is a member of the Supervisory Boards of LHV Group, LHV Pank and AS LHV Varahaldus. He also belongs to the Supervisory Boards of AS Fertilitas and AS Viimsi Haigla. He is the owner and a member of the Management Board of Viisemann Holdings OÜ and the owner of Viisemann Investments AG and OÜ Miura Investeeringud. Andres Viisemann graduated from the University of Tartu and obtained a master's degree from INSEAD in International Business Management. Andres Viisemann and the persons related to him (incl. Viisemann Investments AG) own altogether 35,782,395 shares, representing 11.04% of all shares of LHV Group. Due to his position as the head of LHV pension funds, Andres Viisemann is entitled to subscribe a total of 134,979 shares of LHV Group for options issued in 2022, 2023 and 2024.

Raivo Hein is a member of the Supervisory Boards of LHV Group and LHV Pank. He also belongs to the Supervisory Board of AS Puumarket and to the Management Board of MTÜ Pärtli. He is the owner and the member of Management Board of OÜ Kakssada Kakskümmend Volti and a Management Board member of Põhjala Kellad OÜ and several other companies established for the management of personal investments. Raivo Hein graduated from Tallinn University of Technology (TalTech). Raivo Hein does not own shares of LHV Group. Persons related to him (incl. OÜ Kakssada Kakskümmend Volti, Lame Maakera OÜ, Astrum OÜ) own altogether 5,513,694 shares, representing 1.70% of all shares of LHV Group.

Heldur Meerits is a member of the Supervisory Boards of LHV Group and LHV Pank. He is also a member of the Supervisory Boards of Kodumaja AS and the foundations SA Põltsamaa Ühisgümnaasiumi Toetusfond, SA Tähelaps (in liquidation) and Audentese Koolide SA. Heldur Meerits is also the owner and a member of the Management Boards of the companies established for the management of personal economic interests, AS Amalfi and SIA Valdemara Group, the owner of Kuldrannake Amalfi OÜ, and the protector and beneficiary of Castra Hiberna Foundation. Heldur Meerits graduated from the Faculty of Economics and Business Administration of the University of Tartu. Heldur Meerits does not own shares of LHV Group. The persons related to him (AS Amalfi and SIA Valdemara Group) own altogether 5,537,640 shares, representing 1.71% of all shares of LHV Group.

Tiina Mõis is a member of the Supervisory Boards of LHV Group and LHV Pank. She is the owner and a Management Board member of AS Genteel and one of the owners and a Management Board member of Nine Lives OÜ. Tiina Mõis graduated from Tallinn University of Technology (TalTech). Tiina Mõis and a person related to her (AS Genteel) own altogether 11,359,880 shares, representing 3.50% of all shares of LHV Group.

Liisi Znatokov is a member of the Supervisory Board of LHV Group and LHV Pank. She is also the founder, CEO, and member of the Management Board of Cobalt Financial Technologies Inc. Liisi Znatokov graduated from Tallinn University of Technology (TalTech). Liisi Znatokov and persons related to her do not own any shares in LHV Group.

3. Management Board

The Management Board is the governing body of LHV Pank that represents and manages LHV Pank. The Management Board has three to seven members. Management Board members have term of up to five years. The Chairman of the Management Board organises the work of the Management Board. In accordance with the Articles of Association, the company may be represented by two Management Board members jointly.

The members of the Management Board are elected and removed by the Supervisory Board. To appoint a Management Board member, the candidate must provide written consent, and their suitability is assessed in accordance with the Rules of Suitability Assessment of Management Body Members, Management Bodies, and Key Function Holders. This process adheres to the joint ESMA and EBA Guidelines and the ECB's suitability assessment guidelines, taking into account the specific nature of LHV Pank's operations.

The Management Board members bring a diverse set of skills and experience in banking, investments, financial oversight, and operational management. To ensure effective governance and leadership, the members regularly participate in training programmes designed to address evolving challenges in the financial and banking sectors. In 2024, this included training in risk management, anti-money laundering (AML), and crisis resolution. Suitability assessments are conducted periodically, confirming that the Management Board possesses the expertise required to meet the governance standards applicable to credit institutions.

The Management Board ensures that LHV Pank has effective risk management and internal control systems appropriate to its operations and business areas. These systems cover all business, support, and control units to ensure operational efficiency, accurate reporting, and compliance with applicable laws and regulations. The Management Board is also responsible for implementing the strategy set by the Supervisory Board and making everyday management decisions in the best interest of LHV Pank, putting aside personal interests.

The Management Board members are employed under management board member contracts concluded with LHV Pank. They receive monthly remuneration based on these contracts, and their salaries are determined individually, reflecting their role and responsibilities.

The Management Board members are not entitled to additional performance-based remuneration, bonuses, or benefits, except for participation in the long-term incentive plan (LTI plan) approved by LHV Group's General Meeting of Shareholders. Under the LTI plan, performance pay is granted in the form of share options, tied to the achievement of LHV's financial and operational objectives. These options align management's interests with those of LHV Group's shareholders and are issued on a long-term basis, subject to vesting and risk-adjusted performance evaluation.

3.1 Composition and Expertise

The Management Board of LHV Pank has six members: Kadri Kiisel (Chairman), Indrek Nuume, Jüri Heero, Meelis Paakspuu (all until 31 March 2027), Andres Kitter (until 1 March 2024), Annika Goroško (from 1 March 2024 until 1 March 2029), Martti Singi (until 18 November 2024), Kadri Haldre (from 18 November 2024 until 18 November 2029).

Kadri Kiisel is the Chairman of the Management Board of the LHV Pank and the Chairman of the Supervisory Board of LHV Finance, she is also a member of the management board of AS LHV Paytech and AS LHV Varahaldus. She is also the Chairman of the Council of the Estonian Banking Association. Kadri Kiisel graduated from the University of Tartu in 2011 with MBA degree in finance. Kadri Kiisel and a person related to her own altogether 506,700 shares, representing 0.16% of all shares of LHV Group. With the options issued in 2022, 2023 and 2024, Kadri Kiisel has the right to subscribe a total of 492,281 shares of LHV Group.

Meelis Paakspuu has been a member of the Management Board and CFO of LHV Pank since 2015 and a member of the Management Board and CFO of LHV Group since 2022. He is not a member of the governing bodies of any other company. Meelis Paakspuu graduated from the University of Tartu in 1996 with a degree in economics. Meelis Paakspuu and a person related to him own altogether 824,280 shares, representing 0.25% of all shares of LHV Group. With the options issued in 2022, 2023 and 2024, Meelis Paakspuu has the right to subscribe a total of 486,894 shares of LHV Group.

Jüri Heero has been member of the Management Board and CIO of LHV Pank since 2007 and a member of the Management Board and CIO of LHV Group since 2022. He is also the owner and Management Board member of Heero Invest OÜ. Jüri Heero graduated from the University of Tartu in 1999 with a degree in economics. Jüri Heero and a person related to him (Heero Invest OÜ) own altogether 1,287,350 shares, representing 0.40% of all shares of LHV Group. With the options issued in 2022, 2023 and 2024, Jüri Heero has the right to subscribe a total of 390,171 shares of LHV Group.

Indrek Nuume is a member of the Management Board and the Head of Corporate Banking of the LHV Pank. Indrek Nuume has obtained a master's degree from the Faculty of Economics and Business Administration of the University of Tartu in 2002. He is also a member of the Supervisory Board of the non-profit organisation SA Tilsi LK Fond. Indrek Nuume and persons related to him own altogether 550,000 shares, representing 0.17% of all shares of LHV Group. With the options issued in 2022, 2023 and 2024, Indrek Nuume has the right to subscribe a total of 512,687 shares of LHV Group.

Annika Goroško has been a member of the Management Board of the LHV Pank since 1 March 2024. Annika Goroško has obtained a bachelor's degree from the Social Sciences of the Tallinn University of Technology in 2010. Annika

Goroško does not own shares of LHV Group. Persons related to her own 100 shares. With the options issued in 2023 and 2024, Annika Goroško has the right to subscribe a total of 32,483 shares of LHV Group.

Kadri Haldre has been a member of the Management Board and CRO of LHV Group and LHV Pank since 18 November 2024. She is a member of the Management Board in OÜ KMA Invest, a company she solely owns. Kadri Haldre obtained a Bachelor's Degree in Law from University of Tartu and an MSc in Economics and Business Administration from Copenhagen Business School and a BSc in Economics and Business from Stockholm School of Economics in Riga. Kadri Haldre owns 51,540 shares, representing 0.02% of all shares of LHV Group. With the options issued in 2022, 2023 and 2024, Kadri Haldre has the right to subscribe a total of 102,168 shares of LHV Group.

4. Committees

The Supervisory Board of LHV Pank has formed one committee on the LHV Pank level, the aim of which is to advise the Supervisory Board of LHV Pank in matters described below. The Supervisory Board of LHV Group, the sole shareholder of LHV Pank, has formed additional four committees on the LHV Group level, the aim of which is to advise the Supervisory Board of LHV Group and/or group companies in matters described below concerning all the group companies. The responsibilities, rights, and terms of references the committees, as well as the members, are decided by the Supervisory Boards of LHV Group and LHV Pank (if applicable).

4.1 Risk and Capital Committee

Both LHV Group and LHV Pank have established Risk and Capital Committees (jointly referred to as the Risk and Capital Committee) whose task is to supervise and ensure compliance with the risk management policy and the capital management policy on the LHV Group consolidated level and LHV Pank consolidated level, respectively. The Risk and Capital Committee reviews and evaluates regular risk reports, ensures the effectiveness of the processes supporting capital adequacy and liquidity, assesses capital plans, and oversees the largest clients with significant credit risk exposures. The Risk and Capital Committee has at least three members who are elected from among the members of the Supervisory Board of LHV Group and LHV Pank, respectively. The elected members must have the necessary expertise, skills, and experience to understand and monitor risk management principles, risk tolerance, and capital requirements on an ongoing basis. The responsibilities of the Risk and Capital Committee also include reviewing and approving or proposing for approval by the Supervisory Board the company's internal liquidity adequacy assessment process (ILAAP), internal capital adequacy assessment process (ICAAP), recovery plans (RCP), resolution planning (RRP), and other significant risk-related policies and frameworks. Additionally, the committee oversees the supervision of LHV Pank's investment activities, overall risk profile, and capital management.

4.2 Audit Committee

The Audit Committee is, above all, an advisory body to the Supervisory Board of LHV Group and its subsidiaries in the fields of accounting and reporting, audit, risk and capital management, internal control system and internal audit as well as legal and regulatory compliance. The Audit Committee has at least three members, who are appointed for a term of three years. The duties of the Audit Committee are to monitor and analyse the processing of financial information, ensuring the accuracy and integrity of quarterly and annual financial statements, effectiveness of the risk management and internal control systems, the financial statement audit process, including consolidated financial statements and the independence of the statutory auditor and the auditor firm, as required by law, and the compliance of their activities with provisions of the Auditors Activities Act. The Audit Committee is responsible for making proposals to the Supervisory Board and provide recommendations for the appointment or removal of the external auditor, appointment or removal of the internal auditor, prevention or resolution of inefficiencies and problems within in the organisation and ensuring compliance with laws, regulations, and professional standards.

The Audit Committee is supported in its oversight activities by the internal audit unit, led by the Head of Internal Audit, who provides regular reports to the Audit Committee, with reports submitted on a quarterly basis. The responsibilities of the Head of Internal Audit include ensuring that the analysis and assessment of compliance of activities with the objectives, rules of procedure, applicable laws, other legal acts, the rules of the regulated market, precepts of authorities, and agreements are carried out.

4.3 Nomination Committee

The purpose of the Nomination Committee is to support the Supervisory Board of LHV Group and LHV Pank, LHV Finance in matters related to the selection process and fit-and-proper requirements for the members of the Management Boards, Supervisory Boards, and key function holders (if applicable) of these companies. The responsibilities of the Nomination Committee include the individual suitability assessments of candidates for governing bodies and key function holders, the collective suitability assessments of governing bodies, the assessment of the composition, structure, and activities of the governing bodies, the continuous monitoring of the decision-making processes by governing bodies, the periodic review of the content, format, and frequency of risk information received and ensuring the involvement of Risk Management, Compliance, Internal Audit, and other department heads, where appropriate. The Nomination Committee is comprised of at least three members, who are elected from among the matching members of LHV Group and LHV Pank Supervisory Boards. The elected members must have sufficient and relevant knowledge, expertise, and experience, individually and collectively, in matters of the selection process and fit-and-proper requirements.

4.4 Remuneration Committee

The Remuneration Committee is a body established on the level of Supervisory Boards of LHV Group, LHV Pank, LHV Finance and LHV Kindlustus to oversee the development, implementation, and supervision of a remuneration strategy for employees and members of the Management Boards of these companies. The Remuneration Committee is charged with the tasks of evaluating the impact of remuneration-related decisions on compliance with regulatory requirements, particularly those related to the management of risks, own funds, and liquidity, exercising oversight over the remuneration of the Management Board members and employees of LHV Group, LHV Pank, LHV Finance, and LHV Kindlustus and annually evaluating the implementation of the remuneration policy and, where necessary, proposing updates to remuneration principles. The Remuneration Committee is set up of at least three members, who are elected from among the matching members of the Supervisory Boards of LHV Group and LHV Pank. Persons appointed to the Remuneration Committee must have sufficient and relevant knowledge, expertise, and experience in remuneration policy and practices, risk management, and control.

5. Remuneration policy

The remuneration policy for the members of the Management Board and employees of LHV Pank and LHV Finance is established and its implementation is evaluated by the Remuneration Committee. A monthly base salary is paid to both members of the Management Board and employees of LHV Pank and LHV Finance. The Supervisory Board determines the base salaries of members of the Management Board, the the Management Board determines the base salaries of employees. Management board member agreements have been concluded with the Management Board members, whereas all other employees are employed under employment contracts. LHV Pank has made no major severance payments nor significant non-cash compensations.

The remuneration policy aims to attract and retain employees with the skills, experience, and capabilities necessary to execute the company's strategy while aligning employee and stakeholder interests. Remuneration typically includes a base salary and a performance bonus, determined based on fairness, objectivity, and the management of risks related to capital adequacy, liquidity, and financial sustainability. Performance criteria are designed to support sound risk management and include a balance of quantitative and qualitative metrics, adjusted for risks and aligned with both short- and long-term objectives. Qualitative criteria emphasize adherence to risk management policies, achievement of strategic goals, customer satisfaction, and leadership skills. LHV does not offer third-pillar pension contributions or personal-use benefits and prohibits employees from transferring downside risks through hedging or insurance. Annual self-assessments identify employees impacting the risk profile, with results reviewed by the Remuneration Committee and audited by Internal Audit. The strategy ensures competitive and motivating pay linked to financial results, considering factors such as dedication, results, initiative, and strategic alignment. The Remuneration Committee oversees and annually reviews the policy, making proposals to the Supervisory Board as needed.

6. Share options

In 2020 LHV Group shareholders approved the result-based share option programme for the Management Boards and equivalent staff as well as key employees of LHV Group and the group companies, to be implemented from 2020 until 2024. In 2024 the recipients and amounts of share options to be granted for the results for 2023 were determined based on this programme.

The aim of issuing share options is to create conditions where the long-term objectives and interests of the management and equivalent staff as well as key employees of LHV Group and the group companies would be harmonised with the long-term interests of the shareholders of LHV Group. Additionally, the programme aims to promote sound and effective risk management, including the consideration of sustainability risks.

As part of the programme, there is an annual performance pay added to basic salary, the amount or issue of which depends on the fulfilment of individual and LHV objectives. The objectives of the programme are:

- ensuring competitive remuneration to be attractive in the labour market;
- retaining and motivating key personnel through creating a relationship of ownership;
- reconciling the interests of shareholders and employees;
- increasing company value through performance management;
- promoting sound and effective risk management.

The instruments of performance pay under the option programme are 100% equity options. The term of share options is at least 3 years from the moment the options were granted. An additional criterion applies to options issued to Management Board members – they are not allowed to sell these shares for another year after executing the rights under option. This three-year vesting period ensures a long-term evaluation of results and sustainable growth. It is not possible to receive the specified amount in cash in lieu of share options. Share options are issued annually as a percentage of the total number of LHV Group shares, as specified in the share option programme approved by the General Meeting of LHV Group shareholders. LHV has the right to refuse to exercise and issue equity options to the entitled person, in whole or in part, if:

- LHV General Meeting or the Supervisory Board under instructions from the General Meeting does not adopt the decision on the increase of LHV share capital and issuance of shares;
- the Management Board member agreement or the employment relationship of the person entitled to receive options has ceased at the initiative of the person entitled to receive options or pursuant to § 88 of the Employment Contracts Act or, if the Employment Contracts Act is amended, on an analogous basis. However, based on the decision of the Supervisory Board it is possible to make exceptions to the applicability of this paragraph;
- the financial results of LHV or its relevant subsidiary have substantially deteriorated compared to the previous period;
- the person entitled to receive options no longer meets the performance criteria or does not meet the requirements imposed by law on the management or employees of a credit institution or a fund management company;
- LHV or its relevant subsidiary no longer meets the prudential regulations or the company's business risks are not adequately covered by own funds;
- the issuance of options has been determined based on information which has proven to be materially misstated or incorrect.

The share options have been issued annually from 2015 to 2024. In 2024, the options issued in 2021 were fully exercised. The next share options issue could be in 2025 based on the Supervisory Board's decision.

The granting and amount of share options were dependent upon the successful achievement of operational targets of the overall company and the targets of individual Management Board members and employees. In 2024, share options were granted to 7 Management Board members (6 from LHV Pank and 1 from LHV Finance) and 160 employees in the amount of EUR 4,598 thousand. In 2023, share options were granted to 7 Management Board members (6 from LHV Pank AS and 1 from LHV Finance AS) and 141 employees in the amount of EUR 4,426 thousand.

The share options issued in 2022 can be exercised between the period from 1 April 2025 to 30 April 2025 and shares with the nominal value of EUR 0.1 can be acquired for EUR 2.182 per share. The share options issued in 2023 can be exercised between the period from 1 April 2026 to 30 April 2026 and shares with the nominal value of EUR 0.1 can be acquired for EUR 1.70 per share. The share options issued in 2024 can be exercised between the period from 1 April 2027 to 30 April 2027 and shares with the nominal value of EUR 0.1 can be acquired for EUR 1.74 per share.

Expenses related to share option program amounted to EUR 4,821 thousand (2023: EUR 3,945 thousand). The data above reflects only the perspective of LHV Pank and LHV Finance.

7. Salaries

The table below provides wages, salaries paid, and the number of employees who received salaries and wages during the financial year 2024 (including trainees).

Calculated gross salaries and wages

EUR thousand	Base salary	Incentive salary (excluding option program)	Total	Number of employees
Retail banking	10,648	0	10,648	430
Private and corporate banking	3,305	0	3,305	81
Financial intermediates	730	0	730	19
Support services	12,448	0	12,448	340
Information technology	9,841	0	9,841	233
Total	**36,972**	**0**	**36,972**	**1,103**

Consolidated sustainability statement

1. General information

1.1 Sustainability statement

Sustainability for us means continuous learning through collaboration with our stakeholders and experts, understanding the impacts of our choices, and creating lasting value. We focus on enhancing our expertise, offering sustainable financial products, refining processes, and fostering industry partnerships for responsible practices. Recognizing our influence on society and the environment, we prioritize measuring and managing these impacts. We are also committed to understanding and addressing sustainability risks, particularly as they relate to climate change and societal changes resulting from that.

We aim to actively shape sustainable development in finance by driving systemic change and embracing innovative solutions. Our commitment to sustainability involves building internal capacity and integrating ESG factors such as climate impact, employee well-being and diversity, ethical business conduct and transparency, into decision-making and operations.

This sustainability report provides an insight on how LHV integrates sustainability matters into its business activities to increase its positive and mitigate the negative impact on the environment,society and business conduct. Also, we recognize that sustainability is an evolving field, and we are committed to continuously enhancing our approach. This includes not only addressing current challenges but also anticipating future impacts, risks and opportunities. While we are confident in our strategic direction, we acknowledge that forward-looking information is inherently uncertain and subject to change based on new developments, regulatory shifts, and market conditions. Nevertheless, we remain committed to transparency and resilience as we navigate these uncertainties and continue to advance our sustainability goals.

1.1.1 Principles of reporting

LHV Pank's consolidated sustainability statements have been prepared in accordance with Estonian Accounting Act which implemented the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), which provide a structured framework for sustainability reporting. In addition, this report includes the disclosures subject to EU Taxonomy Regulation.

The sustainability statements are part of LHV Pank annual report, which relates to the period 1 January through 31 December 2024. The report is developed on a consolidation basis and relates to AS LHV Pank and its subsidiary. The scope of consolidation for sustainability statement is the same as for the consolidated financial statement.

To account for the sustainability aspects related to the whole value chain of LHV, the disclosed information considers our upstream and downstream value chain where relevant, as well as our own operations. The specific value chain description is provided in section 1.2.1. The sustainability report follows the general principles outlined in ESRS 1 standard, ensuring comprehensive and structured reporting. It also includes disclosures in relation to mandatory data requirements in ESRS 2, as well as disclosure in relation to material topical standards E1 Climate change, E5 Resource use and circular economy, S1 Own workforce, S4 Consumers and end-users and G1 Business conduct.

Some disclosures are included in parts of the annual report located outside of the sustainability statements and references to these specific sections are disclosed under relevant topics and in the form of a tables in the content index overview and in the data requirements incorporated by reference into sustainability statement below. Comparative information for some disclosed metrics is also provided for financial year 2023 disclosed in previous annual report for the purpose of comparability, although these have not received any previous independent assurance service nor are subject to limited assurance in 2024. Following the phase-in possibility provided in ESRS 1 and its appendix C, LHV has applied it to the disclosure requirements for this reporting period as follows:

List of phased-in disclosure requirements

ESRS	Disclosure Requirement	Full name of the Disclosure Requirement	Phase-in or effective date (including the first year)
ESRS 2	SBM-1	Strategy, business model and value chain	Breakdown of total revenue by significant ESRS sector and list of additional significant ESRS sectors
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Anticipated financial effects
ESRS E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
ESRS E5	E5-6	Anticipated financial effects from resource use and circular economy-related risks and opportunities	Anticipated financial effects from material resource use and circular economy-related risks and opportunities
ESRS S1	S1-7	Characteristics of non-employee workers in the undertaking's own workforce	Characteristics of non-employees in the undertaking's own workforce
ESRS S1	S1-8	Collective bargaining coverage and social dialogue	Collective bargaining coverage and social dialogue regarding its own employees in non-EEA countries
ESRS S1	S1-11	Social protection	Social protection, i.e. the disclosure whether its employees are covered by social protection against loss of income due to major life events
ESRS S1	S1-12	Percentage of employees with disabilities	Persons with disabilities of its own workforce
ESRS S1	S1-13	Training and skills development	Training and skills development metrics
ESRS S1	S1-14	Health and safety	The data points on cases of work-related ill-health and on number of days lost to injuries, accidents, fatalities and work-related ill health
ESRS S1	S1-14	Health and safety	Health and safety metrics on non-employees
ESRS S1	S1-15	Work-life balance	Work-life balance metrics

LHV has incorporated disclosures stemming also from other sustainability reporting frameworks or legislation, where applicable, described in the table List of datapoints in cross-cutting and topical standards that derive from other EU legislation at the end of the Sustainability statements in Annex 1. As part of LHV's commitment to enhancing transparency and accountability in our sustainability reporting, we are actively developing and refining structured processes to collect more comprehensive information on material impacts, risks, and opportunities related to our operations. This will enable us to identify the financial effects and better understand how the information from the required disclosures and data points influences our business performance. We are also expanding our focus on workforce characteristics, including the collection of data. This will likely involve further development of existing programs already embedded in our daily operations, enabling us to more effectively monitor and address different aspects of our workforce. Our clear goal is to meet both current and future regulatory expectations while fostering the well-being and development of our employees.

LHV has not exercised the option to withhold any specific information related to intellectual property, know-how, or innovation outcomes in this sustainability report. Furthermore, we have not utilized the exemption to withhold any information related to future developments or matters under negotiation. All relevant and required information has been fully disclosed, ensuring transparency in our sustainability reporting.

We recognize that the disclosure of financed emissions and other Scope 3 categories, are subject to of uncertainty. However, we have based our calculations on the best available actual data currently accessible to us. These uncertainties primarily arise from the reliance on external data sources, such as sectoral average emission factors and proxies, for assessing upstream and downstream value chain climate impact. Over time, the assessment of our portfolio's climate impact will improve as value chain information and data availability evolve, enabling more precise and reliable reporting.

Forward-looking estimates depend on future regulatory developments, customer behaviours, and market conditions, which introduce inherent uncertainty. LHV emphasizes that all forward-looking disclosures should be considered subject to these uncertainties.

1.1.2 Statement on due diligence

At LHV, we have developed due diligence framework to assess and address ESG risks, such as physical risks (e.g., relative sea level rise, coastal flooding) and transition risks (e.g., policy changes such as greenhouse gas reduction mechanisms, including CBAM and ETS) within our credit risk process. This process includes thorough client identification and monitoring to ensure compliance with both internal policies, EU standards and other applicable regulations. For high-risk clients, we apply additional due diligence, with continuous monitoring, to address potential sustainability-related risks. Sustainability due diligence is integrated into our broader risk management framework and is described in more detail under section ESG risks in Credit risk in consolidated financial statements.

At LHV, sustainability reporting follows the same process as financial and operational reporting, addressing mainly compliance risk. We have established internal controls to ensure the accuracy, completeness, and reliability of all sustainability-related disclosures. Our data governance structure ensures that sustainability data is captured, validated, and reported with the same precision as financial data, in line with our internal processes and regulations. By aligning our sustainability reporting with the same internal control procedures as financial reporting, we ensure consistency, transparency, and accountability, reinforcing our commitment to responsible banking and regulatory compliance.

We leverage the three lines of defence to oversee the sustainability reporting process (including double materiality assessment and impacts, risks and opportunities (IROs) identification processes). Business units are responsible for collecting and managing sustainability-related data. The risk management and compliance teams ensure the robustness of data collection processes and address any risks impacting the quality of reporting. Internal audit conducts independent reviews to confirm that ESG risk management and reporting processes are effective, and compliant with regulatory requirements.

1.2 Sustainability strategy

Our objective is to make an actual impact through the sustainability efforts we make. We devote our resources to addressing sustainability matters most affected by our business decisions. The core of our sustainability strategy is specified in our ESG policy which sets goals, ambitions, and approaches for our sustainability efforts in all the subsidiaries of LHV.

Our business strategy, including our sustainability strategy, is overseen by LHV's governance bodies, which include the Supervisory Board, Risk and Capital Committee, Remuneration Committee, and Audit Committee. These governance bodies play a critical role in ensuring that sustainability impacts, risks and opportunities are effectively integrated into our strategic decision-making processes within their respective areas of responsibility.

Through a double materiality assessment, we have concluded the most important sustainability issues that impact our operations and stakeholders, as well as the areas where our business has the greatest impact. This approach allows us to focus our efforts on the sustainability challenges that matter the most. Additionally, our strategy is regularly verified and assessed through established internal control mechanisms, ensuring alignment with regulatory standards and stakeholder expectations.

Our uniform risk management framework ensures that ESG risks are regularly evaluated and managed across the group. More on ESG risks, our risk management and risk mitigation measures can be read under the section Risk management and Credit risk in consolidated financial statements.

LHV acts by the values of being simple, supportive, and effective. Our long-term objectives are focused on building strong, lasting relationships with our partners by being the top financial service provider in terms of customer service excellence, the most engaged and understanding financial service provider for international financial intermediaries, an attractive employer that offers high job satisfaction and growth opportunities for employees; transparent for investors, delivering an annual return on equity (ROE) exceeding 20% and a company with the best management practices, positive social impacts, and climate goals.

Our products and services are designed to be simple, transparent, and relevant. By utilizing modern electronic communication methods, we can cut costs and offer affordable pricing for LHV's everyday services.

At LHV, partnership is central to growing our business. We believe that new initiatives are more successful when all parties share the same interests and offer long-term support to each other. As a publicly traded company, we encourage as many clients and partners as possible to become shareholders and investors, fostering a collaborative effort in building a shared business.

Until the end of 2024, LHV was a signatory member of the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking. These 4 year-long memberships reflected our commitment to aligning our business strategy with the UN Sustainable Development Goals (SDGs) and contributing to the objectives of the Paris Agreement. By concluding our UNEP FI membership programme, we will no longer report under the UNEP FI framework but remain dedicated to responsible banking practices.

1.2.1 Business model and value chain

AS LHV Pank remains the largest domestically owned bank in Estonia, consistently delivering strong financial performance and maintaining its position as a leader in customer satisfaction. The bank is dedicated to serving active and independent customers, fostering an entrepreneurial mindset among its clientele. LHV Pank has offices in Tallinn, Tartu and Pärnu. LHV Pank's consolidated financial statements comprise the accounts of LHV Pank and its 65% ownership subsidiary AS LHV Finance, which specialises in consumer financing. Parent company of LHV Pank is AS LHV Group.

A more detailed overview of the Bank's business activities can be found under Business overview in Management report.

Incorporating sustainability considerations throughout the value chain requires LHV to tailor its products and services to meet the expectations of both individual and corporate clients. The main activities of LHV Pank are structured into the following segments: retail banking, corporate banking, asset management, hire-purchase and consumer finance, financial intermediaries, see more under Note 23 Operating Segments in consolidated annual report. Our clients, who utilize these products and services, play a critical role in our value chain and are central to our business operations.

LHV is committed to maintaining transparency and risk management throughout the value chain, ensuring that our business practices effectively mitigate financial and non-financial risks, including ESG risks.

LHV integrates sustainability into its operations and value chain, addressing impacts both upstream and downstream. The assessment and disclosure of value chain impacts are based on materiality and aligned with double materiality principles. LHV discloses data for both upstream and downstream value chains when material impacts are identified.

For upstream activities, the focus is on direct partners, including suppliers and service providers, while downstream efforts extend to financed activities within the immediate customer base. While LHV evaluates impacts and risks throughout the entire value chain as part of its materiality assessment, the disclosed data primarily pertains to its own operations and direct counterparties. In the downstream scope, LHV includes direct customer activities influenced by its financial products and services, such as financed emissions from loan portfolios. Where detailed downstream data is unavailable, sectoral benchmarks and proxies are utilized to estimate impacts.

Activities within the value chain are described in the table below:

Value chain

Upstream	Own operations	Downstream
Procurement - procurement of resources necessary for carrying out business activities, which includes finding a supplier, evaluation according to the criteria described in our Purchase policy and price negotiations. LHV suppliers fall into the following categories: consulting services, IT equipment and services, furniture and catering	**Sales and marketing** of banking products and services with product usage and conditions **Personnel management** - maintaining and promoting relations between the company and employees **Financial management** - the use of the company's assets and ensuring correct and appropriate reporting **Risk management** - continuous risk assessment and management aimed at planning risk elimination or reduction measures **Development of technology** - development of a technological solution related to the management and use of information, as well as the provision of products and services	**Customers** - Our clients who use our products and services are an important part of our value chain

LHV's primary input is financial capital, sourced from deposits, investments, and other funding streams, which are efficiently allocated to various financial products and services. Our approach to securing inputs includes a robust governance framework that ensures transparent decision-making and effective risk management.

The outputs of LHV's business model include a wide range of financial products and services aimed at creating value for our customers, investors, and other stakeholders. We prioritize responsible banking practices by fostering positive relationships with our clients, respecting their unique backgrounds and needs, and aligning our operations with principles of sustainability and ethical conduct, by offering sustainable financial products and supporting economic growth without growing CO_2 emissions.

Our business model centres on sustainable value creation by integrating ESG factors into our operations. Our key business area—banking—contribute to both financial performance and positive societal impact.

We actively engage in community support by promoting financial literacy and ensuring equitable access to our services to have an impact on society. We are also committed to reducing our operation CO_2 footprint and supporting the transition to a climate-neutral economy by 2050.

1.2.2 Sustainability policies

At LHV, we have defined and described our approach to dealing with various sustainability related issues in different policies and principles. The following policies incorporate our main principles on how we manage and mitigate impacts and risks in relation to environmental, social and governance topics.

- ESG Policy is the core of our sustainability strategy which sets the goals, ambitions, and approaches for our sustainability efforts in all the subsidiaries of LHV. The ESG policy sets a high-level structure and responsibilities for group wide ESG governance.
- ESG Risk Management Policy defines the risk management framework, i.e. main principles, governance and risk appetite for the ESG risks LHV is facing.
- Code of Ethics rules specify the principles to be followed in our business with the purpose of providing guidance on conforming to legal requirements, as well as the expectations of supervisory authorities and society.
- Diversity Policy recognizes that people have different values, abilities, and skills, which affects the way they think and see things. LHV believes in meritocracy, where people are considered based on their skills, experience, and the value of their ideas.
- Remuneration Policy sets the guidelines for determining fair remuneration for all employees.
- Credit Policy defines sustainable and responsible business conduct in relation to financing, including activities that the bank does not engage with.
- Green Office Principles define the rules and criteria for the sustainable operation of LHV Estonian offices.

Our credit policy implies that LHV will refrain from knowingly offering credit products to customers whose activities bear clear evidence of human rights violations and serious environmental harm. More can be read in the section Credit risk in consolidated financial statement.

In our most significant process, i.e. corporate banking, ESG risks are taken into consideration in loan reviews. A detailed ESG risks analysis is done for corporate loan applications of over EUR 0.5 million. For other customers a basic assessment of ESG factors is made based on the nature and complexity of the loan product and the customer's field of activity. To identify borrowers that are exposed, directly or indirectly, to increased risk associated with ESG factors, a comprehensive heat map of ESG risks for individual economic (sub) sectors has been developed in cooperation with environmental and social field experts. The heat map highlights environmental and social risks assessment for each individual economic sector, considering the corresponding risk classifications of rating agencies and international financial institutions, as well as local and EU regulations and Estonian national dimension where relevant.

For exposures related to higher environmental and climate risks (high or medium sectoral risk level according to the heatmap, E risk) and risk exposures above EUR 0.5 million, a more intensive analysis is conducted regarding the client's exposure and management of E risks. This assessment is complemented by a tool for corporate client E analysis, which employs a quantifiable methodology to focus on the most critical E factors in each sector. With the help of this tool LHV can manage E risks at both client and portfolio levels by calculating sector risk levels and client-specific E ratings.

1.2.3 Sustainable financing products and services

As LHV's influence in the Estonian financial sector is expanding, we understand the role that we play in the society and how we affect our surroundings. Consequently, we have chosen to strategically direct cash flows from our core activities towards initiatives that promote the transition to a climate-neutral and sustainable economy. In 2024, LHV signed a cooperation agreement with the European Investment Fund (EIF), which allows LHV to offer small and medium-sized companies loans, loans for apartment association renovation projects, and provide leasing enabling private clients to buy electric vehicles and companies to purchase electric vehicles and hybrid vehicles in the context of the EIF's Sustainable Loan sub-programme.

We have introduced sustainable financing products and services designed to encourage our customers to make environmentally responsible choices in their everyday consumption and investment decisions. Through these efforts, we aim to support economic growth while simultaneously mitigate climate change.

Home loan for A and B energy class homes - We seek to promote the construction and buying of energy efficient homes by offering better loan terms for energy class A and B homes. We support decisions that lead to lower climate impacts and increased savings on power bills.

Car leasing for electric and plug-in hybrid vehicles - We aim to promote the purchase of zero and low emission vehicles. The offer applies to purchases of fully electric vehicles by either individuals or companies, and to purchases of plug-in hybrid vehicles with CO_2 emissions of a maximum 50 g/ CO_2/km by companies purchased for general use. In line with a longer-term strategy and the desire to contribute to Estonia's climate objectives, LHV Pank has decided to no longer finance the purchasing of new diesel passenger cars from 2030 onwards.

Investment loan for sustainable development - We provide financing for companies for raising energy performance, establishing renewable energy generation and storage capacities and reducing primary energy expenditures.

Apartment association loan - We offer financing for the renovation of residential buildings to enhance energy efficiency and to extend the lifespan of Estonian housing stock.

Through our Advisory service in 2024 LHV acted as a Joint Lead Manager in Eesti Energia AS EUR 400 million green hybrid bond issuance and as a Lead Manager and green bond structuring advisor in Liven AS EUR 6.2 million green bond issuance.

1.2.4 Stakeholder engagement

In LHV, we make sure to engage our stakeholders and external experts to ensure that we maximize the impact of our efforts within sustainability. Our stakeholders are the groups and individuals that LHV affects through its activities, and who, in turn, may affect LHV`s operations in the short, medium or long run. We hold a regular dialogue with the stakeholders with whom we have the most direct relations and with whom LHV could collaborate for better impact on the society. At the same time, we also keep in touch with the stakeholder groups that are part of shaping the trends and setting requirements for the financial market. The table below outlines our major stakeholder groups, ways of their engagement and their major expectations to LHV.

Stakeholder groups	How we engage	Main expectations and key issues raised
Customers	Active communication and discussions, ESG questionnaire in credit application, sustainable products, and services	Engagement, knowledge building, ESG integration into business and decision making
Employees	Annual survey, individual development and performance reviews, informative sustainability seminars	Feedback, engagement, internal capacity building
Shareholders	Annual shareholder meeting, active communication, ESG reporting	Profitability, engagement, feedback
Policy makers, regulators	Memberships in state level sustainability focused working groups, direct communication with government officials	Policy making input and information about EU legislation on the issues of sustainability and reporting
Business networks, financial sector	Active membership in Estonian Banking Association, Responsible Finance Estonia and Green Tiger	Leadership in ESG promotion
Suppliers, cooperation partners	Direct communication	Sustainability integration into value chain
Sustainability organisations	Active membership in local sustainability focused initiatives and organisations, participating in the ESG working group in Estonian Banking Association, member of UNEP FI PRB	Financing sustainable development, enabling green transition
Wider public and society	Active communication, public events and conferences, universities, press and media	Transparency, fair and ethical business conduct, knowledge building

We actively engage with our stakeholders, including customers, employees, shareholders, regulators, and society at large, in order to integrate their interests into our sustainability strategy. Stakeholder engagement is carried out through various channels, such as surveys, meetings, and direct communication, ensuring that their expectations shape our ESG initiatives. The responsible units report directly to the Management Board as per business as usual and in some cases the members of the management board and chief officers are in direct contact with the stakeholders through business relationships.

During this financial year, based on stakeholder engagement, there has been no need for LHV to adjust its strategy or business model. However, we review and incorporate stakeholder input into our strategic discussions. While no immediate changes were made, maintaining transparency and engagement helps strengthen relationships and build trust with stakeholders.

1.3 Sustainability governance

LHV is governed by a Supervisory and a Management Board. The Supervisory Board is responsible for overseeing the general strategic direction and management of the company, including sustainability agenda. The Supervisory Board's roles include setting the strategic business plan, monitoring risk management principles, and approving the annual budget. The Supervisory Board regularly reviews the strategy, including sustainability aspects, to ensure alignment with LHV's long-term objectives. It also approves the ESG Policy, endorses it and oversees its implementation. Our Supervisory Board consists of 7 members, one of whom (14%) is classified as independent to ensure objective decision-making. For more detailed information, refer to the sections Supervisory board and Management board under management report.

The Management Board, led by the CEO Kadri Kiisel, comprises 6 executive members, each responsible for different functions, including finance, risk, and IT operations. There are no non-executive members and neither employees nor other workers' representatives in our Management Board as per market practice.

The Management Board members have relevant knowledge in ESG matters, ensuring that sustainability risks and opportunities are effectively managed. Furthermore, our management bodies have access to external advisors as needed, as well as training and consultancy. Information about member's experience relevant to sectors, products and our geographic locations can be found under the section Supervisory board and Management board in management report.

The administrative body function regarding sustainability matters in LHV is assigned to Management Board members responsible for specific environmental, social and governance topics (see also LHV Pank ESG Governance structure below).

At LHV, the Supervisory and Management Board integrate sustainability-related impacts, risks and opportunities into strategic planning, major transactions, and risk management processes. While no material risks have been identified for the next few years regarding sustainability, we actively assess possible trade-offs to ensure decisions align with our ESG commitments and strategic objectives, balancing financial performance with sustainability goals (see more under ESG risks and Risk management in consolidated financial statements).

To ensure transparency in terms of gender diversity, the following table summarizes the gender composition across LHV Pank management and supervisory bodies:

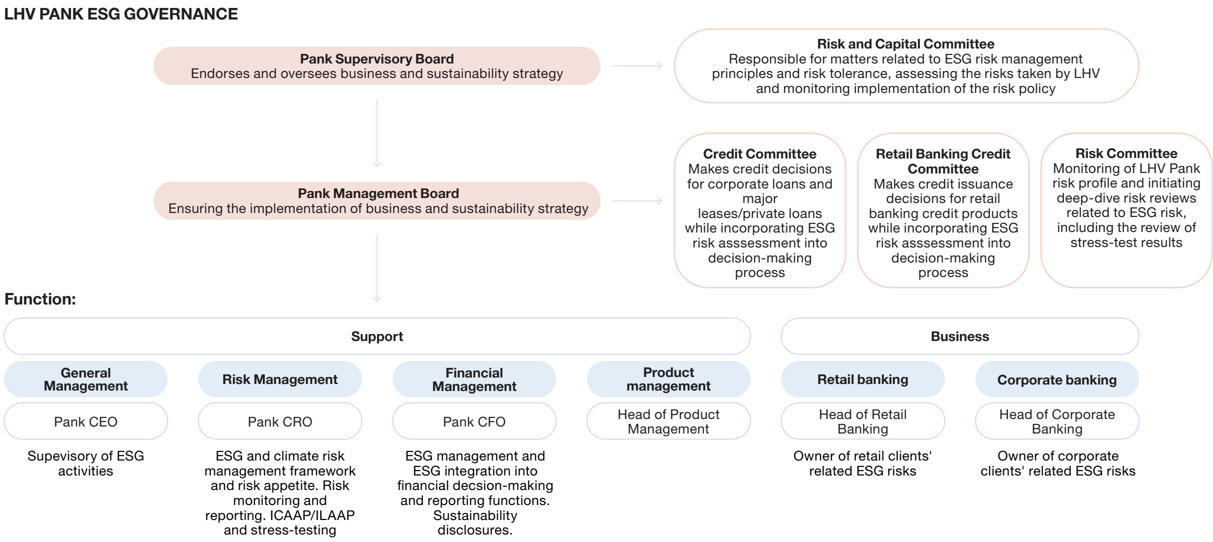
Gender diversity in management and supervisory bodies

	Male	Female	Total	Male %	Female %
Bank Supervisory Board	5	2	7	71%	29%
Bank Management Board	3	3	6	50%	50%
Total	**8**	**5**	**13**	**62%**	**38%**

The ESG governance structure (see structure below) ensures continuous risk assessment, related to ESG factors The CEO is ultimately responsible for the supervision of sustainability topics. Our Management Board is actively involved in overseeing the company ESG strategy implementation, embedding ESG factors into strategic decision-making and ensuring alignment with our ESG goals, business processes, and risk management frameworks.

Each member of the Management Board is responsible for overseeing ESG-related matters and activities within their respective entities. Specific responsibility owners, who are well positioned to understand sustainability risks, opportunities, and performance metrics, report regularly and as needed to the board on key ESG topics. These responsibility owners ensure that ESG considerations are integrated into LHV strategic decision-making processes.

LHV Pank ESG governance structure:



The development of in-house ESG competencies in the past few years has resulted in focused positions across several departments, Financial Management, Retail Banking, Compliance, Credit, HR, Risk (Financial and Non-Financial) and. In addition, sustainability-related training is a part of our over-all training plan which is approved by our Management Board. Over the years this process has ensured that various departments including risk management, internal audit and supervisory board have received needed knowledge in the field.

LHV's strategy and business model have demonstrated resilience in addressing both material sustainability impacts and financial risks. LHV has conducted resilience assessments for both physical and transition risks using stress tests. From the perspective of risks, a stress test was carried out to evaluate the potential impact of floods. The results showed that the risk to LHV's portfolio is negligible, primarily due to Estonia's land uplift and the geographical distribution of clients. Based on the financial materiality assessment, medium-term transition risks, such as policy-driven impacts related to the EU Emissions Trading System (ETS) and the Carbon Border Adjustment Mechanism (CBAM), were identified as material. However, stress tests conducted on these risks demonstrated that the impacts of ETS and CBAM pose only a limited level of risk to LHV's portfolio. These analyses confirm that, from the perspective of risks, the identified factors do not pose significant challenges to LHV's strategy or business model within the assessed time horizons.

In 2024, climate risk management has been a primary focus for LHV, driven by both supervisory and internal expectations. Regular updates on climate risk management progress have been provided to the Risk and Capital Committee and Audit Committee. These committees have also discussed and analysed sustainability reporting, leading to the development of practical solutions tailored for LHV, which were approved by the Management Board.

LHV's ambition to contribute to the fulfilment of the aims of the Paris Agreement and support of the aim of the Estonian state to make the economy climate-neutral by 2050 informs its long-term sustainable strategy. The Management Board regularly reviews both short-, medium and long-term risks associated with regulatory changes, extreme weather, and market shifts. Opportunities are actively pursued by tailoring sustainable financial products and services to mitigate risks and create value. The Supervisory Board oversees these efforts to ensure alignment with strategic sustainability targets.

Sustainability goals are embedded into LHV's governance and remuneration frameworks. LHV implements a long-term performance-based compensation program, also known as an option program, which is approved by the shareholders' general meeting. In addition to the base salary, a Management Board member is entitled to an annual performance bonus, the amount or issuance of which depends on the fulfilment or non-fulfilment of individual and LHV objectives. The lower limit of the performance bonus is 0 euros. The maximum ratio between the variable and fixed components is 200%, as approved by the shareholders' general meeting. For Management Board members, individually also considered as an administrative body, sustainability objectives, carry equal weight (16-20%) compared to other 4-5 performance considerations.

There have been no significant changes in material impacts, risks, and opportunities compared to the previous reporting period. However, continuous refinements in integrating sustainability into LHV's strategy, including improvements in the double materiality assessment methodology and expanding practical knowledge, are planned for the next reporting cycle.

LHV applies short- (less than 3 years), medium- (3-10 years), and long-term (10-30 years) time horizons for assessing risks, consistent with European Central Bank guidance. This framework supports proactive monitoring and resilience planning as new risks emerge or existing risks evolve.

In 2024, the primary focus has been on climate risk management, as part of both supervisory and internal expectations. Regular updates on climate risk management progress were provided to the Risk and Capital Committee and Audit Committee. The sustainability reporting has also been discussed and analysed and for LHV, the most practical solutions have been developed in our Management Board and Audit Committee.

1.4 Impact, risk and opportunity management

LHV's sustainability approach is rooted in the principle of double materiality, assessing the impacts of our operations on society and the environment (inside-out) and how external sustainability risk factors and opportunities affect our business (outside-in). For that, a sustainability issue is considered material if it holds significance either in terms of its impact or its financial materiality, or both. This approach ensures we are equipped to manage the risks and opportunities arising from our core business activities. LHV Pank in 2024 accounts for 90.9% of total assets and 80.2% of net income of the Group.

LHV Pank shares the same strategic values, goals, stakeholders, and value chain as the Group as all LHV subsidiaries operate under a unified framework. This integrated approach ensures alignment across customers, employees, shareholders, and regulators.

Prior to conducting the double materiality assessment required for sustainability reporting in 2024, LHV as a group had already established core strategic long-term objectives. These objectives prioritize being the top financial service provider in terms of customer service excellence and being an attractive employer that fosters high satisfaction and growth opportunities for our employees. We recognize the significant impact we have on our clients and people and the opportunities we have to drive meaningful advancement in these areas.

In addition, LHV remains committed to maintaining best management practices, creating positive social impacts, and advancing climate objectives. These priorities remain integral to our strategy and values.

From our double materiality assessment, we have identified that LHV's most significant impacts, risks, and opportunities come from our core banking activities, particularly in financing sectors with high environmental and social exposure. LHV Pank is divided into seven functional areas, each with its own departments. Business areas include retail banking, corporate banking, and financial intermediation. Support areas comprise IT, financial management and support services, risk management, and product management. Pank's lending activities, especially through corporate loans, have a substantial indirect environmental impact. Financed emissions, which are the emissions generated by projects and activities financed by the bank, contribute heavily to the climate footprint of LHV as it is directly related to the amount of assets. This includes funding for energy-intensive industries, real estate development, and other sectors with large carbon footprints.

The most material impacts for LHV are concentrated in areas where its business activities, particularly in corporate and retail banking, significantly influence environmental and social outcomes. These include climate, resource efficiency and security, employment, and inclusive, healthy economies as well as good governance practices. These impact areas reflect LHV's role in supporting sustainable economic activities, addressing environmental challenges, fostering social well-being and good governance practices, particularly within Estonia's unique context and needs.

Given its substantial influence, the analysis of our sustainability risks and opportunities also focuses primarily on LHV Pank's business activities in Estonia. The material risks identified through our assessments, including climate-related physical and transition risks influence LHV strategic decisions. We have anticipated that the financial effects of climate-related transition and physical risks, such as regulatory shifts and extreme weather events, will become more pronounced in the medium to long term (3-10 years and beyond). In response, we are integrating climate risk into our risk assessment, including the management of credit risk, while enhancing the resilience of our own operations.

From the opportunities side, we are directly involved in financing the transition to a climate-neutral economy through sustainable loans and financing, insurance and investment products. From LHV's point of view, the banking business offers the most significant opportunities due to the amount of financial assets involved. We can already gather the financial gain on more sustainable solutions but have not calculated the exact financial impact. No negative outcomes have been identified.

Within each material topic, we delve deeper into the respective impacts, risks, and opportunities to provide a detailed overview on how we approach and manage respective areas in LHV.

Impact management is led by the Head of ESG, who oversees the processes to evaluate and mitigate material environmental, social, and governance impacts arising from LHV's operations, products, and services. The Head of ESG coordinates cross-departmental efforts to ensure that identified impacts are addressed and aligned with LHV's strategic sustainability objectives. This approach is important to avoid adverse impacts and enhancing positive contributions across our value chain.

ESG risk management process, coordinated by the ESG Risk Manager, combines internal data and external sources to identify and assess material risks. These include physical risks, such as floods, and transition risks, like regulatory changes. Significant risks are prioritized through workshops with internal stakeholders and scored based on financial impact to ensure focus on critical hazards. The results are reviewed by management and supervisory boards, aligning risk management with LHV's strategic objectives. At LHV, the identification, assessment, and management of opportunities are integrated into our overall management processes. When a business line identifies a potential opportunity, they initiate the development of relevant products or services. This involves the creation of a structured project, overseen by our dedicated product development department.

The product development function operates independently within LHV, ensuring a streamlined and organized approach to transforming identified opportunities into actionable initiatives. This integration enables us to align new opportunities with our strategic goals while fostering continuous improvement across our offerings.

Regarding our double materiality assessment, as there are currently no financial sector specific guidelines for how to carry out the analysis, we have developed our own methodology based on the widely recognized practices applied within the financial sector, as well as the requirements and expectations of the supervisory authorities for carrying out this type of analyses.

The following sections provide an insight to the methodology applied as well as the outcome of the analyses from both impact and financial materiality perspective. These findings are combined and finally concluded to determine the most material sustainability topics for LHV based on its strategy and vision, business environment and activities.

1.4.1 Impact materiality

A sustainability matter is material from an impact perspective when it relates to LHV's material impacts on people or on the environment, i.e., our downstream value chain. This is how the impacts are rightfully determined for the financial institutions.

Our most material impact areas have been identified through a comprehensive impact analysis process, which was built based on the UNEP FI Portfolio Impact Analysis Tool. The process of the analysis included the main business areas (i.e., corporate banking, and retail banking) in its primary location were considered in the scope of the analysis. Based on the portfolio allocation the most significant industries were identified based on where LHV has the major impact through its services (based on the cartography the share of different industries in the portfolio).

The most relevant societal, economic, and environmental challenges related to sustainable development were defined in Estonia. The sources for such "country needs" were major global data sources provided by the UNEP FI tool (e.g. UN, OECD, WHO, ILO, FAO, World Bank, etc), complemented with the location-specific data mapped in cooperation with leading local scientists (where global data was insufficient for local practice).

In total, 22 environmental, social, and economic aspects got such country scores (on a 4-point scale, 1 being the lowest impact and 4 highest) that expressed the urgency to tackle the issues and risks related to the aspects within the country. The outcome of the analysis was discussed, validated, and elaborated with external experts (representatives from universities, public sector and science organisations) and stakeholders, including the expectations of clients and partners ensuring well-informed feedback. There were in total two panels around environmental and social aspects. Opinions of internal interest groups (LHV management, key persons, and employees) were also considered. The impact analysis itself was conducted by an independent external sustainability advisor. The following material impact areas were identified for Estonia (scope):

Climate and environment

Water	Air	Soil	Biodiversity & ecosystems	Resources efficiency / security	Climate	Waste
3	1	3	2	4	4	3

Social and governance

Water	Food	Housing	Health & sanitation	Education	Employment	Energy	Mobility	Information
2	1	2	2	1	2	1	2	1
Culture & heritage	Integrity & security	Justice	Strong institutions, peace & stability	Inclusive, healthy economies	Economic convergence			
1	2	1	2	4	2			

Thereafter, a portfolio impact analysis for LHV was carried out by incorporating our main business areas. Both positive (green) and negative (red) impact areas were identified based on the characteristics of our clients and the sectors. The following table summarizes our main impact areas:

Impact areas

Business Banking		Corporate Banking		Consumer Banking	
Resources efficiency/ security	Wholesale and retail trade; manufacturing; professional, scientific and technical services; other service activities	**Economic convergence**	Financial service activities	**Employment**	Current & savings accounts, payment services, consumer credit, home loans, vehicle loans, education related loans, other specialised credit
Inclusive, healthy economies	Administrative and support service activities, construction, agriculture, transport, finance	**Climate**	Forestry and logging	**Inclusive, healthy economies**	Same as employment
Climate	Manufacturing, agriculture, transport	**Energy availability**	Electricity, gas, steam and air conditioning	**Economic convergence**	all services provided to low or middle-income populations
Climate	Real estate activities, manufacturing, construction, agriculture, transport	**Resources efficiency/ security**	Real estate activities	**Inclusive, healthy economies**	Consumer Credit, overdraft, loans
Resources efficiency/ security	Real estate activities, manufacturing, agriculture, transport, mining	**Climate**	Real estate activities	**Resources efficiency/ security**	Home loans and vehicle related loans
Waste	Manufacturing, construction, agriculture, mining	**Waste**	Manufacture of food products	**Climate**	Home loans, vehicle loans

Our impact analyses concluded that LHV has the most material impacts on climate change, circular economy and inclusive, healthy economies.

1.4.2 Financial materiality

The "high" materiality level risks identified in 2023 were further analysed in the 2024 materiality assessment. However, the primary focus of the 2024 assessment, driven by the European Central Bank's expectations, was on conducting a highly granular evaluation of environmental and climate risk materiality. This in-depth assessment examined the impacts of climate and environmental risks across multiple risk types, including credit risk, market risk, liquidity risk, operational risk, and strategic risk. It not only revisited the risks identified in 2023 but also thoroughly analysed new topics that emerged during the 2024 assessment, ensuring a comprehensive understanding of all risks.

The 2024 financial materiality assessment utilized a combination of internal and external data to identify and evaluate relevant risks. Managed by the Non-Financial Risks Department, which is part of the second line of defence, the process included annually initiating assessments, gathering data, facilitating workshops, and organizing the presentation and approval of results within relevant management bodies. Collaboration with entity-level risk management to ensured a comprehensive approach.

Internal data sources included client financial information, financed emissions data (calculated using the PCAF framework), and sectoral exposure assessments. External data sources encompassed climate data from the Intergovernmental Panel on Climate Change (IPCC), European Environment Agency insights, national climate scenarios, and regulatory updates to ensure alignment with evolving expectations.

The materiality assessment began with an evaluation of the business environment to identify potential climate and environmental (C&E) risks that could impact LHV's financial performance. These risks fell into two primary types:

- physical risks: Such as floods and extreme weather events.
- transition risks: Including regulatory changes or shifts in market demand toward low-carbon solutions.

Initially, risks were assessed based on geographic exposure, using both internal and external data sources. Each risk was evaluated for its severity and likelihood. Only risks deemed significant, based on these scores, were advanced for further analysis.

In-house workshops with the aim to evaluate significant risks further, focusing on their relevance to specific economic sectors were held. Each risk is scored on a scale from 1 to 5 based on its potential financial impact. This prioritization process helped determine which risks required more immediate action and allowed us to plan mitigation actions.

The process paid particular attention to sectors and geographies with the highest exposure to C&E risks. For example, energy-intensive industries and regions prone to flooding were evaluated closely to identify areas where regulatory or physical risks may lead to significant financial losses. Both direct and indirect impacts from LHV's operations and business relationships were considered in this process.

Engagement with stakeholders is a key element of the materiality assessment. Internal workshops were conducted with experts, including credit analysts and relationship managers, who provided insights into sector-specific risks. When necessary, external stakeholders, such as regulators, were consulted to ensure the assessment reflects a broad range of perspectives.

The results of the materiality assessment have been submitted for approval by the relevant management board and summarized for presentation to the Management and Supervisory Boards. This structured approach ensures alignment with LHV's strategic objectives and fosters informed decision-making on sustainability-related impacts, risks, and opportunities.

Risks and opportunities in short-, medium- and long-term horizon

Risks in short term (<3 years)	Risks in medium term (3-10 years)	Risks in long term (10-30 years)
- No material risks identified	Existing exposure: Transition risks due to regulatory changes could affect LHV's existing clients	Existing exposure: Transition and physical risks may significantly affect client's financial stability
	New loans: Transition risk factors, including evolving environmental regulations and rapid technological advancements, could diminish the competitiveness of new clients	New loans: Regulatory risks could cause strategic challenges
	Existing exposure, new agreements: Changing stakeholders' preferences and regulations could harm reputation and leasing market	Existing exposure, new loans: Physical risks (e.g., heavy precipitation) may negatively impact collateral values
		Reputation risk: Significant damage may occur due to unsustainable client behaviour
		Physical risk: Heavy precipitation could cause damage to premises and disrupting business continuity

Opportunities in short term (<3 years)	Opportunities in medium term (3-10 years)	Opportunities in long term (10-30 years)

Business and Corporate loans: By offering sustainable loans, LHV can facilitate existing clients' shift toward more sustainable business practices, that are more energy efficient and relay less on fossil fuels. Concurrently, LHV is positioned to steer new clients towards environmental sustainability from the start, with specialized loan products crafted to encourage the adoption of sustainable practices.

Loans to households: LHV is positioned to navigate new clients towards more sustainable living through its targeted financial products. These include loans crafted to encourage the purchase of more energy efficient homes and low emission vehicles.

In addition to the above, as part of operational risk management process it is inherent that risks related to workforce are being regularly identified, assessed and properly managed, as LHV achieves strategic goals mainly through its employees. As part of our long-term strategy and goals, we recruit and maintain competent and trustworthy employees who are prepared to make a long-term contribution to LHV's activities and development.

1.4.3 Material topics

Based on our double materiality assessments, the following sustainability topics were identified as material and serve as the basis for the current sustainability statement:

- Climate change (ESRS E1)
- Resource use and circular economy (ESRS E5)
- Own workforce (ESRS S1)
- Consumers and end-users (ESRS S4)
- Business conduct (ESRS G1)

LHV takes a comprehensive approach to sustainability by addressing material impacts, risks, and opportunities for all material topics across its own operations and downstream value chain. From the circular economy perspective, the upstream value chain is also affected.

As for our forward-looking statement, we will continue to refine our double materiality assessment process as guidance develops and market practice becomes more evident. In 2025, we aim to conduct our second double materiality assessment as a combination of impact materiality and financial materiality to content a more advanced coherent substantive analysis.

Our material sustainability topics are also connected to and contribute to the following United Nations Sustainable Development Goals and their specific sub-targets:

Sustainable Development Goal (SDG)	Specific SDG target to which LHV contributes	How LHV contributes
SDG 1. **End poverty in all its forms everywhere**	1.2. By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions 1.4. By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance	• Integrating social and environmental considerations into the core of our business • Investing in spreading financial literacy
SDG 7. **Ensure access to affordable, reliable, sustainable, and modern energy for all**	7.1. By 2030, ensure universal access to affordable, reliable, and modern energy services 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix	• Offering customers a choice of green financial products • Improving processes of ESG-related due-diligence for corporate customers and partners
SDG 8. **Promote sustained, inclusive, and sustainable economic growth, full and productive employment**	8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services 8.10. Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all	• Driving sustainable growth, creating jobs, encouraging entrepreneurship, and fuelling innovation
SDG 12. **Ensure sustainable consumption and production patterns**	12.2. By 2030, achieve the sustainable management and efficient use of natural resources 12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	• Considering environmental factors in business decisions • Advocating for responsible lending and consumption
SDG 13. **Take urgent action to combat climate change and its impacts**	13.2. Integrate climate change measures into national policies, strategies, and planning 13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	• Encouraging environmentally sustainable business practices within the sector and the country level through supporting sustainable financial sector development

1.5 Data requirements covered by sustainability statement

ESRS standard	Disclosure requirement	Disclosure	Section in report
General disclosures	BP-1	General basis for preparation of the sustainability statement	Principles of reporting
ESRS 2	BP-2	Disclosures in relation to specific circumstances	Principles of reporting
	GOV-1	The role of the administrative, management and supervisory bodies	Sustainability governance
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Sustainability governance
	GOV-3	Integration of sustainability-related performance in incentive schemes	Sustainability governance
	GOV-4	Statement on due diligence	Statement on due diligence
	GOV-5	Risk management and internal controls over sustainability reporting	Principles of reporting
	SBM-1	Strategy, business model and value chain	Sustainability strategy; Business model and value chain
	SBM-2	Interests and views of stakeholders	Stakeholder engagement
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Business model and value chain
	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Impact, risk and opportunity management
	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Data requirements covered by sustainability statement
Climate change	ESRS 2 GOV-2	Integration of sustainability-related performance in incentive schemes	Sustainability governance
E1	E1-1	Transition plan for climate change mitigation	Climate change
	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	Climate change
	ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Impact, risk and opportunity management
	E1-2	Policies related to climate change mitigation and adaptation	Climate change
	E1-3	Actions and resources in relation to climate change policies	Climate change
	E1-4	Targets related to climate change mitigation and adaptation	Climate change mitigation targets
	E1-5	Energy consumption and mix	Operational greenhouse gas emissions
	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Operational greenhouse gas emissions; Financed emissions
	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Impact, risk and opportunity management
	E1-8	Internal carbon pricing	Impact, risk and opportunity management

ESRS standard	Disclosure requirement	Disclosure	Section in report
Resource use and circular economy	ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Impact, risk and opportunity management
E5	E5-1	Policies related to resource use and circular economy	Circular economy
	E5-2	Actions and resources related to resource use and circular economy	Resource management
	E5-4	Resource inflows	Resource management
	E5-5	Resource outflows	Resource management
Own workforce	ESRS 2 SBM-2	Interests and views of stakeholders	Social information
S1	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	Social information
	S1-1	Policies related to own workforce	Own workforce; Policies, measures and targets
	S1-2	Processes for engaging with own workers and workers' representatives about impacts	Employee engagement and development
	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Employee engagement and development; Employee Engagement Surveys and Feedback Channels
	S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Own workforce; Policies, measures and targets
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Remuneration and equal pay
	S1-6	Characteristics of the undertaking's employees	Own workforce
	S1-9	Diversity indicators	Equality and non-discrimination
	S1-10	Adequate wages	Remuneration and equal pay
	S1-16	Compensation indicators (pay gap and total compensation)	Remuneration and equal pay
	S1-17	Incidents, complaints and severe human rights impacts and incidents	Employee health and safe working environment
Consumers and end-users	ESRS 2 SBM-2	Interests and views of stakeholders	Stakeholder engagement
S4	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	Consumers and end-users
	S4-1	Policies related to consumers and end-users	Customer experience; Principles and policies
	S4-2	Processes for engaging with consumers and end-users about impacts	Customer experience
	S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Customer experience
	S4-4	Taking action on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Social impact through e-channels; Financial literacy and economic sense of security

ESRS standard	Disclosure requirement	Disclosure	Section in report
	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Financial literacy and economic sense of security
Business conduct G1	ESRS 2 GOV-1	The role of the administrative, supervisory and management bodies	Governance information
	ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Governance information
	G1-1	Corporate culture and business conduct policies	Governance information
	G1-2	Management of relationships with suppliers	Value chain management
	G1-3	Prevention and detection of corruption or bribery	Governance information
	G1-4	Confirmed incidents of corruption or bribery	Governance information
	G1-5	Political influence and lobbying activities	Governance information
	G1-6	Payment practices	Value chain management

Incorporation by reference

Data requirements incorporated by reference into sustainability statement

ESRS standard	Disclosure requirement	Report/statements where disclosed	Section in report /statements
Business conduct G1	ESRS 2 GOV-1, paragraphs 5a and 5b	Management and compensation policy	Supervisory board; Management Board

2. Environmental information

LHV has an impact on the environment through its own operations and business activities. Through our impact analysis we concluded that our most significant impact stems from our credit portfolio as financing a large proportion of Estonian economy we are bound to finance high climate impact sectors and activities as well as sectors and activities that contribute to circular economy. We take responsibility for assessing the scale of the impact and mitigating it through developing products and offering services to tackle climate change and environmental degradation through resource use. Our focus areas include the climate impact from our operations and customers' activities, climate change mitigation via sustainable financing products and services, and promoting the building of energy-efficient buildings as well as renovating existing ones, the purchase of low-emission vehicles, and making sustainable investments.

In addition to focusing on the impact stemming from our customers' activities as well as from our own, we analyse and mitigate the risks associated with the environment from financial materiality perspective. Climate-related risks are addressed during loan reviews based on the size of the loan and customer activities, while ESG risks are integrated into credit processes by an exclusion list and ESG rating model. Moreover, risks associated with resilience under various climate scenarios are evaluated to ensure the long-term stability of our operations.

The chapters Climate change and Circular economy below provide an overview of how LHV addresses the main challenges in relation to the most material aspects of the environment that we through our value chain have an impact on and from where risks may arise – climate change and circular economy. Our efforts are not only focused on managing risks but also seizing opportunities, such as supporting the transition to a climate-neutral economy through targeted financing, raising awareness among our employees, customers, and the public on sustainable practices, and allocating resources for the development and deployment of sustainable financing products.

The remuneration principles for members of our management board are linked to the KPIs across various strategic areas and business lines. Sustainability considerations, including climate change mitigation targets, are integrated into this framework as part of our broader commitment to aligning incentives with sustainable business practices. For management board members actively engaged in climate-related areas, specific climate-related objectives and targets are incorporated into their remuneration with equal weight (i.e., 16-20%) compared with other considerations (5-6 in total).

LHV implements its ESG Policy, ESG Risk Management Policy and Green Office Principles in line with our climate related activities and efforts. Strategic use of financial, human, and technological resources ensures the effective execution of sustainability initiatives, while enhancements to internal systems improve data collection and reporting capabilities, enabling more accurate and comprehensive disclosures on climate-related impacts, risks, and opportunities.

2.1 EU Taxonomy

The EU Taxonomy (i.e., Taxonomy regulation (Regulation (EU) 2020/852) and its delegated acts (Regulation (EU) 2021/2139 (Climate Delegated Act), Regulation (EU) 2021/2178 (Disclosure Delegated Act) and Regulation (EU) 2023/2486 (Environmental Delegated Act)) serves as a framework for classifying sustainable economic activities, aiming to guide us and our stakeholders toward more environmentally sustainable operations. It defines a set of criteria to determine whether economic activities are taxonomy-eligible and taxonomy-aligned, focusing on six environmental objectives, i.e., climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems.

Our disclosures reflect LHV's compliance with the EU Taxonomy. We base our disclosure on the most recent available data and key performance indicators (KPIs) of LHV customers to calculate our own KPIs.

In line with the Disclosure Delegated Act (DDA), these KPIs reflect the most recent published annual or sustainability reports of its counterparties.

For this reporting year, LHV utilizes data published for the financial year 2023, as it represents the most recent annual sustainability and financial data available. This aligns with the requirements under the CSRD, which replaced the Non-Financial Reporting Directive (NFRD) from 2024.

Regarding assets under management, we also use the most recent data published by counterparties. Where counterparties do not provide complete KPIs, the exposure is considered as non-eligible or not aligned as applicable.

From the compliance perspective with the CSRD, LHV ensures that our disclosures account for the application of the CSRD and its relevance to taxonomy reporting. This approach reflects our commitment to adhering to evolving sustainability reporting framework and integrating regulatory requirements into our disclosures.

In accordance with the requirements to provide comparative data for the previous financial year, LHV ensures compliance by publishing both current year and prior year data in our taxonomy disclosures and in dedicated templates, where needed. However, due to changes in our consolidation and specific calculation methodologies during this financial year, we have adjusted the comparative data for the last financial year to ensure consistency and accuracy with our revised approach.

By relying on the most recent published annual reports of our counterparties, which for the financial year 2024 pertain to data from 2023, and reflecting adjusted figures for the comparison and adhering to the regulatory standards, LHV maintains transparency and consistency in its sustainability reporting, while adapting to the transition from NFRD to CSRD requirements.

In taxonomy reporting, LHV uses the same currency as in our consolidated financial statements.

2.1.1 Scope of the disclosure

The report covers the period from 1 January to 31 December 2024 and is developed on a consolidated basis. Since the green asset ratio (GAR) is required to be disclosed based on the prudential scope of consolidation specified in the Capital Requirements Regulation (EU regulation 575/2013, CRR), the consolidated situation under the prudential scope is different from the scope of consolidation applied to consolidated financial statements under the IFRS. In our case, the consolidated situation based on the CRR prudential consolidation scope includes the taxonomy statements of AS LHV Pank and AS LHV Finance. AS LHV Pank holds a 65% interest in LHV Finance, as per previous financial year.

LHV comprises both financial and non-financial undertakings in the context of the EU Taxonomy. While LHV Finance, our non-financial entity, is an important part of our operations, this report primarily focuses on the financial undertaking (LHV Pank) within the group.

First, the overall volume of non-financial activities is marginal from a taxonomy reporting perspective, accounting for 1.09% of the group's overall operations. Secondly, considering the non-financial economic activities that could be taxonomy-eligible or aligned within this proportion would be insignificant.

Upon a brief assessment, we found that LHV Finance do not engage in taxonomy-eligible activities. The entity itself does not own real estate, vehicles, or other tangible assets linked to taxonomy-defined activities such as building acquisition, transport, or direct data processing operations. Any IT services used are provided via agreements with LHV Pank and are not directly operated by LHV Finance, thereby failing to meet taxonomy-eligibility criteria.

Due to the limited materiality and exposure towards taxonomy related economic activities of our non-financial undertaking, we have not included CapEx, OpEx, and revenue KPIs for LHV Finance nor conducted separate in-depth analyses as required by the Disclosure Delegated Act (DDA). Furthermore, preparing a separate disclosure for non-financial undertakings would impose a disproportionate administrative and operational burden without providing significant investor insights. This approach aligns with the nature of our sustainability reporting. The focus of this report is to provide meaningful, clear, and actionable information that aligns with the expectations of our investors and stakeholders. If the scale or materiality of our non-financial activities increases in the future, we will reevaluate their inclusion in our reporting framework to maintain alignment with regulatory requirements and the needs of our stakeholders.

Our taxonomy reporting explicitly follows the requirements specified in the DDA, including annexed templates for the quantitative data (i.e., GAR and complimentary KPIs) and instructions for the qualitative information. The taxonomy statements are disclosed in a table form consistent with the annexes. GAR-related information follows the Annexes V and VI (see Templates 1 for the KPIs of credit institutions in Annex 2 at the end of the consolidated sustainability statement) and nuclear and fossil gas related activities are presented according to Annex XII (see Templates 2 for KPIs of nuclear energy related activities and fossil gas related activities in Annex 2 at the end of the consolidated sustainability statement).

2.1.2. Taxonomy alignment and eligibility

LHV conducts an analysis of its activities to identify taxonomy-eligible economic activities in accordance with article 8 of the Taxonomy Regulation and its delegated acts. This assessment focuses on key asset categories, including mortgages, building renovation loans, motor vehicle loans, non-financial and financial undertakings, local governments, and certain off-balance sheet assets, such as assets under management. Where possible, the analysis also assesses alignment with the Taxonomy's technical screening criteria, including substantial contribution, do-no-significant-harm criteria, and minimum safeguards. Exposures to sovereign entities, including local governments, are assessed for eligibility but excluded from alignment KPIs in line with the DDA. These exposures do not meet the definition of taxonomy-aligned activities due to the absence of mandatory reporting obligations under Articles 19a or 29a of Directive 2013/34/EU.

Additionally, the analysis identifies activities classified as transitional or enabling, where applicable. Eligible activities contribute to environmental objectives, such as climate change mitigation and adaptation, and are categorized under taxonomy-eligible economic activities. Examples include financing renewable energy projects, energy-efficient housing, and low-emission vehicles. Non-eligible activities include exposures where sufficient reporting from counterparties is unavailable, such as smaller enterprises not subject to the NFRD or CSRD, or companies that do not disclose information aligned with the technical screening criteria.

The technical screening criteria for each activity are reviewed to determine their contribution to the EU's environmental objectives. For instance, a proportion of LHV's mortgage portfolio meets the criteria for substantial contribution to climate change mitigation, as the buildings financed comply with the required energy efficiency levels based on Energy Performance Certificates (EPCs). Similarly, all motor vehicle loans are taxonomy eligible. Loans for low emission vehicles (up to 50 grams of CO_2 per kilometre (gCO_2/km)) registered until 2025 contribute to climate objectives. For vehicles registered after 2025, only zero-emission vehicles contribute to climate objectives, as they meet the technical screening criteria for taxonomy eligibility.

For 2024, LHV reports its mortgage and motor vehicle loan portfolios as taxonomy-eligible but not taxonomy-aligned. We have concluded that since we are currently unable to confirm compliance with the technical screening criteria, DNSH criteria, and Minimum Safeguards all together, we have not prioritized the separate validation of technical screening criteria for this reporting year. As the outcome would not result in taxonomy alignment regardless, our focus has been directed toward other regulatory and reporting priorities. Going forward, we will review our approach to ensure efficient data utilization and assess the feasibility of taxonomy alignment in future reporting cycles.

At the same time, for assets under management, taxonomy-alignment was confirmed for portfolio management. LHV discloses the proportion of covered assets exposed to taxonomy non-eligible economic activities in accordance with the Taxonomy Regulation and its delegated acts.

The primary challenge for LHV, among different obstacles, in implementing the EU Taxonomy, including confirming taxonomy alignment, particularly of the banking related activities, lies in obtaining sufficient exposure-specific data to meet the technical screening criteria, including the Do No Significant Harm (DNSH) criteria and Minimum Safeguards requirements, particularly for household exposures such as mortgages and vehicle loans. While the European Commission's notice on taxonomy reporting requirements, published in December 2023, provided initial insights into how DNSH criteria should be assessed for households, LHV has not yet fully implemented these recommendations for the banking portfolio due to the complexity of the criteria and the need for enhanced data collection mechanisms.

Another challenge lies in the dependency on taxonomy reporting disclosed by companies subject to the NFRD and CSRD. The quality and availability of such data vary significantly, and many financial undertakings are reporting taxonomy alignment for the first time in 2024. Where taxonomy-alignment KPIs are not disclosed, these exposures are classified as not aligned. LHV expects this to improve with the implementation of CSRD.

For assets under management, LHV uses data from Morningstar Sustainalytics to obtain taxonomy information from counterparties. Where counterparties do not provide complete taxonomy-alignment KPIs, LHV relies on best-effort estimations and market benchmarks. However, uncertainty remains about whether exposures to subsidiaries of NFRD and CSRD parent companies can be considered taxonomy-aligned, particularly in cases of general-purpose lending.

Despite the limitations, LHV continues to monitor the evolution of market practices regarding taxonomy eligibility and alignment. As practices and regulatory expectations develop, LHV is enhancing its data collection and verification processes and refining its taxonomy reporting framework. This includes providing more detailed descriptions of assumptions, methodologies, and data sources in future disclosures to improve transparency and compliance with the Taxonomy Regulation.

In 2024, to address the challenges and limitations we face regarding taxonomy reporting, we developed and formalized taxonomy reporting process to ensure consistency and accuracy going forwards. The process covers the consolidation group but specifically concentrates on credit institutions as well. Concurrently, we are improving our data collection and analytical capabilities to better identify information gaps and refine our methodologies. As companies, including our counterparties, provide more detailed data under regulatory requirements in the coming years, or it becomes possible to consider market averages, we expect to gain improved insights for more accurate assessments and disclosures.

These efforts align with LHV's ESG strategy to support the transition to a sustainable economy, while acknowledging that challenges such as data availability and procedural complexities continue to pose obstacles.

Statement on Taxonomy-Eligibility

In total, 34.60% of LHV assets are deemed taxonomy eligible. Consequently, the remaining 65.40% of our assets are taxonomy-non-eligible (see Templates 1 for the KPIs of credit institutions in Annex 2 at the end of the consolidated sustainability statement). For the financial year 2023, 32.54% of LHV's assets were classified as taxonomy-eligible, while the remaining 67.46% were taxonomy-non-eligible. This differs from the figures reported in the previous year due to a change in the calculation methodology. The reflected figures show LHV's commitment to aligning its activities with the EU Taxonomy framework as further progress is made.

Key Performance Indicators (KPIs)

LHV considers the Green Asset Ratio (GAR) as the primary KPI for taxonomy alignment which shows the proportion of assets financing and invested in taxonomy-aligned economic activities (numerator), and it is computed as a proportion of total covered on-balance sheet assets (denominator). Assets and activities covered by the GAR and other KPIs are exposures to households (mortgages, building renovation loans and motor vehicle loans), non-financial and financial undertakings and local governments as well as certain off-balance sheet assets (assets under management and financial guarantees). Detailed information on covered assets is provided in the table form (see Templates 1 for the KPIs of credit institutions, template 1 Assets for the calculation of GAR Annex 2 at the end of the consolidated sustainability statement).

Certain assets are excluded from the calculation of the GAR. Exposures to central governments, central banks and supranational issuers are excluded from both nominator and denominator of GAR. According to the disclosure requirements certain assets may not be considered for taxonomy-eligibility and taxonomy-alignment and are therefore excluded from the numerator. Such assets include for example exposures towards companies who are not under the obligation to publish a dedicated sustainability statements, i.e. all companies which are not large (more than 250 employees (as well as more than 500 for the financial year 2024) and/or have more than €50 million in net turnover and/or have more than EUR 25 million in total assets) public-interest entities, referred to as non-CSRD. Such assets are reported as non-eligible, regardless of their potential to meet the taxonomy criteria for environmentally sustainable activities.

For the reporting year 2024, the GAR shows the proportion of LHV's assets financing and invested in those taxonomy-aligned economic activities which contribute to the climate change mitigation and adaptation objectives. In accordance with EU Taxonomy, LHV also discloses the proportion of covered assets exposed to taxonomy-eligible and taxonomy-non-eligible economic activities across all environmental objectives specified in Climate Delegated Act. Nevertheless, based on the data published by our customers for the financial year 2023, LHV has not identified any activities or exposures related to other environmental objectives, such as the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, or the protection and restoration of biodiversity and ecosystems. Additionally, LHV currently does not offer financial products specifically designed to support these objectives. Our sustainable financing products primarily focus on climate change mitigation, including home loans for A and B energy class housing and motor vehicle loans for low-emission vehicles.

The proportion of taxonomy-aligned economic activities contributing to all six environmental objectives will be disclosed starting from disclosure year 2026, as required by the DDA.

LHV will also cover the qualitative information required relating to the economic activities, as specified in the DDA. This qualitative information includes the context and alignment of these activities as they relate to all environmental objectives under the Taxonomy Regulation.

Exposures toward companies not obligated to publish sustainability reports under the NFRD and CSRD are excluded from the numerator of the GAR calculation. Additionally, in 2024, LHV has not included exposures toward subsidiaries of CSRD parent companies (i.e. the undertakings subject to an obligation to publish non-financial information pursuant to NFRD and CSRD) in the GAR calculations.

GAR, as the main KPI for the credit institution which reflects the proportion of our on-balance sheet assets which are taxonomy aligned, is 0%. However, 34.60% of our loans and advances from the banking and investment services fall under taxonomy-eligible but non-aligned activities, leaving the remaining 65.40% of our assets are taxonomy-non-eligible (while last year it showed 0% taxonomy aligned, 32.54% taxonomy eligible and 67.46% taxonomy non-eligible assets, see Templates 1 for the KPIs of credit institutions in Annex 2 at the end of the consolidated sustainability statement).

The methodology for calculation of KPIs of assets under management involves determining the proportion of investments aligned with taxonomy objectives based on relevant metrics such as turnover and capital expenditure (CapEx). The numerator reflects the value of investments in activities meeting taxonomy criteria, while the denominator comprises the total value of Assets under Management (AuM), excluding exposures to central governments, central banks and supranational issuers. Disclosures include KPIs for aggregated taxonomy-aligned economic activities, as well as a breakdown of activities considered transitional, enabling, or non-eligible. Where applicable, investments in real estate and debt instruments are included based on their alignment with taxonomy objectives.

For assets under management 4.80% of the activities fall under taxonomy-aligned, 23.90% of our activities are taxonomy-eligible and 76.10% is therefore taxonomy-non-eligible (for the last year it showed 5.14% for taxonomy aligned, 5.41% taxonomy-eligible and 94.59% for taxonomy non-eligible).

In alignment with the EU Taxonomy framework and the requirements outlined in Annex XII of the DDA, LHV also covers its financing of activities in the nuclear energy and fossil gas sectors (NACE codes 7219, 3511, 4222, 3530, 7211).

In 2024, LHV financed nuclear energy related activities such as projects or entities engaged in construction and safe operation of new nuclear installations to produce electricity or process heat, as well as their safety upgrades, using best available technologies and to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes, as well as their safety upgrades. Regarding fossil gas related activities, financing was provided to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels, and to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.

For the reporting year, LHV has conducted a detailed analysis of its exposures to nuclear and fossil gas-related activities in accordance with the EU Taxonomy. The total taxonomy-aligned economic activities represent 67% of the denominator of the applicable KPI. This includes 6% allocated to Section 4.27 activities and 40% allocated to Section 4.28 activities under Annexes I and II in the Climate Delegated Act. Taxonomy-eligible but non-aligned economic activities for the reporting year represents 5% of the denominator. No taxonomy-non-eligible activities were identified, resulting in 0% for this category.

These results reflect progress in taxonomy-aligned and eligible activities compared to previous disclosures when nuclear and fossil gas-related activities were not fully assessed due to minimal exposure and data limitations. The full disclosure for the year 2024 demonstrates LHV's continued commitment to applying the EU Taxonomy framework for assessing alignment and eligibility of economic activities, including those related to nuclear and fossil gas operations. We continue to enhance our methodology for analysis, ensuring full compliance with of the DDA onwards.

This taxonomy report does not include a KPI for the transitional taxonomy eligibility report based on the new economic activities added to the taxonomy in 2024, for example automotive and mobility components, rail rolling stock constituents, high, medium, and low voltage electrical equipment, aircraft manufacturing and leasing, and air transport, since we base our this year's report on the data for the financial year 2023.

In compliance with the Disclosure Delegated Act, we have presented KPIs in standardized tables. This ensures clarity and comparability in reporting the proportion of taxonomy-eligible and taxonomy-aligned activities based on turnover and CapEx.

Substantial Contribution to Environmental Objectives

LHV is currently unable to confirm substantial contribution to the first two environmental objectives of the Taxonomy Regulation, i.e., climate change mitigation and climate change adaptation for the on-balance sheet exposures, to the lack of aligned data and the inability to meet the technical screening criteria. However, we continue to monitor regulatory developments and will adapt our methodologies accordingly as more experience and market practice becomes available.

Do No Significant Harm (DNSH) Criteria

For the 2024 reporting year, LHV faces challenges in obtaining sufficient documentary evidence to confirm that taxonomy-eligible activities, such as mortgages and vehicle loans, fully meet the DNSH criteria. This is primarily due to the complexity of gathering and verifying the necessary environmental and social impact data from counterparties and customers. As a financial institution, our role typically focuses on financing and facilitating economic activity rather than directly engaging in or overseeing the environmental aspects of these activities. Consequently, we rely on third parties, such as borrowers and external stakeholders, to provide the requisite information, which is often incomplete or unavailable.

While we acknowledge the importance of the DNSH principle, ensuring its full compliance for taxonomy-eligible activities requires reliable data collection, industry-standard methodologies, and greater consistency across market participants.

Looking ahead, LHV aims to strengthen its processes by enhancing data collection and verification principles to ensure better alignment with the European Commission's technical guidance on DNSH criteria. We are also looking to collaborating with industry stakeholders to establish practical frameworks and improve data-sharing mechanisms for household exposures such as mortgages and vehicle loans. LHV is also committed to building internal capabilities and expertise to systematically evaluate DNSH compliance through in-depth external and internal training sessions.

Minimum Safeguards

LHV is committed to adhering to minimum safeguards, including human rights and labour standards, as outlined by the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. However, taxonomy alignment for these safeguards regarding credit institution related activities has not been fully assessed.

In future reporting cycles, we plan to finalize the integration of minimum safeguards into our taxonomy assessment process. This will include the evaluation of counterparties' compliance with the safeguards to ensure that all taxonomy-aligned activities meet social criteria.

The course of action for integrating the ability to fully meet the technical screening criteria, DNSH criteria and minimum safeguards will be developed as the regulation develops.

Qualitative Disclosures

LHV acknowledges the challenges in obtaining adequate taxonomy reporting data from counterparties and customers. For household exposures, a proportion of the mortgage and motor vehicle loan portfolios meets the technical screening criteria for substantial contribution to climate change mitigation. Buildings financed meet the required energy efficiency levels based on Energy Performance Certificates (EPCs) and financed motor vehicles are low- or zero-emission vehicles. However, due to the lack of exposure-specific documentary evidence demonstrating compliance with the DNSH criteria, these portfolios are reported as taxonomy-eligible but not taxonomy-aligned for the financial year 2024.

The DNSH expectations for household exposures were clarified by the European Commission in December 2023, which provided initial guidance on how these criteria should be assessed. LHV is working to align its practices with these expectations but has not yet implemented them fully due to the complexity of the requirements.

For KPIs, LHV relies on taxonomy reporting disclosed by NFRD (2023 reporting year) and CSRD companies (starting from 2024 onwards). Variations in the availability and quality of data in annual reports from these companies impact the ability to assess taxonomy alignment. Where taxonomy reporting data, such as taxonomy-alignment KPIs from financial undertakings, is unavailable, exposures are classified as not aligned.

For assets under management, LHV uses data provided by Morningstar Sustainalytics to obtain taxonomy information from counterparties. However, current guidance does not clearly address whether exposures to subsidiaries of NFRD or CSRD parent companies can be considered taxonomy-aligned, particularly in cases of general-purpose lending.

LHV continues to monitor the development of market practices and regulatory clarifications regarding taxonomy eligibility and alignment. As these practices evolve, LHV will refine its methodology and enhance future disclosures by providing more detailed descriptions of assumptions, methodologies, and research applied.

Future Commitments and Reporting Timeline

LHV recognizes the EU sustainable finance taxonomy as a guiding framework for steering its own activities and supporting customers in transitioning toward sustainable economic practices. LHV is actively monitoring the ongoing regulatory developments related to the Taxonomy Regulation and exploring opportunities to further align operations, particularly in the areas of sustainable loans and mortgages. This adaptive approach enables us to adapt to the evolving requirements of sustainable finance while improving operational processes and compliance to the regulations.

To enhance compliance with the DNSH and Minimum Safeguards criteria, LHV is strengthening its internal data collection and validation processes. This includes closer collaboration with the customers to improve the transparency and quality of sustainability reporting. These efforts aim to ensure that LHV's reporting aligns with the regulatory framework and meets the expectations of stakeholders.

In line with the timeline outlined in the Disclosure Delegated Act, LHV will begin disclosing taxonomy-aligned economic activities contributing to all six environmental objectives starting in 2026. Until then, LHV will provide updates on its progress toward achieving compliance with taxonomy requirements through its annual sustainability reports. These interim updates will include information on improvements in reporting methodologies, data quality, and alignment with the taxonomy criteria.

2.2 Climate change

As a financial institution we acknowledge the fact that we have an enabling and supporting role in the transition to a more climate neutral economy. This is the reason why our current ESG Policy, approved by Group's Supervisory Board, sets a strategic focus on climate change mitigation (see more under general disclosures in sustainability strategy in point 1.2). We continue to track our progress with a set of KPIs approved on management level (see the table KPIs contributing to climate change mitigation in LHV at end of this section and have set several climate related targets (see further below). As mentioned earlier our sustainable financing products also focus on mitigating the effects of climate change. Moreover, as a part of our own transition LHV will move its headquarters to a new building with energy class A by 2028 spring. The building is also planned to have a BREEAM excellence standard.

LHV is committed to facilitating a transition to a more sustainable future, with the principles of this transition embedded within our strategy and business planning processes. LHV itself is not active in a high climate impact sector. While we do not have a standalone written transition plan for 2024, the key elements, such as setting climate change mitigation targets, of our transition strategy are already integrated into our broader corporate governance, risk and decision-making framework. We will formulate a dedicated transition plan for the next reporting period.

The ESG policy, which outlines high-level principles for achieving sustainability objectives, including our support for the transition to a low-carbon economy, is reviewed and approved annually by the Group Supervisory Board. Based on that, the Management Board plays an active role in the development and implementation of these principles through their engagement in long term strategic planning, yearly action planning and overseeing of operational execution.

This integrated approach ensures that our transition objectives and targets are not only aspirational but are actively incorporated into decision-making, operational activities, and risk management processes, with governance structures in place to ensure accountability and regular progress review.

In the context of Estonia, the impacts of climate change are assessed as not currently significant enough to warrant prioritizing climate change adaptation measures. Furthermore, adaptation-related activities are more challenging to finance transparently, making mitigation the primary objective of our climate strategy. This approach ensures that our efforts align with measurable and actionable strategy and goals.

Our ESG Risk Management Policy defines risk management framework, i.e. main principles, governance and risk appetite for the ESG risks LHV is facing to mitigate the potential financial risks resulting from climate change. Our Green Office Principles guide our efforts to manage office operations sustainably, i.e. mitigate climate change on operational level. These include areas such as employee engagement, resource efficiency, use of renewable energy, waste management, and sustainable transport. By setting focus in areas such as energy efficiency, waste reduction, sustainable transport, and employee engagement, LHV ensures that its office operations contribute to reducing environmental impacts. We are committed to not only that, but also to foster a shift in employees' behaviours and mindset, encouraging them to adopt sustainable practices both within the organization and in their personal lives.

Implementation of our sustainability strategy is related to our products and services, governance, and operations. We are incorporating climate and sustainability considerations into strategic planning, business development, customer selection processes, risk management and credit assessments. To mitigate our impact on climate change, we develop and offer sustainable financing solutions in addition to enhancing our customer engagement processes regarding sustainable business practices according to our Credit Policy.

As part of an industry that is vital for society, we, directly and indirectly, affect our surroundings and make our most significant contribution through investing and financing. That is why we have decided to channel cash flows from our core activities more concertedly to activities that support the transition to a climate-neutral and sustainable economy. We have developed sustainable products to motivate our customers to make everyday consumer and investment decisions that are as environmentally responsible as possible. In this way, we do our part to support economic growth, while at the same time greenhouse gas emissions are reducing. These loan products are home loan for A and B energy class homes, car leasing for zero or low carbon emission vehicles, and investment loan for supporting companies' sustainable development as mentioned above under the section general disclosure in sustainable finance products and services.

In LHV credit granting process we take ESG considerations into account by implementing LHV exclusion list which identifies industries and activities that are generally not eligible for financing due to their high environmental, social, or governance impacts and risks, applied to all our business customers.

Climate-related risks are also considered during loan reviews based on the size of the loan and the customer's field of activity. The ESG risk assessment process at LHV is applied to business customers with a credit exposure exceeding EUR 500,000. The objective of the ESG risk assessment is to ensure a comprehensive evaluation of customer's sustainability, considering both the potential environmental and social risks that may impact the customers' business operations, as well as the customers' impact on the environment and society. Based on their exposure to ESG risk factors, mitigation measures, loan conditions, and pricing may be applied accordingly.

More on how ESG risks are considered in credit granting process can be read under the section Risk management in consolidated financial statements.

The types of climate related risks are described under the section general disclosures in financial materiality. Based on our assessment, while we have identified certain climate-related risks factors, such as flooding as a significant short- to medium-term concern, these risks are not material to our overall operations. Our field of activity and the integration of ESG risks into our comprehensive risk management framework provide resilience under a range of possible climate scenarios.

In assessing physical risk factors, we utilized methodologies incorporating future projections from the Intergovernmental Panel on Climate Change (IPCC), focusing on Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs). These scenarios model trajectories of greenhouse gas concentrations and socioeconomic changes affecting emissions under different climate policies. Specific resilience analyses were conducted for the vulnerability of real estate collateral to flooding and sea-level rise, using IPCC AR6 (2023) projections under the SSP1-2.6 scenario. The analysis tested a 0.5-meter sea-level rise alone and combined with historical flooding probabilities. These analyses, risks due to their limited materiality in Estonia, concluded that there are no significant financial risks under the tested scenarios.

Our current analyses and stress tests reaffirm the robustness of our core business operations, ensuring that identified risks do not pose material threats to our financial stability.

To support our climate-related targets and initiatives, LHV has allocated financial, human, and technological resources across various levels of our organization as part of our regular business which includes the development and deployment of sustainable financial products. These resources are strategically allocated to ensure that both our customers and LHV itself are contributing to the transition towards a climate-neutral economy.

LHV has dedicated personnel responsible for managing and implementing our sustainability strategy. This includes

ESG specific positions all over LHV as described under sustainability governance structure in general disclosures under sustainability governance.

These resources are critical in implementing our ESG strategy and ensuring that LHV is actively mitigating climate change both within our operations and across our customer base. By continuously allocating and refining these resources, we ensure that we remain resilient in the face of climate challenges. LHV continues to invest in raising awareness among its employees, clients, and society at large by supporting environmental organizations such as Green Tiger and the Responsible Business Forum. These organizations share knowledge through seminars and conferences, provide tools to implement sustainable changes, and offer platforms for exchanging experiences, successes, and lessons learned. Additionally, we actively participate in educational initiatives by delivering lectures at Tallinn University of Technology, the University of Tartu, and the Estonian Business School, fostering sustainability awareness among future professionals.

In 2024, we extended our collaboration with the Estonian Business School's ESG Management Program, where we have been a partner since its inception. As part of this enhanced partnership, we now offer our business customers preferential terms to participate in the program, promoting broader adoption of sustainability practices within the business community.

2.2.1 Climate change mitigation targets

LHV has set climate change mitigation targets focusing on reducing the climate impact of our loan portfolio, since this is our main source of climate impact in scope 3. By the year 2030, to increase the share of renewable energy projects under the energy sector within our loan portfolio to 90% and to have at least 50% of our annually signed mortgage contracts for A and B energy class housing.

Also, in 2024, following the guidance of SBTI, we set two targets focused on our operational level - to maintain zero emissions in scope 1 operations and reaching 100% use of electricity generated from renewable sources by 2030 and to minimize our scope 2 emissions. As of the end of 2023, the use of renewable electricity in our Estonian offices was ca 80%.

To achieve these goals, LHV has implemented specific measures across associated business areas. These include financing for renewable energy projects to align with the target of 90% renewable energy within the energy sector loan portfolio by 2030, developing tailored mortgage products with favourable terms to support the goal of 50% of annually signed mortgage contracts being for A and B energy class homes by 2030, and progressively increasing the use of renewable electricity in our operations. This integrated, measurable and time bound approach ensures alignment with our ESG strategy.

2.2.2 Our climate impact

To set climate change mitigation targets and identify where our negative climate impacts are most significant, we measure our greenhouse gas (GHG) emissions using standardized methodologies to ensure a clear understanding of our emission sources. This approach allows us to prioritize effective reduction measures and align our business with sustainability goals.

We calculate our carbon footprint based on the methodology provided by the GHG Protocol Corporate Accounting and Reporting Standard and associated Corporate Value Chain (Scope 3) Standard, which are internationally recognized and widely used greenhouse gas accounting standards. Calculations of our operational greenhouse gas emissions were done by external consultancy provider Sustinere by using Estonian national (by Ministry of Climate) GHG footprint calculation model, 2024 and UK Conversion Factors, 2024 and emission factors. Where available emission factors directly for the suppliers where used (ex. from heating providers). The results are expressed in CO_2 equivalents (CO_2e), the universal greenhouse gas unit of measurement, indicating the potential for causing global warming. Based on GHG Protocol, emissions are categorized into three scopes. Scope 1 relates to direct emissions that occur from sources that are controlled or owned by an organization. Scope 2 emissions refer to indirect emissions associated with purchase of electricity, heating, and cooling. Scope 3 emissions include all other indirect emissions accounting for emissions coming from our own operations and emissions stemming from our upstream and downstream value chain. We have assessed the materiality of Scope 3 emission categories in line with the nature of our business activities. Based on our analysis, Category 15 – Investments is identified as the most material source of Scope 3 emissions, given its significant impact compared to other categories. While other Scope 3 categories are considered immaterial due to their relatively small contribution, we recognize the importance of maintaining transparency and a comprehensive approach to emissions management. Therefore, we continue to calculate, monitor, and disclose these emissions to ensure completeness in our reporting and to support ongoing efforts in managing our climate impact.

We have calculated our Scope 3 on best available actual data, although uncertainty remains as sectoral average emission factors are used.

2.2.2.1 Operational greenhouse gas emissions

Over the last years, we have measured the carbon footprint of our office operations through collecting data about business travels, energy consumption of office buildings, ordered paper, fruits etc. Based on this, we make comparisons with previous years and introduce new activities in the according to Green Office Principles to further reduce our footprint. Our office activity generates emissions mostly due to the use of heating, power, employee commuting, and business travel. To evaluate the impacts of employee commuting, a web survey was conducted among the employees, which inquired about the distance between home and work (direct route, without any interim stops) and the modes of transport ordinarily used. 35% of employees responded, and the results were extrapolated to the number of employees working for the company. The analysis covered the activities of LHV Tallinn, Pärnu and Tartu offices. In 2024 LHV office activity had a greenhouse gas emission footprint of 1,800 tonnes of CO_2-equivalent, which was 0.0 tons per net revenue. Net revenue used to calculate GHG intensity for 2024 is 276,112 EUR thousand which reconciles to Net income from the Consolidated financial statement of profit or loss and other comprehensive income.

Emissions from own operations*	Estonia
	2024
Scope 1 GHG emissions	
Gross Scope 1 GHG emissions (tCO_2eq)	0,00
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0,00
Scope 2 GHG emissions	
Gross location-based Scope 2 GHG emissions (tCO_2eq)	1,044
Gross market-based Scope 2 GHG emissions (tCO_2eq)	490
Significant scope 3 GHG emissions	
Total Gross indirect (Scope 3) GHG emissions (tCO_2eq)	541,592
1 Purchased goods and services	53
2 Capital goods	163
3 Fuel and energy-related activities (not included in Scope1 or Scope 2)	269
4 Upstream transportation and distribution	-
5 Waste generated in operations	33
6 Business travelling	421
7 Employee commuting & home office	371
8 Upstream leased assets	-
9 Downstream transportation	-
10 Processing of sold products	-
11 Use of sold products	-
12 End-of-life treatment of sold products	-
13 Downstream leased assets	-
14 Franchises	-
15 Investments (see chapter Financed emissions)	540,282
Total GHG emissions	
Total GHG emissions (location-based) (tCO_2eq)	**542,635**
Total GHG emissions (market-based) (tCO_2eq)	**542,082**

* The results for LHV Pank were calculated on the bases of LHV Group data, considering the number of square meters occupied by the Bank in the premises. LHV has not established a base year for its operational GHG emissions. This is due to the ongoing improvements of GHG emissions calculation processes, as well as limitations in data availability. As a result, strictly comparative analyses cannot yet be conducted with full accuracy. Details regarding milestones and target years are provided in the section titled Climate change mitigation targets, where we outline our commitments and objectives for climate action. Therefore, the presentation of our GHG emissions differ from the regulatory expectation.

2.2.2.2 Financed emissions

Since 2022, LHV assesses financed emissions under scope 3 category 15 investments (as defined by the GHG Protocol Corporate Value Chain standard) using the PCAF methodology. Assessment of financed emissions is important, since a large share of our emissions is related to our financing activities.

In 2024, LHV focused on enhancing the accuracy of calculations and refining models, the reallocation of asset class scopes for more accurate contract assessments within each asset class. Total emissions were calculated for financed emissions 540,309 tCO_2e reflecting improvements in methodology and the reallocation of asset class scopes to ensure precise contract assessments within each asset class.

Under the PCAF methodology for financed emissions, LHV Pank's loan portfolio is assessed across six asset classes: business loans, commercial real estate, mortgages, motor vehicle loans, sovereign debt, and listed equity & corporate bonds. Table below presents the results for commercial real estate, listed equity, business loans, mortgages, commercial real estate, and sovereign debt asset classes. According to the PCAF methodology for financed emissions and asset class scopes, all loans in the portfolio that align with the scope definitions have been 100% assessed. Specific smaller products in the credit portfolio, where PCAF lacks a defined methodology, have not been assessed. In the motor vehicle loans asset class, 70.4% of the portfolio has been assessed, as no methodology was available for evaluating leasing of other machinery, such as agricultural equipment, at the time of assessment.

The sector with the largest absolute emissions is D (Electricity, Gas, Steam, and Air Conditioning Supply), while the highest CO_2 intensity is found in sector B (Mining and quarrying). The results of the emission estimations can vary to some extent depending on the quality of the input data used in the calculation models.

In 2024, LHV continued its efforts to improve data quality, recognizing that substantial improvements require obtaining information directly from the customers. To address this, we actively engaged with customers to collect the necessary data. For business loans, commercial real estate, residential mortgages, and motor vehicle loans, emissions are estimated using indirect sources, such as sector averages or data from external databases like PCAF and Estonian Building Register. These estimations reflect upstream and downstream value chain emissions where direct data is unavailable, and the preparation of these metrics relies on proxies when information—like energy consumption or emissions data—is not provided by customers. Consequently, the level of accuracy varies: lower PCAF scores (1, 2 and 3) are achieved when more accurate, customer-specific data is available, while higher scores (4 and 5) indicate reliance on generalized estimates. Data quality scores, which range from 1 (most accurate) to 5 (least accurate), are provided in the table below. We acknowledge that currently this data is subject to uncertainty. However, we have based our calculations on the best available actual data currently accessible. To enhance accuracy, LHV has updated its ESG questionnaire to gather the necessary information from customers and continues to work towards integrating more precise customer data into future assessments.

Financed emissions

Financed emissions					2024
Asset Class	Outstanding Amount (EUR million)	Scope 1+2 (tCO_2 e)	Scope 3 tCO_2e	Emission Intensity* (tCO_2 / EUR million)	PCAF Data Quality Scores
Listed equity & corporate bonds	-	-	-	-	-
Business loans	1,452	154,766	213,758	253.8	4.0
Mortgages	1,432	57,323	-	40.0	3.6
Commercial real estate	978	109,231	-	111.7	3.6
Motor vehicle loans**	127	5,231	-	41.1	3.0
Sovereign debt	284	0.9	0.6	0.0	1
Total	**4,273**	**326,551**	**213,758**	**140.0 (Mean)**	**3.5 (Mean)**

** Scope 1+2*

*** Emissions from passenger cars, buses, and trucks; other vehicles are not covered in PCAF Financed Emissions Standard*

Financed emissions

Business loans				2024
EMTAK	Outstanding amount EUR million	Total tCO_2 e	% of total tCO_2 e	CO_2 intensity tCO_2 e/ EUR
A: Agriculture, forestry and fishing	50.7	12,595	3.4	248.6
B: Mining and quarrying	0.3	568	0.2	1,679.0
C: Manufacturing	156.7	66,609	18.1	425.0
D: Electricity, gas, steam and air conditioning supply	213.1	212,194	57.6	995.7
E: Water supply; sewerage, waste management and remediation activities	27.0	4,188	1.1	155.3
F: Construction	44.9	7,850	2.1	174.8
G: Wholesale and retail trade; repair of motor vehicles and motorcycles	110.3	22,350	6.1	202.6
H: Transportation and storage	57.6	5,209	1.4	90.4
I: Accommodation and food service activities	10.6	1,323	0.4	124.9
J: Information and communication	13.5	1,539	0.4	114.0
K: Financial and insurance activities	217.9	7,326	2.0	33.6
L: Real estate activities	182.0	2,105	0.6	11.6
M: Professional, scientific and technical activities	125.0	3,247	0.9	26.0
N: Administrative and support service activities	89.6	3,901	1.1	43.5
O: Public administration and defence; compulsory social security	50.5	10,196	2.8	201.7
P: Education	4.4	320	0.1	72.7
Q: Human health and social work activities	25.6	1,687	0.5	66.0
R: Arts, entertainment and recreation	67.4	4,904	1.3	72.8
S: Other service activities	4.7	409	0.1	87.0
Total	**1,451.8**	**368,520**	**100**	**253.8**

In 2024, LHV conducted its first assessment of avoided emissions, covering large corporate customers' renewable energy projects, which collectively avoided 283,582 tCO_2e. Solar projects contributed 191,261 tCO_2e, while biogas projects accounted for 92,320 tCO_2e. Both project types received a PCAF data quality score of 1, ensuring the accuracy and reliability of the emissions data. This assessment highlights the significant environmental impact of our customers' investments in sustainable energy. Currently due to data limitations avoided emissions from wind energy are not accounted for.

Avoided emissions from renewable power projects				2024
Activity	Outstanding Amount Covered (EUR million)	Emissions (tCO_2e)	Emissions Intensity (tCO_2e/ EUR million)	PCAF Data Quality Score
Solar	72.8	191,261.0	2,627.7	1
Biogas	16.9	92,320.5	5,473.4	1
Total	**89.7**	**283,581.5**	**3,163.0**	**1**

2.2.2.3 Energy consumption

Energy consumption (MWh)	2024
Electricity (renewable energy): Tallinn City Plaza	1,007
Electricity (non-renewable energy): Tallinn Rävala	25
Electricity (non-renewable energy): Tartu	94
Electricity (non-renewable energy): Pärnu	41
Heating (non-renewable energy): Tallinn City Plaza	1,541
Heating (non-renewable energy): Tallinn Rävala	225
Heating (non-renewable energy): Tartu	132
Heating (non-renewable energy): Pärnu	58
Total	**3,123**

* The results for LHV Pank were calculated on the bases of LHV Group data,
taking into account the number of square meters occupied by the Bank in the premises

Energy consumption	2024
Total fossil energy consumption (MWh)	2,116
Share of fossil sources in total energy consumption (%)	68
Total renewable energy consumption (MWh)	1,007
Of which fuel consumption for renewable sources including biomass biofuels, biogas, hydrogen from renewable sources	0
Of which consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	1,007
Of which consumption of self-generated non-fuel renewable energy	0
Share of renewable sources in total energy consumption (%)	32
Total energy consumption (MWh)	**3,123**

LHV is disclosing the following KPIs as part of its sustainability statement, as those reflect important LHV specific considerations which are deemed relevant by us and our stakeholders. By including these KPIs, we aim to provide a comprehensive understanding of our impacts, risks, and opportunities, consistent with the qualitative characteristics of information, ensuring relevance, reliability, and comparability over time. This decision supports our commitment to transparent reporting and our focus on driving sustainable practices in alignment with broader ESG goals.

Key performance indicators contributing to climate change mitigation

	2024	2023
Contract value for new renewable (solar, wind, biomass) energy projects added to the corporate loan portfolio (EUR million)	16.7	90.2
Number of new energy class A apartments financed annually through housing developments	827	822
Share of annually signed mortgage contracts for A and B energy class housing in the mortgage portfolio	24.3%	26.1%

2.3 Circular economy

The implementation of the concept of a circular economy is one of the challenges our society is facing today. It is an essential part of addressing environmental degradation and resource depletion, both of which are driven by current linear models of production and consumption. From our impact analyses we concluded that circular economy (such as sustainable resource use, waste management) is a material sustainability topic from downstream value chain, as well as own operations. Circular economy also affects upstream value chain, via our procurement practises.

As a financial institution, our primary impact (i.e., indirect impacts such as reducing waste generation, secondary material use, and renewable energy use) on circular economy practices is through the projects and businesses we finance. Financed activities, such as loans for real estate development or corporate clients in resource-intensive industries (for example manufacturing), have indirect impacts, making resource use and efficiency material in this context. We recognize our role in supporting the transition to a more circular economic system, particularly by raising awareness about circular business models among our customers and engaging with our stakeholders on the matter.

However, based on our double materiality assessment, we did not identify any material risks specifically related to circular economy practices. While these topics remain important, the associated risks are not deemed significant within our current value chain context.

Our loan product tailored for housing associations contributes to the circular economy, making it possible to extend the lifespan of Estonian housing stock. This initiative not only ensures better resource efficiency in the housing sector but also aligns with broader sustainability goals by promoting the renovation of aging infrastructure instead of replacement. By offering favourable terms for projects that prioritize renovation, we support housing associations in adopting resource-saving solutions and minimizing environmental impacts together with reduction in utility bills for residents. In 2024, we helped over 2,400 households improve their energy efficiency. More on our lending products can be read in the section 1.2.3 Sustainable financing products and services under general disclosures.

While LHV's direct operations, i.e., office activities, involve relatively modest resource inflows and outflows due to the nature of our service-oriented business, we remain committed to contributing to sustainability within our operational scope. To address our impacts, we have implemented the Green Office standard, integrating principles that promote waste reduction, recycling, and resource efficiency in our daily office practices.

LHV collaborates with various public schools across Estonia, offering them IT equipment that is no longer in use in our offices but still functional for use. These donations extend the lifecycle of our technology, providing students with valuable resources for their education while reducing electronic waste.

These efforts, while smaller in scale compared to resource-intensive industries, reflect our dedication to sustainability and align with broader circular economy goals. Additionally, we actively engage with stakeholders to raise awareness and encourage responsible resource use.

2.3.1 Strategy and policies

The Green Office Principles define the rules and criteria for the sustainable operation of LHV offices. During the previous years, we have reached milestones and been rewarded for our achievements. We extended Tallinn City Plaza office Green Office certificate and received the same certificate for our Tartu and Pärnu offices. In addition, the BREEAM certificate for building environmental performance for the City Plaza office was extended until the end of 2024.

LHV establishes the principles of environmentally friendly procurement in the Purchasing Rules document. When purchasing goods and services, we consider environmental and social criteria in addition to the usual criteria (e.g. quality, price). We prefer domestic services and goods when possible. The main purpose of such activities is to reduce the environmental impact of products and services arising from their production, use and disposal, meaning the environmental impact throughout the life cycle of the product/service.

In our credit granting process the ESG questionnaire sent to our customers also addresses the topic of circular economy to promote the concept and to assess whether and which circular economy principles the customer has adopted. This is one strategic way we encourage and educate our customers (for example through explanations and clarifications) towards more resource efficient economy. Currently we have not set any KPIs nor targets in the field of circular economy, but we screen financial market developments to identify new opportunities to better assess and measure our indirect impact on circular economy. Stakeholder engagement and internal employee feedback also guide our approach to addressing resource use and circular economy challenges.

2.3.2 Resource management

LHV's suppliers fall primarily into six categories: professional services, IT equipment and services, facility management, human resources, banking services, and marketing and communications. We believe that partnering with suppliers committed to environmental, social, and ethical standards benefits both parties. To ensure this, we have implemented evaluation processes to select suppliers and contractors based on financial and ESG criteria as per LHV Purchasing rules.

As a financial institution, our business model focuses on financial services, including lending and investments, as outlined above. Unlike production companies, we do not engage in manufacturing or rely on significant physical resources like raw materials, packaging, or equipment for the production of goods. Similarly, in the downstream value chain, our credit granting activities do not involve collecting or managing data related to resource inflows and outflows by our clients, because as a financier, we do not engage at the operational level of our customers.

LHV also does not consider resource inflows directly related to our operations, i.e., tangible fixed assets needed for our activities, as a material indicator for sustainability reporting. Nevertheless, LHV prioritizes responsible waste utilization within our offices. We have developed an organized waste sorting process, described in our Green Office Principles. In cooperation with Nutriloop, we recycle our biowaste, which is used to grow plants on our office building balconies and donated to local farmers and gardeners. Employees are actively encouraged to recycle both at work and at home through various initiatives. Our offices are equipped with systematic recycling bins designed to separate different types of waste effectively. To reinforce these efforts, we run constant reminders and educational materials on our internal TV screens, showcasing the importance of recycling and how to do it properly, further embedding a culture of sustainability among our employees.

This approach ensures that LHV's resource use and waste management align with our overall sustainability strategy, focusing on areas where we have the most positive impact while addressing operational aspects responsibly.

Waste generated

Waste*(Tonnes)	2024 Total
Bio waste- composted	4
Glass packaging- recycled	0
Mixed packaging- recycled	6
Paper-recycled	23
Mixed waste- Incineration	0
Mixed waste- final treatment unknown/disposal (the total amount and percentage of non-recycled waste)	79 (70%)
The total amount of non-hazardous waste generated	**112**
Electronic waste- recycling**	0.47
The total amount of hazardous waste generated	**0.47**
Total waste generated	**112.47**

*The results for LHV Pank were calculated on the bases of LHV Group data, taking into account the number of FTEs in the Bank

**LHV's hazardous waste consists of electronical waste – IT equipment that is not suitable for reuse, batteries, electronic cables etc. Data from Tallinn (City Plaza) office.

3. Social information

LHV is dedicated to fostering a socially responsible and inclusive environment, promoting diversity, protecting the interests of our people, and advancing societal well-being. Employees are central to our success, with opportunities created through professional development, work-life balance, and diversity initiatives that enhance productivity and innovation.

We impact customers by providing equitable financial access, improving financial literacy, as well as protecting their interests and offering tailored support for vulnerable groups. In 2024, we reached over 100,000 investment clients. Our dedication has earned us the title of "Bank with the Best Service" eight times, based on the results of research by Dive. Additionally, The Banker, a Financial Times publication, has awarded us the title of "Bank of the Year" six times, most recently in 2024.

LHV supports local communities by sponsoring education, arts, and sports initiatives and encouraging financial literacy. With integrity, transparency, and ethics at our core, we continue to drive positive societal and economic change while delivering value to employees and customers alike.

Our vision is to promote a socially responsible and inclusive environment. We are committed to protecting human rights, adhering to labour laws, promoting diversity and inclusion, and actively participating in activities related to societal well-being. We are guided by the UNEP FI Principles of Responsible Banking and our sustainability efforts have been recognized by the Responsible Business Forum Estonia (VEF). LHV follows national laws and requirements but has not specifically aligned its policies with UN Guiding Principles on Business and Human Rights.

While banks and financial institutions play an integral part in driving economic growth, they also have the power to impact individual lives and communities' overall wellbeing. Our business is conducted with integrity, transparency, and ethics in mind, with the emphasis on fair dealing and respect towards our partners, customers, and employees.

By acknowledging our role and societal influence at the local level, we do the following:

- aim to offer high job satisfaction through providing development opportunities and self-fulfilment for current and prospective employees;
- stand for equal opportunities for people and companies;
- maintain a budget to support music or arts, education, sports, and community events;
- support external movements and partners to promote the cultural and economic development of local communities;
- build the trust of our customers in LHV as a non-discriminatory financial service provider;
- encourage financial literacy and the share of economic knowledge;
- continuously improve our competencies in the field of ESG to further advance social cohesion.

3.1 Own workforce

LHV, as a large employer, has an impact on our people, including their productivity, innovation, and employee satisfaction, which directly contribute to our business success. Our opportunities stem from prioritizing professional development, promoting work-life balance, and fostering diversity and equal remuneration, enabling LHV to build a resilient and engaged workforce. These efforts mitigate risks such as talent retention challenges or diminished labour market competitiveness, ensuring the company remains an attractive and forward-thinking employer while delivering high level customer service.

We are committed to recruiting and retaining competent and trustworthy employees as part of our strategy. Guided by our Human Resources Policy, we attract educated, professional, and results-oriented individuals to meet our operational needs. Our selection process includes comprehensive CV analysis, structured interviews, and competency assessments, with psychological evaluations and practical assignments used only when necessary and depending on the position. Direct supervisors collaborate with the HR Department and the Management Board members to make informed hiring decisions. Candidates consent to personal data processing for background checks, which may involve contacting former employers and referees. These procedures help us maintain a skilled and dedicated workforce that aligns with our strategic objectives and upholds our commitment to excellence.

The well-being and prosperity of our employees are core to our business operations. Recognizing that our strategic goals depend on our workforce, we are committed to regularly identifying, assessing, and effectively managing risks related to employee qualifications.

We understand that achieving strong business results and sustainable growth requires people that create value, feel valued, and is engaged in their personal and collective missions. At LHV, our employees display high levels of engagement and contribution to LHV’s mission. This commitment is reflected in our latest annual employee survey, where 90% of respondents indicated that they are highly engaged and committed to our goals.

LHV has no employees with particular characteristics working in specific contexts in our workforce. No relevant risks have been identified, and no additional measures have been developed.

As a large employer in the Estonian market, we are committed to maintaining a sustainable work culture that fosters well-being and creates a positive workplace environment. By providing an atmosphere that fosters personal growth, we aim to enhance skills, optimize performance, and cultivate enduring relationships, both internally and externally. LHV aims to keep the employee turnover rate of 7,5%, which we support by cultivating a positive culture and productive workspaces. As an employer, we hold the potential to positively impact our employees while mitigating negative effects by addressing issues such as discrimination and stress, which can adversely affect employees' mental health.

LHV has workplace accident prevention policy named Occupational safety and working environment guidelines which provide an overview of the important provisions of occupational health and safety and the measures for avoiding working environment risks at the office.

3.1.1 Policies, measures and targets

Incorporating inclusion, diversity, and upholding human and labour rights are integral components of LHV's responsible business ethos. LHV has developed and implemented a group-wide Human Resources Policy, Diversity Policy, Conflict of Interest Policy as well as Remuneration policy which aim to provide fair, motivating and transparent remuneration in compliance with the laws and regulations for all our employees. The individuals responsible for these internal documents are the Head of Human Resources or the Head of Compliance, while the process is approved by the LHV Group Management Board or the Supervisory Board, respectively.

Our long-term strategy is to build strong relationships by being an attractive employer that offers high job satisfaction, development opportunities, and self-fulfilment for current and prospective employees. For that we:

- support the professional development of all our employees, including key personnel, through targeted development programs, mentorship opportunities, and clear career progression pathways. By investing in our employees, we aim to enhance their skills, boost engagement, and retain top talent;
- implement mental health initiatives. We plan to introduce mental health initiatives to promote well-being among managers and employees. These initiatives are planned to raise awareness, provide resources, and foster a supportive environment that prioritizes mental health in the workplace;
- prioritize increasing the share of women at the management board and supervisory board levels, as it reflects our commitment to fostering diversity, balance, and inclusivity in leadership.
- have set group-wide employee-related target
- achieving pay equality of 95:105 by 2029.

We will create and implement an action plan to ensure that the pay ratio between different employee groups, i.e., job families (defined in country wide comparable annual salary survey conducted by Fontes/Figure), reaches a balance where no group is paid more than 5% above or below another group's pay level by 2029. Job families, defined internally as groups that include roles of a similar nature, and which should be compensated similarly, consolidated positions with comparable responsibilities. This commitment underscores our dedication to fair and equitable compensation practices across the organization.

In 2024, LHV was named Estonia's most desirable employer for the third consecutive year by CV Keskus ("Ihaldusväärseim Tööandja Eestis 2024"). LHV Pank was also once again chosen as the most attractive employer by Estonian students, economics students, and experienced employees in 2024. More details under the Clause Employee engagement and development below. By fostering and strengthening its corporate culture, LHV strives to be recognized as a leading employer, deliver valued customer service, promote its values and goals among employees, and focus on profitability and efficiency. By maintaining a strong organizational culture, we align our team with our mission and values, contributing to sustained success and employee satisfaction. LHV is committed to complying with all EU and national regulations, ensuring that the company operates ethically and avoids practices such as human trafficking, child labour, or forced labour.

Staff turnover* and job types**

	LHV Pank (change from 2023)
Total employees	**927, from which 2 in UK office (+94)**
Working part time (%)	3.4%
Working full time (%)	96.6%
Working contractual basis (of which % in IT Departments)	15 (93%)
Working with permanent contract	857
Working with temporary contract	17
New hires (of which interns)	235 (17)
Left employees (terminations)	144
Voluntary turnover rate (%)	8.6%
Overall turnover rate (%)	13.4%

*the 12-month rolling sum is the total amount from the past 12 months. As the 12-month period "rolls" forward each month, the amount from the latest month is added and the one-year-old amount is subtracted. The result is a 12-month sum that has rolled forward to the new month

**in head count at the end of the reporting period

3.1.2 Equality and non-discrimination

LHV fosters non-discriminatory business and HR practices. In the recruitment process, we are guided by ethical standards, human rights, and equal opportunities not considering non-related factors, such as race, disabilities, political views, sexual orientation, etc. In line with our Personnel Policy, we take a gender-neutral, non-discriminatory approach in all recruitment and promotion decisions, and base the decisions on equal, measurable qualities, such as experience, education, skills and, if necessary, requirements set by applicable regulations. It is important for LHV not to discriminate against any minorities. Currently, our office isn't fully adapted to meet all the needs of people with physical disabilities—some accessibility features are still missing. We offer and support remote work as an alternative.

LHV has established and implemented a Diversity Policy. LHV believes that the quality of decision-making strategies, risk taking, and oversight can be improved, and biases averted where open-minded people with a range of backgrounds, experience, opinions, and views are combined. LHV considers gender balance as one of the important dimensions of diversity. LHV fosters a culture where everyone is treated with respect and dignity. LHV promotes equality of opportunity and does not attribute to any dimensions of diversity a predetermined value, either positive or negative. To the extent applicable, LHV incorporates diversity and inclusion into its policies and practices related to recruitment, remuneration, career development, and the composition of management and supervisory bodies. Emphasizing diversity, especially in the selection of management or supervisory body members, helps ensure a broader range of perspectives and reduces the likelihood of selecting individuals with overly similar profiles.

Breakdown of LHV Pank employees by age and gender*

	Women						Men						Total	Total number by head count
Contract type		Under 30 (%)	30-38 (%)	39-50 (%)	Over 50 (%)	Total (% from all)		Under 30 (%)	30-38 (%)	39-50 (%)	Over 50 (%)	Total (% from all)		
Permanent contract		28.2%	33.7%	34.1%	4.0%	61.2%		30.3%	40.4%	26.7%	2.7%	38.8%		868
Temporary contract		75.0%	16.7%	0.0%	8.3%	70.6%		60.0%	40.0%	0.0%	0.0%	29,4%		17
Non-guaranteed work time		0%	0%	0%	0%	0%		0%	0%	0%	0%	0%		0
Total	**61.4%**	**29.3%**	**33.3%**	**33.3%**	**4.1%**		**38.6%**	**30.7%**	**40.4%**	**26.3%**	**2.6%**		**100.0%**	**885**

*in head count at the end of the reporting period

Gender distribution at top management level

	Male	Female	Total	Male %	Female %
Supervisory Board	5	2	7	71%	29%
Management Board	3	3	6	50%	50%
Total	**8**	**5**	**13**	**62%**	**38%**

*in head count at the end of the reporting period

3.1.3 Remuneration and equal pay

Our Remuneration Policy sets the guidelines for determining fair and equitable compensation. Decisions regarding remuneration must be objective and unbiased, ensuring compliance with all relevant legislation.

We use the analytical job evaluation method created and developed by Fontes/Figure, based on the method recommended by the International Labour Organization (ILO). This method, utilized across all three Baltic States for market benchmarking, evaluates jobs based on education and professional experience, work characteristics, and accountability. Since 2013, LHV has employed Fontes'/Figure's benchmarking method for annual evaluations, ensuring that we compare jobs of similar value within our organization.

We recognize the need for a modern and transparent remuneration system, so we are developing a new LHV job mapping and pay system. The aim of this project is to create a contemporary and transparent pay structure that:

- harmonizes internal approaches to remuneration across the organization;
- brings clarity to the distribution of job positions, ensuring consistency and fairness;
- simplifies the work of managers in setting and managing compensation;
- more clearly outlines career opportunities, providing employees with a transparent path for advancement;
- allows for greater transparency in our pay practices, fostering trust and openness.

In Estonia, there will remain a connection and reliance on Fontes'/Figure's salary survey to ensure our remuneration levels are competitive within the market.

The remuneration system has two main parts – job evaluation and salary ranges. Job evaluation uses job levels and families to measure and compare role complexity across the organization. This helps accurately calculate the gender pay gap by classifying roles into 13 grades based on expertise, complexity, scope, and impact. The classification considers job content, organizational structure, titles, team size, and area, and is validated by division heads. Job family's group similar roles to ensure consistent compensation.

The unadjusted gender pay gap for 2024 was 28.68% The total annual remuneration ratio of the highest-paid individual to the median annual total remuneration for all employees was 12,87.

Unadjusted gender pay	**LHV Pank**
The unadjusted gender pay gap for 2024	28.68%
The total annual remuneration ratio of bank CEO to the median annual total remuneration for all employees	12.87

LHV's salary system is based on job families and levels, ensuring fair and structured pay. Roles are classified according to organizational structure, job content, and benchmarking, with salary ranges set using market median data. HR oversees adjustments to maintain accuracy.

The gender pay gap shows the overall earnings difference between genders. The adjusted gender pay gap accounts for job roles, levels, and experience, comparing salaries within similar positions. The adjusted gap provides a more precise view of pay fairness.

For reflecting our opportunity to continue to fulfil our ambition to be the best employer and the most desirable employer we actively monitor our gender pay gap. Our adjusted gender pay gap is currently 3.08%. This number is calculated by comparing the average salaries of men and women at each job level. We reached this figure by ensuring that we compare similar positions, which allows for a fair assessment of pay equity across comparable roles. LHV employees are not covered by a collective agreement, as this is not particularly common in the financial sector in Estonia By adhering to the Employment Contracts Act and the Government's Minimum Wage Regulations in Estonia, LHV aims to ensure that all employees receive compensation that meets or exceeds the legal requirements. This commitment reflects our dedication to upholding labour laws and promoting fair pay practices in all the regions where we operate.

3.1.4 Inclusive workplace

At LHV, we believe that success comes from working together and harnessing our collective intelligence. It is essential to us that our employees' ideas, thoughts, and opinions are heard and considered. We foster an environment where employees feel comfortable sharing their thoughts and ideas, ensuring their voices are heard at all levels of the organization, including top management.

LHV prioritizes open communication between managers and employees to enhance tasks, improve workflows, and set clear goals. Our managers hold regular one-on-one meeting with team members to foster trust, align on objectives, and discuss progress. These meetings provide a valuable opportunity for employees to share their thoughts and ideas, ensuring a collaborative work environment.

To gather actionable, data-driven insights into employee perspectives, we conduct the Q12 anonymous engagement survey twice a year. One key metric from the survey is the statement: "At work, my opinions seem to count". In 2024, employees rated this statement 4.4 in May and 4.5 in October on a 5-point scale, reflecting a strong sense of being heard and valued. Survey results guide meaningful conversations between managers and their teams, facilitating in-depth discussions and actionable feedback that often led to adjustments in goals, workflows, or team priorities. Our HR department oversees employee engagement processes and communicates their importance to team leaders to ensure alignment with organizational objectives. HR works closely with managers to review survey results and integrate employee feedback into decision-making. For example, insights from 1:1 meetings and survey results help refine policies and practices related to employee well-being, workload distribution, and performance targets. To ensure transparency, managers are provided with the tools and training to engage effectively with their teams. Employees are also informed about how their feedback has influenced specific changes, demonstrating LHV's commitment to fostering a supportive and inclusive workplace. Engagement takes place at multiple levels, including organizational and team-specific levels. At the organizational level, feedback from surveys and employee discussions informs company-wide initiatives, such as policy updates or strategic workforce planning. At the team level, engagement focuses on addressing team-specific challenges and opportunities, ensuring that employee perspectives are incorporated into project-level decisions.

Where applicable, LHV seeks to include the perspectives of employees who may be in vulnerable situations or at risk of marginalization. Specific efforts are made to address potential barriers, such as ensuring accessible communication channels, addressing language or cultural differences, and fostering an inclusive environment where everyone feels empowered to share their views.

We value diversity and inclusion through several initiatives aimed at both our internal team and the external community. One of our main initiatives is organizing internal hackathons, which bring together individuals from diverse backgrounds and fields to collaborate on solving challenges and generating innovative ideas. In 2024, we held two hackathons focused on ChatGPT and artificial intelligence, reflecting our keen interest in leveraging AI to create more effective solutions. The event inspired teams to explore how AI technologies can enhance our services and operational efficiency. The winning project led to the development of new AI-driven features that have added significant value to our offerings.

Additionally, we launched TulemusLend, offering LHV employees a unique opportunity to immerse themselves in efficiency, innovation, and results, bringing smart solutions into our daily work. The project's goals are to increase efficiency by automating tedious processes, innovate products and services for clients and employees, rapidly implement ideas within a one-week timeframe, and empower teams by allowing employees to choose their focus, assemble cohesive groups, and collaboratively achieve outstanding results. We are highly satisfied with the results achieved by the teams and will organize this project again in 2025.

Such events not only foster creativity but also provide a platform for showcasing diverse perspectives. They reflect our dedication to adopting innovative technologies and keeping pace with industry advancements. LHV is focused on fostering diversity, inclusion, and open communication through various initiatives. We are working toward integrating advanced technologies, such as AI, into our operations to develop more effective solutions. Projects like TulemusLend illustrate our efforts to empower our employees and enhance services through innovation and collaboration. An example of LHV's focus to inclusivity is the collaborative development of our benefits package. Using the service design method, employees from diverse backgrounds contributed to creating a program that addresses varying needs and preferences.

We have also introduced managers' co-vision meetings, which facilitate structured discussions for sharing thoughts and supporting each other in finding solutions to management challenges. These meetings contribute to the development of leadership skills, foster stronger team spirit, and enhance problem-solving abilities, thus creating value for the organization.

Our conversation evenings centred around LHV's core values provide a platform where employees can encourage each other and share their thoughts and experiences. The topics have included ‘We listen to the customer and offer a solution’, ‘Simple, supportive, and effective’, ‘Setting high goals and investing in the future’, ‘Let's talk about things as they are’, and ‘Cooperation is important to us. All these topics are closely aligned with LHV's values. These events reflect our efforts to foster an environment where diverse perspectives are acknowledged and supported, ensuring all employees feel included and respected.

Beyond personal and professional development, we regularly organize discussion evenings where LHV's own employees share insights and experiences. LHV also hosts quarterly townhall meetings, led by the members of the board. These sessions serve as a platform to share important updates, celebrate achievements, and provide employees with the opportunity to ask questions and share their ideas. To ensure accessibility, we record these meetings and make them available for employees to revisit. Through open dialogue, we aim to strengthen transparency, collaboration, and engagement across the company.

The engagement process occurs directly with employees. Engagement activities primarily take place at the organizational level and involve participation and consultation, ensuring that employees can actively contribute. Insights from these engagements are considered during strategic and operational discussions, particularly when evaluating the effectiveness of ongoing initiatives or determining future workforce-related priorities. Engagement is conducted quarterly through townhall meetings, supplemented by regular one-on-one meetings and anonymous surveys conducted twice a year (Q12 engagement survey). To enhance the integration of workforce perspectives into decision-making, LHV plans to advance and enforce workforce engagement on an ongoing basis.

LHV is a member of The Estonian Employer’s Confederation, Estonian Chamber of Commerce and Industry, Responsible Business Forum in Estonia and Estonian Human Resource Management Association PARE.

3.1.5 Employee engagement and development

Professional and personal development are integral parts of LHV’s culture, reflecting our commitment to innovation and continuous improvement in delivering smarter solutions to our customers. We believe that the best ideas come from our employees; therefore, developing one’s skills is part of the daily job. Our training approach combines structure and flexibility to meet the diverse development needs of our employees. While LHV’s training programs provide a consistent framework, team leaders, in collaboration with employees, can tailor opportunities to individual goals and growth areas. This ensures that employees receive training that is both relevant and supportive of their personal and professional development. LHV’s training policy, as outlined in the Human Resources Policy, emphasizes the importance of enhancing employee competencies through a planned yet adaptable training process. Training is accessible to all employees, with its scope and frequency guided by annual training plans that align departmental objectives with individual development goals. Available formats, including in-house programs, outsourced training, and e-learning options, provide the flexibility needed to address the varied needs and career aspirations of our workforce.

To facilitate continuous learning we are implementing the Learnster platform, a learning management system that centralizes all training materials. We are using this system to keep track of employee training and development.

A particular emphasis lies in mapping employees' strengths using Gallup's Clifton StrengthsFinder assessment. Our teams and employees have an opportunity at any time to take the test, providing them with a comprehensive overview of their greatest strengths, which informs their personal development plans. It also gives an insight into strengths-based leadership which enables managers to lead the teams more effectively.

Every month, we conduct workshops aimed at managers dealing with issues related to leadership and management. Topics have included ‘Insight into LHV through an external eye’, ‘Everyday misconceptions’, ‘Team cohesion’, ‘Q12 experience story’, ‘Many levels of leadership’, ‘Strengths-Finder Gallup’, and ‘Leader as a culture designer’.

3.1.5.1 Employee Engagement Surveys and Feedback Channels

The employee engagement survey is essential for measuring how engaged employees feel and their satisfaction with development opportunities. The question "Have you had opportunities to learn and grow in the past year?" received a 94% positive response rate, reflecting an improvement from last year's 93%. These results highlight our ongoing commitment to enhancing employee satisfaction and engagement.

LHV is committed to upholding legal and ethical conduct. All personnel are required to comply with applicable laws, regulations, and internal policies. To maintain integrity and transparency, procedures are established for reporting any observed or suspected misconduct.

Personnel are required to report all accidents, incidents, and complaints in the working environment through the following channels: using the Incidents and Complaints form in Outlook Notifications (anonymous reporting is allowed), using the Report a Violation form on the Intranet (anonymous reporting is allowed) and/or directly contacting Human Resources; or reaching out to a member of the Working Environment Council as per Occupational Safety and Working Environment Guidelines and Conflict of Interest Policy. These channels provide transparency and include explanatory information to support reporting. The internal regulations also provide comprehensive guidance for all employees and managers.

The Compliance department will acknowledge receipt and may request additional information. Anonymity and confidentiality are guaranteed for those reporting in good faith, and all information is handled discreetly. LHV ensures that no adverse actions or unfair treatment occur against personnel who raise concerns.

No employees have reported any violations or misconduct this year. Employees also have the right to report issues directly to supervisory authorities without prior notification to LHV. Reports can be made to the Estonian Financial Supervision Authority via phone, email, web form, or by arranging a meeting.

Through our onboarding process, we mandate that new employees familiarize themselves with our mandatory guidelines and policies, including Occupational Safety and Working Environment Guidelines, Health and Safety Policy, and Conflict of Interest Policy via our internal document management system. After doing so, an employee needs to confirm that they have reviewed the document.

LHV ensures protection against discrimination or unfair treatment for individuals reporting in good faith. Investigations are conducted thoroughly and confidentially, with information disclosed only when legally required. Currently, LHV does not have a dedicated process for providing or contributing to remedies in cases where it may have caused or contributed to a material negative impact. Each case is handled delicately and individually through a thorough investigation. As no cases requiring remedies have occurred, there has been no need to establish an internal regulation for this purpose. However, LHV does not rule out the possibility of providing remedies when deemed reasonable.

Knowingly submitting a false report is considered a serious breach and may result in disciplinary action.

3.1.5.2 Recognition and Employer Awards

While securing employer awards has never been LHV's primary goal, such recognition serves as a valuable acknowledgment of our efforts to create a supportive and engaging workplace. In recent years, LHV has established a reputation as a desirable employer by providing employees with ample opportunities for professional growth and fostering an inspiring company culture.

Throughout the year, LHV has actively shared its experiences and leadership culture through various podcasts, conferences, schools, and universities. These initiatives have garnered significant recognition, including being named the 1st choice in both the financial sector and as the Top-of-Mind employer in Estonia by CV-Online’s TOP Employer Survey in 2024. Additionally, CV Keskus ranked LHV as the most desirable employer, and in Instar’s survey, LHV was recognized as the most attractive employer by both students and experienced professionals highlighting our commitment to employee satisfaction and workplace excellence in 2024.

In addition to our competitive job offerings, LHV has sustained its internship program, actively promoted job-shadowing, and facilitated rotation opportunities. In 2024, we welcomed 39 interns to contribute to our vibrant and dynamic workplace, providing them with valuable hands-on experience and fostering the next generation of talent within our organization.

These accolades and initiatives reflect LHV's dedication to maintaining a positive and growth-oriented environment, increasing our visibility for current and prospective employees in the competitive labour market.

3.1.6 Employee health and safe working environment

To prioritize the health of our employees, LHV provides a value package, which contains sport and health benefits to maintain physical and mental well-being. We understand the importance of maintaining a healthy balance between work and private life, as well as fostering a supportive mental and physical working environment. Supporting mental health, health audits, supporting sports activities, offering joint training sessions within the company, and summer hiking projects are integral to promoting the overall health of LHV employees. By offering opportunities to maintain a balance of both physical and mental health, we contribute to the well-being of our entire company. Throughout the year, we conducted the Peaasi.ee survey 'Peaasi.ee Mental health vitamins + Emotional Wellbeing Test' and the HeBa occupational health service provider 'HeBA questionnaire: Work related stress'. Both questionnaires are anonymous, and only the company-level aggregate results will be provided to the employer. These results help us continually monitor, address and improve the well-being of our employees.

At LHV, we recruit and retain qualified employees through a rigorous selection process and continuous development programs, including our Learnster platform. We manage workforce-related impacts, risks, and opportunities for example employee turnover and mental or physical health concerns by fostering engagement, measuring mental health indicators, providing multiple feedback channels, and promoting an inclusive culture. Our dedicated HR team and training resources ensure a high-performance workforce that aligns with our strategic objectives.

Coverage with health and safety management system

Coverage with health and safety management system	Total	Share (%)
Coverage with health and safety management system	927	100%
Work-related injuries	0	0%
Work-related fatalities	0	0%
Incidents of discrimination	0	0%
Number of complaints from own workforce	0	0%

* No incidents or complaints have occurred; therefore, no fines, penalties, or compensation have been paid.

* No severe human rights incidents connected to the undertaking workforce have occurred: therefor, no fines, penalties, or compensations have been paid.

3.2 Consumers and end-users

LHV has an impact on its customers through financial products and services we offer, keeping this our strategic priority. We ensure equitable access to resources, improve financial literacy, and enhance economic sense of security. This includes protection of personal data and fight against fraud. These activities present opportunities to enhance customer relationships, boost satisfaction, and expand market presence. By leveraging digital solutions, easy access and equal opportunities, LHV fosters sustainable consumption and investment behaviours, reinforcing its role as a customer-focused and forward-thinking financial services provider.

LHV acknowledges the inherent risks linked to everyday operations and interactions with our customers and end-users, including fraud, misuse of our products and insufficient data protection measures. These risks are addressed within our ESG Risk Management Policy as part of our comprehensive risk management framework. More can be read under Anti-financial crime (AFC) chapter.

LHV has a long- term objective of being the best financial services provider when it comes to customer service. All our customers are equally important to us. We take pride in having one the highest customers satisfaction in the Estonian banking sector. In 2024, the survey company Dive recognised LHV as the bank with the best service in Estonia based on the mystery shopping method. This was the eighth time LHV received this recognition.

At LHV, we ensure that all consumers and end-users are treated equally, while providing tailored support to those who may require additional assistance.

Our statements under general disclosure consider the potential significant impacts of our operations, products, and services on our direct customers and end-users. These impacts are assessed based on the relationships we maintain with our customers and end-users, without extending to the clients or customers of our partners. This includes impacts arising directly from our products and services, as well as our direct business relationships.

We have a positive impact on society through the possibility to enhance financial literacy. In 2024, we reached an important milestone, as we now have over 100,000 clients with investment assets. For specific consumer groups, such as elderly people or those with lower financial literacy, we actively strive to create a positive impact and improve their experience. Our initiatives include offering tailored financial literacy programs, providing accessible digital solutions, and ensuring personalized support through our customer service channels. The entirety of our consumer and end-user base is comprised of our retail and corporate customers.

3.2.1 Customer experience

We are always guided by the best interests of our customers and do our utmost to provide the best service possible. In our professional performance, problem solving, new service development and activity planning, according to our Customer Service guidelines we always consider the best possible solution for the customer and weigh which services would be the most suitable, considering the customer's needs. We understand our customers to provide them with the most suitable services. LHV monitors the customer's activities to prevent misuse of the financial system for criminal purposes. More can be read under Anti Financial Crime chapter under risk management. LHV's objective is to keep its promises to the customers and to remain honest and open in customer communication.

Our engagement policies emphasize ongoing dialogue with consumers to better understand their needs and concerns, ensuring that our products and services remain inclusive, transparent, and beneficial.

Excellent customer experience is critical to the sustainable growth of any business. For that we engage directly and indirectly with consumers and end-users through regular surveys, client meetings, and feedback process. Keeping the high level of customer experience promotes loyalty, helps us retain customers, and encourages brand advocacy. Our high net promoter score proves best service standard. In the latest Kantar Emor's survey, LHV's service recommendation index was 74.

Customer feedback is gathered through an automated survey system triggered after interactions via email, phone, or in-person meetings. Within 24 hours of the engagement, customers receive a feedback request allowing them to rate their experience and provide open-ended comments. This process applies equally to both private and business clients. In addition to automated surveys, we encourage ongoing feedback through dedicated email addresses, customer support lines, and direct conversations at client meetings.

At LHV, the handling of client complaints is governed by the Handling of Client Complaints guideline. Clients have the right to submit complaints in their preferred format and through their chosen communication channel, including direct communication (via phone, client meetings, chat platforms, etc); written submissions through postal mail, email, or via the LHV website, and indirect channels such as through regulatory bodies like the Financial Supervisory Authority or the Consumer Protection and Technical Regulatory Authority, as well as third-party forums or social media platforms.

Our website provides detailed instructions for clients on how to submit complaints or suggestions, including information on appeal options against LHV decisions.

For complaints received in writing, an acknowledgment is provided within 1 business day of receipt. Complaint resolution timelines are 15 days for private individuals and payment transactions and 30 days for legal entities.

At LHV, client complaints are handled through a structured process to ensure effective resolution and continuous improvement. The Non-Financial Risk Department identifies complaints requiring further analysis and coordinates with relevant business units or product managers. The Compliance Department conducts monthly analyses of complaints against LHV Pank, focusing on compliance risks, root causes, and the resolution process.

Justified complaints in all areas and their analyses are regularly reported to product and service managers to improve offerings, assess risks, and ensure regulatory compliance. Complaint statistics are included in risk reports presented to the Asset-Liability Management Committee (ALCO). Additionally, the Compliance Department submits an annual report to the LHV Pank Management Board, detailing complaint statistics, including data processing violations. LHV Finance provides monthly updates to its Management Board and prepares an annual compliance report. As of the end of 2024 LHV has had no identified sustainability complaints.

The responsibility for ensuring effective consumer engagement lies with the Customer Service Department and its head, supported by other teams, such as Compliance and Non-Financial Risk Department. This team ensures that consumer feedback is systematically incorporated into operational strategies and product improvements.

This process ensures complaints are effectively resolved while providing insights to improve internal processes, reduce recurring issues, and enhance client satisfaction.

3.2.1.1 Principles and policies

Our activities include comprehensive measures for identifying, assessing, managing, and remediating impacts that may arise from our actions, as well as leveraging opportunities to enhance positive outcomes for all our consumers.

In our business conduct regarding the customer experience, we are mainly guided by our Code of Ethics, Customers Complaints Handling guideline, Procedure for external communication, Personal Data Protection Guideline and other relevant internal regulations.

According to our guiding principles, LHV is committed to respecting the human rights of all consumers, ensuring our activities comply with applicable laws and regulations, as well as our internal policies. While we draw on to widely recognized frameworks, our focus remains on adhering to legal requirements, engaging meaningfully with consumers, and addressing any adverse human rights impacts in line with regulatory standards. We also take every customer feedback seriously and tackle it with care. LHV prioritizes the protection of personal data through stringent compliance with data security and privacy regulations. By ensuring transparency in data processing and implementing robust security measures, we safeguard client and employee information against unauthorized access or misuse.

3.2.2 Social impact through e-channels

LHV's services are accessible to everyone through digital channels, thereby fostering inclusivity and convenience in managing personal finances. By promoting equal access to financial services, LHV contributes to a cohesive economy where individuals, regardless of age or gender, can thrive and achieve financial empowerment.

We use our e-channels to promote financial literacy and help make smarter financial everyday decisions. In 2024 we launched a savings product Kogumiskonto that encourages customers to save money through gamification and goal setting techniques. Also, LHV Financial Portal has been redesigned and restructured to provide even more details and insight into investing and saving.

LHV acts responsibly when planning external communication and marketing messages, both online and offline. We are improving on solutions to ensure that our marketing activities are based on customer segments and the unique needs of those segments. Our goal is to offer most of our products and services online and plan our sales activities increasingly by segments and customer lifecycle.

Ongoingly high phishing attempts and financial crime rates have forced us to proactively warn and educate our customers about possible threats online and take proactive measures to detect unusual usage patterns. We also co-operate with other members of the Banking sector to implement an annual market wide prevention campaign to promote secure use of financial services.

Customer satisfaction and high quality of e-channels has always been a top priority for us. While for the past few years, we have been more focusing on making banking services available online, especially to private customers and simple business structures, we are now working on wider segments and product portfolio, but also more effective communication and customer service tools online. For LHV, it is continually essential to develop our internet bank and mobile app in a way, that will support the growing product offering and cross-sell targets, high customer activity, and make our e-channels available for wider audience including insurance customers, pension funds and consumer credit product users. Furthermore, when redesigning and improving our electronic channels, we also consider the needs of visually impaired people and have been working on testing and implementing visual and navigational changes.

3.2.3 Financial literacy and economic sense of security

For enhancing financial literacy, we actively educate our clients regarding investing through organizing free seminars as part of our Investment School. In 2024 we continued with the annual stock market game Börsihai. This year, the number of participants reached 6,320. As part of Börsihai, we facilitated a virtual lesson introducing investing and the stock market game, which also reached Estonian schools. We supported the Investor Toomas conference organised by Äripäev and the Investment Festival carried out by the Investment Club. In collaboration with Äripäeva Kirjastus, we supported the publication of investment-related books in Estonian.

On yearly bases, LHV measures the share of our clients covered with an investment services contract, which in 2024 was 41.6%. In addition, we look at the coverage rate of investment services contracts among young (up to 26 years old) clients, which in 2024 was 47.7%. We have therefore set a target to increase the coverage rate of investment services contracts among young clients to reach 60% by 2030.

LHV is actively committed in diverse ways to advancing education in Estonia. We support education workers and offer them a comprehensive package of banking services. And for students we offer a student loan to cover study-related expenses, from living costs to tuition fees, both in Estonia and abroad.

Through our pension fund services, we contribute to our clients' economic sense of security by facilitating access to professionally managed investment solutions. By focusing on sustainable and long-term returns, LHV helps individuals prepare for a financially stable future, empowering them to achieve their retirement goals while maintaining financial independence.

3.2.4 Sponsorships

As part of our commitment to fostering strong relationships with our clients and customers, we actively engage in sponsorship activities that resonate with their interests and values. In the case of our sponsorship projects, we prefer long-term and substantial cooperation. We are willing to contribute to the realisation of innovative ideas helping to make life in Estonia better and promote Estonia on the international stage. Our sponsorship contributions are described below.

Estonian culture and society

- Estonian Music Days – for ninth years now we have supported the Au-tasu prize for new Estonian music, which was awarded to Madli Marje Gildemann in 2024.
- #TRESKIFEST music festival;– we continued supporting the Estonian music scene.
- We participated as a contributor in the pilot project "My Better Estonia", the aim of which was to distribute 100,000 euros to an important initiative. In 2024, based on the votes of our clients a contribution was made to the mental health project "Peaasi".
- Through the charity function for LHV Pank (”Micro donation”) we facilitated donations of more than EUR 115,000 to 13 charity organisations.
- ”Charge yourself” programme – we are one of the initiators of the programme giving priority to teaching physics.
- Rakett69 – support to the TV show that popularises science among pupils. In 2024 we also recognised the teacher of the student who won the show.
- OLE ROHKEM. – a network that brings together active Tartu student organisations and trains them. We were their main supporting partner.

Sport & healthy lifestyle

- Estonian Football Association – LHV Pank has been the main sponsor of the Estonian Football Association and the Estonian national team since 2010. In addition, we supported football clubs with EUR 165,000 in 2024 through the LHV football card support system.
- Estonian Biathlon Federation – we became the main sponsor of Estonian biathletes Maijooks 2024 – LHV continued to be the name sponsor of the biggest women’s health sports event in Estonia.
- Estonian Optimist Class Union – we support the development of Estonian sailing.
- Simple Session – we were one of the main sponsors of the top extreme sports event for the fourth year.
- Disc Golf European Festival in Tallinn – LHV supported one of the fastest growing sports’ Pro tour competitions held in Estonia.

Estonian economy and business

- EY Estonian Entrepreneur of the Year competition – we have been one of the main sponsors since 2012.
- Young Entrepreneur Award – in cooperation with the Estonian Chamber of Commerce and Industry, we awarded the prize to Silver Pütsep.
- Conferences Business Plan, Investment Festival, Investor Toomas – in cooperation with Äripäev, we supported Estonia's leading business and investment conferences.
- TalTech Business Forum – we supported a two-day business festival organised for students.

At LHV, we recognize the impact we have on our customers and end-users and are committed to supporting and assisting them in meaningful ways. We actively contribute to local initiatives by sharing knowledge, providing advice, and engaging directly through the efforts of our people. As a member of the Estonian Information Technology and Telecommunications Association, the Estonian Chamber of Commerce and Industry, and the Estonian Employers' Confederation, we collaborate to drive progress and innovation.

LHV is disclosing the following KPIs as part of its sustainability statement, as those reflect important LHV specific considerations which are deemed relevant by us. By including these KPIs, we aim to provide a comprehensive understanding of our impacts, risks, and opportunities, consistent with the qualitative characteristics of information, ensuring relevance, reliability, and comparability over time. This decision supports our commitment to transparent reporting and our focus on driving sustainable practices in alignment with broader ESG goals.

KPIs related to inclusive, cohesive economy and financial literacy

	2024	2023
Use of digital channels among private customers with native language other than Estonian*	64.5%	66.1%
Use of digital channels among private customers older than 65*	46.1%	45.0%
Share of young people (up to 26 years old) with an investment services contract	47.7%	47.0%

* logging in at least once a month

4. Governance information

LHV's governance practices have an impact on building trust and credibility with stakeholders, including shareholders and regulators. The identification and assessment of material business conduct-related IROs are part of LHV's structured risk management framework. This process considers factors such as the geographic context of operations, the nature of financial services, regulatory and ethical requirements within the financial sector, and the structure of financial transactions. By ensuring alignment with ethical standards and societal expectations, LHV promotes transparency and reliable engagement.

Key risks include reputational damage, regulatory penalties, non-compliance with anti-corruption laws, and conflicts of interest. In contrast, key opportunities arise from maintaining a strong ethical reputation, fostering stakeholder trust, enhancing LHV's position as a responsible financial institution, and support sustainable long-term growth.

LHV's corporate governance framework, including its Supervisory Board and dedicated Risk and Capital Committee, oversees the management of business conduct risks. The Group's internal control mechanisms, such as compliance, internal audit, and whistleblowing channels, support proactive risk identification and mitigation. Ethical leadership and governance practices are integral to LHV's operations. Business conduct policies and a culture of integrity and transparency guide the management of conflicts of interest, ensure compliance with internal and external rules, and align with the company's mission and values. Transparency and accountability reduce risks, including regulatory non-compliance and reputational harm, while supporting long-term stakeholder value. For more details on LHV Pank's corporate governance roles and competencies, refer to the section Management and compensation policy above.

4.1. Value chain management

LHV highly values its relationships with suppliers and strives to foster fairness, responsibility, and strong partnerships. While this area may not have been identified as material in terms of our impacts and risks, we recognize the opportunity to positively contribute as a large cooperative partner. Through our practices, we aim to strengthen supplier relationships and remain a reliable and trusted partner, ensuring mutual respect and collaboration.

Although, we have not conducted a calculation of typical payment terms in days by main supplier categories or the percentage of payments aligned with these terms, on average, LHV processes supplier invoices within 1 week from the date of receiving the invoice from the supplier. Our accounting system is designed to process payments in accordance with the respective cooperation agreements established with our suppliers. We are implementing an internal practice whereby all invoices receive approval and confirmation before their due date. This ensures timely payments in line with the agreed cooperation agreements with our suppliers.

Our commitment to equitable treatment is unwavering, irrespective of whether our partners are micro, small, medium-sized enterprises or larger organizations. Furthermore, LHV has no (0) outstanding legal proceedings related to late payments.

Our supplier evaluation process considers not only conventional criteria like cost and quality but also environmental standards. These assessments are guided by our Purchasing Policy and Green Office Principles, which mandate the integration of environmental criteria into procurement decisions. Our approach aims to minimize environmental impacts throughout the lifecycle of purchased goods and services, including their production, usage, and disposal. We prioritize locally produced goods whenever feasible to further support sustainability and local economies.

4.2 Corporate Culture and Ethical Governance

LHV's corporate culture embodies its mission to improve access to financial services and capital, and its vision to inspire individuals and businesses to think ambitiously, explore innovative ideas, and take bold actions to achieve their goals. Anchored in its core values—simple, supportive, and effective—LHV establishes and nurtures its corporate culture through clear value-driven strategies and policies. The Human Resources Policy and value package for LHV employees play a central role in fostering employee growth, satisfaction, and alignment with organizational goals. These initiatives emphasize professional development, recognition, and a supportive work environment.

The governing bodies are responsible for establishing policies, including the Code of Ethics, which are mandatory for all employees. These policies are reviewed yearly, and if necessary, discussions are held in this regard to ensure they remain relevant and effective in promoting a strong corporate culture. Through this process, the Management and Supervisory Boards provide clear guidance to foster and uphold the organization's values and ethical standards.

All managers (and employees) of LHV must behave ethically and responsibly and following the Code of Ethics is mandatory. LHV's Code of Ethics is the foundation of LHV's various internal regulations, including the Governance Policy and other procedures governing the specifics of adherence to the Code of Ethics. LHV also has an ESG Policy which clearly states and explains LHV´s responsibility and commitment to social and environmental issues.

The organizational and operational setup of LHV is designed to be transparent, well-structured, and aligned with current standards, enabling the efficient management of the bank's operations. This is ensured through clearly defined responsibilities, regular internal and external audits, periodic reviews of policies to maintain relevance, and continuous investment in training and development to ensure awareness of best practices and regulatory requirements. This approach ensures that internal control is separate from business operations, with appropriate segregation of responsibilities and sufficient resources for effective performance.

To strengthen its organizational culture, LHV ensures that its values are integrated into daily operations, customer interactions, and communications with stakeholders. The organization consistently fosters its commitment to transparency, responsibility, and sustainability, emphasizing ethical conduct across all levels of the company and its operations.

LHV evaluates its corporate culture through regular employee feedback (including satisfaction surveys), performance metrics, and alignment with strategic objectives. Satisfaction surveys gather insights into employees' views on the organization, management, their work, and personal motivation. This approach ensures that its culture evolves in response to internal and external changes, fostering long-term success for employees, clients, and shareholders while maintaining strong governance and adherence to ethical standards.

LHV's training policy, as outlined in the Human Resources Policy, emphasizes developing employees' competencies through planned training processes. Training targets all employees, with its scope and frequency determined by annual training plans that align with departmental needs and employee development goals. Training formats include in-house, outsourced, and e-learning options, ensuring flexibility and relevance.

Throughout the year, members of the Management Board of LHV group companies, including LHV, deliver on-site presentations as part of the quarterly overview on financial topics, covering the LHV group companies' strategic goals, objectives and performance. Additionally, LHV group companies also arranges quarterly informational briefings, strategic discussions, and activity overviews led by area managers across LHV group companies, to ensure comprehensive coverage of key developments. These sessions aim to provide employees with a comprehensive understanding of the LHV group companies culture, strategy, and performance, fostering alignment and collaboration across entities. To promote accessibility and engagement, all such events can be attended in person, remotely, or accessed later via recordings. By offering diverse participation options, LHV group companies, including LHV, reinforce their commitment to transparency, effective communication, and the sharing of knowledge across all levels of the organization.

All potential cases of conflicts of interest, bribery, financial crimes, unlawful activities, and corruption are carefully and responsibly managed. To encourage the sustainability mindset across all management levels and the organization, LHV:

- maintains a flat, non-hierarchical organizational structure to emphasize the importance of employees taking individual responsibility;
- continuously enhances the integration of ESG factors into everyday work, management style, recruitment processes, and strategy building;
- focuses on engagement and cooperation;
- recognizes the integration of ESG factors into business processes as a change management effort and understand the importance of collaboration to achieve our goals;
- works toward better analysing and reporting the ESG activities and progress and appropriately disclosing our metrics and achievements to regulators, partners, and the public;
- in order to ensure a transparent management culture, follows the 'Corporate Governance Recommendations' developed by the EFSA and the Nasdaq Tallinn Stock Exchange;
- fulfils the reporting requirements of the UNEP FI Principles of Responsible Banking;
- has integrated sustainability goals as part of the annual targets into the result-based share option programme for the Management Board and equivalent staff as well as key employees.

LHV does not engage in lobbying activities and does not directly or indirectly support any political organization.

LHV Pank is registered in the EU Transparency Register under the identification number 449511822591-64. None of the members of LHV's administrative, management, or supervisory bodies appointed during the reporting period held comparable positions in public administration (including regulators) in the 2 years preceding their appointment. Any such connections, if they arise, will be disclosed in future reports.

4.1.1 The Management Board

The Management Board members of LHV Pank possess a diverse set of skills and experience, ensuring effective governance and leadership in business conduct matters. To maintain high standard, set for management bodies of credit institutions, regular training sessions are organized, equipping members with the knowledge necessary to address the challenges of a constantly evolving business environment. These initiatives ensure that the Management Board remains well-prepared to fulfil its responsibilities and adapt to emerging trends. The expertise of the Management Board is assessed as both sufficient and up to date, reflecting its commitment to continuous professional development, as evaluated through a suitability assessment conducted by LHV Pank in compliance with applicable legal requirements. The Management Board combines strong expertise in banking and investments with extensive management experience and a deep understanding of credit institutions. They bring perspective and expertise in IT, financial performance, governance and risk management, including financial crime prevention and anti-money laundering, cybersecurity, ESG, compliance, and operational continuity. Their proven ability to maintain capital adequacy and comply with regulatory capital requirements and transparent communication builds trust among clients. This reinforces reliable leadership, supports sustainable growth, and aligns with LHV's strategic goals and mission to offer innovative financial solutions while maintaining strong governance.

The responsibilities of the Management Board members of LHV Pank are clearly defined to ensure effective governance and operational success:

- Chief Executive Officer (CEO): Responsible for overseeing Banking Services, Product Development, Human Resources Management, Marketing and Communication, and Compliance Oversight.
- Chief Financial Officer (CFO): Manages the Financial Management and Support Services division, which includes Treasury, Management Accounting, External Reporting, Data Warehouse, Accounting, Bank Operations, and Legal Services.
- Chief Risk Officer (CRO): Oversees the Risk Management function, which includes Credit Risk Management, Risk Analytics, Non-Financial Risks, AFC/AML Compliance, Market and Liquidity Risks, and Stress Testing.
- Chief Information Officer (CIO): Leads the Information Technology area, focusing on IT Infrastructure, IT Internal Services, IT Support, and Information Security.
- Head of Retail Banking: Manages the Retail Banking division, encompassing departments such as Client Services, Financing Services, Investment Services, Financial Crime Prevention, Segment and Sales Management, Payment Cards, Merchant Payment Solutions, and Business Analytics.

- Head of Corporate Banking: Leads the Corporate Banking division, which includes Corporate Banking, Commercial Banking, Southern Estonian Commercial Banking, Western Estonian Commercial Banking, Trade Finance, Corporate Settlements, Real Estate Financing, and Private Banking and Investment Banking departments.

These clearly defined roles enable the Management Board to operate effectively, supporting the company's mission, vision, and strategic objectives while maintaining high standards of governance and operational excellence.

4.1.2 The Supervisory Board

The Supervisory Board members of LHV Pank bring a range of knowledge and expertise, enabling effective oversight and robust governance of business conduct matters. To ensure their effectiveness and maintain the high standards set for management bodies of credit institutions, members participate in training sessions tailored to address emerging challenges and evolving governance standards. In 2024, the Supervisory Board members completed AML/CFT training and crisis resolution training. These professional development activities help maintain and enhance the Supervisory Board's ability to provide effective supervision. The Supervisory Board also supports operational sustainability and promotes awareness of ESG principles, fostering an environment that values innovation and long-term growth. The expertise of the Supervisory Board has been assessed by LHV Pank through a suitability assessment, confirming that it meets the required standards of sufficiency and relevance in compliance with applicable legal requirements. The Supervisory Board brings extensive expertise in banking, investment, and financial performance, along with a strong awareness of business risks. Members contribute individual vision, a commitment to transparency, entrepreneurial experience, IT knowledge, capital-raising success, and international perspectives. A focus on efficiency and innovation strengthens their strategic contributions. Regular meetings further strengthen their oversight

4.1.3 Whistleblowing Channel

LHV group companies have established an internal whistleblowing channel accessible through the intranet, enabling employees to confidentially report legal violations, unethical conduct, or behaviour that conflicts with internal rules, such as the Code of Ethics or other. The channel supports anonymous submissions, and all reports are directed to the Compliance department for impartial review and appropriate action.

The whistleblowing mechanism ensures the protection of employees who report in good faith, including anonymity if requested by the employee, and protection against discrimination and unfair treatment. Violations are handled comprehensively and objectively, with law enforcement and supervisory authorities being informed if necessary, and employees have been informed of their right to report outside the organization. Although specific training on whistleblowing has not been offered, LHV group companies highlight the availability of the whistleblowing channel during introductory compliance training sessions. Information on the whistleblowing mechanism, including relevant documentation, is easily accessible to all employees via the intranet, supported by clear banners and links. In accordance with the content of the reported violation, investigations are also conducted in compliance with the Internal Fraud Prevention Procedure where discovery and handling processes are clearly defined. Investigations are managed independently by the internal control function, a second-line compliance function that operates separately from the management chain.

The outcomes of investigations, where applicable, are reported to the relevant governing bodies, ensuring transparency and accountability in the handling of such matters. This comprehensive framework supports LHV's commitment to ethical business practices.

4.1.4 Prevention and Detection of Corruption and Bribery

LHV has established processes to prevent, detect, investigate, and address potential incidents of corruption or bribery, governed by mandatory internal rules accessible on the intranet. Employees are contractually obligated to review and adhere to these rules, with updates promptly communicated and confirmed through a dedicated system. New employees must also review and confirm their understanding of these rules upon joining.

While LHV does not have a specific anti-corruption or anti-bribery training program, the relevant topics are addressed within internal policies, which are mandatory for all employees.

LHV ensures transparency and integrity through detailed gift acceptance rules and established policies that uphold ethical behaviour, prevent conflicts of interest, and ensure the responsible use of LHV's resources. These policies have not been formally assessed against the United Nations Convention against Corruption, as there is no practical necessity for such an evaluation within the finance sector's rigorous regulatory framework, nor is there currently any plan to conduct such an assessment.

The whistleblowing mechanism, in accordance with the process described in the previous section, enables the reporting of any suspected incidents (including corruption and bribery), ensuring a structured process for identifying such cases.

LHV has not identified areas or functions within the organization that present a risk of corruption or bribery. The Conflict-of-Interest Policy, along with other internal policies, ensures robust oversight and governance, minimizing the potential for unethical practices across all functions. Additionally, a procedure has been established to prevent, detect, and resolve internal fraud, further strengthening LHV's commitment to ethical operations.

LHV has no confirmed incidents related to corruption or bribery.

Annex 1

List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Subject to materiality (Y/N)	Sustainability statements reference
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		Y	Sustainability governance
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Y	Sustainability governance
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				Y	Statement on due diligence
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		N	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		N	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		N	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		N	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Y	Climate change

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Subject to materiality (Y/N)	Sustainability statements reference
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		N	
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Y	Climate change mitigation targets
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Y	Operational greenhouse gas emissions
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Y	Operational greenhouse gas emissions
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				N	
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Y	Operational greenhouse gas emissions; Financed emissions

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Subject to materiality (Y/N)	Sustainability statements reference
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Y	Operational greenhouse gas emissions; Financed emissions
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Y	Impact, risk and opportunity management
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		N	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			N	
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			N	
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		N	

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Subject to materiality (Y/N)	Sustainability statements reference
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				N	
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				N	
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				N	
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				N	
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				N	
ESRS E3-4 Total water consumption in m 3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				N	
ESRS 2- SBM 3 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				N	
ESRS 2- SBM 3 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				N	
ESRS 2- SBM 3 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				N	
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				N	
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				N	
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				N	
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				N	

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Subject to materiality (Y/N)	Sustainability statements reference
ESRS E5-5 Hazardous waste and radio-active waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Y	Resource management
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Y	Employee health and safe working environment
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Y	Employee health and safe working environment
ESRS S1-1 Human rights policy commit-ments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Y	Social information
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conven-tions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Y	Employee Engagement Surveys and Feedback Channels
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Y	Employee Engagement Surveys and Feedback Channels
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Y	Own workforce
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Y	Employee Engagement Surveys and Feedback Channels
ESRS S1-14 Number of fatalities and number and rate of work-re-lated accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Y	Employee health and safe working environment
ESRS S1-14 Number of days lost to inju-ries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Y	Employee health and safe working environment
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Y	Remuneration and equal pay
ESRS S1-16 Excessive CEO pay ratio para-graph 97 (b)	Indicator number 8 Table #3 of Annex I				Y	Remuneration and equal pay

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Subject to materiality (Y/N)	Sustainability statements reference
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Y	Employee health and safe working environment
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Y	Social information
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				N	
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				N	
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				N	
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		N	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		N	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				N	
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				N	
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		N	

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Subject to materiality (Y/N)	Sustainability statements reference
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				N	
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Y	Customer experience
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines para-graph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Dele-gated Regulation (EU) 2020/1818, Art 12 (1)		Y	Social Information
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Y	Customer experience
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Y	Governance information
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Y	Governance information
ESRS G1-4 Fines for violation of anti-cor-ruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Y	Governance information
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Y	Governance information

Annex 2

1. Template for the KPIs of credit institutions

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total environmentally sustainable assets	KPI****	KPI*****	% coverage (over total assets)(***)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	**0.10**	**0.00%**	**0.01%**	**54.09%**	**32.48%**	**45.91%**
		Total environmentally sustainable activities	**KPI**	**KPI**	**% coverage (over total assets)**	**% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)**	**% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)**
Additional KPIs	GAR (flow)	**0.05**	**0.00%**	**0.00%**	**6.66%**	**6.62%**	**93.34%**
	Trading book(*)	0.00	0.00%	0.00%			
	Financial guarantees	0.00	0.00%	0.00%			
	Assets under management	1.78	0.00%	0.00%			
	Fees and commissions income*(*)	0.00	0.00%	0.00%			

(*) For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR.

(**) Fees and commissions income from services other than lending and AuM.

Instutitons shall dislcose forward-looking information for these KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

(***) % of assets covered by the KPI over banks´ total assets.

(****) Based on the Turnover KPI of the counterparty.

(*****) Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

Note 1: Across the reporting templates: cells shaded in black should not be reported.

Note 2: Fees and Commissions (sheet 6) and Trading Book (sheet 7) KPIs shall only apply starting 2026. SME's inclusion in these KPI will only apply subject to a positive result of an impact assessment.

1. Assets for the calculation of GAR

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r
	Million EUR	Disclosure reference date T																	
		Total [gross] carrying amount	Climate Change Mitigation(CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator																		
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1718.39	1490.56	0.10	0.05	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	**Financial undertakings**	1.90	0.94	0.05	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Credit institutions	1.90	0.94	0.05	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Debt securities, including UoP	1.90	0.94	0.05	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
7	Other financial corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	of which investment firms	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
12	of which management companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
16	of which insurance undertakings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
20	**Non-financial undertakings**	50.19	2.76	0.05	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
21	Loans and advances	50.19	2.76	0.05	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
24	**Households**	1612.78	1486.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
25	of which loans collateralised by residential immovable property	1498.60	1454.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
26	of which building renovation loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
27	of which motor vehicle loans	34.58	32.69	0.00	0.00	0.00	0.00												
28	**Local governments financing**	53.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	Housing financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	Other local government financing	53.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**2581.90**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
33	**Financial and Non-financial undertakings**	**2500.65**																	

34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	2500.55																	
35	Loans and advances	2500.55																	
36	of which loans collateralised by commercial immovable property	1779.65																	
37	of which building renovation loans	0.00																	
38	Debt securities	0.00																	
39	Equity instruments	0.00																	
40	Non-EU country counterparties not subject to NFRD disclosure obligations	0.10																	
41	Loans and advances	0.10																	
42	Debt securities	0.00																	
43	Equity instruments	0.00																	
44	**Derivatives**	**0.00**																	
45	**On demand inter-bank loans**	**56.55**																	
46	**Cash and cash-related assets**	**1.69**																	
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**23.01**																	
48	**Total GAR assets**	**4300.29**	**1490.56**	**0.10**	**0.05**	**0.00**	**0.01**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
49	**Assets not covered for GAR calculation**	**3649.70**																	
50	**Central governments and Supranational issuers**	**285.18**																	
51	**Central banks exposure**	**3360.52**																	
52	**Trading book**	**4.00**																	
53	**Total assets**	**7949.99**	**1490.56**	**0.10**	**0.05**	**0.00**	**0.01**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																			
54	Financial guarantees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
55	Assets under management	135.00	93.79	15.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
56	Of which debt securities	66.37	25.27	0.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
57	Of which equity instruments	68.63	68.52	15.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

		s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
Million EUR		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1490.56	0.10	0.05	0.00	0.01
2	**Financial undertakings**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.94	0.05	0.05	0.00	0.00
3	Credit institutions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.94	0.05	0.05	0.00	0.00
4	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.94	0.05	0.05	0.00	0.00
6	Equity instruments	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
7	Other financial corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	of which investment firms	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Equity instruments	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
12	of which management companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Equity instruments	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
16	of which insurance undertakings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Equity instruments	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
20	**Non-financial undertakings**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.76	0.05	0.00	0.00	0.01
21	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.76	0.05	0.00	0.00	0.01
22	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Equity instruments	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
24	**Households**									1486.86	1486.86	0.00	0.00	0.00
25	of which loans collateralised by residential immovable property									1454.17	1454.17	0.00	0.00	0.00
26	of which building renovation loans									0.00	0.00	0.00	0.00	0.00
27	of which motor vehicle loans									32.69	0.00	0.00	0.00	0.00
28	**Local governments financing**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	Housing financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	Other local government financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
33	**Financial and Non-financial undertakings**													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations													
35	Loans and advances													
36	of which loans collateralised by commercial immovable property													
37	of which building renovation loans													
38	Debt securities													
39	Equity instruments													
40	Non-EU country counterparties not subject to NFRD disclosure obligations													
41	Loans and advances													
42	Debt securities													
43	Equity instruments													
44	**Derivatives**													
45	**On demand interbank loans**													
46	**Cash and cash-related assets**													
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**													
48	**Total GAR assets**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**1490.56**	**0.10**	**0.05**	**0.00**	**0.01**
49	**Assets not covered for GAR calculation**													
50	**Central governments and Supranational issuers**													
51	**Central banks exposure**													
52	**Trading book**													
53	**Total assets**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**1490.56**	**0.10**	**0.05**	**0.00**	**0.01**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations														

54	Financial guarantees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
55	Assets under management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	93.79	15.88	0.00	0.00	0.00
56	Of which debt securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.27	0.56	0.00	0.00	0.00
57	Of which equity instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	68.52	15.32	0.00	0.00	0.00

		ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw	ax
	Million EUR	Disclosure reference date T-1																	
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator																		
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1359.31	1188.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	**Financial undertakings**	1.88	0.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Credit institutions	1.88	0.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Debt securities, including UoP	1.88	0.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
7	Other financial corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	of which investment firms	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
12	of which management companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
16	of which insurance undertakings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
20	**Non-financial undertakings**	0.10	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
21	Loans and advances	0.10	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00
24	**Households**	1289.26	1187.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
25	of which loans collateralised by residential immovable property	1205.18	1161.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
26	of which building renovation loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
27	of which motor vehicle loans	31.08	25.73	0.00	0.00	0.00	0.00												
28	**Local governments financing**	68.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	Housing financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	Other local government financing	68.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**2194.10**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
33	**Financial and Non-financial undertakings**																		
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																		
35	Loans and advances																		
36	of which loans collateralised by commercial immovable property																		
37	of which building renovation loans																		
38	Debt securities																		
39	Equity instruments																		
40	Non-EU country counterparties not subject to NFRD disclosure obligations																		
41	Loans and advances																		
42	Debt securities																		
43	Equity instruments																		
44	Derivatives																		
45	On demand interbank loans																		
46	Cash and cash-related assets																		
47	Other categories of assets (e.g. Goodwill, commodities etc.)																		
48	**Total GAR assets**	**3553.41**	**1188.12**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
49	Assets not covered for GAR calculation																		
50	Central governments and Supranational issuers																		
51	Central banks exposure																		
52	Trading book																		
53	**Total assets**	**6761.75**	**1188.12**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																			
54	Financial guarantees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
55	Assets under management	122.17	90.05	30.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
56	Of which debt securities	66.32	34.26	6.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
57	Of which equity instruments	55.85	55.79	23.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

		ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
	Million EUR	Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transi-tional	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1188.12	0.00	0.00	0.00	0.00
2	**Financial undertakings**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.71	0.00	0.00	0.00	0.00
3	Credit institutions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.71	0.00	0.00	0.00	0.00
4	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.71	0.00	0.00	0.00	0.00
6	Equity instruments	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
7	Other financial corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	of which investment firms	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Equity instruments	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
12	of which management companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Equity instruments	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
16	of which insurance undertakings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Equity instruments	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
20	**Non-financial undertakings**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.00	0.00	0.00	0.00
21	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.00	0.00	0.00	0.00
22	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Equity instruments	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
24	**Households**									1187.33	0.00	0.00	0.00	0.00
25	of which loans collateralised by residential immovable property									1161.60	0.00	0.00	0.00	0.00
26	of which building renovation loans									0.00	0.00	0.00	0.00	0.00
27	of which motor vehicle loans									25.73	0.00	0.00	0.00	0.00
28	**Local governments financing**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	Housing financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	Other local government financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
33	**Financial and Non-financial undertakings**													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations													
35	Loans and advances													
36	of which loans collateralised by commercial immovable property													
37	of which building renovation loans													
38	Debt securities													
39	Equity instruments													
40	Non-EU country counterparties not subject to NFRD disclosure obligations													
41	Loans and advances													
42	Debt securities													
43	Equity instruments													
44	**Derivatives**													
45	**On demand interbank loans**													
46	**Cash and cash-related assets**													
47	**Other categories of assets (e.g. Goodwill, commod-ities etc.)**													
48	**Total GAR assets**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**1188.12**	**0.00**	**0.00**	**0.00**	**0.00**
49	**Assets not covered for GAR calculation**													
50	**Central governments and Supranational issuers**													
51	**Central banks exposure**													
52	**Trading book**													

53	**Total assets**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**1188.12**	**0.00**	**0.00**	**0.00**	**0.00**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations														
54	Financial guarantees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
55	Assets under management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	90.05	30.25	0.00	0.00	0.00
56	Of which debt securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	34.26	6.53	0.00	0.00	0.00
57	Of which equity instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	55.79	23.72	0.00	0.00	0.00

1. This template shall include information for loans and advances, debt securities and equity instruments in the banking book, towards financial corporates, non-financial corporates (NFC), including SMEs, households (including residential real estate, house renovation loans and motor vehicle loans only) and local governments/municipalities (house financing).
2. The following accounting categories of financial assets should be considered: Financial assets at amortised cost, financial assets at fair value through other comprehensive income, investments in subsidiaries, joint ventures and associates, financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss, and real estate collaterals obtained by credit institutions by taking possession in exchange in of cancellation of debts.
3. Banks with non-EU subsidiary should provide this information separately for exposures towards non-EU counterparties. For non-EU exposures, while there are additional challenges in terms of absence of common disclosure requirements and methodology, as the EU taxonomy and the NFRD apply only at EU level, given the relevance of these exposures for those credit institutions with non-EU subsidiaries, these institutions should disclose a separate GAR for non-EU exposures, on a best effort basis, in the form of estimates and ranges, using proxies, and explaining the assumptions, caveats and limitations.
4. For motor vehicle loans, institutions shall only include those exposures generated after the date of application of the disclosure.

2. GAR sector information

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (CE)
1	M7010 - Activities of head offices	50.16	0.05			0.00	0.00			0.00	0.00			0.00	0.00		
2	F4120 - Construction of residential and non-residential buildings	0.03	0.00			0.00	0.00			0.00	0.00			0.00	0.00		

		q	r	s	t	u	v	w	x	y	z	aa	ab
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	M7010 - Activities of head offices	0.00	0.00			0.00	0.00			50.16	0.05		
2	F4120 - Construction of residential and non-residential buildings	0.00	0.00			0.00	0.00			0.03	0.00		

1. Credit institutions shall disclose in this template information on exposures in the banking book towards those sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty.
2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template.

3. GAR KPI stock

Revenue based

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
% (compared to total covered assets in the denominator)		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	86.74%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	**Financial undertakings**	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Credit institutions	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities, including UoP	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20	**Non-financial undertakings**	5.50%	0.10%	0.00%	0.00%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Loans and advances	5.50%	0.10%	0.00%	0.00%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24	**Households**	92.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
25	of which loans collateralised by residential immovable property	97.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
26	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans	94.53%	0.00%	0.00%	0.00%	0.00%												
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	**34.66%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**

Revenue based

		r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
% (compared to total covered assets in the denominator)		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	86.74%	0.01%	0.00%	0.00%	0.00%	21.61%
2	**Financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	49.70%	2.70%	2.70%	0.00%	0.00%	0.02%
3	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	49.70%	2.70%	2.70%	0.00%	0.00%	0.02%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	49.70%	2.70%	2.70%	0.00%	0.00%	0.02%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
20	**Non-financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.50%	0.10%	0.00%	0.00%	0.02%	0.58%
21	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.50%	0.10%	0.00%	0.00%	0.02%	0.58%
22	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
24	**Households**									92.19%	0.00%	0.00%	0.00%	0.00%	20.29%
25	of which loans collateralised by residential immovable property									97.04%	0.00%	0.00%	0.00%	0.00%	18.85%
26	of which building renovation loans									0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans									94.53%	0.00%	0.00%	0.00%	0.00%	0.43%
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.67%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.67%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**34.66%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**54.09%**

Revenue based

		ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw
	% (compared to total covered assets in the denominator)	Disclosure reference date T-1																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	87.41%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	**Financial undertakings**	38.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Credit institutions	38.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities, including UoP	38.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20	**Non-financial undertakings**	74.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Loans and advances	74.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24	**Households**	92.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
25	of which loans collateralised by residential immovable property	96.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
26	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans	82.79%	0.00%	0.00%	0.00%	0.00%												
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	**33.44%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**

Revenue based

		ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
	% (compared to total covered assets in the denominator)	Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	87.41%	0.00%	0.00%	0.00%	0.00%	20.10%
2	**Financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	38.00%	0.00%	0.00%	0.00%	0.00%	0.03%
3	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	38.00%	0.00%	0.00%	0.00%	0.00%	0.03%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	38.00%	0.00%	0.00%	0.00%	0.00%	0.03%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
20	**Non-financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	74.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	74.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
24	**Households**									92.09%	0.00%	0.00%	0.00%	0.00%	19.07%
25	of which loans collateralised by residential immovable property									96.38%	0.00%	0.00%	0.00%	0.00%	17.82%
26	of which building renovation loans									0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans									82.79%	0.00%	0.00%	0.00%	0.00%	0.46%
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.01%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.01%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**33.44%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**52.55%**

CapEx based

	% (compared to total covered assets in the denominator)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	86.62%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	**Financial undertakings**	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Credit institutions	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities, including UoP	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20	**Non-financial undertakings**	1.23%	0.57%	0.00%	0.00%	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Loans and advances	1.23%	0.57%	0.00%	0.00%	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24	**Households**	92.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
25	of which loans collateralised by residential immovable property	97.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
26	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans	94.53%	0.00%	0.00%	0.00%	0.00%												
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	**34.61%**	**0.01%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**

CapEx based

		r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
% (compared to total covered assets in the denominator)		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	86.62%	0.02%	0.00%	0.00%	0.00%	21.61%
2	**Financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	49.70%	2.70%	2.70%	0.00%	0.00%	0.02%
3	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	49.70%	2.70%	2.70%	0.00%	0.00%	0.02%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	49.70%	2.70%	2.70%	0.00%	0.00%	0.02%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
20	**Non-financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.21%	0.57%	0.00%	0.00%	0.12%	0.58%
21	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.21%	0.57%	0.00%	0.00%	0.12%	0.58%
22	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
24	**Households**									92.19%	0.00%	0.00%	0.00%	0.00%	20.29%
25	of which loans collateralised by residential immovable property									97.04%	0.00%	0.00%	0.00%	0.00%	18.85%
26	of which building renovation loans									0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans									94.53%	0.00%	0.00%	0.00%	0.00%	0.43%
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.67%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.67%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**34.61%**	**0.01%**	**0.00%**	**0.00%**	**0.00%**	**54.09%**

CapEx based

		ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw
% (compared to total covered assets in the denominator)		Disclosure reference date T-1																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	87.40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	**Financial undertakings**	38.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Credit institutions	38.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities, including UoP	38.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20	**Non-financial undertakings**	44.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Loans and advances	44.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24	**Households**	92.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
25	of which loans collateralised by residential immovable property	96.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
26	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans	82.79%	0.00%	0.00%	0.00%	0.00%												
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	**33.44%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**

CapEx based

		ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
	% (compared to total covered assets in the denominator)	Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	87.40%	0.00%	0.00%	0.00%	0.00%	20.10%
2	**Financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	38.10%	0.00%	0.00%	0.00%	0.00%	0.03%
3	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	38.10%	0.00%	0.00%	0.00%	0.00%	0.03%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	38.10%	0.00%	0.00%	0.00%	0.00%	0.03%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
20	**Non-financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	44.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	44.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
24	**Households**									92.09%	0.00%	0.00%	0.00%	0.00%	19.07%
25	of which loans collateralised by residential immovable property									96.38%	0.00%	0.00%	0.00%	0.00%	17.82%
26	of which building renovation loans									0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans									82.79%	0.00%	0.00%	0.00%	0.00%	0.46%
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.01%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.01%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**33.44%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**52.55%**

1. Institution shall dislcose in this template the GAR KPIs on stock of loans calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template.
2. Information on the GAR (green asset ratio of 'eligible' activities) shall be accompanied with information on the proportion of total assets covered by the GAR.
3. Credit institutions can, in addition to the information included in this template, show the proportion of assets funding taxonomy relevant sectors that are environmetnally sustainable (Taxonomy-aligned). This information would enrich the information on the KPI on environmentatlly sustainable assets compared to total covered assets.
4. Credit institutions shall duplicate this template for revenue based and CapEx based disclosures.

4. GAR KPI flow

Revenue based

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
% (compared to total covered assets in the denominator)		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	66.57%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	**Financial undertakings**	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Credit institutions	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities, including UoP	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20	**Non-financial undertakings**	5.46%	0.09%	0.00%	0.00%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Loans and advances	5.46%	0.09%	0.00%	0.00%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24	**Households**	71.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
25	of which loans collateralised by residential immovable property	97.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
26	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans	100.00%	0.00%	0.00%	0.00%	0.00%												
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	**0.44%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**

Revenue based

		r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	% (compared to total covered assets in the denominator)	Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	66.57%	0.01%	0.00%	0.00%	0.00%	0.04%
2	**Financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%
3	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
20	**Non-financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.46%	0.09%	0.00%	0.00%	0.02%	0.00%
21	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.46%	0.09%	0.00%	0.00%	0.02%	0.00%
22	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
24	**Households**									71.38%	0.00%	0.00%	0.00%	0.00%	0.04%
25	of which loans collateralised by residential immovable property									97.20%	0.00%	0.00%	0.00%	0.00%	0.03%
26	of which building renovation loans									0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans									100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.44%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**6.66%**

CapEx based

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
	% (compared to total covered assets in the denominator)	Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	66.26%	0.04%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	**Financial undertakings**	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Credit institutions	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities, including UoP	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
12	of which manage-ment companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
20	**Non-financial undertakings**	1.21%	0.57%	0.00%	0.00%	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Loans and advances	1.21%	0.57%	0.00%	0.00%	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%
24	**Households**	71.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
25	of which loans collateralised by residential immov-able property	97.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
26	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans	100.00%	0.00%	0.00%	0.00%	0.00%												
28	**Local govern-ments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local govern-ment financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	**0.44%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**

CapEx based

		r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	% (compared to total covered assets in the denominator)	Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	66.26%	0.04%	0.00%	0.00%	0.01%	0.04%
2	**Financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%
3	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	49.70%	2.70%	2.70%	0.00%	0.00%	0.00%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
20	**Non-financial undertakings**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.21%	0.57%	0.00%	0.00%	0.12%	0.00%
21	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.21%	0.57%	0.00%	0.00%	0.12%	0.00%
22	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
24	**Households**									71.38%	0.00%	0.00%	0.00%	0.00%	0.04%
25	of which loans collateralised by residential immovable property									97.20%	0.00%	0.00%	0.00%	0.00%	0.03%
26	of which building renovation loans									0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans									100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.44%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**6.66%**

1. Institution shall dislcose in this template the GAR KPIs on flow of loans calculated (new loans on a net basis) based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template.
2. Credit institutions shall duplicate this template for revenue based and CapEx based disclosures.

5. KPI off-balance sheet exposures

Stock		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
% (compared to total eligible off-balance sheet assets)		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Assets under management (AuM KPI)	69.47%	16.93%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Flow		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
% (compared to total eligible off-balance sheet assets)		Disclosure reference date T																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Assets under management (AuM KPI)	5.55%	0.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Stock		r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
% (compared to total eligible off-balance sheet assets)														
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Assets under management (AuM KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	69.47%	16.93%	0.00%	0.00%	0.00%

Flow		r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
% (compared to total eligible off-balance sheet assets)														
		Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Assets under management (AuM KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.55%	0.19%	0.00%	0.00%	0.00%

1. Institution shall dislcose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template.
2. Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance sheet exposures.

2. Templates for KPIs of nuclear energy related activities and fossil gas related activities

Template 1 Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

Template 2 Taxonomy-aligned economic activities (denominator)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0%	
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	594,918	100%	594,918	100%	0%	
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	594,918	100%	594,918	100%	0%	
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0%	
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0%	
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0%	
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**594,918**	**100%**	**594,918**	**100%**	**0%**	
8.	**Total applicable KPI**	**594,918**	**100%**	**594,918**	**100%**	**0%**	

Template 3 Taxonomy-aligned economic activities (numerator)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0%	
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	36,633	6%	36,633	6%	0%	
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	238,214	40%	238,214	40%	0%	
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0%	
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0%	
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0%	
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**123,822**	**21%**	**123,822**	**21%**	**0%**	
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**398,669**	**67%**	**398,669**	**67%**	**0%**	

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0	0	
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0	0	
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0	0	
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**31,104**	**5%**	**31,104**	**5%**	**0**	
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**31,104**	**5%**	**31,104**	**5%**	**0**	

Template 5 Taxonomy non-eligible economic activities

Row	Economic activities	Amount	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**0**	**0%**
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**0**	**0%**

Consolidated financial statements

Risk management

Risk is defined as a potential negative deviation from the expected financial results. LHV encounters several risks in its day-to-day operations. The objective of risk management at LHV is to recognise these risks, to measure them appropriately, to manage and to report them. More broadly, the aim of risk management is to increase the value of LHV by minimising losses and reducing the volatility of results. Risk management at LHV is based on a strong risk culture and follows the principle of three lines of defence. The first line of defence, the business units, is responsible for taking risk and for day-to-day risk management. The second line of defence is responsible for the ownership, continuous review, and implementation of a robust risk management framework in the Group, including ownership of the relevant methodologies defined in the policies, and for holistically ensuring that risk identification, assessment, measurement, management, mitigation, monitoring, and reporting is well executed in the Group.

The third line of defence, the internal audit, exercises independent supervision over the entire Group. Risk management principles, requirements and areas of responsibility are described in the risk management policy. The principles and objectives of capital management are described in internal documents (the capital management policy and capital objectives). More detailed risk management processes are described in the policies of the respective fields.

Under the initiative of the independent risk management unit, LHV has developed a group-wide risk appetite framework, approved by LHV Group Supervisory Board. LHV's risk appetite reflects its readiness to take specific risks. The larger the risk appetite, the more risk can be assumed. The risk appetite is set in line with the desired risk profile, reflecting the nature of LHV's business model.

Risk framework

Risk management principles, roles and responsibilities

- Risk management and control principles
- Ethics principles
- Remuneration principles
- Organizational structure
- Roles and responsibilities

Goals, measures and controls

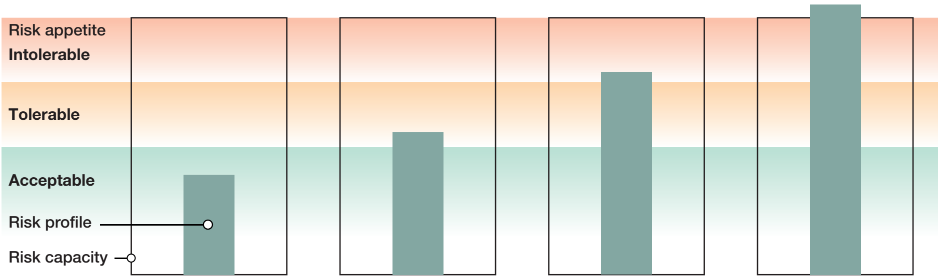
- Risk tolerance levels
- Measurement of risks
- Rights and limits

Internal and external reporting

Risk appetite has been defined for all risks LHV is materially exposed to. Risk appetite is determined in terms of both qualitative guidance and quantitative limits, considering the following principles:

- Qualitative guidance is worded simply and adopts the terminology commonly used in the organisation and in the business plan.
- Quantitative limits are set at a level that is sufficiently detailed to capture all key risk categories and sub-categories, but at the same time sufficiently aggregated to maintain each metric of relevance to the group-wide risk profile of LHV. Where quantification is possible, the acceptable, tolerable and intolerable amounts of risk are defined as follows:
  - acceptable – the amount of risk allowed to be taken under normal business conditions;
  - tolerable – the amount of risk that gives a warning signal: the increase of risk must be properly assessed, and an action plan defined to return to the acceptable area; the assessment results and the action plan must be reported at least to LHV Group Management Board of LHV;
  - intolerable – a hard limit violation, the level of risk LHV does not wish to exceed under any circumstances: immediate action must be taken to return at least to the tolerable area; the violation, assessment results and an action plan must be reported to LHV Group Supervisory Board.

Risk appetite framework



The actual risk profile is inside the acceptable range. Risk profile is under control and no specific action needed.

The actual risk profile is inside the tolerable range which indicates an early warning signal. An action plan must be submitted to the management.

The actual risk profile is inside the intolerable range. An action plan has been launched to reduce the risk profile.

The actual risk profile exceeds LHV risk capacity. Financial recovery plan has been launched.

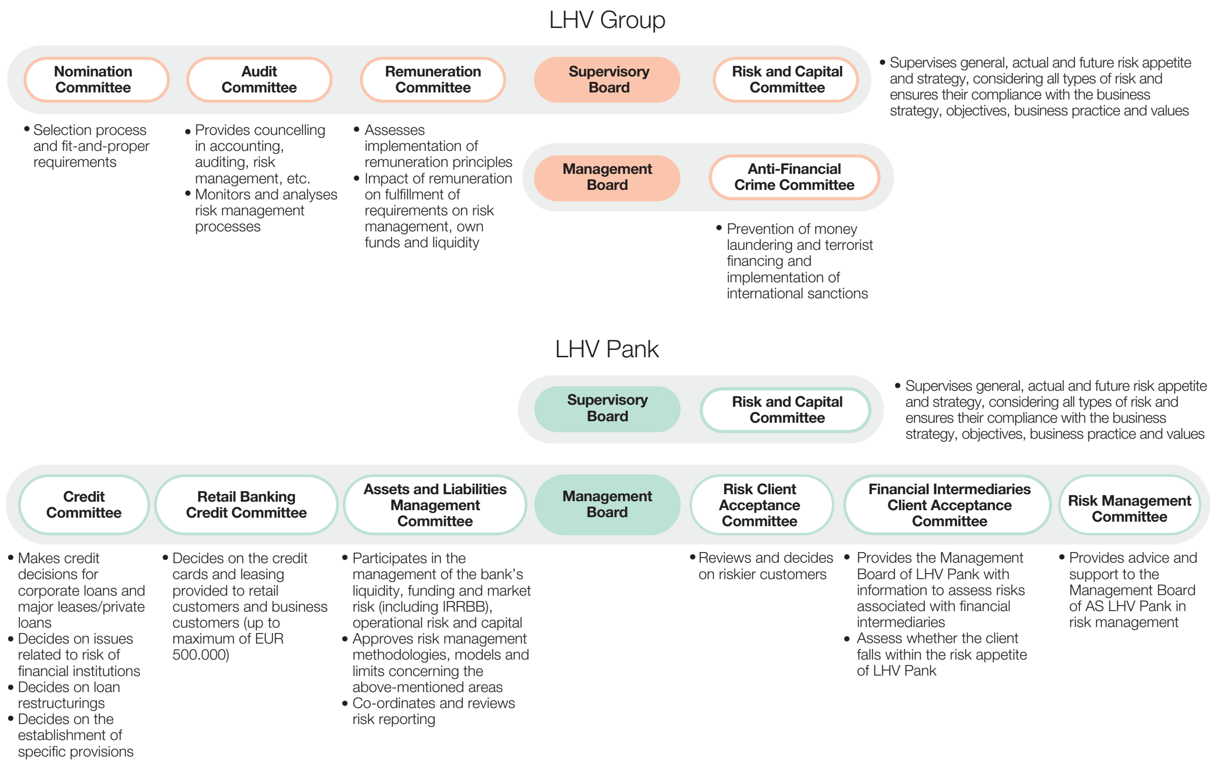
Risk capacity – the maximum amount of risk LHV is capable to take given its capital base, its risk management and control capabilities, and its regulatory constraints.

Risk appetite – the aggregate level and types of risk LHV is willing to assume within its risk capacity, in line with its business model, to achieve its strategic objectives.

Risk profile – combination of the real risks of LHV resulting from the nature, scale and complexity of LHV activities and operation environment.

As seen from the figure, if the actual risk profile remains within the acceptable risk appetite range, it is a foreseeable situation, and no further action is needed. If the actual risk profile is within the tolerable risk appetite range, it is an early warning signal: an action plan must be put in place to reduce the risk profile. It is also necessary to inform the Management Board in this case. If the actual risk profile exceeds the tolerable level, an action plan must be put in place to reduce the risk profile. It is also necessary to inform the Supervisory Board in this case. The first line of defence is responsible for managing LHV's risk profile and ensuring it stays within the risk appetite limits, while independent monitoring and reporting is the responsibility of the Risk Management Department. Within the framework of the financial recovery plan, LHV has developed early warning indicators with thresholds and corresponding measures.

In accordance with the risk management policy, quantitative risk appetite levels must be specified at least for solvency risk, credit risk, market risk, operational risk, funding and liquidity risk, insurance risk and financial crime risk. The risk appetite limits are defined in each of the respective risk policies, which are approved by LHV Group Supervisory Board. The policies are accompanied by detailed instructions and guidelines. LHV has a system of committees and decision-making competencies. The functions of the main committees are shown in the figure below.



As part of the risk policy framework, LHV has developed a risk reporting process. The table below gives an overview of the main reports prepared by the Risk Management Department, which are presented to the governing bodies, and the reporting frequency.

Governing body	Members	Title of the report	Report frequency	Coverage of risks
Supervisory Board of the LHV Group	All the members of the Supervisory Board of the LHV Group	Risk report	Monthly	All main risk types
		Compliance overview	Quarterly	Compliance risk
		Capital Adequacy Statement, Liquidity Adequacy Statement	Once a year	All main risk types
Supervisory Board of LHV Pank	All the members of the Supervisory Board of LHV Pank	Risk report	Monthly	All main risk types
Risk and Capital Committee of LHV Pank	Rain Lõhmus, Andres Viisemann, Liisi Znatokov Madis Toomsalu	Risk report	Monthly	All main risk types
Management Board of LHV Group	Management Board members of LHV Group	Risk report	Monthly	All main risk types
		ICAAP and ILAAP results and scenario	Once a year	All main risk types
Assets and Liability Committee of LHV Pank	Management Board members of LHV Pank, Head of Treasury	ALCO report	Monthly	Market risk, interest rate risk, liquidity risk
Management Board of LHV Pank	Management Board members of LHV Pank	Compliance overview	Once in a year	Compliance risks
		Anti-financial crime overview	Monthly	Financial crime risks
		Monitoring of legislation	Monthly	Compliance risks
		Compliance audit	After each audit	Compliance risks

LHV has established a risk management policy, which sets the risk management framework. Separate policies are set for major risk categories. The risks are analysed and monitored and reported to different levels of management on a monthly and quarterly basis. The monthly risk report presents information by type of risk. The risk report also includes information on capital adequacy. It provides a regular overview of all the important risks at the company level, allowing to monitor risk development, identify bottlenecks, and react promptly.

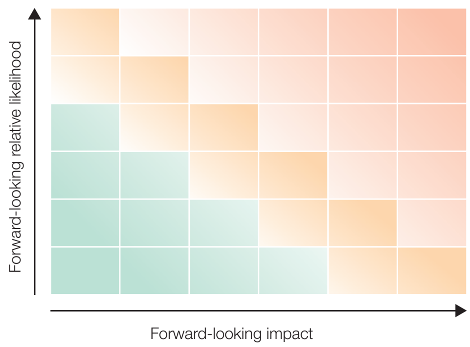
Within the overall risk management framework, specific risk types are managed via dedicated frameworks. As LHV's business model and the external environment are continuously evolving, the type and size of LHV's risk exposures are constantly changing, and the risk management framework is adapted accordingly.

In developing the risk management framework, LHV has considered the relative materiality of current and estimated future exposures, as illustrated in the risk heat map below. The risk types with material exposures, i.e., where potential losses are substantial and the likelihood of such losses materialising is higher, are managed more closely. The specific framework elements, including methodology, processes, tools, people, and perimeter of application, reflect the specific nature of these risks.

The framework for addressing the main risk types the Group is more significantly exposed to, including solvency risk, credit risk, market risk, funding and liquidity risk, operational risk, and financial crime risk are described in detail in the following sections.

Within the overall risk management framework, special attention is given also to ESG risk management, i.e., managing the risk of losses resulting from current or prospective impacts from environmental, social and/or governance factors. LHV recognises the growing materiality of this risk going forwards and is strengthening its risk management framework accordingly.

Risk management framework



This includes, similarly to all material risk categories, defining risk appetite and ensuring the Group stays within the risk appetite limits. Where appropriate, the ESG perspective is included in the aspects of the risk management framework directly addressing credit, market, operational, liquidity and funding, and strategic risks. Defining a common taxonomy and considering emerging regulations and best practices are parts of strengthening this framework. LHV maintains an exclusion list of industries and types of transactions that are not eligible for financing due to their negative environmental or social impact.

1. Capital management

The net capital of a credit institution must be at all times equal to or exceed the minimum amount of share capital prescribed in the Credit Institutions Act. The capital of banks and investment firms in the European Union is subject to a legal framework CRD IV and CRD V, largely based on the Basel III framework, as agreed in the Basel Committee on Banking Supervision. The objective of the framework is to strengthen the resilience of the financial sector to adverse economic shocks and thereby ensure adequate and sustainable financing of the economy. Significant changes implemented by the new requirements include the requirement for credit institutions to maintain a higher level and quality of capital than before and a unified framework for designing liquidity buffers. The CRD IV & V also define measures for macro-prudential supervision that member states can use to mitigate the procyclical behaviour of credit institutions and to alleviate risks arising from market structure. Every year smaller changes have been implemented in the regulations.

LHV Pank's capital and dividend management policy is based on LHV Group's capital management policy, including LHV Group's capital goals and risk appetite.

The goals of LHV Pank's capital management are:

- to ensure LHV Pank's business continuity and ability to generate return for its shareholders;
- to maintain a strong capital base supporting business development;
- to comply with capital requirements as established by supervisory authorities.

LHV Pank's long-term capital risk appetite is based on SREP decision, the risk scenario defined during the Group's internal capital adequacy assessment (ICAAP) process and the assumption that the maintenance of the regulatory minimum capital is ensured at the most critical point of the scenario. The ICAAP risk scenario is updated annually.

Capital planning takes into account regional comparables and competition. The capitalisation of LHV Pank and its subsidiaries must not remain significantly lower than the capitalisation of relevant competitors.

LHV Pank's solvency risk planning is an integrated part of LHV Group's overall business plan. The capital needs of a business plan must always be covered by sources of capital. Capital planning is performed on a consolidated basis by business area, business unit and company. When planning any new business initiatives, their potential capital requirements and risk profile must always be assessed. The capital plan of LHV Pank must include all circumstances known at the time of planning that may affect the need for capital.

The risk appetite for capital is based, among other things, on the activities reported in the ICAAP report and their expected impact, given the limitation that the increase in the capital requirement and the decrease in capital will already occur in the first half of the risk scenario. However, the effects of safeguard measures may become apparent too late. Therefore, only activities in the first year of the scenario and only those where it is certain that the mitigating effects of the activities will penetrate all the way to the capital shortfall will be considered as capital protection activities. ICAAP scenario together with SREP decision will define the capitalization targets used in financial planning.

LHV Pank's dividend payment policy depends on the fulfilment of capital goals. Achieving capital objectives always takes precedence over the payment of dividends or other capital-reducing transactions. LHV Pank is growing rapidly, which is why the use of profit for growth is generally preferred to paying dividends. LHV Pank pays dividends according to two principles:

- Dividends from subsidiaries are paid onwards to the parent company;
- The short-term financial plan envisages the payment of dividends.

The Supervisory Board establishes quantitative levels of solvency risk and risk appetite for all regulatory indicators. The Supervisory Board bases its decision on LHV Group's capital goals and allocation principles. In addition to the establishment of risk appetite levels by the Supervisory Board, the Management Boards of companies determine company-specific levels of risk appetite for solvency risk.

LHV Pank must maintain a minimum capital adequacy at all times, consisting of the sum of Pillar 1 and Pillar 2 requirements. In order to ensure economic survival and control over its operations even in a rapidly deteriorating operating environment, the Bank must maintain capital reserves in addition to the minimum requirements. These reserves must be proportionate to the risks assumed and shall be large enough to absorb the losses associated with a severe but possible macroeconomic risk scenario.

LHV Group received the SREP report in December 2024 and total SREP capital requirements and internal capital buffers have been adjusted based on that. Overview of capital requirements and internal buffers based on the report is provided in the table below:

Capital requirements and internal buffers of LHV Group

	CET1	Tier 1	CAD
Base capital requirement	4.50%	6.00%	8.00%
Pillar 2 capital charge	1.69%	2.25%	3.00%
Total SREP capital requirements	**6.19%**	**8.25%**	**11.00%**
Capital conservation buffer	2.50%	2.50%	2.50%
Systemic risk buffer	0.00%	0.00%	0.00%
Countercyclical buffer	1.50%	1.50%	1.50%
O-SII buffer	2.00%	2.00%	2.00%
Total combined buffer	**6.00%**	**6.00%**	**6.00%**
Total general capital requirement	**12.19%**	**14.25%**	**17.00%**
Pillar 2 guidance	2.00%	2.00%	2.00%
Internal buffers	0.51%	0.60%	0.70%
Total internal capital requirement risk appetite limit	**14.70%**	**16.85%**	**19.70%**

In addition to the regulatory capital requirements, the ECB has set Pillar 2 guidance for LHV Group at 2.00% on each capitalisation level. LHV Pank follows the Group level capitalization requirements, except Pillar 2 guidance, that is not applicable to LHV Pank.

LHV Pank's internal capital adequacy targets as at 31 Dec 2024 were as follows:

Internal capitalisation targets of LHV Pank	%
Core Tier 1 capital adequacy	13.95%
Tier 1 capital adequacy	16.05%
Total capital adequacy	18.70%
Leverage ratio	3.50%

LHV has kept a conservative approach in capital management and keeps additional internal buffers beyond the regulatory ones. Capitalisation requirements have been increased mainly due to LHV Pank's increasing market share and weaker macro-economic situation.

Starting from 2022, LHV Group is also subject to the minimum requirement for own funds and eligible liabilities (MREL) which is a building block of the resolution plan. LHV has to maintain sufficient own funds and qualifying liabilities which can be used to cover losses in resolution planning. There are two separate MREL ratios which have to be complied with on the consolidation group level for LHV Group. MREL-TREA is calculated based on total risk weighted assets. MREL-LRE is calculated based on total assets. The regulatory MREL target levels of the ratios have been established at 26.30% for MREL-TREA and 5.91% for MREL-LRE. To distribute earnings, additional buffers must be applied on top of the abovementioned targets. Each year the regulator will recalibrate the MREL requirements.

According to the European Union directive, the MREL requirement applies to every credit institution, but Single Resolution Board has the right to make exceptions and has used this right towards LHV Pank.

LHV Group and LHV Pank use the standard method for calculating capital requirements for credit and market risk and basic indicator approach calculating operational risk capital requirement. LHV Group and LHV Pank have complied with all the capital requirements during the financial year and in previous years.

Capital adequacy and the use of regulatory capital are managed by the Finance Department based on regular prudential reporting on capital requirements.

Each year, Supervisory Board approves the goals of capitalisation and the target level of capital adequacy to cover potential risks arising from financial plan for next five years.

In addition to these, capitalisation situation is forecasted on monthly bases based on the actual performance and economic outlook; and if needed adjustments are made to capital plans. Risk Management Department is separately preparing several stress scenarios all affecting the capitalisation and which are taken into account in planning phase.

Each year, an ICAAP is performed, the aim of which is to identify potential internal capital needs in addition to regulatory capital requirements. The ICAAP is performed on Group level.

Capital management in 2024

As a credit institution, LHV Pank has a capital adequacy requirement on a solo basis. No regulatory capital requirements have been established for other consolidation group entities.

Group's level of net own funds amounted to EUR 601,896 thousand as at 31 Dec 2024 (31 Dec 2023: EUR 550,669 thousand).

Total capital adequacy level was as at the end of the reporting period 19.89% (31 Dec 2023: 22.19%). LHV Pank uses the standard method for the calculation of credit risk and market risk capital requirements and the basic indicator approach for the calculation of operational risk capital requirements. LHV Pank has complied with all capital requirements during the financial year and in previous year.

LHV Pank's leverage ratio stood at 6.30% as at the end of 2024 (31 Dec 2023: 6.98%). LHV Pank is not subject to MREL requirements on an individual basis.

Capital base

EUR thousand	31 Dec 2024	31 Dec 2023
Paid-in share capital	141,500	141,500
Legal reserves transferred from net profit	14,150	12,669
Accumulated profit	287,288	222,187
Intangible assets (subtracted)	-2,596	-2,945
Profit for accounting period (COREP)	27,480	140,133
Deductions	-580	-76,309
Tier 1 capital	**467,242**	**437,235**
Additional Tier 1 capital	53,380	53,000
Total Tier 1 capital	**520,622**	**490,235**
Subordinated debt	81,275	60,434
Total Tier 2 capital	**81,275**	**60,434**
Net own funds for capital adequacy calculation	**601,897**	**550,669**
Risk weighted assets		
Central governments and central bank under standard method	0	0
Credit institutions and investment companies under standard method	13,411	23,951
Companies under standard method	1,585,329	1,293,686
Retail claims under standard method	225,213	225,907
Public sector under standard method	0	0
Housing real estate under standard method	744,943	583,503
Overdue claims under standard method	23,074	19,759
Particularly high-risk assets	52,764	42,451
Other assets under standard method	31,167	50,473
Total capital requirements for covering the credit risk and counterparty credit risk	**2,675,901**	**2,239,730**
Foreign currency risk	2,778	2,514
Interest position risk	0	0
Equity portfolio risk	1,176	745
Credit valuation adjustment risk	3,522	1,966
Operational risk under base method	342,354	236,380
Total risk weighted assets	**3,025,731**	**2,481,335**
Capital adequacy (%)	**19.89**	**22.19**
Tier 1 Capital Ratio (%)	**17.21**	**19.76**

2. Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises from cash and cash equivalents, derivatives and deposits with banks and other financial institutions and debt securities, but mainly from credit exposures to customers, including outstanding loans, issued guarantees, other receivables, and commitments.

Credit risk is one of the largest risks for the Group's business. Therefore, management carefully manages its exposure to credit risk. A central principle for LHV is that each of LHV´s credit business units have full responsibility for their credit risks, that credit decisions adhere to the credit process and decisions are in line with LHV`s business and credit strategies. The credit risk management and control are distributed across the three lines of defence.

Depending on the size and nature of each loan the credit process is performed based on the principle that low-risk loans can be approved through a more cost-efficient and faster process, while for riskier and larger exposures more in-depth analysis and process are carried out. Accordingly, the lending decisions are made by the Credit Committee (exposures > EUR 500 thousand), by the Retail Banking Credit Committee or at a lower decision level which includes decisions made by credit officers or fully automated decisions made by the system for consumer financing. For credit decisions either rating or scoring systems are used to assess customer credit risk (see subsection 2.1 Credit risk measurement and distribution). In the credit decision-making process LHV considers the principles of responsible lending and sustainability, including environmental considerations, social responsibility, and business ethics (see also subsection ‘General ESG principles’ of this section).

For an early identification of significant increase in credit risk a continuous monitoring is carried out after issuing the loan. Quarterly monitoring is performed based on the customer´s financial position for corporate customers (exposure to LHV > EUR 500 thousand). In January 2025, the process was adjusted to semi-annual level. In addition, information from external sources like credit bureaus, the tax office and other public registers are used. At least annually all ratings of corporate customers, financial institutions and sovereigns are individually reviewed. Customers with a significant increase in credit risk are included in a watchlist. The financial position, liquidity, and collateral value of watchlist customers is thoroughly monitored and a monthly overview is given to the Credit Committee. For retail business, after the date of initial recognition, the borrower’s payment behaviour is monitored on a periodic basis to develop a behavioural score. Any other known information about the borrower which impacts their creditworthiness – such as unemployment and previous delinquency history – is also incorporated into the behavioural score. Customers with increased credit risk in retail portfolio are generally managed based on the customer´s payment behaviour.

The Group employs a range of policies and practices for mitigating credit risk. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

Impact from cooling economy

The Estonian economy entered a recession in 2023 and the contraction continued in 2024. So far, the cooling economy has had a limited impact on the credit portfolio quality. The forborne and the overdue portfolio have been increasing in consumer finance and also among corporates throughout the year 2024. As a precautionary measure, the lending principles have been revised to more restrictive in consumer finance, while impairment allowance levels increased across all credit portfolios, due to an uncertain outlook. LHV is continuously monitoring credit portfolio quality and is in close dialog with customers, so that in case of a need, potential risks could be mitigated.

ESG risks in credit risk

Incorporating ESG factors into credit risk assessments has become a standard practice at LHV Pank, supported by a structured and evidence-based approach. These factors are integrated into the bank’s risk appetite principles, policies, and procedures to ensure more precise assessment and mitigation of credit risks. ESG risks are defined in the context of this chapter as risks of any negative financial impact on the group stemming from the current or prospective impacts of ESG factors on its counterparties or invested assets. Environmental risk drivers are categorised as physical risks and transition risks. Physical risks are direct negative impacts from climate change and environmental degradation, which could result in reduced production capacity, increased raw material costs, asset impairment, increased labour and capital costs, etc. Transition risks refer to the uncertainty related to the timing and speed of the process of adjustment to an environmentally sustainable economy. This process may be affected by three drivers: policy, technology, and consumer preferences. The main changes in this field are happening in carbon-intensive sectors (e.g., climate-related policy actions may have an impact on asset prices). Social risks involve social factors that may have a positive or negative impact on the financial performance or solvency of a counterparty, such as the rights, well-being and interests of people and communities including (in)equality, health, inclusiveness, labour relations, workplace health and safety, human capital, and community life.

ESG risks can materialise in two ways, reflecting their potential double materiality. Financial institutions can be impacted by (outside-in perspective) ESG risks through their counterparties and invested assets, as these may be impacted by (outside-in perspective) or have an impact on (inside-out perspective) ESG factors. For example, a counterparty’s environmentally harmful business activities (negative inside-out impact on environmental factors) might make it more vulnerable to the implementation of transition policies targeting environmental degradation (negative outside-in impact of environmental factors).

In 2023, LHV conducted a high-level ESG materiality assessment, which did not identify any "high" materiality risks for credit risk. In 2024, driven by the European Central Bank's expectations, a more comprehensive and granular climate and environmental risk materiality assessment was carried out, with a greater focus more on financial materiality and it’s influence on credit risk. These evaluations identified material transmission channels and risk factors—such as coastal floods and CO_2 pricing—leading to the development of targeted mitigation measures. One such measure involved expanding LHV's existing stress-testing framework to specifically assess climate and environmental risks in 2024, thereby informing the bank's overall risk management strategies. The outcomes of these assessments also support LHV's climate and environmental rating system (E-rating) and have guided the design and approval of various Key Risk Indicators (KRIs) for ongoing monitoring and risk mitigation.

LHV takes into account ESG factors when assessing a client’s credit risk. For example, potential future costs related to CO_2 emissions could impact the client's business risk or financial risk score. Alternatively, the possible impact of floods could be relevant when assessing collateral values.

Considering the impact of its business activity, LHV has set a goal to promote an environmentally and socially sustainable and responsible economy and expedite progress toward solutions to key environmental and climate problems, by motivating customers to make more sustainable choices in their business activities and investment decisions.

LHV will refrain from knowingly offering credit products to customers whose activities bear clear evidence of human rights violations and serious environmental harm. Based on the principles of sustainable and responsible activity, it is against credit policy to credit customers whose volume of credit products from LHV exceeds EUR 500 thousand and whose operations are related to any of the areas listed in exclusion list in the table below.

Restricted fields of activity	Description
Forestry	• Those engaged in illegal logging
Endangered plant and animal species, well-being of animals	• Those engaged in trading in endangered or Red List plants and animals; • Those engaged in illegal animal testing as defined by European Union legal acts; • Activities related to the forcible feeding of ducks and geese; • Keeping of animals for the purpose of fur production
Arms industry	• Those whose area of activity is the production or distribution of weapons or weapons components prohibited under international law (cluster bombs, infantry mines, biological and chemical weapons, nuclear weapons, laser weapons designed to cause permanent blindness)
Energy industry	• Coal and oil shale mining and generation of electricity from them; • Activities in the preliminary phase of the oil production chain
Hazardous materials	• Asbestos mining and production, marketing and use of asbestos fibres and products and compounds containing these fibres; • Export of mercury and mercury compounds and the production, export and import of many mercury containing products
Tobacco	• Distribution of tobacco products or e-cigarettes if it is the primary area of activity of the company (>50% of revenue)
Fishing	• Practising ecologically unsustainable fishing methods, such as drifting nets, deep sea bottom trawls, use of explosives or cyanide
Transport	• Transport of oil or other hazardous materials on ships that do not meet the requirements of the International Maritime Organisation; • Financing new diesel-powered passenger cars in 2030 or later

General ESG principles

In addition to exclusion list of certain sub-sectors, LHV has also adopted the general ESG principles, which restrict crediting of activities like:

- production and trading of all goods that are illegal under the laws and regulations of the Republic of Estonia or international conventions and agreements;
- use of forced labour or human rights violations;
- facilitation of prostitution or production of pornographic material;
- distribution of prohibited substances and trading without required export or import licences;
- activities that have a negative impact on UNESCO World Heritage sites;
- activities that have a negative impact on national parks and natural protection areas or wetlands covered by the Ramsar Convention;
- activities prohibited under the legal acts of the Republic of Estonia or international conventions related to protection of biological diversity resources or cultural heritage;
- illegal forced expulsion of persons, groups of communities.

In the lending process ESG risks are taken into consideration in loan reviews. A detailed ESG risks analysis is done for corporate loan applications of over EUR 500 thousand.

For other customers a basic assessment of ESG factors is made based on the nature and complexity of the loan product and the customer's field of activity. To identify borrowers that are exposed, directly or indirectly, to increased risk associated with ESG factors, a comprehensive heat map of ESG risks for individual economic (sub) sectors has been developed in cooperation with environmental and social field experts. The heat map highlights environmental and social risks assessment for each individual economic sector, considering the corresponding risk classifications of rating agencies and international financial institutions, as well as local and EU regulations and Estonian national dimension where relevant.

For exposures related to higher (high or medium sectoral risk level according to the heatmap) E risk (environmental and climate risks) and risk exposures above EUR 500 thousand, a more intensive analysis is conducted regarding the client's openness and management of E risks. This assessment is complemented by a tool for corporate client E analysis, which employs a quantifiable methodology to focus on the most critical E factors in each sector. With the help of this tool LHV can manage E risks at both client and portfolio levels by calculating sector risk levels and client-specific ESG ratings. If a client's E-rating is considered high for climate and environmental risks, the client must submit a transition plan or a risk mitigation plan demonstrating how they intend to adapt their activities in line with environmental and climate risks.

2.1 Credit risk measurement and distribution

The Group classifies the financial assets exposed to credit risk in the following key categories:

a) cash and cash equivalents, due from central banks and credit institutions (referred to as 'banks' in the tables) and investment companies

b) debt securities and derivatives

c) loans to legal entities

d) loans to individuals

a) Cash and cash equivalents, due from central banks and investment companies

Management estimates that the credit risk exposure from cash and cash equivalents, held at the central bank, other correspondent banks and investment institutions is inherently low. Loans and advances to central banks, credit institutions and investments companies are generally unsecured. The funds of the Group are assessed according to ratings given by Standard & Poor's or equivalent (central banks are without a rating). In case there are ratings available from more than one rating agency, the average, or the most conservative rating is used.

If Estonian local credit institutions do not have external ratings and they are subsidiaries of large EU banks, the rating of the parent company is used. Management has assessed that the expected credit loss (ECL) from credit institutions' and investment companies' exposures is immaterial due to the strong ratings of the counterparties and as the Group holds only very liquid positions with them.

b) Debt securities and derivatives

The Credit Committee sets limits on taking credit risk associated with debt securities considering the issuer's rating.

No principal and accrued interest receivables arising from debt securities are overdue. The bonds have no collateral.

c) Loans to legal entities

Loan portfolio of legal entities includes credit to companies, local governments, non-profit associations (incl. apartment associations) etc., including the following products:

- corporate loans (corporate lending)
- leasing
- overdraft (corporate lending)
- trade finance (corporate lending)
- margin loans (investment financing)
- credit cards (consumer financing)
- apartment association loans (corporate lending)
- credit letters (consumer financing)

Credits to legal entities (except apartment association loans) with total exposure to LHV of more than EUR 500 thousand are evaluated using expert-based rating model. After issuing the loan, follow-up monitoring is performed usually at least on a quarterly basis for each customer's financial position. At least annually all customer ratings are reviewed. Customers with significant increase in credit risks are listed in watchlist. The financial position, liquidity, and collateral value of watchlist customers is thoroughly monitored more frequently.

Credits below EUR 500 thousand to legal entities and loans to apartment associations irrespective of the loan amount are analysed with a more time-efficient scoring process. The scoring process is carried out at the time of submission of the loan application, and it is one of the criteria for issuing the loan. The probability of default (PD) is calculated by reference to the customer's financial data and payment behaviour.

d) Loans to private individuals

The loan portfolio to private individuals includes secured and unsecured credit and leasing products to private individuals, including the following products:

Credit products to private individuals	Explanation
mortgage loans (private lending)	secured loan for acquiring an apartment or house (home loan)
private loans (private lending)	secured loan for free use (investment activity, renovation, etc.)
consumer loans (consumer financing)	unsecured consumer loan (issuer: subsidiary AS LHV Finance)
hire-purchase (consumer financing)	unsecured instalment payment product offered by merchants (issuer: subsidiary AS LHV Finance)
leasing	leasing for the purchase of vehicles
leveraged loans (investment financing)	loan against the collateral of publicly traded securities
credit card loans (consumer financing)	unsecured credit card loan
overdraft (private lending)	unsecured overdraft
student loan (private lending)	loan to students with a state guarantee
real estate leasing (private lending)	mortgage loan (property is owned by LHV)
instalment payment (consumer financing)	unsecured consumer financing which is repaid in 2-3 equal instalments

Credits to private individuals are also analysed with a time-efficient scoring process. The scoring process is carried out at the time of loan application, and it is one of the criteria for issuing the credit. The PD estimate is calculated based on social-demographic, delinquency and other characteristics. Credit decisions are made by the Retail Banking Credit Committee or at a lower decision level. Consumer financing products to private individuals are offered through the subsidiary LHV Finance in Estonia and credit cards from LHV Pank.

Credit risk measurement

For all issued credit products LHV uses either rating or scoring systems to assess customer credit worthiness, as outlined in the table below. For credit decisions in the corporate segment (exposure to LHV > EUR 500 thousand) expert-based rating model is used and in retail statistical scoring PD models are used. There are also separate models to cover the dimensions of Loss Given Default (LGD) and Credit Conversion Factor (CCF).

- **Retail**

In retail portfolio, the risk assessment is firstly done at loan origination. After the initial recognition, the transactional and payment behaviour of the borrower is monitored and incorporated into monthly automated update of risk estimates. Any other known information about the borrower which impacts their creditworthiness – such as financial statements of legal entities – is also incorporated into the score.

- **Corporate**

For corporate business, the rating is determined at the borrower level. A credit analyst will incorporate any updated or new information/credit assessments into the credit system on an ongoing basis. In addition, the analyst will update information about the creditworthiness of the borrower at least annually from sources such as public financial statements. This will determine the updated internal credit rating and PD.

Credit rating is assigned to a customer considering a combination of the customer's financial status and business risk. The specific financial ratios and business risk aspects considered depend on the rating model used: corporate, commercial real estate, residential development, and local government.

- ***Treasury***

For debt securities in the *Treasury* portfolio, the credit standing of the security is determined based on the ratings of external rating agencies. These ratings are continuously monitored and updated. The PDs associated with each rating are mapped to LHV's rating scale.

Credit risk ratings

The Group's rating method for corporate customers that is used to evaluate the PD consists of a total of 13 credit ratings where 1 stands for the lowest and 13 for the highest credit risk (default). Ratings 1 and 2 are attributed only to international enterprises, organisations, local governments, and countries whose solvency has been confirmed by the rating agencies with their investment grade rating. The rating classes 3-13 are also partly based on the evaluation of rating agencies, although this category includes mainly Estonian enterprises that do not have an international rating.

Models used for credit worthiness assessment

Portfolio	Segment	Definition	PD	LGD	CCF/EAD
Corporate	Corporate exposures	Loans to companies with total exposure to LHV > EUR 500 thousand	Rating models	Model	Model
Retail	SMEs, incl. micro enterprises	Loans to companies with total exposure to LHV <= EUR 500 thousand, loans to apartment associations irrespective of total exposure to LHV	Scoring models		
	Private mortgage	All mortgage loans to private individuals	Scoring models		
	Private non-mortgage	All consumer financing products and car leasing to private individuals	Scoring models		

Internal corporate rating models' PD and mapping to external ratings

LHV rating	LHV description	12 month PD%	S&P	Moody's
1		0,03	AAA	Aaa
2		0,05	AA+	Aa1
3		0,10	AA, AA-	Aa2, Aa3
4		0,20	A+, A, A-	A1, A2, A3
5	Investment grade	0,30	BBB+	Baa1
6		0,40	BBB	Baa2
7		0,50	BBB-	Baa3
8		1,00	BB+, BB	Ba1, Ba2
9		2,50	BB-	Ba3
10		5,00	B+	B1
11	Non-investment grade (including special monitoring)	10,00	B, B-	B2, B3
12		30,00	CCC/C	Caa
13	Default (including special monitoring)	100,00	D	C

Internal retail scoring models' PD scale

PD grade	Description	12-month PD%
1	Low risk	0.03
2		0.05
3		0.09
4		0.19
5		0.38
6		0.75
7	Medium risk	1.50
8		3.00
9		6.00
10	High risk	12.00
11		24.00
12		48.00
13	Default	100.00

The corporate ratings are divided into three groups: investment grade, non-investment grade and default. Investment grade is allocated when the counterparty is not overdue as at the reporting date. Special monitoring status is allocated when the rating of the counterparty is 10-13. Rating 13 (default status) is based on the definition of default.

The retail scoring model PD grades follow the same logic as in the corporate rating model where grade 1 stands for the lowest and 13 for the highest credit risk (default).

The rating methods are subject to annual validation and recalibration so that they reflect the latest projections in the light of all actually observed defaults.

The LGD and CCF estimates are categorised across product types, collateralisation, and remaining balance.

Collateral

Even though the Group only issues credits to creditworthy customers from payment ability perspective, LHV also employs a range of policies and practices to mitigate credit risk. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Group prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The valuations of the market value of collaterals are based on the principle of conservatism, which takes into account the type of collateral, its location, the likelihood of realisation and liquidity.

Expert evaluations are used to evaluate immovables. To ensure that market values are up to date, the individual valuations of commercial real estate are updated at least once a year. In the case of residential and other homogeneous types of real estate, statistical indexation models are also used for regular re-evaluation.

The main collateral types for loans and advances are:

- Mortgage
- Commercial pledge
- Commodity pledge
- Deposit
- Credit insurance
- Marketable securities
- Unlisted securities
- Pledge over the right of claim
- Guarantee of Estonian Business and Innovation Agency, the Rural Development Foundation, or the European Investment Fund
- Letter of credit
- Surety of a private person or legal entity
- Vehicle, machinery, aircraft, equipment etc.

The Group prefers collateral in the case of which there is no strong correlation between the customer's default risk and the value of the collateral. In general, the pledged assets need to be insured, the life of the collateral needs to be longer than the due date of the loan and the market value of the collateral needs to exceed the outstanding loan balance.

Unsecured loans can be issued to private customers up to a specified amount. For corporate customers this is only allowed when the cash flow forecast shows stable and significantly strong cash flows and/or the customer's credit risk is low.

Collaterals for leveraged loans are monitored daily and, if collateral value is falling, immediate measures are taken to avoid credit losses. Consumer loans and credit card loans are issued without collateral, and risk is mitigated by regular monitoring of customers' payment behaviour. Leasing and mortgage loans are all over-collateralised.

In relation to under-collateralised corporate loans, it should be taken into consideration that the Group has assessed the market value of certain collaterals conservatively (personal sureties, commercial pledges). Under-collateralised loans are mainly considered to bear higher risk, for which the Group carries out monthly monitoring in the Credit Committee, to mitigate potential credit losses.

2.2 Expected credit loss measurement

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition as summarised below.

A financial instrument that is not credit-impaired on initial recognition is classified to 'Stage 1' and its credit risk is continuously monitored by the Group.

If a significant increase in credit risk (SICR) since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit impaired. Please refer to subsection 2.2.1 'Significant increase in credit risk' for a description of how the Group determines whether a significant increase in credit risk has occurred.

If the financial instrument is credit-impaired, the financial instrument is moved to Stage 3. Please refer to subsection 2.2.2 'Definition of default and credit-impaired assets' for a description of how the Group defines 'credit-impaired' and 'default'.

For financial instruments in Stage 1, the ECL is measured at an amount equal to the portion of lifetime ECLs that results from default events possible within the next 12 months. For instruments in Stages 2 or 3, the ECL is measured based on ECLs on a lifetime basis. Please refer to subsection 2.2.3 'Measuring ECL – Explanation of inputs, assumptions, and estimation techniques' for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

A pervasive concept in measuring the ECL in accordance with IFRS 9 is the consideration of forward-looking information. Subsection 2.2.4 'Forward-looking information incorporated in the ECL model' includes an explanation of how the Group has incorporated this in its ECL models.

Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed below.

2.2.1 Significant increase in credit risk

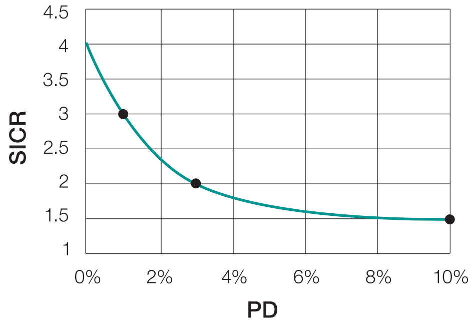
The Group considers a financial instrument to have experienced a significant increase in credit risk (SICR) when one or more of the following criteria have been met:

Quantitative criteria

The remaining lifetime PD at the reporting date has increased, compared to the lifetime PD expected at the reporting date when the exposure was first recognised, if it exceeds the relevant threshold per the table below:

Lifetime PD band at initial recognition	Increase in lifetime PD at reporting date which is considered significant
X%	≥100 bps
And	Current PD_life/Initial PD_life > 2.50+exp(0.45-50.00*Initial PD_life)

To illustrate the formula, see the SICR curve graphic below. In addition to the curve, the absolute increase in Lifetime PD must be at least 100 bps. The SICR curve shows the relation between the origination PD and the significance threshold (PD increase in number of times) for identifying significant increase in default risk.



These thresholds have been determined by assessing how the lifetime PD moves prior to an instrument becoming delinquent. The lifetime PD movements on instruments which do not subsequently become delinquent have also been assessed, to identify the natural movement in the lifetime PD, which is not considered indicative of a SICR.

Backstop

According to IFRS 9 Standard there is a rebuttable presumption that credit risk has significantly increased if contractual payments are more than 30 days past due. A backstop is applied and the financial instrument considered to have experienced a SICR if the borrower is more than 30 days past due on contractual payments.

Qualitative criteria

A significant increase in credit risk is also deemed to have happened if the exposure is in forborne status or in watch list.

Low credit risk exemption

The Group has used a low credit risk exemption for cash and nostro accounts fulfilling the liquidity portfolio criteria.

2.2.2 Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower has breached the materiality threshold in 90 consecutive days.

Qualitative criteria

The following circumstances are considered as indicators that the customer may not be able to pay the debt in full:

- there are indications of unlikeliness to pay, which show that the borrower is in significant financial difficulty;
- distressed restructuring has occurred;
- additional forbearance measures have been applied on the probation period for existing forbearance measures;
- the contract is terminated.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of 'default' used for internal credit risk management purposes. The definition has been applied consistently to model the PD, EAD and LGD throughout the Group's expected loss calculations.

In applying the default status, a customer-based approach is used both for the corporate and retail portfolio.

An instrument ceases to be in default when it no longer meets any of the default criteria throughout the probation period. The probation period should not be shorter than 3 months from the moment that the default criteria cease to exist.

Loans under distressed restructuring are considered to require particular attention in the reclassification to non-defaulted status because the assessment of days past due is based on the modified payment arrangement and the exposure cannot stop being restructured until the time it is fully repaid. Therefore, the probation period for these loans is defined as at least 1 year from the latest of:

- the moment of extending the restructuring measures;
- the moment when the exposure has been classified as defaulted;
- other end of grace period included in the restructuring arrangements.

2.2.3 Measuring ECL – Explanation of inputs, assumptions, and estimation techniques

The aim of the ECL model is to calculate the 12-month and lifetime expected credit losses that:

- are unbiased, i.e., do not include any conservatism or optimism;
- are probability-weighted amounts that are determined by evaluating three provisioning scenarios (base scenario, upside scenario and downside scenario);

- reflect the time value of money;
- use reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions.

The Group's ECL model follows the widely accepted sum of marginal losses approach, whereby ECLs are calculated as the sum of the marginal losses occurring in each period (month) from the reporting date. The marginal losses are derived from individual risk parameters (PD, LGD, EAD) that estimate exposures and losses in the case of default and the marginal PD for each period (the probability of default between time periods t and t+1).

ECL calculations are based on four components:

- PD is an estimate of the likelihood of default over a given time horizon.
- EAD is an estimate of the exposure at a future default date, taking into account the expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.
- LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that LHV would expect to receive, including from any collateral. LGD is expressed as a percentage of EAD.
- Discount factor is used to discount an expected loss to a present value at the reporting date.

Mathematically, the ECL amount for the prediction horizon T (12 months or lifetime, depending on whether 12-month or lifetime ECL estimates are calculated) is expressed as follows:

$$ECL_T = \sum_{t=1}^{T} PD_t * LGD_t * EAD_t * d_t$$

Where:

t = 0
T – a one-month period within the prediction horizon
T; for a 12-month ECL estimate
T = 12 months; for a lifetime ECL estimate
T = expected life of the lending exposure
PDt – marginal PD for month t
LGDt – LGD as estimated for month t
EADt – exposure amount, incl. expected drawdowns of undrawn commitments, at month t
dt – discount factor for month t

For the defaulted exposures, ECL is computed as:

$$ECL_T \sum_{t=1}^{T} LGD_t * Exposure_t * d_t$$

Each of the risk dimensions (PD, LGD, EAD) is covered with internally developed rating and scoring models. These models have been developed for business and credit management.

The key issue in ECL modelling is to transform the available risk parameter values into forward-looking point-in-time (PiT) estimates and feed them into the expected credit loss calculation formula.

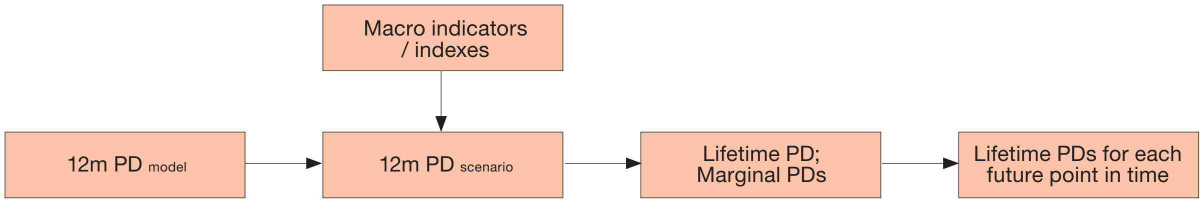
	IFRS 9 parameters
PD	• 12-month PD; lifetime PD broken down further into marginal probabilities for sub-periods • Forward-looking PiT estimate, reflecting assessment of current and future economic conditions, and a range of possible future outcomes • No regulatory floors or margins of conservatism applied
LGD	• Neutral PiT projections • Consider current and future economic conditions, and a range of possible future outcomes • Recoveries discounted, using EIR as discount rate • No regulatory floors or margins of conservatism applied
CCF/EAD	• Reflects expected changes in the balance outstanding over the lifetime of the lending exposure, incl. scheduled loan payments and prepayments
ECL	• PV of cash shortfalls. For Stage 1 exposures, 12-month PD is used. For Stage 2 exposures, lifetime PD is used. For Stage 3 exposures, PD = 100%

The following paragraphs outline how the existing underlying models are leveraged off for the ECL measurement. Each risk dimension is discussed in detail in the following chapters.

Feeding PDs from underlying rating and scoring models into ECL model

Instead of the historically based or long-run average 12-month PDs (model PDs), forward-looking 12-month and lifetime PiT estimates and marginal PDs are required for the expected credit loss calculation in accordance with IFRS 9.

The transformation of the model PD (PD model) is performed in the following flow:



Next, forward-looking 12-month PiT estimate is converted to lifetime PD and marginal PDs. This is done using the segment-specific standard default curve which gives the timing of the expected defaults for the remaining life of an exposure.

Lastly, lifetime PDs for each of the future points in time till the end of the expected life of the exposure are calculated.

Feeding LGDs from underlying models into ECL model

In the LGD dimension, the use of the underlying LGD models differs for secured and unsecured lending exposures.

The LGD for the secured part of the secured loan is estimated from fire-sale price of the collateral.

LGDs for the unsecured exposures and unsecured parts of the secured exposures rely on historical portfolio level statistics.

Further, macroeconomic scenarios are incorporated into both secured and unsecured LGDs as applicable for the defined provisioning scenarios.

Feeding CCF estimates from underlying models into ECL model

Internal CCF estimates feed directly into the ECL model and are used in the calculation of EAD. No further adjustments are needed for the CCF (because the internal estimates do not include margins of conservatism), through the cycle (TtC) nor downturn adjustments.

2.2.4 Forward-looking information incorporated in the ECL model

In order to incorporate forward-looking information into the ECL measurement and capture a range of possible outcomes for the future conditions, probability-weighted ECL amounts based on the three provisioning scenarios (base, upside and downside) are calculated. This approach enables to reflect non-linear relationships between alternative scenarios and the ECL.

Mathematically:

$$ECL = p_{base} * ECL_{base} + p_{up} * ECL_{up} + p_{down} * ECL_{down}$$

Where:

p_{base}, p_{up}, p_{down} – probabilities of the base, upside and downside scenarios, respectively

ECL_{base}, ECL_{up}, ECL_{down} – expected credit loss amounts calculated for each of the defined scenarios

ECLs for each of the defined scenarios are derived based on the general formula, using scenario specific risk parameter values.

Probability-weighted lifetime PD estimates for the purpose of assessing significant increase in credit risk are calculated in the same way:

$$PD = p_{base} * PD_{base} + p_{up} * PD_{up} + p_{down} * PD_{down}$$

Where:

PD_{base}, PD_{up}, PD_{down} – lifetime PD estimates corresponding to each of the defined scenarios

Selected indicators for private individuals credit portfolios

The relative importance of selected macro indicators for private individuals credit portfolios are shown in the table below.

	Weights
Euribor + Margin	29%
HPI growth	14%
Household consumption growth	19%
Real GDP growth	17%
Unemployment rate	21%
Total	**100%**

Note. The relative importance of each of the indicator is calculated based on the indicator's weights.

Selected indicators for companies

A wide range of macroeconomic and sector-specific indicators was considered for companies. The analysis was conducted based on two industry breakdowns:

1) broad industry sector level based on letter codes of the NACE Rev.2 classification, and
2) sub-sectors based on lower-level numerical codes of the NACE Rev.2 classification.

The following conclusions were drawn from the analysis:

- All sectors have been affected by the same credit cycle and have experienced major sector-wide financial difficulties at the same time. Despite that, there are certain idiosyncratic differences between the industry sub-sectors, e.g., in manufacturing.
- There are only a few variables that work; the variables that have explanatory power tend to work similarly for most of the industry sectors:
    - GDP growth, which explains the general state of economy,
    - change in turnover,
    - change in number of persons employed.
- Change in an industry sector's profit/loss was also tested but it tends to be too volatile for drawing conclusions on substantial change in default risk.
- A few macro indicators are significant for certain industry sectors, sub-sectors and/or groupings of sub-sectors even if correlations are difficult to show due to low numbers of observations and/or because of a relatively short observation period. e.g.:

- export conditions for export-oriented industries such as: metal products, chemical products, and electrical equipment,
- population growth and income growth for residential real estate,
- household consumption growth for industries that focus on internal consumption such as retail trade.

- In conclusion, the gross value added by industry sectors was selected as the indicator for companies, given several considerations:
    - observed correlation with the considered proxies for default rates;
    - GDP, which is a close indicator to the gross value added, is the preferred approach at the industry level;
    - it is easier to project for a macroeconomist than alternative indicators.

Economic variable assumptions

Macroeconomic scenarios (forecasts) with their indicators (incl. corporate portfolio PD and LGD estimates) are developed at least once a year internally in the Financial Risk Department that consults with the macro analysts and experts from credit management, business and finance units.

Macro developments are monitored on a quarterly basis as new macroeconomic data becomes available. Forecasts are updated as necessary to ensure timely inclusion of new forward-looking information into the ECL estimates.

The provisioning scenarios and significant updates to the scenarios are discussed in Risk Committee and approved by Chief Risk Officer.

The most significant period-end assumptions used for the ECL estimate as at 31 December 2024 are set out below. The base, downside and upside scenarios were used for all portfolios.

Assumptions in companies ECL estimate, valid at 31 Dec 2024

	Base scenario			Downside scenario		Upside scenario	
General macro-financial indicators	**2024E**	**2025E**	**2026E**	**2025E**	**2026E**	**2025E**	**2026E**
Real GDP growth, %	-0.7%	1.6%	2.9%	0.8%	2.3%	1.9%	3.0%
Household consumption, %	-0.1%	1.6%	2.6%	0.8%	2.1%	2.8%	2.7%
Government consumption, %	1.5%	-3.4%	1.6%	-4.2%	1.0%	-1.0%	1.8%
Gross fixed capital formation, %	-4.0%	4.2%	1.1%	3.7%	0.6%	4.3%	2.0%
Exports of goods and services, %	-0.8%	3.4%	3.8%	2.4%	3.3%	3.2%	3.6%
Imports of goods and services, %	0.5%	3.2%	2.8%	2.2%	2.3%	3.5%	3.4%
Nominal GDP, EUR million	39,161	41,132	43,404	40,585	42,266	41,126	43,334
GDP deflator, % change	3.4%	3.4%	2.6%	3.2%	1.8%	2.9%	2.3%
Consumer price growth, %	3.6%	4.3%	3.6%	5.1%	4.4%	3.7%	3.3%
Unemployment rate, %	7.6%	7.3%	6.9%	7.8%	7.7%	6.7%	5.9%
Change in employment, %	0.2%	-0.3%	0.1%	-0.7%	0.0%	0.0%	0.4%
Net monthly wage growth, %	6.2%	2.1%	12.1%	1.7%	11.5%	3.0%	13.1%
House price index growth, %	-2.0%	0.0%	2.0%	-5.0%	0.0%	2.0%	4.0%
Euribor 6m	3.5%	2.0%	1.9%	2.5%	2.2%	2.0%	1.7%
Bank lending margins on new loans (NFC)	2.2%	2.1%	2.2%	2.0%	2.1%	2.2%	2.2%

Nominal growth

	Base scenario			Downside scenario		Upside scenario	
Gross value added by sectors, YoY growth rates	**2024E**	**2025E**	**2026E**	**2025E**	**2026E**	**2025E**	**2026E**
Total - all NACE activities	1.7%	5.1%	5.6%	3.4%	4.2%	5.3%	6.0%
Agriculture, forestry, and fishing	0.6%	5.7%	3.2%	2.1%	2.7%	5.1%	2.9%
Industrial sector, except construction	-6.2%	4.1%	4.5%	1.3%	2.4%	4.1%	4.5%
Industrial sector, except construction and manufacturing (mostly energy related)	-12.6%	3.5%	4.6%	1.2%	2.9%	3.2%	4.8%
Manufacturing	-4.0%	4.3%	4.5%	1.3%	2.3%	4.4%	4.5%
Construction	-0.4%	1.7%	3.5%	1.6%	2.3%	2.5%	4.7%
Wholesale and retail trade, transport, accommodation, and food service activities	-0.5%	4.7%	4.3%	1.8%	3.5%	4.9%	5.6%
Information and communication	12.5%	9.4%	9.7%	9.1%	8.6%	10.2%	9.3%
Financial and insurance activities	14.9%	10.3%	9.4%	7.8%	8.3%	10.6%	10.0%
Real estate activities	-2.2%	2.4%	4.1%	1.8%	2.9%	2.9%	5.1%
Professional, scientific, and technical activities; administrative and support service activities	-0.2%	3.3%	5.6%	2.5%	2.8%	3.5%	4.6%
Public administration, defence, education, human health and social work activities	8.4%	5.8%	6.6%	5.1%	5.6%	6.1%	7.2%
Arts, entertainment, and recreation; other service activities; activities of household and extra-territorial organisations and bodies	2.4%	4.2%	5.1%	3.9%	3.1%	4.9%	4.9%

The most significant period-end assumptions used for the ECL estimate as at 31 December 2023 are set out below. The base, downside and upside scenarios were used for all portfolios.

Assumptions in companies ECL estimate. valid at 31 Dec 2023

	Base scenario		Downside scenario		Upside scenario	
General macro-financial indicators	**2024E**	**2025E**	**2024E**	**2025E**	**2024E**	**2025E**
Real GDP growth, %	-0.4%	3.2%	-1.0%	2.0%	0.0%	4.0%
Household consumption, %	0.1%	3.3%	-0.5%	2.5%	0.5%	3.9%
Government consumption, %	3.5%	-1.1%	-1.0%	0.0%	4.5%	0.0%
Gross fixed capital formation, %	-5.0%	5.6%	-7.0%	3.6%	-3.0%	7.5%
Exports of goods and services, %	-1.3%	3.5%	-2.3%	1.5%	0.0%	4.0%
Imports of goods and services, %	-3.1%	3.2%	-4.5%	1.5%	0.0%	4.5%
Nominal GDP, EUR million	39,100	41,319	39,345	41,537	39,286	41,756
GDP deflator, % change	4.3%	2.4%	5.7%	3.5%	3.8%	2.2%
Consumer price growth, %	3.4%	1.9%	5.0%	4.0%	3.0%	1.7%
Unemployment rate, %	9.0%	8.1%	9.5%	8.5%	6.7%	6.5%
Change in employment, %	-3.3%	0.1%	-3.9%	0.0%	-1.9%	1.0%
Net monthly wage growth, %	4.2%	4.3%	3.6%	3.8%	4.6%	5.3%
House price index growth, %	-5.0%	5.0%	-6.0%	3.0%	-3.0%	5.5%
Euribor 6m	3.3%	2.5%	3.5%	3.3%	3.2%	2.4%
Bank lending margins on new loans (NFC)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Nominal growth

	Base scenario		Downside scenario		Upside scenario	
Gross value added by sectors. YoY growth rates	**2024E**	**2025E**	**2024E**	**2025E**	**2024E**	**2025E**
Total - all NACE activities	4.8%	6.6%	5.8%	8.3%	4.7%	7.7%
Agriculture, forestry, and fishing	-0.5%	5.7%	0.2%	5.6%	1.7%	6.3%
Industrial sector, except construction	3.9%	6.3%	7.8%	6.2%	5.1%	6.3%
Industrial sector, except construction and manufacturing (mostly energy related)	3.9%	3.7%	12.5%	3.7%	3.8%	6.3%
Manufacturing	3.9%	7.5%	5.6%	7.4%	5.7%	6.3%
Construction	7.7%	9.4%	2.7%	19.8%	7.4%	8.1%
Wholesale and retail trade, transport, accommodation, and food service activities	4.5%	6.3%	8.9%	9.1%	4.4%	6.9%
Information and communication	6.7%	7.8%	6.1%	8.4%	7.3%	7.7%
Financial and insurance activities	6.3%	0.9%	7.1%	0.8%	1.4%	7.3%
Real estate activities	5.1%	7.6%	7.2%	7.5%	5.6%	8.3%
Professional, scientific, and technical activities; administrative and support service activities	5.2%	8.9%	6.0%	8.8%	5.8%	9.5%
Public administration, defence, education, human health and social work activities	4.6%	5.7%	1.0%	8.6%	2.4%	9.4%
Arts, entertainment, and recreation; other service activities; activities of household and extra-territorial organisations and bodies	2.0%	6.6%	2.3%	8.0%	3.8%	6.3%

The weightings assigned to each economic scenario were as follows:

Weights of economic scenarios

	Base scenario	Downside scenario	Upside scenario
Valid on 31 Dec 2024	60%	25%	15%
Valid on 31 Dec 2023	60%	25%	15%

2.2.5 Credit loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period, and the consequent step up (or step down) between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular update of model inputs;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period (see subsection 2.2.6).

Allowances based on individual assessments

Allowances based on individual assessments are formed, using discounted cash flow approach. The amount of the loan loss allowance is measured as the difference between the lending exposure's carrying amount and the estimated future cash flows discounted at the effective interest rate. Individual loss allowances are assessed on a conservative basis for exposures of corporate customers classified as non-performing (default, rating 13) customers when the loan payments have not been collected by the due date and/or there is high uncertainty that expected cash flows from the realisation of collateral are not sufficient for covering the carrying amount of the loan principal and interest payments.

Model overlay may be applied to the modelled outcome to incorporate an estimated impact of factors not captured by the model. As of 31 December 2024, a model overlay of EUR 3.7 million was applied to account for the anticipated impact of changes to the ECL estimation methodology planned for 2025. This overlay was introduced to reflect adjustments in assumptions related to the expected behavioural maturity of credit facilities and their effect on ECL calculations.

Minimum provisioning level for loans that become non-performing

The regulation (EU) 2019/630, amending Regulation (EUR) No 575/2013, establishes minimum loss coverage requirements for non-performing exposures. The aim is to ensure that banks maintain sufficient financial resources to cover potential losses from loans that are unlikely to be repaid fully. The regulation pre-defines the minimum provisioning levels for the non-performing exposures depending on the length in years in default. All non-performing exposures should have following minimum provisioning levels (percentage of exposure):

	Years in default									
Type of contract	1	2	3	4	5	6	7	8	9	10
Unsecured exposure			100	100	100	100	100	100	100	100
Secured (immovable property collateral)				25	35	55	70	100	100	100
Secured (other collateral)				25	35	55	80	100	100	100
Export credit guarantee/insurance								100	100	100

In case non-performing exposure is only partly secured, the unsecured part of non-performing exposure is considered as unsecured exposure and the provision level of unsecured exposure should be used for this part of non-performing exposure.

2.2.6 Write-off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event.

Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovery.

If it is not feasible or economically reasonable for the Group to take measures to recover the claims that are being discounted, the claim is assessed as non-performing and is removed from the statement of financial position. If an irrecoverable claim is received subsequently, receipts are recognised as income.

At least one of the conditions must be filled to declare a claim irredeemable based on the product class.

Credit cards, consumer loan and hire purchase

- There has been no significant contribution in 12 months since the customer's insolvency (default) and the court proceedings relating to arrears have terminated to the Group's detriment or the customer fails to comply with the court decision
- The customer has been declared bankrupt or insolvent
- The court has approved a debt restructuring plan (the claim recognised in the plan is less than the actual claim)
- Criminal proceedings have been initiated in relation to issued credit or fraud has been used to obtain credit
- The customer is dead and bankruptcy is declared after the inventory of the estate
- The customer associated with the claim handed over to the bailiff has a foreign address or none at all.

Leasing, private and business loans

- The customer does not voluntarily reimburse the Group's claim resulting from the difference between the original claim and the realisation of the collateral.

2.2.7 Modifications of financial assets

The Group sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset.

The Group monitors the subsequent performance of modified assets. The Group may determine that credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

2.3 Credit risk exposure

The following tables contain an analysis of the credit risk exposure of financial instruments. The gross carrying amount of financial assets below also represents the Group’s maximum exposure to credit risk on these assets. Information on how the ECL is measured and how the three stages are determined is included in subsection 2.2. ‘Expected credit loss measurement’

2.3.1 Risk concentration

Financial assets and liabilities by geographic region as at 31 Dec 2024

EUR thousand	Note	Estonia	Germany	Other EU	USA	UK	Other	Total
Cash and cash equivalents, due from central banks and investment companies	6	2,960,046	0	412,219	14,143	31,062	1,287	**3,418,757**
Financial assets at fair value through profit or loss	7	190	2	7,249	30	1	2	**7,474**
Investments in debt securities at amortised cost	8	201,148	0	82,385	0	0	0	**283,533**
Loans and advances to customers	9	4,156,287	1,164	38,344	660	1,039	6,305	**4,203,799**
Receivables from customers and other receivables	10	2,689	0	0	0	0	0	**2,689**
Other financial assets	11	0	0	0	100	0	0	**100**
Total financial assets		**7,320,360**	**1,166**	**540,197**	**14,933**	**32,102**	**7,594**	**7,916,352**
Deposits from customers	13	4,603,318	8,798	1,303,193	34,694	294,679	48,843	**6,293,525**
Loans received and debt securities in issue	13	0	0	840,300	0	0	0	**840,300**
Subordinated debt	16	134,656	0	0	0	0	0	**134,656**
Accounts payable and other financial liabilities	14	57,454	0	0	0	0	0	**57,454**
Financial liabilities at fair value	7	24	0	0	0	0	0	**24**
Total financial liabilities		**4,795,452**	**8,798**	**2,143,493**	**34,694**	**294,679**	**48,843**	**7,325,959**

Financial assets and liabilities by geographic region as at 31 Dec 2023

EUR thousand	Note	Estonia	Germany	Other EU	USA	UK	Other	Total
Cash and cash equivalents, due from central banks and investment companies	6	2,440,148	0	367,348	27,363	2,887	146	**2,837,892**
Financial assets at fair value through profit or loss	7	319	6	6,586	29	1	4	**6,945**
Investments in debt securities at amortised cost	8	166,205	0	155,683	0	0	0	**321,888**
Loans and advances to customers	9	3,448,834	845	25,917	560	67,346	5,011	**3,548,513**
Receivables from customers and other receivables	10	17,833	0	0	0	0	0	**17,833**
Other financial assets	11	0	0	0	100	0	0	**100**
Total financial assets		**6,073,339**	**851**	**555,534**	**28,052**	**70,234**	**5,161**	**6,733,171**
Deposits from customers	13	4,094,733	132,432	985,299	72,933	220,184	29,139	**5,534,720**
Loans received and debt securities in issue	13	0	0	486,568	0	0	0	**486,568**
Subordinated debt	16	114,054	0	0	0	0	0	**114,054**
Accounts payable and other financial liabilities	14	78,561	0	0	0	0	0	**78,561**
Financial liabilities at fair value	7	1,843	0	0	0	0	0	**1,843**
Total financial liabilities		**4,289,191**	**132,432**	**1,471,867**	**72,933**	**220,184**	**29,139**	**6,215,746**

2.3.2 Distribution of loans granted by industry

Distribution of loans granted by industry (net)

EUR thousand	31 Dec 2024	%	31 Dec 2023	%
Individuals	1,650,332	39.3%	1,356,775	38.24%
Agriculture	57,419	1.4%	100,564	2.83%
Mining and quarrying	1,135	0.0%	1,471	0.04%
Manufacturing	186,630	4.4%	173,535	4.89%
Energy	216,640	5.2%	175,504	4.95%
Water and utilities	27,889	0.7%	17,435	0.49%
Construction	98,744	2.3%	97,056	2.74%
Wholesale and retail	167,700	4.0%	196,774	5.55%
Transport and logistics	68,077	1.6%	75,426	2.13%
Hotels and restaurants	22,735	0.5%	15,686	0.44%
Information and communication	25,882	0.6%	16,260	0.46%
Financial services	154,835	3.7%	169,089	4.77%
Real estate	1,110,531	26.4%	809,392	22.81%
Professional, scientific, and technical activities	142,892	3.4%	84,613	2.38%
Administrative activities	114,177	2.7%	102,490	2.89%
Public management	50,560	1.2%	63,062	1.78%
Education	4,959	0.1%	4,414	0.12%
Health	26,834	0.6%	17,414	0.49%
Art and entertainment	69,503	1.7%	57,939	1.63%
Other servicing activities	6,325	0.2%	13,614	0.38%
Total (Note 9)	**4,203,799**	**100.0%**	**3,548,513**	**100.00%**

2.3.3 Loan portfolio by internal ratings and stages

Credit quality of loan portfolio by internal ratings and stages

EUR thousand	Stage 1	Stage 2	Stage 3	Total 31 Dec 2024	Grading
3 low credit risk	0	0	0	0	
4 low credit risk	3,958	0	0	3,958	
5 low credit risk	152,454	670	0	153,124	
6 low credit risk	443,523	14,624	0	458,147	Investment grade
7 medium credit risk	475,913	21,832	0	497,745	
8 medium credit risk	653,952	59,039	0	712,991	
9 heightened credit risk	328,732	42,801	0	371,533	
10 high credit risk	1,959	33,489	0	35,448	Non-investment grade (incl. special monitoring)
11 high credit risk	17,935	25,854	0	43,789	
12 payments are delayed	0	50,198	0	50,198	
13 insolvent	0	0	16,695	16,695	Default
Non-rated (retail clients) low risk	1,563,512	140,127	0	1,703,639	
Non-rated (retail clients) medium risk	72,757	62,765	0	135 522	
Non-rated (retail clients) high risk	618	16,126	4,266	21,010	
Total	**3,715,313**	**467,525**	**20,961**	**4,203,799**	

Credit quality of loan portfolio by internal ratings and stages

EUR thousand	Stage 1	Stage 2	Stage 3	Total 31 Dec 2023	Grading
3 low credit risk	0	0	0	0	
4 low credit risk	8,741	0	0	8,741	
5 low credit risk	99,445	1,425	0	100,869	
6 low credit risk	377,222	8,673	0	385,896	Investment grade
7 medium credit risk	503,215	4,316	0	507,531	
8 medium credit risk	612,947	36,085	0	649,032	
9 heightened credit risk	200,038	55,186	0	255,224	
10 high credit risk	1,332	51,274	0	52,606	Non-investment grade (incl. special monitoring)
11 high credit risk	35,511	3,347	0	38,858	
12 payments are delayed	0	12,011	0	12,011	
13 insolvent	0	0	9,924	9,924	Default
Non-rated (retail clients)	1,413,013	109,256	5,551	1,527,820	
Total	**3,251,464**	**281,573**	**15,475**	**3,548,513**	

Unused portions of loan portfolio and financial guarantee limits are presented in the following tables.

Credit quality of commitments accounted for off the statement of financial position
(unused loan commitments and financial guarantees)

EUR thousand	Stage 1	Stage 2	Stage 3	31 Dec 2024
3 low credit risk	0	0	0	0
4 low credit risk	323	0	0	323
5 low credit risk	17,591	0	0	17,591
6 low credit risk	75,889	1,234	0	77,123
7 medium credit risk	95,138	291	0	95,429
8 medium credit risk	231,845	2,553	0	234,398
9 heightened credit risk	132,650	3,292	0	135,942
10 high credit risk	15,270	699	0	15,969
11 high credit risk	1	836	0	837
12 non-satisfactory rating	0	10,205	0	10,205
13 insolvent	0	0	3,036	3,036
Non-rated (retail clients)	26,136	1,586	1	27,723
Total	**594,843**	**20,696**	**3,037**	**618,577**

Credit quality of commitments accounted for off the statement of financial position
(unused loan commitments and financial guarantees)

EUR thousand	Stage 1	Stage 2	Stage 3	31 Dec 2023
3 low credit risk	0	0	0	0
4 low credit risk	0	0	0	0
5 low credit risk	69,556	0	0	69,556
6 low credit risk	58,102	44	0	58,147
7 medium credit risk	45,577	0	0	45,577
8 medium credit risk	265,959	272	0	266,231
9 heightened credit risk	71,290	9,804	0	81,093
10 high credit risk	0	2,804	0	2,804
11 high credit risk	1	0	0	1
12 non-satisfactory rating	0	636	0	636
13 insolvent	0	0	4,466	4,466
Non-rated (retail clients)	24,950	979	7	25,935
Total	**535,434**	**14,539**	**4,473**	**554,446**

2.4 Quality of credit portfolio

2.4.1 Distribution of loans by economic sectors and stages

Loans by economic sectors and stages as at 31 Dec 2024 (net)

EUR thousand	Stage 1	Stage 2	Stage 3	Allowance for credit losses	Total
Individuals	1,459,694	190,727	7,146	-7,235	1,650,332
Agriculture	42,577	14,996	31	-185	57,419
Mining and quarrying	105	1,022	36	-28	1,135
Manufacturing	131,634	49,937	18,336	-13,277	186,630
Energy	215,498	2,391	0	-1,249	216,640
Water and utilities	27,882	314	0	-307	27,889
Construction	95,190	4,191	47	-684	98,744
Wholesale and retail	155,804	12,691	616	-1,411	167,700
Transport and logistics	66,802	1,890	8	-623	68,077
Hotels and restaurants	21,498	1,157	150	-70	22,735
Information and communication	22,183	3,773	102	-176	25,882
Financial services	154,092	1,525	0	-782	154,835
Real estate	982,112	128,858	8,197	-8,636	1,110,531
Professional, scientific, and technical activities	133,581	9,309	331	-329	142,892
Administrative activities	96,100	18,651	73	-647	114,177
Public management	46,572	4,086	0	-98	50,560
Education	2,625	3,356	0	-1,022	4,959
Health	26,117	819	0	-102	26,834
Art and entertainment	40,160	31,525	0	-2,182	69,503
Other servicing activities	5,726	611	14	-26	6,325
Total	**3,725,952**	**481,829**	**35,087**	**-39,069**	
Allowance for credit losses	-10,640	-14,303	-14,126		
Total loan portfolio	**3,715,312**	**467,526**	**20,961**		**4,203,799**

Loans by economic sectors and stages as at 31 Dec 2023

EUR thousand	Stage 1	Stage 2	Stage 3	Allowance for credit losses	Total
Individuals	1,266,071	89,683	7,593	-6,572	1,356,775
Agriculture	96,489	4,410	6	-341	100,564
Mining and quarrying	915	583	54	-81	1,471
Manufacturing	137,540	28,214	12,816	-5,035	173,535
Energy	176,400	170	12	-1,078	175,504
Water and utilities	17,619	25	0	-209	17,435
Construction	83,200	15,426	33	-1,603	97,056
Wholesale and retail	182,818	14,518	1,336	-1,898	196,774
Transport and logistics	66,531	9,586	0	-691	75,426
Hotels and restaurants	12,571	2,862	406	-153	15,686
Information and communication	15,725	551	45	-61	16,260
Financial services	170,081	174	0	-1,166	169,089
Real estate	727,905	87,849	824	-7,186	809,392
Professional, scientific, and technical activities	81,198	3,307	376	-268	84,613
Administrative activities	100,311	2,746	17	-584	102,490
Public management	58,391	4,946	0	-275	63,062
Education	2,487	3,300	3	-1,376	4,414
Health	17,002	504	0	-92	17,414
Art and entertainment	37,591	21,657	0	-1,309	57,939
Other servicing activities	12,858	827	7	-78	13,614
Total	**3,263,703**	**291,338**	**23,528**	**-30,056**	
Allowance for credit losses	-12,237	-9,766	-8,053		
Total loan portfolio	**3,251,466**	**281,572**	**15,475**		**3,548,513**

2.4.2 Distribution of loans by loan types and stages

The following tables explain the changes in the credit loss allowances as well as changes in stages by loan types between the beginning and the end of the reporting period due to factors described in subsection 2.2 of this section.

Loans by loan types and stages (net)

EUR thousand	Stage 1	Stage 2	Stage 3	Allowance for credit losses	Total
Corporate lending	2,138,859	270,673	25,302	-30,260	2,404,574
Consumer financing	66,906	34,193	3,814	-4,911	100,002
Investment financing	9,856	58	6	-5	9,915
Leasing	155,903	21,540	2,673	-1,589	178,527
Private lending	1,354,428	155,365	3,292	-2,304	1,510,781
Total as at 31 Dec 2024	**3,725,952**	**481,829**	**35,087**	**-39,069**	**4,203,799**
Corporate lending	1,881,294	178,453	13,841	-21,399	2,052,189
Consumer financing	90,697	16,128	2,473	-4,310	104,988
Investment financing	9,951	23	7	-11	9,970
Leasing	141,419	24,277	2,103	-2,107	165,692
Private lending	1,140,342	72,457	5,104	-2,229	1,215,674
Total as at 31 Dec 2023	**3,263,703**	**291,338**	**23,528**	**-30,056**	**3,548,513**

Stage 1

EUR thousand	Initial	New	Amortisation	Migration	Allowance for credit losses	Total
Corporate lending	1,881,294	856,660	-453,382	-145,713	-9,450	2,129,409
Consumer financing	90,697	33,676	-30,899	-26,568	-426	66,480
Investment financing	9,951	4,212	-4,223	-84	-4	9,852
Leasing	141,419	70,130	-45,051	-10,595	-462	155,441
Private lending	1,140,342	419,455	-128,052	-77,317	-298	1,354,130
Total	**3 263 703**	**1 384 133**	**-661 607**	**-260 277**	**-10 640**	**3 715 312**
Corporate lending	-10,884	-4,665	5,176	923	-9,450	
Consumer financing	-536	-275	568	-183	-426	
Investment financing	-9	-2	7	0	-4	
Leasing	-476	-206	274	-55	-463	
Private lending	-332	-177	429	-217	-297	
Total	**-12,237**	**-5,325**	**6,454**	**468**	**-10,640**	

Stage 2

EUR thousand	Initial	New	Amortisation	Migration	Allowance for credit losses	Total
Corporate lending	178,453	19,923	-60,300	132,597	-10,839	259,834
Consumer financing	16,128	5,997	-10,660	22,728	-1,976	32,217
Investment financing	23	0	-44	79	0	58
Leasing	24,277	4,251	-15,657	8,669	-440	21,100
Private lending	72,457	17,837	-12,298	77,369	-1,048	154,317
Total	**291,338**	**48,008**	**-98,959**	**241,442**	**-14,303**	**467,526**
Corporate lending	-6,261	-2,076	-2,080	-421	-10,839	
Consumer financing	-1 905	-576	-150	655	-1,976	
Investment financing	0	0	0	0	0	
Leasing	-884	-112	419	137	-440	
Private lending	-716	-222	-10	-101	-1,048	
Total	**-9,766**	**-2,986**	**-1,821**	**270**	**-14,303**	

Stage 3

EUR thousand	Initial	New	Amortisation	Migration	Allowance for credit losses	Total
Corporate lending	13,841	321	-1,975	13,115	-9,971	15,331
Consumer financing	2,473	198	-2,696	3,839	-2,509	1,305
Investment financing	7	0	-5	4	-1	5
Leasing	2,103	18	-1,374	1,926	-687	1,986
Private lending	5,104	35	-1,795	-52	-958	2,334
Total	**23,528**	**572**	**-7,845**	**18,832**	**-14,126**	**20,961**
Corporate lending	-4,254	-2,868	-2,347	-502	-9,971	
Consumer financing	-1,869	-220	52	-472	-2,509	
Investment financing	-2	0	1	0	-1	
Leasing	-747	-97	239	-82	-687	
Private lending	-1,181	-164	68	317	-958	
Total	**-8,053**	**-3,349**	**-1,987**	**-739**	**-14,126**	

2.4.3 Transfers between stages

The following table explains the changes in the loan stages between the beginning and the end of the reporting period due to factors described in subsection 2.2 of this section.

Inter-stage transfers in 2024 (gross)

EUR thousand	1 > 2	1 > 3	2 > 1	2 > 3	3 > 1	3 > 2
Corporate lending	185,483	64	39,834	13,274	0	222
Consumer financing	29,243	1,352	4,027	2,675	0	187
Investment financing	80	4	0	0	0	0
Leasing	16,352	39	5,796	2,048	0	161
Private lending	104,556	686	27,925	852	0	1,590
Total	**335,714**	**2,145**	**77,582**	**18,849**	**0**	**2,160**

Inter-stage transfers in 2024 (provision)

EUR thousand	1 > 2	1 > 3	2 > 1	2 > 3	3 > 1	3 > 2
Corporate lending	-1,671	-1	-750	-657	0	-156
Consumer financing	-142	-29	-354	-583	0	-140
Investment financing	0	0	0	0	0	0
Leasing	-36	0	-91	-111	0	-29
Private lending	-21	0	-238	-42	0	-360
Total	**-1,870**	**-30**	**-1,433**	**-1,393**	**0**	**-685**

Inter-stage transfers in 2023 (gross)

EUR thousand	1 > 2	1 > 3	2 > 1	2 > 3	3 > 1	3 > 2
Corporate lending	141,777	977	46,990	11,896	0	16
Consumer financing	7,343	890	970	739	0	111
Investment financing	18	7	0	0	0	0
Leasing	7,393	413	6,780	425	0	16
Private lending	35,153	1,013	96,862	1,513	0	646
Total	**191,684**	**3,300**	**151,602**	**14,573**	**0**	**789**

2.4.4 Loans against collateral

In the tables below, collateral information of loans and advances is disclosed based on the collateral type and carrying amount or fair value (if lower) of the collateral held. The under-collateralised amount of secured loans is presented as unsecured loans.

Loans against collateral as at 31 Dec 2024 (net)

EUR thousand	Corporate lending	Consumer financing	Investment financing	Leasing	Private lending	Total
Listed securities	0	0	8,787	0	0	**8,787**
Unlisted equity securities	20,619	0	0	0	4,928	**25,547**
Mortgages, real estate	1,451,284	0	0	0	1,452,519	**2,903,803**
Guarantee of Estonian Business and Innovation Agency, and Rural Development Foundation	50,132	0	0	0	6,708	**56,840**
Pledges of rights of claim	136,742	0	0	0	0	**136,742**
Deposits	1,491	0	553	0	1,340	**3,384**
Leased assets	0	0	0	137,087	0	**137,087**
Others	32,655	0	0	0	10,494	**43,149**
Unsecured loans or unsecured part of secured loans	711,651	100,002	575	41,440	34,792	**888,460**
Total	**2,404,574**	**100,002**	**9,915**	**178,527**	**1,510,781**	**4,203,799**

Loans against collateral as at 31 Dec 2023 (net)

EUR thousand	Corporate lending	Consumer financing	Investment financing	Leasing	Private lending	Total
Listed securities	0	0	8,925	0	0	**8,925**
Unlisted equity securities	23,419	0	0	0	3,573	**26,992**
Mortgages, real estate	1,185,368	0	0	0	1,180,791	**2,366,159**
Guarantee of Estonian Business and Innovation Agency, and Rural Development Foundation	45,859	0	0	0	4,690	**50,549**
Pledges of rights of claim	147,919	0	0	0	0	**147,919**
Deposits	6,942	0	658	0	1,300	**8,900**
Leased assets	0	0	0	130,340	0	**130,340**
Others	37,695	0	0	0	7,930	**45,625**
Unsecured loans or unsecured part of secured loans	604,987	104,988	387	35,352	17,390	**763,104**
Total	**2,052,189**	**104,988**	**9,970**	**165,692**	**1,215,674**	**3,548,513**

Over and under-collateralised loans by stages as at 31 Dec 2024 (net)

	Over-collateralised loans		Under-collateralised loans		Total	
EUR thousand	Carrying value	Fair value of collateral	Carrying value	Fair value of collateral	Carrying value	Fair value of collateral
Stage 1	**1,699,915**	**2,575,503**	**2,015,397**	**1,208,945**	**3,715,312**	**3,784,448**
Corporate Lending	684,575	963,334	1,444,834	772,697	2,129,409	1,736,031
Consumer Financing	0	0	66,480	0	66,480	0
Investment Financing	6,622	29,383	3,230	2,668	9,852	32,051
Leasing	20,261	29,787	135,180	97,755	155,441	127,542
Private Lending	988,457	1,552,999	365,673	335,825	1,354,130	1,888,824
Stage 2	**249,332**	**457,386**	**218,194**	**138,160**	**467,526**	**595,546**
Corporate Lending	108,949	137,211	150,885	111,696	259,834	248,907
Consumer Financing	0	0	32,217	0	32,217	0
Investment Financing	0	2	58	46	58	48
Leasing	3,948	6,028	17,152	13,297	21,100	19,325
Private Lending	136,435	314,145	17,882	13,121	154,317	327,266
Stage 3	**18,044**	**29,063**	**2,917**	**1,111**	**20,961**	**30,174**
Corporate Lending	14,892	20,296	439	112	15,331	20,408
Consumer Financing	0	0	1,305	0	1,305	0
Investment Financing	5	6	0	0	5	6
Leasing	826	1,105	1,160	999	1,986	2,104
Private Lending	2,321	7,656	13	0	2,334	7,656
Total	**1,967,291**	**3,061,952**	**2,236,508**	**1,348,216**	**4,203,799**	**4,410,168**
Corporate lending	808,416	1,120,841	1,596,158	884,505	2,404,574	2,005,346
Consumer financing	0	0	100,002	0	100,002	0
Investment financing	6,627	29,391	3,288	2,714	9,915	32,105
Leasing	25,035	36,920	153,492	112,051	178,527	148,971
Private lending	1,127,213	1,874,800	383,568	348,946	1,510,781	2,223,746

Over and under-collateralised loans by stages as at 31 Dec 2023 (net)

EUR thousand	Over-collateralised loans		Under-collateralised loans		Total	
	Carrying value	Fair value of collateral	Carrying value	Fair value of collateral	Carrying value	Fair value of collateral
Stage 1	**1,601,382**	**2,568,667**	**1,650,081**	**939,492**	**3,251,463**	**3,508,159**
Corporate Lending	642,083	940,685	1,228,326	654,198	1,870,409	1,594,883
Consumer Financing	0	0	90,161	0	90,161	0
Investment Financing	7,676	28,032	2,265	1888	9,941	29,920
Leasing	18,937	27,210	122,005	92,015	140,942	119,225
Private Lending	932,686	1,572,740	207,324	191,391	1,140,010	1,764,131
Stage 2	**162,772**	**251,716**	**118,802**	**68,017**	**281,574**	**319,733**
Corporate Lending	90,801	118,633	81,392	51,598	172,193	170,231
Consumer Financing	0	0	14,223	0	14,223	0
Investment Financing	9	15	14	4	23	19
Leasing	4,781	7,823	18,613	13,271	23,394	21,094
Private Lending	67,181	125,245	4,560	3,144	71,741	128,389
Stage 3	**10,215**	**20,086**	**5,261**	**3,571**	**15,476**	**23,657**
Corporate Lending	5,166	7,459	4,421	3,357	9,587	10,816
Consumer Financing	0	0	604	0	604	0
Investment Financing	5	9	1	0	6	9
Leasing	1,121	1,847	235	214	1,356	2,061
Private Lending	3,923	10,771	0	0	3,923	10,771
Total	**1,774,369**	**2,840,469**	**1,774,144**	**1,011,080**	**3,548,513**	**3,851,549**
Corporate lending	738,049	1,066,778	1,314,140	709,152	2,052,189	1,775,930
Consumer financing	0	0	104,988	0	104,988	0
Investment financing	7,690	28,055	2,280	1,893	9,970	29,948
Leasing	24,840	36,880	140,852	105,500	165,692	142,380
Private lending	1,003,790	1,708,756	211,884	194,535	1,215,674	1,903,291

2.4.5 ECL sensitivity analysis

The following tables show the impact of changing the PD thresholds for SICR on the ECL allowance as at 31 December 2024 and 31 December 2023. Increases in ECL (positive amounts) represent higher impairment allowances that would be recognised.

Loan portfolio as at 31 Dec 2024

EUR thousand	Effect on impairment
+10% change in SICR	-51
-10% change in SICR	63

Loan portfolio as at 31 Dec 2023

EUR thousand	Effect on impairment
+10% change in SICR	-77
-10% change in SICR	291

As evidenced by the tables, changing SICR by +/- 10% has a limited impact on the overall ECL of the Group.

The purpose of the sensitivity tests is to show the effect of changing the weights of positive and negative scenarios. Thus, in the sensitivity tests, the weight of the baseline scenario is retained, and two tests have been carried out, where the weights of the positive and negative scenarios have been changed by +/- 5pp, respectively. The table below illustrates the impact of changing scenario weights of positive and negative scenarios to the portfolio as it was on 31 December 2024 and 31 December 2023.

31 Dec 2024

EUR thousand	60-10-30 (base/up/down)	60-20-20 (base/up/down)
Change in scenario weights	1,324	-1,357

31 Dec 2023

EUR thousand	60-10-30 (base/up/down)	60-20-20 (base/up/down)
Change in scenario weights	1,071	-1,074

The Group has performed scenarios for PD and LGD estimates with the most significant impact on the loss allowances. The impact of these stress tests on impairment is aggregated in the table below. The table includes loans, which are assessed for impairment collectively and which have material balances and potential impact.

2024

EUR thousand	**Impact on credit loss allowances**
LGD negative 0.80	946
LGD negative 0.90	-901
Average PiT PD -0.5pp	-3,997
Average PiT PD +0.5pp	3,896

2023

EUR thousand	**Impact on credit loss allowances**
LGD negative 0.80	584
LGD negative 0.90	-1,200
Average PiT PD -0.5pp	-2,868
Average PiT PD +0.5pp	3,017

3. Market risk

Market risk is the risk of losses caused by adverse movements in market prices, including the market prices of foreign currencies, interest rates, and securities. Market risk arises from items accounted for on and off the statement of financial position and can arise from both banking and trading book positions. The purpose of market risk management in the Group is to correctly identify and quantify market risk and ensure that risk-conscious decisions are taken on market risk.

The Group is exposed to the following types of market risk:

- Foreign exchange risk from the Group's net open positions in foreign currencies;
- Price risk from the Group's positions in securities and derivatives, including those taken for the purposes of investment, risk management and brokerage;
- Interest rate risk from interest rate sensitive instruments.

The Group's market risk management is governed by the market risk management policy of LHV Group, the market risk management rules of LHV Pank and other internal rules, which set out the Group's risk appetite for foreign currency risk, price risk and interest rate risk in the banking book. Based on the market risk management policy, the Group's appetite for market risk is low.

The Treasury Department of LHV Pank, the Assets and Liabilities Management Committee (ALCO) formed in LHV Pank have key roles in managing market risk as the first line of defence. The Risk Control Department and the Internal Audit Department are responsible for the second line of defence and the third line of defence functions, respectively.

3.1 Foreign currency risk

Foreign currency risk arises from the mismatch of the Group's foreign currency assets and liabilities. Most items in the Group's statement of financial position are denominated in euros but a mismatch could result from the foreign currency transactions of LHV Pank's customers.

Foreign currency risk is measured by estimating the potential loss to the Group from its net open foreign currency position in a stress scenario. The loss from foreign currency risk should not exceed a prescribed level of the Group's net own funds.

In addition to the risk appetite levels approved at the LHV Group level, LHV Pank's ALCO has implemented additional risk limits for various types of market risks in LHV Pank. Foreign currency risk limits in LHV Pank are fixed as maximum nominal net open position limits in euro equivalent for each currency. If the open currency position exceeds the limits set by the ALCO, measures must be implemented to close or reduce such positions.

A sensitivity analysis has been performed to show the effect of movements in foreign exchange rates on the statement of profit or loss, with the assumption of other conditions remaining constant. The sensitivity has been measured against a potential exchange rate movement of +/- 10% which is in line with the stress scenario used by the Group for measuring foreign currency risk of its net open positions. The Group's foreign currency risk exposure is very low.

Impact on statement of profit or loss

EUR thousand	2024	2023
USD exchange rate	+/-30	+/-47
SEK exchange rate	+/-7	+/-10
GBP exchange rate	+/-136	+/-24
CHF exchange rate	+/-2	+/-9

Open currency exposures

The following tables present the risks arising from open currency exposures. Assets and liabilities denominated in foreign currencies have been presented in euro equivalent in respective columns, according to the exchange rate prevailing at the end of the reporting period. Derivatives reported at fair value in the statement of financial position have been included at contractual amounts under assets and liabilities accounted for off the statement of financial position. Open currency exposure and the volume of financial assets and liabilities of the Group at the end of the reporting period do not significantly differ from the average exposure during the year. Foreign exchange forwards are shown in the table at their full contractual cash flow amounts as assets and liabilities accounted for off the statement of financial position. The table does not include the assets (PPE and intangible assets) and liabilities (provisions) not bearing currency risk, or equity.

It can be seen based on the table that as mentioned above,
the majority of the Group's business is conducted in euro currency.

Currency risk exposures as at 31 Dec 2024

EUR thousand	Note	EUR	CHF	GBP	SEK	USD	Other	Total
Financial assets bearing currency risk								
Cash and cash equivalents, due from central banks and investment companies	6	3,368,906	2,657	32,759	1,586	6,040	6,809	**3,418,757**
Investments in debt securities at amortised cost	8	283,533	0	0	0	0	0	**283,533**
Financial assets at fair value	7	3,969	1	1	3,472	30	2	**7,474**
Loans and advances to customers	9	4,194,563	18	220	198	8,572	228	**4,203,799**
Receivables from customers	10	4,634	-181	-1,328	421	-490	-367	**2,689**
Other financial assets	11	100	0	0	0	0	0	**100**
Total financial assets bearing currency risk		**7,855,705**	**2,495**	**31,652**	**5,676**	**14,152**	**6,672**	**7,916,352**
Financial liabilities bearing currency risk								
Deposits from customers	13	6,087,303	7,458	31,083	7,208	148,864	11,610	**6,293,525**
Loans received and debt securities in issue	13	840,300	0	0	0	0	0	**840,300**
Financial liabilities at fair value	7	24	0	0	0	0	0	**24**
Accounts payable and other financial liabilities	14	43,732	39	1,929	1,448	9,972	334	**57,454**
Subordinated debt	16	134,656	0	0	0	0	0	**134,656**
Total financial liabilities bearing currency risk		**7,106,014**	**7,497**	**33,012**	**8,656**	**158,836**	**11,944**	**7,325,959**
Open gross position derivative assets at contractual value		0	4,983	0	3,054	144,384	5 289	**157,710**
Open gross position derivative liabilities at contractual value		157,710	0	0	0	0	0	**157,710**
Open foreign currency position		**591,981**	**-19**	**-1,360**	**74**	**-300**	**17**	**590,393**

Currency risk exposures as at 31 Dec 2023

EUR thousand	Note	EUR	CHF	GBP	SEK	USD	Other	Total
Financial assets bearing currency risk								
Cash and cash equivalents, due from central banks and investment companies	6	2,803,213	1,047	9,734	1,480	13,570	8,849	**2,837,892**
Investments in debt and equity securities	7,8	322,524	1	0	6,275	31	2	**328,833**
Loans and advances to customers	9	3,472,835	23	66,674	189	8,676	116	**3,548,513**
Receivables from customers	10	17,211	0	317	168	1,822	-1,685	**17,833**
Other financial assets	11	100	0	0	0	0	0	**100**
Total financial assets bearing currency risk		**6,615,883**	**1,071**	**76,725**	**8,112**	**24,099**	**7,281**	**6,733,171**
Financial liabilities bearing currency risk								
Deposits from customers	13	5,334,564	9,494	20,924	8,867	151,070	9,801	**5,534,720**
Loans received and debt securities in issue	13	486,568	0	0	0	0	0	**486,568**
Financial liabilities at fair value	7	1,843	0	0	0	0	0	**1,843**
Accounts payable and other financial liabilities	14	68,067	30	1,380	479	6,574	2,031	**78,561**
Subordinated debt	16	114,054	0	0	0	0	0	**114,054**
Total financial liabilities bearing currency risk		**6,005,096**	**9,524**	**22,304**	**9,346**	**157,644**	**11,832**	**6,215,746**
Open gross position derivative assets at contractual value		0	8,359	0	1,334	133,071	5,633	**148,397**
Open gross position derivative liabilities at contractual value		94,218	0	54,179	0	0	0	**148,397**
Open foreign currency position		**516,569**	**-94**	**242**	**100**	**-474**	**1,081**	**517,425**

3.2 Price risk

Price risk arises from securities held by the Group in the liquidity portfolio, trading portfolio and investment portfolios (Note 7, 8).

Price risk is measured by estimating the potential loss that can be incurred by the Group in a stress scenario. The loss from price risk in the stress scenario should not exceed a prescribed percentage of the Group's net own funds. The ALCO has set additional limits on the size of the trading and investment portfolios. There are criteria in place for acceptable credit ratings as well as other parameters of the debt securities that can be held by the Group.

A sensitivity analysis has been performed to show the effect of movements in securities prices on the net result of the Group. The potential securities price movements used in the sensitivity analysis are in line with the stress scenarios used by the Group for measuring price risk and have been derived from actual historical volatility of the instruments included in the relevant portfolios. Only LHV Pank's debt securities portfolio that is measured in fair value through profit and loss is subject to price risk.

Impact on statement of profit or loss (profit after tax)

EUR thousand	2024	2023
Equity securities and fund units +/-26%	+/-153	+/-96
Debt securities +/-2.0%	+/-69	+/-126

It can be seen that the majority of the Group's price risk results from the debt securities held in the Group's liquidity portfolio. However, most of these securities are valued at amortised cost, so the materialisation of the price risk would not result in an immediate impact on the profit and loss statement. The Group does not hold significant amounts of equity securities (see Note 8), accordingly the sensitivity to change in the market price of these positions is marginal.

3.3 Interest rate risk

Interest rate risk arises from the mismatch of the term structure of interest rate sensitive assets and liabilities (gap risk), imperfect correlation of base rates (basis risk), the optionality inherent in the interest rate sensitive instruments (option risk) and the change in credit spreads (credit spread risk). Interest rate risk can arise both from items accounted for on and off the statement of financial position.

Interest rate risk in the banking book is measured by estimating the change of net interest income (NII) and the economic value of equity (EVE) in a number of stress scenarios compared to the base scenario. The Group's risk appetite prescribes that the negative impact on NII or EVE in stress scenarios should not exceed a certain level of LHV Pank's net own funds.

Additionally, the Group includes credit spread risk in the banking book (CSRBB) as part of its EVE and NII assessments. CSRBB refers to the risk from fluctuations in credit spreads affecting non-trading book instruments.

LHV Pank's ALCO has approved the stress scenarios and other inputs and methodologies for calculating the change in NII and EVE. Market-implied interest rate curve is used as the base scenario. Six stress scenarios are used:

- parallel shock up;
- parallel shock down;
- steepener shock (short rates down and long rates up);
- flattener shock (short rates up and long rates down);
- short rates shock up;
- short rates shock down.

The analysis of the change in the economic value of equity (change in EVE) aims to assess the change in the economic value of the assets, liabilities, and equity in different interest rate scenarios. The measure of interest rate risk is the change in EVE in interest rate shock scenario compared to the base scenario. To calculate the change in EVE, the net present value of the cash flows arising from the banking book assets, liabilities and items accounted for off the statement of financial position is found under each scenario. The cash flows are calculated on a run-off balance sheet basis by applying the assumptions detailed below. All cash flows from the assets, liabilities and items accounted for off the statement of financial position are discounted using the same interest rate curve (swap curve depending on the scenario).

The analysis of the change in net interest income (change in NII) assesses the impact of interest rate changes on net interest income in the next 12-month period. To calculate the change in NII, all interest-bearing assets, liabilities and items accounted for off the statement of financial position are split into different time buckets according to their repricing date. Following repricing dates, interest-sensitive assets and liabilities are assumed to reprice at new interest rates specific to the scenario and change in NII in different scenarios can be determined. The NII analysis is performed on a constant statement of financial position.

The main assumptions for the calculation of the change in EVE and change in NII are as follows:

- The repricing terms of demand deposits of households and non-financial corporations vary between 1 day and 10 years, depending on their interest rate sensitivity.

- For deposits of financial institutions, immediate repricing is assumed.
- A 0% interest rate floor is applied to deposits of retail customers.
- For term deposits, contractual maturities are used.
- For loans, contract-specific interest rate floors are used.
- Conditional prepayment rate is used in the assessment of the early repayment of loans.
- Term deposit redemption rate is used in the assessment of the early redemption of the term deposits.
- In the case of items accounted for off the statement of financial position (e.g., loan commitments and credit limits), the credit conversion factor is included in the model, and it is assumed that the use of the limit will increase on a straight-line basis until the expiry date.

The following table presents the changes in EVE and next 12 months' NII that have been estimated in the six stress scenarios compared to the base scenario. There was a significant change in the interest environment in reporting period which has an impact on the results of the following stress tests.

Stress tests scenarios impacts, valid at 31 Dec 2024

EUR thousand	Change in the economic value of equity	Change in the next 12 months' net interest income
Parallel shock up	-5,171	15,592
Parallel shock down	-16,721	-59,597
Steepener shock	6,236	-32,624
Flattener shock	-10,731	8,560
Short rates shock up	-9,661	14,938
Short rates shock down	-4,144	-57,014

Stress tests scenarios impacts, valid at 31 Dec 2023

EUR thousand	Change in the economic value of equity	Change in the next 12 months' net interest income
Parallel shock up	-7,614	25,816
Parallel shock down	-10,692	-50,172
Steepener shock	9,279	-29,155
Flattener shock	-10,623	20,552
Short rates shock up	-9,787	27,645
Short rates shock down	-90	-53,643

The table below shows the structure of the interest-bearing assets and interest-bearing liabilities of the Group grouped by the recalculation dates of interest rates at the principal amounts of receivables and liabilities.

Interest rate sensitivity gap as at 31 Dec 2024

EUR thousand	Note	Up to 3 months	3-12 months	1-5 years	Over 5 years	Subtotal	Accrued interest	Impair-ments	Total
Financial assets									
Cash and cash equivalents, due from central banks and investment companies	6	3,418,757	0	0	0	3,418,757	0	0	3,418,757
Financial assets at fair value (debt securities)	7	3,471	0	0	0	3,471	0	0	3,471
Financial assets measured at amortised cost (debt securities)	8	1,897	161,094	79,230	39,857	282,078	1,526	-71	283,533
Loans and advances to customers	9	2,018,053	2,046,962	94,217	66,893	4,226,125	16,743	-39,069	4,203,799
Total		**5,442,178**	**2,208,056**	**173,447**	**106,750**	**7,930,431**	**18,269**	**-39,140**	**7,909,560**
Financial liabilities									
Deposits from customers	13	4,260,072	1,445,253	396,406	165,401	6,267,132	26,393	0	6,293,525
Loans received and debt securities in issue	13	69,000	414,872	348,586	0	832,458	7,842	0	840,300
Subordinated debt	16	23,000	25,000	86,000	0	134,000	656	0	134,656
Total		**4,352,072**	**1,885,125**	**830,992**	**165,401**	**7,233,590**	**34,891**	**0**	**7,268,481**
Net interest sensitivity gap		**1,090,106**	**322,931**	**-657,545**	**-58,651**	**696,841**			

Interest rate sensitivity gap as at 31 Dec 2023

EUR thousand	Note	Up to 3 months	3-12 months	1-5 years	Over 5 years	Subtotal	Accrued interest	Impair-ments	Total
Financial assets									
Cash and cash equivalents, due from central banks and investment companies	6	2,837,892	0	0	0	2,837,892	0	0	2,837,892
Financial assets at fair value (debt securities)	7	6,275	0	0	0	6,275	0	0	6,275
Financial assets measured at amortised cost (debt securities)	8	89,282	153,577	77,944	0	320,803	1,165	-80	321,888
Loans and advances to customers	9	1,638,005	1,730,394	142,508	51,795	3,562,702	15,867	-30,056	3,548,513
Total		**4,571,454**	**1,883,971**	**220,452**	**51,795**	**6,727,672**	**17,032**	**-30,136**	**6 714 568**
Financial liabilities									
Deposits from customers	13	3,343,240	1,598,719	415,656	153,002	5,510,617	24,103	0	5,534,720
Loans received and debt securities in issue	13	0	69,000	415,000	0	484,000	2,568	0	486,568
Subordinated debt	16	31,000	27,500	55,000	0	113,500	554	0	114,054
Total		**3,374,240**	**1,695,219**	**885,656**	**153,002**	**6,108,117**	**27,225**	**0**	**6,135,342**
Net interest sensitivity gap		**1,197,214**	**188,752**	**-665,204**	**-101,207**	**619,555**			

3.4 Credit valuation adjustment risk

Credit valuation adjustment (CVA) risk is defined as the risk of losses arising from changing CVA values in response to movements in counterparty credit spreads and market risk factors that drive prices of derivative transactions. The Group applies the standardised approach to calculate the capital charge for CVA risk.

The Group's capital requirement for CVA risk as of 31 December 2024 amounted to EUR 282 thousand (2023: EUR 157 thousand).

4. Liquidity risk

Liquidity risk is the risk that the Group is unable to fund increases in the Group's assets as envisaged in its business plan or pay its liabilities as they fall due, without incurring material losses or disrupting its normal business operations. Liquidity risk arises from items accounted for both on and off the statement of financial position. The purpose of the Group's liquidity risk management is to correctly identify, measure, control and monitor liquidity risk, and to ensure timely decisions can be taken so that sufficient liquidity with adequate margin can be always maintained.

According to the risk management policy of LHV Pank, the Group assesses liquidity risk from the following separate perspectives:

- Funding risk is the risk that the Group is unable to attract funding in a timely way, in necessary amount and at acceptable cost without a negative impact to its daily activities or financial position. Funding risk also encompasses the risk related to liquidity outflows from withdrawal of deposits or redemption of wholesale funding. Intraday liquidity risk is also evaluated in this perspective.
- Market liquidity risk is the risk that it is not possible to execute a transaction such as selling of a security or pledging of an asset in a timely manner without incurring unacceptable losses, due to low trading activity, market disruption or limitations set by other market participants.
- Asset encumbrance risk is the risk that due to an excessive share of assets being encumbered as collateral the Group harms its ability to attract further unsecured or secured funding, due to unsecured creditors becoming effectively subordinated or due to the shortage of assets available to be pledged as collateral.

Liquidity risk is highly relevant for LHV Pank as the largest share of the Group's funding is raised through collecting deposits that are used for funding long term loans which generally have a longer term than the deposits.

The Group manages its liquidity risk in accordance with the LHV Group's liquidity risk management policy, group funding policy, liquidity risk management rules and other internal rules, which set out the LHV Group's and the Group's funding strategy and liquidity risk appetite, early warning indicators and various internal procedures such as reporting routines and contingency plans. The Treasury Unit and the Assets and Liabilities Management Committee (ALCO) have key roles in managing liquidity risk as the first line of defence. Risk Control Unit and the Internal Audit Unit are responsible for the second line of defence and third line of defence functions, respectively.

The key quantitative metrics which are used for limiting the Group's liquidity risk appetite include:

- Liquidity Coverage Ratio (LCR);
- Net Stable Funding Ratio (NSFR);
- Asset Encumbrance Ratio.

Limits have been set for each of the above risk appetite metrics with buffers over regulatory requirements (if applicable). First two are defined as regulatory requirements and third is internal. These metrics are calculated and reported monthly.

In addition to the regulatory and risk appetite metrics, additional liquidity risk indicators such as survival period in stress scenarios are calculated, limited and monitored.

The regulatory LCR and the internally defined minimum survival period in stress scenarios both assess the risk of liquidity outflows in a relatively short-term time horizon. To survive the stress scenario and the expected deposit outflows, the Group keeps a counterbalancing buffer of high-quality liquid assets that can be used in either a market-wide or idiosyncratic stress scenario. The liquidity buffer of the Group consists of cash and deposits with the central bank and liquid securities, which can be readily sold or used as collateral in funding operations. For calculating the survival horizon, behavioural assumptions are used for modelling liquidity outflows and inflows.

NSFR is used for assessing longer-term structural funding risk. The Group should have an appropriate funding structure where long-term assets are matched with sufficient stable and well-diversified funding sources. Encumbrance ratio is observed to ensure that the Group is not exposed to excessive asset encumbrance that could limit its access to funding markets.

As set out in the LHV Group's funding policy, diversification of the funding profile is an important element of the Group's liquidity risk management framework. The funding is solely function of two banks in the LHV Group. The Group's most stable funding source is retail deposits from its Estonian customers. Other deposits and wholesale unsecured and secured funding are used as additional sources of funding. LHV Pank has issued covered bonds to raise targeted funding for its residential mortgage loans portfolio. It has also issued unsecured bonds which are used for both funding and for complying with the regulatory MREL requirement.

To manage longer-term funding risk, Treasury Department drafts funding plans as part of the LHV Group's financial planning cycle. The funding plan presents a longer-term view of the funding required to support the LHV Group's business along with key liquidity metrics for the LHV Group.

Liquidity management in 2024

The Group saw a comprehensive increase of deposits across every client segment and product vertical with particularly strong performance in retail deposits. Deposits from financial intermediaries registered measured growth year-over-year, though they are not used for funding the Group's lending activities. The Group issued EUR 250 million of covered bonds with a 4 year maturity, which complement the EUR 250 million outstanding issue with a maturity in 2025 and the retained covered bond issue in amount of EUR 250 million. Retained covered bonds can be readily used as collateral in liquidity providing operations.

The following table presents the values of the LCR and NSFR ratios in comparison to regulatory thresholds. Both ratios exceeded regulatory requirements with a healthy buffer characterising the Group's conservative approach to managing liquidity risk.

Ratio	Regulatory requirement	Actual 31 Dec 2024	Actual 31 Dec 2023
LCR	Minimum 100%	178.4%	191.4%
NSFR	Minimum 100%	150.2%	157.7%

The level of the LCR ratio declined slightly over the reporting year. The ratio was adversely impacted by the rising volume of demand deposits from financial intermediaries, as well as the increased issuance of loans. In contrast, the growth in stable retail deposits provided a positive contribution to the LCR.

The NSFR ratio declined marginally over the year because the Group's loan origination exceeded the stable retail deposit acquisition. The level of the ratio exceeds the regulatory and internal requirements with a wide headroom.

Throughout 2024, the Group's liquidity profile remains resilient under both combined-crisis and entity-specific stress scenarios. Across the year, key liquidity buffers (bank-specific, systemic, and combined) stay well above internal targets, with survival periods consistently exceeding critical thresholds. Moderate fluctuations in survival periods and liquidity buffers throughout the year were influenced mostly by cyclical deposit acquisition aligned to declining interest rates. The Group maintains a stable counterbalancing capacity, with survival days in the 180–200 range. The Group's robust liquidity governance and diversified funding base reinforce its preparedness for both market-wide and idiosyncratic shocks.

The following tables present the distribution of financial assets and liabilities, excl. derivatives, by due dates and by future contractual undiscounted cash flows. The carrying amounts are disclosed in a separate column. In the maturity analysis, the cash flows are split into the maturity buckets in which the cash flows occur (including interest cash flows).

Financial assets and liabilities by maturities 31 Dec 2024

EUR thousand	Note	On demand	Up to 3 months	3-12 Months	1-5 Years	Over 5 years	Total	Carrying amount
Liabilities by contractual maturity dates								
Deposits from customers	13	4,338,090	948,616	1,021,326	8,211	419	**6,316,662**	**6,293,525**
Loans received and debt securities in issue	13	0	3 281	341,737	565,697	0	**910,715**	**840,300**
Subordinated debt	16	0	25,779	31,285	106,575	0	**163,639**	**134,656**
Lease liabilities	14	0	615	1,873	4,776	0	**7,264**	**7,264**
Accounts payable and other financial liabilities	14	0	50,190	0	0	0	**50,190**	**50,190**
Unused loan commitments	19	561,981	0	0	0	0	**561,981**	**0**
Financial liabilities at fair value	7	0	24	0	0	0	**24**	**24**
Financial guarantees by contractual amounts	19	55,525	0	0	0	0	**55,525**	**0**
Foreign exchange derivatives (gross settled)		0	157,710	0	0	0	**157,710**	**0**
Foreign exchange derivatives (gross settled)		0	-157,710	0	0	0	**-157,710**	**0**
Total liabilities		**4,955,596**	**1,028,505**	**1,396,221**	**685,259**	**419**	**8,066,000**	**7,325,959**
Assets held for managing liquidity risk by contractual maturity dates								
Cash and cash equivalents, due from central banks and investment companies	6	3,418,757	0	0	0	0	**3,418,757**	**3,418,757**
Investments in debt and equity securities	8	0	5,368	161,268	80,257	40,182	**287,075**	**291,007**
Loans and advances to customers	9	0	242,451	704,914	2,781,476	2,036,792	**5,765,633**	**4,203,799**
Receivables from customers	10	0	2,689	0	0	0	**2 ,689**	**2,689**
Other financial assets	11	100	0	0	0	0	**100**	**100**
Total assets held for managing liquidity risk		**3,418,857**	**250,508**	**866,182**	**2,861,733**	**2,076,974**	**9,474,254**	**7,916,352**
Maturity gap from assets and liabilities		**-1,536,739**	**-777,997**	**-530,039**	**2,176,474**	**2,076,555**	**1,408,254**	

Financial assets and liabilities by maturities 31 Dec 2023

EUR thousand	Note	On demand	Up to 3 months	3-12 Months	1-5 Years	Over 5 years	Total	Carrying amount
Liabilities by contractual maturity dates								
Deposits from customers	13	3,697,523	578,906	1,223,758	70,035	339	**5,570,561**	**5,534,720**
Loans received and debt securities in issue	13	0	0	85,318	425,250	0	**510,568**	**486,568**
Subordinated debt	16	0	33,311	31,782	63,913	0	**129,006**	**114,054**
Lease liabilities	14	0	486	1,732	5,839	0	**8,057**	**8,057**
Accounts payable and other financial liabilities	14	0	70,504	0	0	0	**70,504**	**70,504**
Unused loan commitments	19	495,653	0	0	0	0	**495,653**	**0**
Financial liabilities at fair value	7	0	1,843	0	0	0	**1,843**	**1,843**
Financial guarantees by contractual amounts	19	55,061	0	0	0	0	**55,061**	**0**
Foreign exchange derivatives (gross settled)		0	148,397	0	0	0	**148,397**	**0**
Foreign exchange derivatives (gross settled)		0	-148,397	0	0		**-148,397**	**0**
Total liabilities		**4,248,237**	**685,050**	**1,342,590**	**565,037**	**339**	**6,841,253**	**6,215,746**
Assets held for managing liquidity risk by contractual maturity dates								
Cash and cash equivalents, due from central banks and investment companies	6	2,837,892	0	0	0	0	**2,837,892**	**2,837,892**
Investments in debt and equity securities	8	0	96,722	153,577	77,944	**0**	**328,243**	**328,833**
Loans and advances to customers	9	0	233,162	538,946	2,606,400	1,692,834	**5,071,342**	**3,548,513**
Receivables from customers	10	0	17,833	0	0	0	**17,833**	**17,833**
Other financial assets	11	100	0	0	0		**100**	**100**
Total assets held for managing liquidity risk		**2,837,992**	**347,717**	**692,523**	**2,684,344**	**1,692,834**	**8,403,807**	**6,733,171**
Maturity gap from assets and liabilities		**-1,410,245**	**-337,266**	**-649,610**	**2,119,576**	**1,692,495**	**1,414,157**	

The following table presents the distribution of assets and liabilities by classification of current and non-current.

Assets and liabilities by classification of current and non-current

EUR thousand	Note	31 Dec 2024	31 Dec 2023
Current assets			
Cash and balances with central bank	6	58,241	2,789,752
Due from banks and investment companies	6	3,360,516	48,140
Financial assets at fair value through profit or loss	7	7,474	6,945
Financial assets measured at amortised cost	8	163,124	243,944
Loans and advances to customers	9	679,399	505,700
Receivables from customers	10	2,689	17,833
Other assets	11	3,518	2,795
Total current assets		**4,274,961**	**3,615,109**
Non-current assets			
Financial assets measured at amortised cost	8	120,439	77,944
Loans and advances to customers	9	3,524,400	3,042,813
Other financial assets	11	100	100
Property, plant and equipment	12	14,061	15,732
Intangible assets	12	2,596	2,946
Total non-current assets		**3,661,566**	**3,139,535**
Total assets		**7,936,527**	**6,754,644**
Liabilities			
Current liabilities			
Deposits from customers	13	6,285,267	5,469,644
Loans received and debt securities in issue	13	322,713	0
Financial liabilities at fair value through profit or loss	7	24	1,843
Accounts payable and other liabilities	14	70,310	87,984
Subordinated debt	16	48,000	58,500
Total current liabilities		**6,726,314**	**5,617,971**
Non-current liabilities			
Deposits from customers	13	8,258	65,076
Loans received and debt securities in issue	13	517,587	486,568
Subordinated debt	16	86,000	55,000
Total non-current liabilities		**611,845**	**606,644**
Total liabilities		**7,338,159**	**6,224,615**

5. Operational risk

Operational risk is the risk of losses resulting from inadequate or failed internal processes, people, and systems or from external events. Operational risk includes legal risk, ICT risk and reputational risk, but excludes strategic risk. Operational risk is inherent in all products, activities, processes, and systems.

Each manager in LHV is responsible for managing operational risk within their responsibility area. Risk Division is acting as the second line of defence and providing both proper trainings and guidance to implement the operational risk framework, as well as oversight to ensure that the risk profile is within the desired level as described in risk appetite statements.

The operational risk framework is described in the operational risk policy and in other relevant operational risk management procedures. The main processes and tools to manage, i.e., to identify, assess, mitigate, and monitor operational risks are as follows.

Risk and control self-assessment

There is a unified process and method across LHV to assess operational risks of all products and processes. The regularity of self-assessment depends on the criticality level of the product and the process and must ensure that all managers are aware of the risks they are responsible for and apply relevant mitigating and monitoring measures to keep the risk profile within the desired risk level.

Change management and approval process applies in case of new or significantly changed products, IT systems, processes, organisation, partners (incl. outsourcing), or in case of exceptional transactions

Change management and approval process is designed to ensure all significant changes in products, IT systems, processes, organisation, partners (incl. outsourcing) or significant exceptional transactions are managed with due care and no change is approved before all risk considerations have been taken into account. To achieve this, pre-described risk management rules are implemented, accompanied by independent opinions from the Risk and Compliance Divisions.

Operational risk event and business continuity management

The objective of the operational risk event management is to ensure all events are managed in a proper manner, as well as to learn from the events and use the lessons to prevent similar cases from happening in the future.

Event management activities depend on the event type and severity level. For critical processes business continuity plans are in place and will be activated in case there is a disruption in a critical process. Critical IT systems have recovery plans in place for the same reasons. If needed, crisis management will be applied, steered by the Crisis Committee.

Business continuity plans are regularly reviewed and tested to ensure they are up-to-date and applicable in the event of critical process disruptions.

All events must be reported centrally and registered in a central database for further analysis conducted by the Risk Division. The event data is also used for capital calculation purposes within the ICAAP.

Key risk indicators

Key risk indicators (KRI) are the main tools to monitor if risks are at desired level and controls are working effectively. KRIs are used to monitor risks at different levels, i.e., across LHV as well as at the level of specific units. Action plans will be implemented if KRIs indicate undesired changes in risk level or deficiencies in existing controls.

Capital calculation

The operational risk capital charge is calculated based on the basic indicator approach and amounts to EUR 27,388 thousand as at 31 December 2024 (31 December 2023: EUR 18,901 thousand).

ICT and information security risk management

One of our main goals is to be a trustworthy banking partner to our customers with the focus on providing customer-friendly, secure and resilient digital banking services. Secure and resilient IT systems are key for this objective.

In addition to the general operational risk management framework, dedicated ICT and information security risk management tools and methods are applied to protect the information and customers' assets and ensure the IT systems are available. For example:

- reasonable conservatism is being applied when implementing new configurations to products and services
- regular security monitoring
- vulnerability management process
- security controls in the software development lifecycle
- training of our personnel to increase awareness and prevent actions that may cause security incidents on IT systems and services

- up-to-date information about developments in the security scene to understand potential weaknesses.

We take seriously and react to all malicious attacks targeted at our own infrastructure, the customer data in our possession, and our customers.

6. Compliance risk

The number of regulatory requirements and their constant changes make compliance risk a significant operational risk, the realisation of which can lead to both financial and reputational damage.

The task of compliance function is to manage the compliance risk through various activities. The compliance covers the entire activity of LHV and is not limited to specific areas. However, LHV has separated the AFC compliance function from the general compliance function.

In addition to the tasks set out in the regulatory requirements, compliance function is involved in maintaining and developing the culture of the organisation to promote a culture that supports compliance.

To perform its tasks efficiently, the compliance function, among other things, constantly assesses the need for resources and makes proposals for enhancing and developing the function, where appropriate. Going forward continuous adaptation to supervisory expectations of the ECB and the SRB will influence compliance risk management and thus the compliance function.

7. Anti-financial crime (AFC)

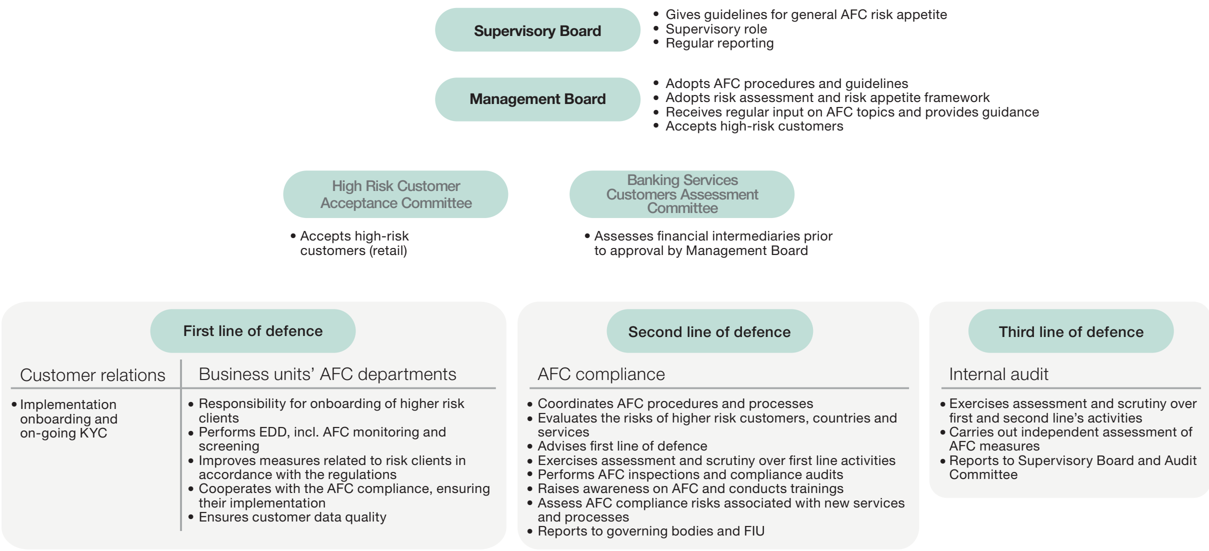
7.1. AFC governance

A high level of awareness and commitment towards risk management and AFC issues is the foundation of a strong AFC culture which is further supported by continuous activities of awareness raising, information and dissemination, networking and exchange of best practices, training, and reporting.

The Management Board of LHV Pank has a strong commitment towards implementing, maintaining and developing an efficient AFC regime. Related policies and procedures for AFC are revised at least yearly to properly reflect changes in the environment. The Management Board reviews every month the reports of the LHV Group AFC Committee, providing consolidated overview for financial crime issues and further possibilities for co-operation and coordination between group units in this important area.

The main focus for 2024 (and 2025) was harnessing the positive effects of technological development and data analysis for the benefit of fighting financial crime. IT systems continued, most particularly the continuation of developments with our AML platform provider Salv, including switching from on premises solution to cloud services that increases the system's capacity to screen and monitor the growing number of transactions.

7.2 AFC governance structure of LHV Group



7.3 Anti-financial Crime framework

AFC framework at LHV is based on 10 core principles that showcase high ethical principles, high standards of compliance and risk management. These are:

1) Risk-based approach;
2) Assessment of risks and establishment of risk appetite;
3) KYC – know-your-customer;
4) Due diligence measures – applying control measures when doing business;
5) Monitoring and screening – applying technical solutions to detect malicious activities;
6) Reporting of suspicious activities – any detected suspicions are duly reported;
7) Prohibited business relationships – certain customers or activities are not accepted;
8) Information sharing and escalation – information is shared within LHV and with our counterparts in accordance with regulations;
9) Training – key to effective financial crime prevention are knowledgeable people;
10) Data retention - records of data concerning financial fraud are retained in accordance with laws to ensure auditability and investigation.

7.4 Banking Services

Via the shared banking services business line with LHV Bank Ltd. in the UK, LHV continued to provide services to other financial institutions (including fintech companies) that in turn can provide financial services to their own customers. Provision of correspondent services to other financial institutions present a different portfolio of financial crime risks due to LHV being exposed to the customers of our clients. As such, LHV has carefully considered the risks associated with this client population and has applied additional risk-based measures to mitigate risks associated with servicing clients of banking services business line. The LHV Bank Ltd. employs dedicated Client Relationship Managers to this sector, alongside specific first-line and second-line units that monitor and mitigate potential financial crime risks arising from these clients. Enhanced Due Diligence is applied to the fintech client base to reflect the correspondent risk that is posed, including assessing the financial crime programme that we expect to be both commensurate with our own and suitable for the client's own business. During the onboarding and periodic review processes, LHV assesses the business model, ownership structure, leadership, AFC measures, technical capabilities for screening and monitoring, target market, and customer and jurisdiction risk segmentation as part of its assessment of the client. LHV undertakes a programme of periodic on-site visits to assess AFC framework of clients. If LHV identifies risk associated with one of its clients that falls outside of its appetite, remediation actions are taken to address the risk, up to and including termination of the relationship.

7.5 Estonian AFC system and the outlook

The sanctions' packages introduced by the EU and the western allies, including UK, as a direct response to the Russian war of aggression against Ukraine brought out the need to allocate substantial resources to the implementation of sanctions also by LHV. The growing number and reach of sanctions' packages have been increasingly difficult to navigate. To ensure the effective implementation of international sanctions, LHV has implemented multiple measures throughout the preceding years, and ultimately, from August 31, 2024, cancelling the exceptions that previously allowed certain clients to make and receive payments to and from Russia and Belarus.

Noteworthy regulatory changes were introduced in Estonia relating to remote customer identification, which was upgraded to reflect the improved technological landscape and risk management practices and allowing more digital and safe tools to be used by the financial sector when onboarding customers. Several supervisory guidelines from Estonian as well as European regulators were also renewed in 2024.

The publication of the new EU Instant Payments Regulation and the AML Package, including the establishment of the new AML supervisory authority, AMLA, will be affecting LHV and its customers in the coming years. The shift of focus from local laws to directly applicable EU regulations will bring some challenges but will also provide new opportunities for the financial sector as it represents an important step towards the EU Banking Union.

8. Other risks

8.1 Strategic risk

Strategic risk is the risk of losses, including in the form of foregone revenues or additional costs, due to poor strategical planning and/or decisions or due to poor reputation not supporting strategic goals. Strategic risk includes both business, as well as sustainability strategy risk.

Main triggers for strategic risk are changes in different external factors to which LHV does not timely and appropriately adapt to, for example competitive landscape, technological shifts, customer preferences, ESG, especially climate changes, changes in regulation, and industry and product profitability.

Strategic risk is mitigated through the well understanding of the business environment and home markets, as well as risks threatening strategic goals, and considering them in the strategy planning process.

In addition, members of management in Group and subsidiaries (both the Management Board and the Supervisory Board) have long-term experience in the banking sector and/or entrepreneurship. Prior to entering new markets and sectors, professionals in the field will always be involved and a thorough analysis will be carried out.

8.2 ESG risks

Moving towards a greener way of doing things brings challenges and opportunities for both the economy and banks. The palpable impact of climate change and environmental degradation on the real economy and financial system stands as a force that cannot be underestimated.

ESG risk is a risk of loss resulting from current or prospective impacts of ESG factors, i.e. from environmental, social and/or governance factors, as applied directly to the Group or towards its counterparties or invested assets.

ESG risk materialises through other risk categories, such as credit risk, market risk, operational risk, liquidity and funding risk, strategic risk, i.e. acts as a cross-taxonomy risk driver. If ESG risk impact towards main risk is material, it shall be reflected, as a sub-risk under this main risk.

For the identification of material ESG risks a dedicated materiality assessment is conducted, which is the main input for setting risk appetite and relevant risk limits, as well as relevant qualitative risk management tools, for example client engagement.

To gain a thorough understanding of the risks and opportunities embedded in LHV's portfolio and services, we've embarked on an extensive materiality assessment update in 2023 and 2024, a process scheduled for completion in 2025. This comprehensive undertaking involves meticulous risk and business mapping, adopting a holistic approach that spans the long, medium, and short term.

This forward-thinking approach not only underscores our commitment to responsible business practices but ensures that our risk management frameworks and strategic initiatives are dynamic and responsive, aligned with the evolving challenges and opportunities that define our path forward.

8.3 Reputational risk

Reputational risk, i.e. loss of reputation is one of negative consequences resulting from several LHV main risks. Loss of reputation occurs due to failure to meet stakeholders' (investors, employees, regulators, clients etc) expectations as a result of any event, behaviour, action or inaction, either by LHV itself, its employees or those with whom LHV is associated, that may cause stakeholders to form a negative view of LHV, either justified or not.

Good reputation and trust from existing and possible new clients, investors and employees is one of the enablers to achieve strategic business goals. Reputational risk is treated as a gross-taxonomy risk consequence and its management is integrated into existing risk management processes covering LHV's main risk types.

Consolidated statement of profit or loss and other comprehensive income

EUR thousand	Note	2024	2023
Interest income		386,906	305,507
Incl. interest income based on EIR		370,579	293,148
Interest expense		-149,857	-77,036
Net interest income	**3**	**237,049**	**228,471**
Fee and commission income		56,476	46,234
Fee and commission expense		-20,033	-19,017
Net fee and commission income	**4**	**36,443**	**27,217**
Net gain from financial assets measured at fair value	7	158	1,870
Foreign exchange gain		423	782
Net gain from financial assets		**581**	**2,652**
Other income		2,039	1,737
Staff costs	5	-54,108	-44,291
Administrative and other operating expenses	5	-41,265	-40,944
Profit before credit losses		**180,739**	**174,842**
Expected credit loss allowances	9	-15,776	-11,372
Profit before income tax		**164,963**	**163,470**
Income tax expense	22	-24,443	-22,107
Net profit for the year		**140,520**	**141,363**
Total comprehensive income for the reporting period		**140,520**	**141,363**
Total comprehensive income attributable to:			
Owners of the parent		139,604	140,133
Non-controlling interest		916	1,230
Total comprehensive income for the reporting period		**140,520**	**141,363**

Pages 95 to 180 are an integral part of the consolidated financial statements.

Consolidated statement of financial position

EUR thousand	Note	31 Dec 2024	31 Dec 2023
Assets			
Cash and balances with central bank	6	3,360,516	2,789,752
Due from banks and investment companies	6	58,241	48,140
Financial assets at fair value through profit or loss	7	7,474	6,945
Investments in debt securities at amortised cost	8	283,533	321,888
Loans and advances to customers	9	4,203,799	3,548,513
Receivables from customers and other receivables	10	2,689	17,833
Other financial assets	11	100	100
Other assets	11	3,518	2,795
Property, plant and equipment	12	7,187	8,806
Right-of-use assets	12	6,874	6,926
Intangible assets	12	2,596	2,946
Total assets		**7,936,527**	**6,754,644**
Liabilities			
Deposits from customers	13	6,293,525	5,534,720
Loans received and debt securities in issue	13	840,300	486,568
Financial liabilities at fair value through profit or loss	7	24	1,843
Accounts payable and other liabilities	14	69,654	87,430
Subordinated debt	16	134,656	114,054
Total liabilities		**7,338,159**	**6,224,615**
Equity			
Share capital	17	141,500	141,500
Legal reserve	17	14,150	12,669
Retained earnings		436,316	369,674
Total equity attributable to owners of the parent		**591,966**	**523,843**
Non-controlling interest	21	6,402	6,186
Total equity		**598,368**	**530,029**
Total liabilities and equity		**7,936,527**	**6,754,644**

Consolidated statement of cash flows

EUR thousand

	Note	2024	2023* restated
Cash flows from operating activities			
Interest received		386,054	297,525
Interest paid		-142,731	-51,337
Fees and commissions received	4	56,476	46,234
Fees and commissions paid	4	-20,033	-19,017
Other income received		2,039	1,737
Staff costs paid		-48,603	-39,747
Administrative and other operating expenses paid		-36,055	-33,773
Income tax paid		-23,002	-22,103
Cash flows from operating activities before change in operating assets and liabilities		**174,145**	**179,519**
Net increase/decrease in operating assets:			
Financial assets at fair value through profit or loss		-370	-4,669
Loans and advances to customers	9	-655,062	-373,761
Investments in debt securities at amortised cost	8	38,355	42,342
Mandatory deposit at central bank	7	-7,340	-7,211
Security deposits	11	0	24
Other assets		-656	34
Net increase/decrease in operating liabilities:			
Demand deposits of customers	13	640,112	-1,004,362
Term deposits of customers	13	116,403	1,558,745
Covered bonds issued	13	248,881	0
Repayments of loans received	13	0	-147,547
Net change in debt securities issued	13	100,000	100,000
Financial liabilities at fair value through profit or loss		-1,819	-2,007
Other liabilities		-18,280	26,754
Net cash from operating activities		**634,369**	**367,861**
Cash flows from investing activities			
Purchase of PPE and intangible assets	12	-3,975	-12,494
Proceeds from disposal of PPE		0	486
Net cash from/used in investing activities		**-3,975**	**-12,008**
Cash flows from financing activities			
Proceeds from subordinated debt	16	56,000	0
Subordinated loans redeemed		-35,500	0
Dividends paid		-77,000	-3,500
Repayment of principal of lease liabilities		-792	-1,693
Net cash from/used in financing activities		**-57,292**	**-5,193**
Effect of exchange rate changes on cash and cash equivalents		**423**	**782**
Net increase in cash and cash equivalents		**573,525**	**351,442**
Cash and cash equivalents at the beginning of the year	**6**	**2,781,993**	**2,430,551**
Cash and cash equivalents at the end of the year	**6**	**3,355,518**	**2,781,993**

Pages 95 to 180 are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

EUR thousand	Share capital	Legal reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 1 Jan 2023	**141,500**	**8,736**	**231,805**	**382,041**	**6,181**	**388,222**
Transfer to legal reserve	0	3,933	-3,933	**0**	0	**0**
Dividends paid	0	0	-2,275	**-2,275**	-1,225	**-3,500**
Share options	0	0	3,944	**3,944**	0	**3,944**
Profit for the year	0	0	140,133	**140,133**	1,230	**141,363**
Total comprehensive income	0	0	140,133	**140,133**	1,230	**141,363**
Balance as at 31 Dec 2023	**141,500**	**12,669**	**369,674**	**523,843**	**6,186**	**530,029**
Balance as at 1 Jan 2024	**141,500**	**12,669**	**369,674**	**523,843**	**6,186**	**530,029**
Transfer to legal reserve	0	1,481	-1,481	**0**	0	**0**
Dividends paid	0	0	-76,300	**-76,300**	-700	**-77,000**
Share options	0	0	4,819	**4,819**	0	**4,819**
Profit for the year	0	0	139,604	**139,604**	916	**140,520**
Total comprehensive income	0	0	139,604	**139,604**	916	**140,520**
Balance as at 31 Dec 2024	**141,500**	**14,150**	**436,316**	**591,966**	**6,402**	**598,368**

Additional information on equity is provided in Note 17.

Material accounting policy information

Material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented and to all the consolidated group entities, unless otherwise stated.

1. Basis of preparation

The Group's consolidated financial statements for 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have been prepared under the historical cost convention. As an exception, some financial assets and liabilities, including derivatives, are stated at their fair values as described in the accounting policies below.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

The financial year started at 1 January 2024 and ended at 31 December 2024. The financial figures have been presented in thousands of euros (EUR) unless otherwise indicated. The Group is not offsetting assets and liabilities.

Summary of new reporting requirements

A number of new standards, interpretations and amendments are effective for annual periods beginning on or after 1 January 2024 but did not have a material impact on the Group's financial statements.

New currently effective requirements

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024). The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.

The amendments have no material impact on financial statements.

Classification of liabilities as current or non-current – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional.

The amendments have no material impact on financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024). In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk.

The amendments have no material impact on financial statements.

New requirements not yet effective

Amendments to IAS 21 Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025). In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 effective date to be determined, not yet adopted by the EU. On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

(b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

(c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and

(d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

IFRS 18 Presentation and Disclosure in Financial Statements (effective date to be determined, not yet adopted by the EU). In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective date to be determined, not yet adopted by the EU). The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. Subsidiaries using IFRS Accounting Standards for their own financial statements provide disclosures that maybe disproportionate to the information needs of their users. IFRS 19 will resolve these challenges by:

- enabling subsidiaries to keep only one set of accounting records – to meet the needs of both their parent company and the users of their financial statements;
- reducing disclosure requirements – IFRS 19 permits reduced disclosure better suited to the needs of the users of their financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective date to be determined by the IASB; not yet adopted by the EU). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. In 2015, the IASB decided to postpone the effective date of these amendments indefinitely.

IFRS 14, Regulatory Deferral Accounts (effective date to be determined by the IASB; not yet adopted by the EU). IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. This standard will be effective from a date that is yet to be determined by the IASB.

Annual Improvements to IFRS Accounting Standards (effective date to be determined, not yet adopted by the EU). IFRS 1 was clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the 'qualifying criteria', rather than 'conditions' for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included 'significant unobservable inputs'. This new phrase replaced reference to 'significant inputs that were not based on observable market data'. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added that the examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. In order to resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at 'the amount determined by applying IFRS 15' instead of at 'their transaction price (as defined in IFRS 15)'. IFRS 10 was amended to use less conclusive language when an entity is a 'de-facto agent' and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent. IAS 7 was corrected to delete references to 'cost method' that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'.

The Group is currently assessing the impact of the amendments on its financial statements.

2. Consolidation

The consolidated financial statements for 2024 comprise the financial statements of AS LHV Pank (parent company) and its subsidiary LHV Finance. AS LHV Pank holds a 65% interest in LHV Finance.

Subsidiaries are entities which are controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Acquisitions of subsidiaries and businesses are accounted for using the acquisition method (except for business combinations of entities under common control). The cost of an acquisition is measured as the acquisition-date fair value of the assets acquired, equity instruments issued, and liabilities incurred or assumed.

Transaction costs incurred on issuing equity instruments are deducted from equity; transaction costs incurred on issuing debt instruments are deducted from their carrying amounts and all other transaction costs associated with the acquisition are expensed. According to the acquisition method, the identifiable assets, liabilities, and contingent liabilities of the acquired subsidiary are recognised at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures a non-controlling interest that represents a present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction-by-transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of the net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree. Any negative amount (bargain purchase gain) is recognised in profit or loss, after management reassesses whether it has identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

Intragroup transactions, balances, and unrealised profits on transactions between group companies are eliminated; unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The revenues and expenses of subsidiaries acquired during the financial year are consolidated in the Group's statement of profit or loss and other comprehensive income from the date of acquisition to the end of the financial year. The results of operations of subsidiaries disposed of during the financial year are consolidated in Group's statement of profit or loss and other comprehensive income from the beginning of the financial year to the date of disposal.

Consistent with the Accounting Act of the Republic of Estonia, the primary financial statements of the consolidating entity (the parent company) have to be disclosed in the notes to the consolidated financial statements. In preparing the primary financial statements of the parent, the same accounting policies have been used as in preparing the consolidated financial statements, except for investments in subsidiaries, which in the parent's separate primary financial statements (see Note 25) are accounted for at cost less any impairment losses. A non-controlling interest is that part of the net results and net assets of a subsidiary, which is not attributable, directly or indirectly, to the parent company. A non-controlling interest forms a separate component of the Group's equity. A non-controlling interest in the consolidated statement of financial position is disclosed separately from the equity attributable to the owners of the parent company. In the consolidated statement of profit or loss and other comprehensive income, a non-controlling interest's share of profit or loss and total comprehensive income is disclosed separately from that of the owners of the parent.

3. Functional and presentation currency

The functional and presentation currency of entities in the Group is euro.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits with central and other banks and investment companies, and term deposits with original maturities of three months or less that are available for use without any restrictions and subject to an insignificant risk of changes in value but excludes mandatory cash balances with central banks, which represent non-interest-bearing mandatory reserve deposits which are not available to finance LHV's day to day operations.

5. Financial assets

5.1 Initial recognition and derecognition

Financial assets are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument and measured at fair value on initial recognition. Transaction costs are included in the initial fair value except for financial assets at fair value through profit or loss whose transaction costs are recognised in profit or loss.

Financial assets measured at fair value and financial assets measured at amortised cost are recognised in the statement of financial position on the trade date.

Financial assets are derecognised when (a) the assets are redeemed or the rights to the cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership, but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

5.2 Subsequent measurement

The Group classifies its financial assets as subsequently measured at fair value through profit or loss, fair value through other comprehensive income or amortised cost. The classification depends on whether the financial asset is a debt instrument, an equity instrument or a derivative.

5.3 Debt instruments (Loans and debt securities)

The classification is based on a combination of assessing the business model for managing the financial assets and whether the contractual cash flows are solely payments of principal and interest (SPPI). The business model assessment is performed for homogenous portfolios/products identified based on how the business is managed in the Group's divisions. The assessment is based on reasonable scenarios taking into consideration how the portfolio is evaluated and reported to management; the risks affecting the performance of the portfolio and how these risks are managed; how managers are compensated; and the frequency, value and timing of sales including the reasons for the sales. In determining if the contractual cash flows are solely payments of principal and interest, principal is defined as the fair value of the debt instrument at initial recognition. The principal amount can change over the life of the instrument if there are repayments of principal or interest is capitalised. Interest cash flows are consistent with the components of a basic lending arrangement including consideration for the time value of money, credit risk, liquidity risk as well as administrative costs and a profit margin. If there are contractual terms introducing exposure to other risks or volatility, the cash flows are not considered to be solely payments of principal and interest. SPPI tests are performed as a part of new product approval tests.

Debt instruments are presented in the statement of financial position within cash and cash equivalents, due from central banks, due from credit institutions, due from investment companies, loans and advances to customers, financial assets at fair value through profit or loss, financial assets at amortised cost, receivables from customers and other financial assets and they include instruments in the following measurement categories.

Fair value through profit or loss: Debt instruments are classified into this category if they do not meet the criteria for amortised cost or fair value through other comprehensive income. This is the case if the instrument is held for trading. Financial assets are held for trading if they are held for the purpose of selling in the short term and profit-taking. Debt instruments are measured at fair value through profit or loss if they are managed and measured on a fair value basis or held with the intention to sell, or if their cash flows are not solely payments of principal and interest.

Amortised cost: Debt instruments are classified into this category if both of the following criteria are met. (a) the business model objective is to hold the assets to collect contractual cash flows and (b) the contractual cash flows are solely payments of principal and interest. The gross carrying amount of these assets is measured using the effective interest method and adjusted for expected credit losses.

5.4 Equity instruments

Equity instruments are by default classified as financial assets at fair value through profit or loss. However, an irrevocable election can be made on initial recognition to classify equity instruments (not held for trading) as measured at fair value through other comprehensive income.

5.5 Derivatives

Derivatives (held for trading) are classified as measured at fair value through profit or loss.

5.6 Modification

The Group may renegotiate loans and modify contractual terms. If the new terms are substantially different from the original ones, the Group derecognises the original financial asset and recognises a new asset. The Group also assesses whether the new financial asset is credit-impaired at initial recognition. If the terms are not substantially different, the modification does not result in derecognition and the Group recalculates the gross carrying amount based on the new cash flows using the original effective interest rate of the financial asset and recognises a modification gain or loss.

5.7 Reclassification

In rare circumstances debt instruments (financial assets) excluding those designated at fair value through profit or loss on initial recognition, can be reclassified if there has been a change in the business model for managing the affected financial assets.

5.8 Write-off

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event.

Indications of no reasonable expectation of recovery include (i) ceasing of debt collection activities and (ii) where the Group's recovery method is foreclosing on collateral, determining that the value of the collateral is such that there is no reasonable expectation of recovery.

If it is not feasible or economically reasonable for the Group to take measures to recover a receivable, the receivable is classified into non-performing and removed from the statement of financial position. At least one of the conditions has to be filled to classify a receivable into non-performing.

If a receivable which has been written off as uncollectable is subsequently collected, the amount received is recognised as income.

IFRS 9 measurement category		Asset class		31 Dec 2024	31 Dec 2023
Financial assets	Amortised cost	Cash and cash equivalents, due from central banks, investment companies and credit institutions		3,418,757	2,837,892
		Loans and advances to customers	Corporate lending	2,404,574	2,028,772
			Consumer financing	100,002	104,988
			Investment financing	9,915	9,969
			Leasing	178,527	165,692
			Private lending	1,510,781	1,239,092
		Debt securities		283,533	321,888
		Receivables from customers		2,689	17,833
		Other financial assets		100	100
	Fair value through profit or loss	Shares and fund units		587	369
		Listed bonds		3,472	6,275
		Derivatives		3,415	301
Financial liabilities	Amortised cost	Deposits from customers		6,293,525	5,534,720
		Loans received and debt securities in issue		840,300	486,568
		Accounts payable and other liabilities		57,454	78,561
		Subordinated debt		134,656	114,054
	Fair value through profit or loss	Derivatives		24	1,843

6. Expected credit loss of financial assets

The impairment requirements are based on an expected credit loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

All financial assets measured at amortised cost and fair value through other comprehensive income, as well as lease receivables, financial guarantees contracts, contract assets and certain loan commitments are in scope for the recognition of ECLs.

ECLs on financial assets measured at amortised cost and lease receivables are presented as allowances, i.e., as an integral part of the measurement of those assets in the statement of financial position. The allowance reduces the gross carrying amount. ECLs on loan commitments and financial guarantee contracts are presented as provisions, i.e., as liabilities, in the statement of financial position. Adjustment to the loss allowances and provisions due to changes in ECLs is recognised in profit or loss as net expected credit losses.

The detailed description of credit risk measurement, definition of default, ECL modelling and incorporation of forward-looking information into credit risk measurement are described in subsection ‘2. Credit risk’ under the ‘Risk management’ section.

7. Property, plant and equipment

Property, plant and equipment (PPE) are non-current assets used in the Group’s operating activities that have a useful life of over one year. PPE is initially recognised at its cost, which consists of the purchase price (incl. customs duties and other non-refundable taxes) and any directly attributable expenditure on bringing the asset to its operating condition and location. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to operating expenses during the reporting period in which they are incurred.

PPE is carried in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis. The annual depreciation rate for computers, furniture and fixtures is 33%. Improvements of rental space are either depreciated at the rate of 20% per year or over the lease term, depending on which is shorter. Depreciation is calculated starting from the month of acquisition until the carrying amount decreases to the residual value of the asset. When the residual value is greater than the carrying amount of the asset, depreciation ceases.

The depreciation methods used, and the residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period. The Group performs an impairment test when there are circumstances which indicate impairment. Where an asset's carrying amount is greater than its estimated recoverable amount (the higher of an asset's fair value less costs of disposal and its value in use), the asset is immediately written down to its recoverable amount by recognising an impairment loss in the statement of profit or loss for the reporting period. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. The gains and losses are included in other income and operating expenses, respectively, in the statement of profit or loss for the reporting period.

8. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. An intangible asset is initially measured at cost, comprising of its purchase price and any directly attributable expenditure on preparing the asset for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight-line basis. The annual amortisation rate for purchased licenses is 33%.

The appropriateness of amortisation rates, methods and residual values is assessed at the end of each reporting period. The Group reviews intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset’s fair value less costs to sell and value in use.

9. Impairment of non-financial assets

Assets with an unlimited useful life and depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. In the event of such circumstances, the recoverable amount of the asset is assessed and compared with its carrying amount.

Assets with an unlimited useful life and depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. In the event of such circumstances, the recoverable amount of the asset is assessed and compared with its carrying amount.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit).

Impairment losses are recognised in profit or loss.

At the end of each following reporting period, assets that have been written down are assessed to determine whether their recoverable amount has increased (except for impairment losses of goodwill that are not reversed). If the impairment test indicates that the recoverable amount of an asset or asset group (cash-generating unit) has increased above its carrying amount, the previous impairment loss is reversed up to the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. Reversals of impairment losses are recognised in profit or loss as a reduction of the impairment loss.

10. Loan commitments, financial guarantees and performance guarantees

The Group issues commitments to provide loans. These commitments are irrevocable or revocable only in response to a material adverse change. Such commitments are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at (i) the remaining unamortised balance of the amount at initial recognition, plus (ii) the amount of the loss allowance determined based on the expected credit loss model, unless the commitment is to provide a loan at a below market interest rate, in which case the measurement is at the higher of these two amounts. The carrying amount of the loan commitments represents a liability. For contracts that include both a loan and an undrawn commitment and where the Group cannot separately distinguish the ECL on the undrawn loan component from the loan component, the ECL on the undrawn commitment is recognised together with the loss allowance for the loan. To the extent that the combined ECLs exceed the gross carrying amount of the loan, they are recognised as a liability.

The Group issues financial guarantees. Financial guarantees represent irrevocable assurances to make payments if a customer fails to make payment to third parties and carry the same credit risk as loans. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the financial guarantee. At the end of each reporting period, the financial guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected loss model and (ii) the remaining unamortised balance of the amount at initial recognition. In addition, an ECL allowance is recognised for fees receivable that are recognised in the statement of financial position as an asset.

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Such contracts do not transfer credit risk. Performance guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the contract. At the end of each reporting period, the performance guarantee contracts are measured at the higher of (i) the unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the contract at the end of each reporting period, discounted to present value. Where the Group has the contractual right to revert to its customer for recovering amounts paid to settle the performance guarantee contracts, such amounts will be recognised as loans and receivables upon transfer of the loss compensation to the guarantee's beneficiary.

11. Financial liabilities

The Group classifies financial liabilities either:

a) financial liabilities measured at fair value through profit or loss

b) financial liabilities measured at amortised cost

c) financial guarantee contracts and loan commitments

Derivatives are classified as financial liabilities at fair value through profit or loss as disclosed in 'Summary of significant accounting policies' section 6. All other financial liabilities are subsequently measured at amortised cost using the effective interest method. Transaction costs are included in the calculation of the effective interest rate. The difference between the proceeds (less transaction costs) and redemption value are recognised in profit or loss during the term of the instrument using the effective interest rate. Interest expense is reported in profit or loss within interest expense.

Deposits from customers are initially recorded on their settlement date at their fair value less transaction costs and are subsequently measured at amortised cost using effective interest method. Accrued interest liabilities are included in the same item.

Loans received, debt securities issued, and similar subordinated debts are initially recognised at fair value less transaction costs (cash received less transaction costs). Subordinated debts are those liabilities which in case of the liquidation of a credit institution or declaration of bankruptcy are settled after the satisfaction of the justifiable claims of other creditors. Other financial liabilities (trade payables, accrued expenses and other borrowings) are initially recognised at fair value less transaction costs and are subsequently carried at amortised cost.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled, or expires).

12. Share-based payments

AS LHV Group operates a share-based option programme, under which the company receives services from Group's employees as consideration for the equity instruments (options) of LHV Group. The fair value of the employee services received in exchange for the grant of the options is recognised during the shared-based compensation program as the Group's staff costs and as an increase in equity (other reserves). The total amount to be expensed is determined by the fair value at the time of issuing the options. The fair value of the options granted is determined by:

- including any market-based performance conditions (market conditions) that influence the option price (e.g., the LHV Group share price);
- excluding the impact of any service and non-market conditions (vesting conditions other than market conditions) e.g., profitability, sales growth targets and remaining an employee of the Group over a specified period).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the vesting conditions (other than market conditions). It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, LHV Group issues new shares.

The grant by LHV Group of options to acquire its equity instruments to the employees of subsidiary undertakings is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase in investments in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts. According to the law, there are no social security charges when the options are exercised after a 3-year period.

13. Contingent liabilities

Contingent obligations (guarantees, excluding financial guarantees, and other commitments) whose realisation is less probable than non-realisation or amount cannot be estimated reliably but which may transform into obligations in certain circumstances, are disclosed in the notes to the financial statements as contingent liabilities. Contingent liabilities may develop in a way not initially expected. Therefore, they are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable on a portfolio basis. If it becomes probable that an outflow of future economic benefits will be required for an item or a portfolio of items previously classified as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

14. Fee and commission income and expenses

Fee and commission income comprises revenue from contracts with customers. It does not include revenue from lease contracts or financial instruments and other contractual obligations within the scope of IFRS 9 Financial Instruments.

Fees that are included in the calculation of the effective interest rate of a financial instrument measured at amortised cost, such as loan origination fees, are allocated over the expected tenor of the instrument by applying the effective interest method and presented in net interest income.

Fee and commission income is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which LHV expects to be entitled in exchange for the service.

Fee and commission income is recognised over time on a straight-line basis as the services being rendered, when the customer simultaneously receives and consumes the benefits provided by the Group's performance. Variable fees are recognised only to the extent that management determines that it is highly probable that a significant reversal will not occur.

Other fee and commission income is recognised at a point in time when the Group satisfies its performance obligation, usually upon execution of the underlying transaction. The amount of fee or commission received or receivable represents the transaction price for the services identified as distinct performance obligations.

The main types of fees are described below.

Fee and commission income for asset custody and asset management provided to customers is recognised as revenue over the period in which the services are provided. Performance-based fees are recognised when it is highly probable that a significant reversal of recognised revenue will not occur, which is most often when the performance criteria are fulfilled.

Brokerage fees, commission, and fees from negotiating a transaction for a third party, such as arrangement of acquisitions or the purchase or sale of a business, are recognised on the completion of the transaction.

Expenses that are directly related to the generation of fee and commission income are recognised as fee and commission expense.

15. Corporate income tax, including dividend income tax in Estonia

According to the Estonian Income Tax Act, a company's annual profit is not subject to corporate income tax in Estonia. Instead, income tax is levied on dividends, fringe benefits, gifts, donations, entertainment expenses, non-business-related disbursements, and transfer pricing adjustments.

The tax rate on distributed profits is 22% of the net amount paid out (i.e., 22/78). Under certain conditions, received dividends can be redistributed without additional income tax costs. The exemption applies if the company receiving and redistributing the dividends had at least a 10% ownership stake in the distributing company at the time of receipt.

The previously applicable reduced tax rate of 14% (14/86 of the net dividend) for regularly distributed dividends will no longer be in effect as of January 1, 2025. However, a transitional provision may apply to dividends received before this date that were taxed at the lower rate when subsequently distributed.

Corporate income tax on dividends is recognized as an expense and a liability to the extent of the planned dividend distribution. Deferred income tax is accounted for on the undistributed profits of subsidiaries and changes in other reserves, except when the group controls the subsidiary's dividend policy and it is unlikely that the temporary difference will be reversed in the near future through dividend payments or other means. Since the group controls the dividend policy of its subsidiaries, it can also determine the timing of the reversal of temporary differences related to investments in subsidiaries. Therefore, the group does not recognize deferred tax liabilities on such temporary differences unless management expects them to reverse in the near future.

The maximum potential corporate income tax liability that would arise if all free equity were distributed as dividends is disclosed in the notes to the consolidated financial statements.

Starting from Q2 2018 to 2024 credit institutions had to make advance payments of income tax at the rate of 14% of their quarterly profits (Note 26). Starting from January 1, 2025 the tax rate for credit institutions is 18%. The tax has to be paid by the 10th day of the third month following the quarter. Advance income tax payments are non-refundable and thus recognised as an expense, but they can be used to reduce the income tax payable on future dividend distributions. LHV is a growing company and cannot utilise the paid advance income tax in the foreseeable future. Therefore, the tax is recognised as an expense.

From January 1, 2026, a 2% security tax will apply to the annual profit of resident companies before income tax is levied. In the case of consolidated financial statements, the tax base will be the parent company's unconsolidated profit and loss statement profit.

Notes to the consolidated financial statements

NOTE 1 General information

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted in European Union for the year ended 31 December 2024 for AS LHV Pank (hereinafter the Bank or LHV Pank, the branch in UK was closed in 2023) and its subsidiary AS LHV Finance (together hereinafter: the Group or LHV). AS LHV Pank holds 65% interest in AS LHV Finance.

AS LHV Pank provides banking, financial advisory and securities brokerage services to customers in Estonia and in UK. There are offices for client servicing in Tallinn, Tartu and Pärnu. LHV is a limited liability company incorporated and domiciled in Estonia. The address of its registered office is Tartu mnt. 2, Tallinn. As at 31 Dec 2024, the Group employed 925 people, including 40 non-active employees (31 Dec 2023: 827 people, 41 non-active employees). LHV Finance offers hire-purchase services to merchants and consumer loans.

The Management Board approved the consolidated annual report (incl. financial statements) on 03 March 2025. The consolidated annual report will be presented for approval to the sole shareholder AS LHV Group. Rain Lõhmus, who owns 21.2% of the voting rights and Andres Viisemann, who owns 11.0% of the voting rights (see also Note 17), have significant influence over AS LHV Group.

The consolidated annual report approved by the Management Board shall be authorised for approval by the Supervisory Board and shareholders. The shareholders have the right not to approve the consolidated annual report while the Supervisory Board does not have that right.

Adjustment in classification of investing and operating cash flows

Management decided to reclassify financial investments. Such purchased and sales have been previously classified under net cash flow from/used in investing activities but as these assets are operating activities in nature then the cash flows from purchases and sales should be classified under net cash generated from/used in operating activities. The presentation has been corrected by reclassifying the affected cash flow statement line items for the prior periods as follows:

	2023	Increase/ (Decrease)	2023 restated
Fees and commissions received	47,917	-1,683	46,234
Fees and commissions paid	-20,700	1,683	-19,017
Administrative and other operating expenses paid	-39,988	6,215	-33,773
Cash flow from operating activities before change in operating assets and liabilities	**173,304**	**6,215**	**179,519**
Financial assets at fair value through profit or loss	-264	-4,405	-4,669
Loans and advances to customers	-368,467	5,294	-373,761
Investements in debt securities at amortised cost	0	42,342	42,342
Debt securities issued	100,135	-135	100,000
Other liabilities	27,540	-786	26,754
Net cash generated from/used in operating activities	**329,924**	**37,937**	**367,861**
Net change in debt and equity securities	37,175	-37,175	0
Net cash flow from/used in investing activities	**25,167**	**-37,175**	**-12,008**
Effect of exchange rate changes on cash and cash equivalents	**1,544**	**-762**	**782**

NOTE 2 Significant accounting estimates and assumptions

Consistent with IFRS as adopted by the European Union, management makes estimates and assumptions which affect the amounts reported in the financial statements. Although the estimates are based on management's best knowledge and judgement, actual outcomes may differ from these estimates. Management's estimates have been applied to valuation of loans, receivables and investments (Risk management section 2, Notes, 8, 9 and 10).

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Changes in management's estimates are recognised prospectively.

The most significant management estimates and assumptions are related with the financial instrument standard IFRS 9, namely the criteria for a significant increase in credit risk (SICR), the calculation of probability of default (PD) and loss given default (LGD), the business model and solely payments of principal and interest (SPPI) assessment for the classification of financial assets. Please see more information in the 'Risk management' section, subsection 2 and below. Information regarding SPPI test is available in Note 2.

When calculating expected credit loss (ECL) there are a number of key concepts that require a high level of judgement. Estimating expected credit loss is, by its very nature, uncertain and the accuracy of these estimates depends on many factors, e.g. macroeconomic forecasts and involves complex modelling and judgements. The assessment of significant increase in credit risk is a concept under IFRS 9 Financial Instruments and requires significant judgement. At the end of each reporting period The Group performs an assessment 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, using key risk indicators that are used in the Group's existing risk management processes.

Another area requiring significant judgement is the incorporation of forward-looking information and macroeconomic scenarios. IFRS 9 requires an unbiased and probability-weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. LHV uses internally developed macroeconomic forecasts as the basis for the forward-looking information in the ECL measurement. LHV uses both models and judgements based on the input of experts to determine ECLs. The objective of making judgements based on the input of experts is to incorporate the estimated impact of factors not captured in the modelled ECL. The degree of judgement that is required to estimate ECLs depends on the outcome of the calculations, materiality, and the availability of detailed information. The models, assessments and assumptions are regularly reviewed by the risk management.

NOTE 3 Net interest income

Interest income

EUR thousand	Note	2024	2023
Interest income using effective interest calculation			
Corporate loans		169,534	138,673
incl. loans to related parties	20	669	163
*incl. stage 3 interest**		1,453	309
Consumer financing		16,280	16,606
Investment financing		1,682	1,383
Private lending		83,052	68,623
incl. loans to related parties	20	168	143
Due from central banks		92,719	56,664
From debt securities at amortized cost		6,182	6,802
Due from credit institutions and investment companies		1,130	4,397
Subtotal		**370,579**	**293,148**
Other similar interest income			
Leasing		14,221	11,362
incl. leases to related parties	20	30	41
From debt securities at fair value through profit or loss		2,106	997
Subtotal		**16,327**	**12,359**
Total		**386,906**	**305,507**
Interest expense			
Deposits from customers and loans received		-139,806	-67,098
Other interest		-506	-698
Subordinated debt	16, 20	-9,545	-9,240
Total		**-149,857**	**-77,036**
Net interest income		**237,049**	**228,471**

Interest income of loans by customer location (interest from bank balances and debt securities not included):		
Estonia	284,620	233,482
United Kingdom	148	3,165
Total	**284,768**	**236,647**

*As most of the stage 3 loans are sold to debt collectors, the stage 3 interests are marginal in all loan portfolios except corporate loans. Please see also Note 23.

NOTE 4 Net fee and commission income

Fee and commission income

EUR thousand	Note	Over time	Point in time	2024	Over time	Point in time	2023
Security brokerage and commission fees		965	6,487	7,452	148	4,252	4,400
Asset management and related fees		5,734	217	5,951	4,741	272	5,013
Currency exchange fees		0	8,586	8,586	0	5,868	5,868
Fees from cards and settlements		1,106	23,104	24,210	2,689	20,597	23,286
Other fee and commission income		5,852	4,425	10,277	4,987	2,680	7,667
Total	**23**	**13,657**	**42,819**	**56,476**	**12,565**	**33,669**	**46,234**

Fee and commission expense

Security brokerage and commission fees paid				-2,968			-2,502
Expenses related to cards				-5,981			-5,714
Expenses related to card payments				-7,509			-8,600
Fees related to consumer loans and hire-purchase paid				-289			-741
Other fee expense				-3,286			-1,460
Total	**23**			**-20,033**			**-19,017**
Net fee and commission income	**23**			**36,443**			**27,217**

2024

Fee and commission income

EUR thousand	Note	Retail banking	Corporate banking	Hire-purchase and consumer finance	Financial intermediates	Other activities	Total
Security brokerage and commission fees		5,405	2,010	0	24	13	7,452
Asset management and related fees		2,859	3,029	0	18	45	5,951
Currency exchange fees		3,815	1,786	0	1,051	1,935	8,586
Fees from cards and settlements		16,799	3,867	0	3,513	31	24,210
Other fee and commission income		3,231	6,205	471	-27	398	10,277
Total	**23**	**32,108**	**16,897**	**471**	**4,579**	**2,421**	**56,476**

Fee and commission expense

Security brokerage and commission fees paid		-2,371	-551	0	-7	-39	-2,968
Expenses related to cards		-5,851	-124	0	-3	-3	-5,981
Expenses related to card payments		-4,699	-2,607	0	-201	-2	-7,509
Fees related to consumer loans and hire-purchase paid		0	0	-289	0	0	-289
Other fee expense		-1,520	-962	-26	-786	9	-3,286
Total	**23**	**-14,441**	**-4,245**	**-315**	**-996**	**-36**	**-20,033**
Net fee and commission income	**23**	**17,668**	**12,653**	**155**	**3,583**	**2,385**	**36,443**

2023

Fee and commission income

EUR thousand	Note	Retail banking	Corporate banking	Hire-purchase and consumer finance	Financial intermediates	Other activities	Total
Security brokerage and commission fees		3,943	442	0	7	8	4,400
Asset management and related fees		4,187	805	0	11	10	5,013
Currency exchange fees		2,834	518	0	2,466	49	5,868
Fees from cards and settlements		16,279	2,829	0	4,152	27	23,286
Other fee and commission income		5,404	1,895	951	-820	235	7,667
Total	**23**	**32,648**	**6,489**	**951**	**5,816**	**331**	**46,234**

Fee and commission expense

Security brokerage and commission fees paid		-2,255	-185	0	-11	-52	-2,502
Expenses related to cards		-5,665	-45	0	-3	-1	-5,714
Expenses related to card payments		-5,531	-2,452	0	-614	-3	-8,600
Fees related to consumer loans and hire-purchase paid		0	0	-741	0	0	-741
Other fee expense		-1,729	-685	0	1,016	-63	-1,460
Total	**23**	**-15,180**	**-3,367**	**-741**	**387**	**-118**	**-19,017**
Net fee and commission income	**23**	**17,469**	**3,122**	**210**	**6,203**	**212**	**27,217**

Fee and commission income by customer location:	2024	2023
Estonia	49,457	38,229
United Kingdom	7,019	8,005
Total	**56,476**	**46,234**

NOTE 5 Operating expenses

EUR thousand	2024	2023
Wages, salaries and bonuses	41,795	34,045
Social security and other taxes*	12,313	10,246
Total staff costs	**54,108**	**44,291**
IT expenses	8,084	6,458
Information services and banking services	1,752	1,418
Marketing expenses	3,854	2,823
Office expenses	1,654	1,534
Transportation and communication costs	646	509
Training and travelling expenses of employees	1,455	1,047
Other outsourced services	6,259	7,302
Other administrative expenses	10,051	11,556
Depreciation and amortisation	5,996	7,170
Short term rental payments	-54	186
Other operating expenses	1,568	941
Total other operating expenses	**41,265**	**40,944**
Total operating expenses	**95,373**	**85,235**

* lump-sum payment of social, health and other contributions

Social tax includes contributions to state pension funds. LHV has no legal or factual obligation to make pension or other similar payments in addition to social tax.

Audit services provided by PwC in 2024 amounted to EUR 410 thousand. Audit services provided by KPMG in 2023 amounted to EUR 128 thousand. Audit services provided by other companies in 2024 amounted to EUR 179 (2023: 0) thousand. Other services provided by auditors amounted to EUR 0 (2023: 22) thousand.

The average number of employees working for the Group in 2024 was 865 (2023: 784).

NOTE 6 Cash and cash equivalents, due from central bank and investment companies

Mandatory measurement as fair value through profit or loss

EUR thousand	31 Dec 2024	31 Dec 2023
Cash and balances with central bank	3,360,516	2,789,752
Due from banks and investment companies	58,241	48,140
Total	**3,418,757**	**2,837,892**
incl legal reserve with the central bank	63,239	55,899
Total balances with central bank and due from banks and investment companies less legal reserve	**3,355,518**	**2,781,993**

Distribution by internal ratings

EUR thousand	31 Dec 2024	31 Dec 2023	Grading
3 low credit risk	1,730	522	Investment grade
4 low credit risk	3,360,516	2,789,752	
5 low credit risk	0	0	
6 low credit risk	402	529	
7 medium credit risk	0	0	
8 medium credit risk	0	0	
9 heightened credit risk	0	0	
10 high credit risk	3,287	3,066	Non-investment grade (incl. special monitoring)
11 high credit risk	0	0	
12 non-satisfactory rating	0	0	
13 insolvent	0	0	Default
Non-rated	52,822	44,023	
Total	**3,418,757**	**2,837,892**	

Mandatory banking reserve as at 31 Dec 2024 was 1% (2023: 1%) of all financial resources collected (deposits from customers). The reserve requirement is to be fulfilled as a monthly average in euros or in the foreign securities preapproved by the central bank.

NOTE 7 Financial assets and liabilities at fair value through profit or loss

Mandatory measurement as fair value through profit or loss

EUR thousand	31 Dec 2024	31 Dec 2023
Shares and fund units	587	369
Debt securities	3,472	6,275
Foreign exchange forwards	3,415	301
Total financial assets	**7,474**	**6,945**
Interest rate swaps and foreign exchange forwards	24	1,843
Total financial liabilities	**24**	**1,843**

Financial assets at fair value through profit or loss 1 Jan 2023	**407**
Net changes of investment securities at fair value through profit or loss	5,804
Interest income (Note 3)	997
Revaluation	-263
Financial assets at fair value through profit or loss 31 Dec 2023	**6,945**
Net changes of investment securities at fair value through profit or loss	-1,718
Interest income (Note 3)	2,106
Revaluation	141
Financial assets at fair value through profit or loss 31 Dec 2024	**7,474**

NOTE 8 Investments in debt securities at amortised cost

Investments in debt securities measured at amortised cost

EUR thousand	
Investments in debt securities measured at amortised cost 1 Jan 2023	**364,230**
Interest income	6,802
Net change in investment securities measured at amortised cost	-49,155
Impairment	11
Investments in debt securities measured at amortised cost as at 31 Dec 2023	**321,888**
Interest income	6,182
Net change in investment securities measured at amortised cost	-44,547
Impairment	10
Investments in debt securities measured at amortised cost as at 31 Dec 2024	**283,533**

Investments in debt securities measured at amortised cost by credit ratings

EUR thousand	31 Dec 2024	31 Dec 2023
A1	199,252	164,326
A2	62,557	126,715
A3	19,827	28,967
AAA	1,897	0
AA1	0	1,880
Total	**283,533**	**321,888**

NOTE 9 Loans and advances to customers

EUR thousand	31 Dec 2024	31 Dec 2023
Corporate lending	2,434,834	2,050,171
Consumer financing	104,913	109,298
Investment financing	9,920	9,980
Leasing	180,116	167,799
Private lending	1,513,085	1,241,321
Total	**4,242,868**	**3,578,569**
incl. related parties (Note 20)	52,500	75,299
Allowance for credit loss	-39,069	-30,056
Total	**4,203,799**	**3,548,513**

In 2024, the average effective interest rate of new consumer loans issued to individuals was 14.38% (2023: 14.67%). The average effective interest rate for hire-purchase was around 21.27% (2023: 21.44%), credit cards 17.51% (2023: 17.54%) and leasing 6.85% (2023: 6.42%). The contractual interest rate of leveraged loans issued to individuals is generally equal to their effective interest rate because no other significant fees have been received upon their issue.

Changes in expected credit losses

EUR thousand	Balance as at 1 January	Impairment provisions / reversals set up during the year	Written off during the reporting period	Balance as at 31 December
Corporate Lending	-21,399	-17,163	8,303	-30,260
Consumer Financing	-4,310	-3,238	2,637	-4,911
Investment Financing	-11	-2	7	-5
Leasing	-2,107	-939	1,457	-1,589
Private Lending	-2,229	-1,324	1,249	-2,304
Total 2024	**-30,056**	**-22,666**	**13,653**	**-39,069**
Corporate Lending	-15,435	-14,931	8,967	-21,399
Consumer Financing	-2,107	-3,232	1,029	-4,310
Investment Financing	-13	-5	7	-11
Leasing	-2,008	-759	660	-2,107
Private Lending	-1,014	-1,688	473	-2,229
Total 2023	**-20,577**	**-20,615**	**11,136**	**-30,056**

Expected credit losses accumulated during the year differ from the amount of credit losses recognised in the statement of profit or loss by the amounts which were written off as uncollectible in earlier periods but collected during the reporting period. These receipts were recorded among expected credit losses in the statement of profit or loss.

For credit risk exposures and loan collateral, see Risk management section 2.4.4.

Distribution of loans granted by currencies is disclosed in Risk management section 3.1.

Distribution of loans granted by maturity is disclosed in Risk management section 4.

The geographical distribution of loans granted is disclosed in Risk management section 2.3.1.

For interest income on loans granted, see Note 4.

NOTE 10 Receivables from customers and other receivables

EUR thousand	31 Dec 2024	31 Dec 2023
Asset management fees from customers	1,543	671
Other fees for providing services to customers	882	17,153
Payments in transit	264	9
Total	**2,689**	**17,833**

All fees, other than receivables related to collection of receivables, are receivable within 12 months of the end of the reporting period and are considered as current asset.

NOTE 11 Other assets

EUR thousand	31 Dec 2024	31 Dec 2023
Financial assets		
Guarantee deposits of VISA and MasterCard	100	100
Subtotal	**100**	**100**
Non-financial assets		
Prepayments to Financial Supervision Authority	805	0
Other prepayments*	2,713	2,795
Subtotal	**3,518**	**2,795**
Total	**3,618**	**2,895**

* Prepayments include office rent, insurance, periodicals and training

Prepayments are expected to be received or used within 12 months of the end of the reporting period and are therefore considered current assets. The deposits of VISA are held to guarantee credit card transactions and should therefore be considered non-current assets.

NOTE 12 Property, plant and equipment, right-of-use assets and intangible assets

EUR thousand	PPE	Right-of-use assets	Total tangible assets	Intangible assets	Total
Balance as at 31 Dec 2022					
Cost	13,793	6,569	20,362	7,505	27,867
Accumulated depreciation and amortisation	-5,846	-3,556	-9,402	-4,624	-14,026
Carrying amount 31 Dec 2022	**7,947**	**3,013**	**10,960**	**2,881**	**13,841**
Purchases	2,543	0	2,543	2,043	4,586
Addition	0	7,908	7,908	0	7,908
Write-off	-89	0	-89	-736	-825
Proceeds from disposal of PPE (at carrying amount)	-487	0	-487	0	-487
Depreciation/amortisation charge	-1,197	-3,995	-5,192	-1,978	-7,170
Balance as at 31 Dec 2023					
Cost	15,734	14,477	30,211	8,813	39,024
Accumulated depreciation and amortisation	-6,928	-7,551	-14,479	-5,867	-20,346
Carrying amount 31 Dec 2023	**8,806**	**6,926**	**15,732**	**2,946**	**18,678**
Purchases	1,068	0	1,068	1,481	2,549
Addition	0	1,426	1,426	0	1,426
Depreciation/amortisation charge	-2,687	-1,478	-4,165	-1,831	-5,996
Balance as at 31 Dec 2024					
Cost	16,802	15,903	32,705	10,294	42,999
Accumulated depreciation and amortisation	-9,615	-9,029	-18,644	-7,698	-26,342
Carrying amount 31 Dec 2024	**7,187**	**6,874**	**14,061**	**2,596**	**16,657**

PPE include computer technology and office equipment, furniture, capitalised costs of office renovation. Intangible assets include licenses, client contracts and development costs. In 2024 and 2023, there was no indication of impairment of PPE and intangible assets. Please also see Note 15.

NOTE 13 Deposits from customers and loans received

Deposits from customers as at 31 Dec 2024

EUR thousand	Individuals	Financial entities	Non-financial entities	Public sector	Total
Demand deposits	1,051,550	1,506,018	1,678,459	102,062	4,338,089
Term deposits	835,370	158,265	918,197	43,604	1,955,436
Total	**1,886,920**	**1,664,283**	**2,596,656**	**145,666**	**6,293,525**
incl. related parties (Note 20)	*4,736*	*29,422*	*4,400*	*0*	*38,558*

Deposits from customers as at 31 Dec 2023

EUR thousand					
Demand deposits	745,430	1,130,125	1,747,191	74,778	3,697,524
Term deposits	932,974	99,406	761,184	43,632	1,837,196
Total	**1,678,404**	**1,229,531**	**2,508,375**	**118,410**	**5,534,720**
incl. related parties (Note 20)	3,748	42,690	43,704	0	90,142

Loans from financial institutions and debt securities in issue

EUR thousand	31 Dec 2024	31 Dec 2023
Debt securities in issue	340,139	236,850
Covered bonds	500,161	249,718
Total	**840,300**	**486,568**

Covered bonds

EUR thousand	
Covered bonds as at 01 Jan 2023	**249,425**
Accumulated interest	293
Covered bonds as at 31 Dec 2023	**249,718**
Covered bonds issued	250,000
Accumulated interest	443
Covered bonds as at 31 Dec 2024	**500,161**

Debt securities in issue

EUR thousand	
Debt securities in issue as at 01 Jan 2023	**134 724**
Debt securities issued	100,000
Accumulated interest	2,126
Debt securities in issue as at 31 Dec 2023	**236,850**
Debt securities issued	100,000
Accumulated interest	3,289
Debt securities in issue as at 31 Dec 2024	**340,139**

During the reporting period covered bonds in the amount of EUR 250 million and debt securities in issue in the amount of EUR 100 million (2023: 100 million) were issued. Due date of issued covered bonds is 17.10.2028 and are carrying a rate of interest at 3.0%. Debt securities in issue have variable interest rate with interest margin 3.0% and due date 24.05.2028. Debt securities in issue issued in 2023 have due date 04.10.2027 and are carrying a rate of interest at 10%.

The nominal interest rates of most deposits from customers and loans received equal their effective interest rates as no other significant fees have been paid.

Distribution of deposits from customers and loans received by currency is presented in Risk management section point 3.1.

Distribution of deposits from customers and loans received by maturity is presented in Risk management section 4.

Distribution of deposits from customers and loans received by geography and risk concentration is presented in Risk management section 2.3.1.

NOTE 14 Accounts payable and other liabilities

EUR thousand	31 Dec 2024	31 Dec 2023
Financial liabilities		
Trade payables	2,700	1,879
Other short-term financial liabilities	10,091	18,226
Lease liabilities (Note 15)	7,264	8,057
Payments in transit	29,875	48,632
Provision of loan commitments and financial guarantees	6,368	1,152
Prepayments received for financial guarantees	1,156	615
Subtotal	**57,454**	**78,561**
Non-financial liabilities		
Prepaid expenses	988	751
Prepayments received for performance guarantees	1,943	1,750
Tax liabilities	5,135	2,917
Payables to employees	4,134	3,451
Subtotal	**12,200**	**8,869**
Total	**69,654**	**87,430**

Payables to employees consist of salaries payable and bonus and vacation pay accruals for the reporting period. The increase in payables to employees is attributable to growth in the number of employees during the year. Payments in transit consist of foreign payments and payables to customers related to intermediation of securities transactions, for which the customer's current account has been debited. All liabilities, except for financial guarantees and part of lease liabilities, are payable within 12 months and are therefore classified as current liabilities. Income tax payable on dividends expected to be paid out in the next financial year in the amount of EUR 1,044 thousand (2023: 376 thousand) has been included in other short term financial liabilities.

NOTE 15 Right-of-use assets and lease liabilities

LHV Pank leases office premises. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability from the date when the leased asset becomes available for use by the LHV Pank. All lease agreements are cancellable upon the consent of both parties.

Total right-of-use assets in the statement of financial position as at 31 Dec 2024 is EUR 6,874 thousand (31 Dec 2023: 6,926 thousand) and the liability is EUR 7,264 thousand (31 Dec 2023: 8,057 thousand) (Note 14). The right-of-use assets balance is disclosed in the Note 12. The lease liability is disclosed in the Note 14. Interest expense on lease liabilities in 2024 was EUR 229 thousand (2023: 275 thousand) and the depreciation of the right of use assets was EUR 1,478 thousand (2023: 3,995 thousand) (Note 12). The repayments of principal of lease liabilities in 2024 were EUR 792 thousand (2023: 1,693 thousand).

NOTE 16 Subordinated debt

The Group has received subordinated debts in order to increase long-term capital. In the case of default of the Group, the subordinated debts are repayable after all other debts have been paid, but before debts to shareholders are paid.

In December 2018, subordinated bonds were issued totalling EUR 10 000 thousand carrying a rate of interest at 6.50%. These bonds were redeemed in 2024.

In June 2019, subordinated bonds were issued totalling EUR 20,500 thousand (due date 29.06.2029) and in October 2019 totalling EUR 5,000 thousand (due date 29.10.2029), both carrying a rate of interest at 6.50%. These bonds were redeemed in 2024.

In September 2020, subordinated bonds were issued totalling EUR 10,000 thousand (due date 30.09.2030) carrying a rate of interest at 7.0%.

In February 2022, subordinated bonds were issued totalling EUR 15,000 thousand (due date 27.02.2032) carrying a rate of interest at 6.0%.

In 2019 Tier 1 subordinated loans were issued totalling EUR 23,000 thousand carrying a rate of interest at 9.50%.

In 2020 Tier 1 subordinated loans were issued totalling EUR 15,000 thousand carrying a rate of interest at 9.50%.

In 2022 Tier 1 subordinated loans were issued totalling EUR 15,000 thousand carrying a rate of interest at 11.50%.

In 2023, no subordinated bonds were issued or redeemed.

In 2024 Tier 1 subordinated loans were issued totalling EUR 20,000 thousand carrying a rate of interest at 6.50% and 36,000 thousand carrying a rate of interest at 8.0%.

The balances of subordinated debt as at the end of each reporting period is disclosed in the table below. Interest liabilities are accounted in the statement of financial position using the effective interest rate.

Subordinated debt

EUR thousand

Subordinated debt as at 01 Jan 2023	**113,500**
Subordinated bonds issued	0
Subordinated bonds redeemed	0
Subordinated debt as at 31 Dec 2023	**113,500**
Subordinated bonds issued	56,000
Subordinated bonds redeemed	-35,500
Subordinated debt as at 31 Dec 2024	**134,000**

Interest expenses on subordinated bonds for each reporting period and accrued interest liabilities as at the end of each reporting period is disclosed in the table below.

Interest liability from subordinated debt

EUR thousand

Accrued interest on subordinated debt as at 1 Jan 2023	**556**
Interest calculated (Note 3)	9,240
Paid out	-9,242
Accrued interest on subordinated debt as at 31 Dec 2023	**554**
Interest calculated (Note 3)	9,545
Paid out	-9,443
Accrued interest on subordinated debt as at 31 Dec 2024	**656**

NOTE 17 Shareholders' equity in the public limited company

The sole shareholder of the Group is a company registered in Estonia, AS LHV Group. Rain Lõhmus who owns 21.2% of the voting rights and Andres Viisemann who owns 11.0% of the voting rights in AS LHV Group have significant influence over the company (31 December 2023: 21.5% and 11.2%, respectively). According to the Company's articles of association, the minimum share capital is EUR 25 million and the maximum share capital is EUR 100 million (at 31 December 2023: EUR 25 million and EUR 100 million, respectively). The share capital is paid in full through cash contributions. The Group's share capital was EUR 141.5 million at the year-end 2023. There were no changes in share capital in 2024.

As at 31 Dec 2024, the adjusted unconsolidated retained earnings of the Bank amounted to EUR 436,316 thousand (31 December 2023: EUR 369,674 thousand). Thus, as at 31 December 2024 it is possible to pay out dividends in amount EUR 340,326 thousand (2023: EUR 295,941 thousand) and the related income tax charge would be EUR 95,990 thousand (2023: EUR 73,733 thousand). If the dividends were to be paid, the Group's capital adequacy would remain compliant.

Transactions with share capital	31 Dec 2024	31 Dec 2023
Share capital	**141,500**	**141,500**
Number of shares	141,500,000	141,500,000
Par value of a share	1 EUR	1 EUR

In 2014, the General Meeting of shareholders of AS LHV Group approved the criteria for the granting of share options to the Management Board members and equivalent employees and department managers and equivalent employees of group companies that are part of AS LHV Group. The underlying assets of the share options issued are the shares of LHV Group. The aim of issuing share options is to align the interests of Management Board members and employees more effectively with the interests of shareholders and customers. Another objective is to offer a system of compensation on the labour market that is equal to competitors and comprehensive. The share options were issued in 2023 and in 2024.

In 2024, share options were granted to six members of the Management Board of AS LHV Pank and to one member of Management Board of subsidiary AS LHV Finance; and 160 employees of the group in the total amount of EUR 4,598 thousand.

In 2023, share options were granted to six members of the Management Board of AS LHV Pank and to one member of Management Board of subsidiary AS LHV Finance; and 140 employees of the group in the total amount of EUR 4,426 thousand.

The company entered into share option agreements with the members of the Management Board and employees for a three-year term for the granting of share options. Share options can be exercised after the expiry of a three-year period.

Share options issued in 2020 were exercised in 2023, when shares with nominal value of EUR 0.1 could be acquired for EUR 0.596 per share.

Share options issued in 2021 were exercised in 2024, when shares with nominal value of EUR 0.1 could be acquired for EUR 0.923 per share.

Share options issued in 2022 can be exercised between the period of 01.04.2025-30.04.2025 and shares with nominal value of EUR 0.1 can be acquired for EUR 2.182 per share.

Share options issued in 2023 can be exercised between the period of 01.04.2026-30.04.2026 and shares with nominal value of EUR 0.1 can be acquired for EUR 1.7 per share.

Share options issued in 2024 can be exercised between the period of 01.04.2027-30.04.2027 and shares with nominal value of EUR 0.1 can be acquired for EUR 1.74 per share.

Legal reserve in equity is composed of:

EUR thousand	
Legal reserve as at 1 Jan 2023	**8,736**
Transferred from 2023 net profit	3,933
Legal reserve as at 31 Dec 2023	**12,669**
Transferred from 2024 net profit	1,481
Legal reserve as at 31 Dec 2024	**14,150**

NOTE 18 Assets under custody

AS LHV Pank, operating as an account manager for its customers, has custody of or intermediates the following customer assets:

EUR thousand	31 Dec 2024	31 Dec 2023
Cash balance of customers	16,986	13,780
Securities of customers	3,707,623	3,490,269
incl. parent company (Note 20)	151,129	151,129
incl. shareholders of the parent company and related entities (Note 20)	506,250	562,486
Total	**3,724,609**	**3,504,049**

LHV has a cooperation with IB, providing our customers access to IB's trading platform. This collaboration allows our customers to leverage their investment portfolios by using equities as collateral to obtain loans, which can then be reinvested into additional equities. IB employs sophisticated monitoring systems that closely tracks customer´s positions. These systems are designed with pre-emptive thresholds to ensure proactive measures are taken well before the collateral's value approaches critical levels. Specifically, the system intervenes before the collateral value falls below the outstanding loan balance, prompting customers to either reduce their loan balance or provide additional collateral. If customer does not take the necessary corrective action, the system is programmed to automatically liquidate the collateral to satisfy the outstanding loan. The loans extended to our customers, are managed with a high degree of prudence, including the application of a "haircut" to the collateral value, ensuring that the collateral always exceeds the loan amount. LHV has entered into an agreement with IB, wherein we assume responsibility for any shortfall. Should the proceeds from collateral liquidation be insufficient to cover the loan, the platform charges the deficit to LHV. This arrangement underscores our commitment to safeguarding the financial integrity of our clients' leveraged investments. To date, there has not been any instance where LHV has been required to cover a loss under this arrangement. The fair value of these guarantees is considered to be zero, based on the following methodology: The fair value of the guarantee is calculated as the discounted value of the Expected Loss (EL), where: EL = Probability of Default (PD) x Loss Given Default (LGD).

LHV considers the LGD for these loans to be zero euros, due to the highly automated processes employed by IB. If either the PD or LGD is considered zero in this calculation, the resulting fair value of the guarantee is also zero.

NOTE 19 Contingent assets and liabilities

Non-cancellable agreements	Performance guarantees	Financial guarantees	Letters of credit	Unused loan commitments	Total Gross	Allocations	Total fair value
Liability in contractual amount 31 Dec 2024	110,674	55,525	1,071	561,981	**729,251**	**-6,368**	**722 883**
Liability in contractual amount 31 Dec 2023	56,217	55,061	3,732	495,653	**610,663**	**-1,152**	**609 511**

Income tax from potential future dividends is disclosed in Note 17.

Financial guarantees and unused loan commitments are subject to ECL requirements of IFRS 9, see also note Risk management section point 2 for more information.

Tax authorities have the right to review the company's tax records for up to 5 years after submitting the tax declaration and upon finding errors, impose additional taxes, interest and fines. The tax authorities have not performed any tax audits at the Group during 2023-2024. The Group's management estimates that in 2025 there are no such circumstances which may lead the tax authorities to impose significant additional taxes on the Group.

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Such contracts do not transfer credit risk. The risk under performance guarantee contracts is the possibility that the insured event (i.e., the failure to perform the contractual obligation by another party) occurs. The key risks the Group faces are significant fluctuations in the frequency and severity of payments incurred on such contracts relative to expectations. The Group uses historical data and statistical techniques to predict levels of such payments. Claims must be made before the contract matures and most claims are settled within short term. This allows the Group to achieve a high degree of certainty about the estimated payments and therefore future cash flows. The Group manages such risks by constantly monitoring the level of payments for such products and has the ability to adjust its fees in the future to reflect any change in claim payments experience. The Group has a claim payment requests handling process, which includes the right to review the claim and reject fraudulent or non-compliant requests. The exposure and concentration of performance guarantees is as follows:

Breakdown by economic sectors

EUR thousand	31 Dec 2024	31 Dec 2023
Construction	74,088	39,418
Water and utilities	5,508	5,316
Manufacturing	5,963	4,008
Administrative activities	871	639
Professional, scientific and technical activities	17,535	550
Other areas at activities	6,709	6,286
Total	**110,674**	**56,217**

Breakdown by internal ratings

EUR thousand	31 Dec 2024	31 Dec 2023
5 low credit risk	5,010	4,960
6 low credit risk	6,671	4,375
7 medium credit risk	32,345	5,948
8 medium credit risk	16,523	16,440
9 heightened credit risk	42,574	19,252
10 high credit risk	0	6
11 high credit risk	836	0
12 non-satisfactory rating	243	322
13 insolvent	1,512	1,568
Non-rated	4,960	3,346
Total	**110,674**	**56,217**

Performance guarantees are over-collateralised as at each reporting date. Therefore, the Group has not borne any losses from performance guarantee contracts neither in 2024 nor in previous period.

NOTE 20 Transactions with related parties

In preparing the consolidated financial statements of AS LHV Pank, the following entities have been considered related parties:

- owners that have significant impact on the Group and the entities related to them;
- members of the Management Board and legal entities controlled by them (together referred to as management);
- members of the Supervisory Board;
- close relatives of the persons mentioned above and the entities related to them.

Transactions	Note	2024	2023
Interest income	**3**	**1,223**	**1,338**
incl. management		127	62
incl. shareholders, their related entities and close relatives that have significant influence		1,096	1,276
Interest expenses	**3**	**36,846**	**18,013**
incl. management		47	27
incl. parent company		36,500	17,904
incl. shareholders, their related entities and close relatives that have significant influence		299	82
Fee and commission income	**3**	**171**	**82**
incl. management		7	9
incl. shareholders, their related entities and close relatives that have significant influence		164	73

Balances	Note	31 Dec 2024	31 Dec 2023
Loans and receivables	**9**	**52,500**	**28,579**
incl. management		2,031	2,104
incl. shareholders, their related entities and close relatives that have significant influence		50,469	26,475
Deposits	**13**	**73,424**	**47,452**
incl. management		2,071	1,519
incl. parent company		34,866	25,946
incl. shareholders, their related entities and close relatives that have significant influence		36,487	19,987
Subordinated loans as at the year-end		**1,904**	**4,462**
incl. management		96	172
incl. shareholders, their related entities and close relatives that have significant influence		1,808	4,290

The table provides an overview of the material balances and transactions involving related parties. All transactions involving the close relatives and the entities related to members of the Management Board and Supervisory Board and the minority shareholders of the parent company AS LHV Group have occurred in the course and on the terms of ordinary business.

As at 31 Dec 2024 the interest rate on demand deposits and term deposits corresponds to the terms applicable to customers. As at 31 Dec 2023 the interest rate on demand and term deposits corresponds to the terms applicable to customers.

The subordinated debt received in 2020 has the interest rate of 7.0%. The subordinated debt received in 2022 has the interest rate of 6.0%. The subordinated debt received in 2024 has the interest rate of 6.5% and 8%. Tier 1 subordinated debt received 2019 and 2020 have the interest rate of 9.5%. Tier 1 subordinated debt received 2022 has the interest rate of 11.5%. Senior preferred bonds issued in 2022 have interest rate of 9%, senior preferred bonds issued in 2023 have interest rate of 10%. Senior preferred bonds issued in 2024 have floating interest rate.

The interest rate of all subordinated debts is the similar to the levels parent company is paying on its own subordinated loans received from third parties.

In 2024, salaries and other compensations paid to the management of LHV totalled EUR 1,679 thousand (2023: EUR 1,363 thousand), including all taxes. The Management Board of the Bank has six members and The Management Board of the subsidiary has one member.

Management is related to the share-based compensation plan. In 2024 the share-based expenses related to management amounted to EUR 1,342 thousand (2023: EUR 1,179 thousand).

As at 31 Dec 2024, the remuneration for December and accrued holiday pay in the amount of EUR 145 thousand (as at 31 Dec 2023: EUR 83 thousand) is reported as a payable to management (Note 14). The Group did not have any long-term payables or commitments to the members of the Management Board and the Supervisory Board as at 31 Dec 2024 and 31 Dec 2023 (pension liabilities, termination benefits, etc.). In 2024 and 2023, no remuneration was paid to the members of the Supervisory Board.

The Group has signed contracts with the members of the Management Board, which do not provide for severance benefits upon termination of the contract. In any matters not regulated by the contract, the parties adhere to the procedure specified in the legislation of the Republic of Estonia. Information on assets of related parties held as an account manager is presented in Note 18.

NOTE 21 Subsidiaries

As at 31 Dec 2024 and 31 Dec 2023, the Bank has one subsidiary that has been consolidated in these financial statements:

- AS LHV Finance (ownership interest 65%)

AS LHV Pank paid in 2013 EUR 325 thousand of monetary contribution for 65% ownership in LHV Finance and a non-controlling interest paid EUR 175 thousand of monetary contribution for 35% ownership.

The contribution of the non-controlling interest has been reflected in the consolidated statement of financial position on the line „Non-controlling interest“.

Set out below is the summarised financial information for the subsidiary. The information disclosed is the amount before inter-company eliminations.

Summarised statement of financial position	**AS LHV Finance**	
EUR thousand	**31 Dec 2024**	**31 Dec 2023**
Loans and advances to customers and other current assets	24,375	27,147
Non-current assets	62,705	66,402
Current liabilities	1,803	1,491
Non-current liabilities	65,600	73,712
Total net assets	**19,677**	**18,346**

Summarised statement of profit or loss and other comprehensive income		
EUR thousand	**31 Dec 2024**	**31 Dec 2023**
Net interest and fee and commission income	8,506	10,085
Profit before income tax	3,611	3,425
Income tax expense	-326	-569
Net profit	**3,285**	**2,856**
Total comprehensive income	3,285	2,856
Profit and other comprehensive income allocated to non-controlling interests	916	1,230

Summarised statement of cash flows		
EUR thousand	**31 Dec 2024**	**31 Dec 2023**
Cash flows from operating activities	17,236	6,626
Interest paid	-6,739	-5,383
Income tax paid	-326	-569
Net cash from operating activities	10,171	674
Net cash used in investing activities	-81	-86
Net cash used in financing activities	-10,090	-588
Net increase/(decrease) in cash and cash equivalents	**0**	**0**
Cash and cash equivalents at the beginning of the year	0	0
Cash and cash equivalents at the end of the year	**0**	**0**

NOTE 22 Income tax expense

The Bank was calculating 14% advance income tax in 2023 and 2024. Advance corporate income tax for the year 2024 was EUR 22,661 thousand (2023: EUR 22,195 thousand). Starting from 2025 the advance income tax rate is 18%.

EUR thousand	2024	2023
Advance corporate income tax	22,661	22,195
Corporate income tax	1,782	-88
Total income tax expense	**24,443**	**22,107**
Effective tax rate	**17%**	**16%**

The Group has cumulatively paid advance corporate income tax in the amount of EUR 61,682 thousand in total by the end of the reporting period (2023: 39,006 thousand) This has been recorded as an expense in the income statement in the respective periods. During the reporting period EUR 18,750 thousand was used from the advance corporate income tax to cover the income tax related to the dividend payment.

NOTE 23 Operating segments

The Group divides its business activities into four main business segments: retail banking, corporate banking, hire purchase and consumer finance, and financial intermediates. An operating segment is a part of the Group for which separate financial data is available and which is subject to regular monitoring of operating results by the Group's chief decision makers.

Grouping is done based on the client/product base. The retail banking segment covers services to private individuals and small legal entities with a credit exposure under EUR 500 thousand. This is a regular universal banking segment.

The corporate banking segment covers all corporate customers and other legal entities with credit exposure over EUR 500 thousand. The main products used by these customers are credits and payments.

The hire-purchase and consumer finance segment cover the activities of LHV Finance that offers hire purchase and consumer finance services to private individuals in Estonia.

The financial intermediaries segment covers financial intermediaries' customers. This business line is transferred over time to LHV Bank Ltd. In LHV Pank these customers use mainly services like euro payments and safeguarding services. This segment also includes the fee sharing on the basis of the cooperation agreement concluded with LHV Bank Ltd.

Other activities include treasury activities through providing internal bank function to segments and activities related to other LHV Group companies. Assets and liabilities are disclosed in a way how it is reported to the Management Board of LHV Pank, i.e. the treasury function investments and funding are allocated to other segments, but some of the interest income and expense are allocated to treasury. That part is eliminated through intra-group eliminations.

The management board of AS LHV Pank has been designated as the chief decision-maker responsible for allocation of funds and assessment of the profitability of the business activities. The result reported by a segment includes revenue and expenditure directly related to the segment.

The income reported by a segment is based on the revenue recorded in the financial statements and gains from transactions between the segments such as loans granted by AS LHV Pank to other group companies. The breakdown of interest income and fee and commission income by customer location is presented in Notes 4 and 5. The Group does not have any customers, whose income would account for more than 10% of the corresponding type of revenue.

Statement of profit or loss by operating segments 2024

EUR thousand	Retail banking	Corporate banking	Hire-purchase and consumer finance	Financial intermediates	Other activities	Eliminations	Total
Interest income	97,514	172,197	15,041	-20,065	128,935	-6,716	386,906
Interest expense	-53,772	-66,748	-7,657	-10,543	-17,853	6,716	-149,857
Intracompany income/expense	63,246	-9,470	7	39,691	-93,474	0	0
Net interest income	**106,988**	**95,979**	**7,391**	**9,083**	**17,608**	**0**	**237,049**
Fee and commission income	32,106	16,898	471	4,579	2,422	0	56,476
Fee and commission expense	-14,440	-4,245	-316	-996	-36	0	-20,033
Net fee and commission income	**17,666**	**12,653**	**155**	**3,583**	**2,386**	**0**	**36,443**
Net gains from financial assets	**-22**	**1**	**0**	**7**	**1,895**	**-1,300**	**581**
Net other income	-6	1,874	0	1	170	0	2,039
Administrative and other operating expenses, staff costs	-46,457	-30,478	-3,808	-9,472	-5,158	0	-95,373
Profit before credit losses	**78,170**	**80,029**	**3,738**	**3,201**	**16,901**	**-1,300**	**180,739**
Expected credit loss allowances	-149	-14,026	-2,247	0	646	0	-15,776
Income tax expense	-9,954	-9,325	-566	-2,277	-1,652	-669	-24,443
Net profit for the year	**68,067**	**56,678**	**925**	**924**	**15,895**	**-1,969**	**140,520**
Total assets as at 31 Dec 2024	**3,212,978**	**4,578,425**	**87,080**	**3**	**124,017**	**-65,976**	**7,936,527**
Total liabilities as at 31 Dec 2024	**3,781,696**	**1,905,728**	**67,402**	**1,579,464**	**68,476**	**-64,607**	**7,338,159**

Statement of profit or loss by operating segments 2023

EUR thousand	Retail banking	Corporate banking	Hire-purchase and consumer finance	Financial intermediates	Other activities	Eliminations	Total
Interest income	85,829	132,615	15,580	-22,996	100,167	-5,688	305,507
Interest expense	-34,893	-21,393	-6,216	-6,054	-14,168	5,688	-77,036
Intracompany income/expense	75,679	-33,917	2	34,983	-76,747	0	0
Net interest income	**126,615**	**77,305**	**9,366**	**5,933**	**9,252**	**0**	**228,471**
Fee and commission income	32,648	6,489	951	5,815	331	0	46,234
Fee and commission expense	-15,179	-3,367	-740	387	-118	0	-19,017
Net fee and commission income	**17,469**	**3,122**	**211**	**6,202**	**213**	**0**	**27,217**
Net gains from financial assets	**13**	**-1**	**0**	**-3**	**4,918**	**-2,275**	**2,652**
Net other income	18	1,513	2	0	204	0	1,737
Administrative and other operating expenses, staff costs	-43,728	-20,521	-3,767	-13,553	-3,667	0	-85,236
Profit before credit losses	**100,389**	**61,419**	**5,813**	**-1,421**	**10,921**	**-2,275**	**174,842**
Expected credit loss allowances	-812	-6,187	-3,746	0	-627	0	-11,372
Income tax expense	-10,176	-7,323	-689	-1,890	-810	-1,220	-22,107
Net profit for the year	**89,401**	**47,909**	**1,376**	**-3,311**	**94,859**	**-3,495**	**141,363**
Total assets as at 31 Dec 2023	**2,742,899**	**3,726,731**	**93,549**	**0**	**265,551**	**-74,085**	**6,754,644**
Total liabilities as at 31 Dec 2023	**4,180,348**	**885,028**	**75,203**	**1,114,526**	**42,897**	**-73,387**	**6,224,615**

NOTE 24 Fair value of financial instruments

To determine the fair value, future cash flows are discounted based on the market interest curve. The below table provides an overview of the assessment techniques, which depend on the hierarchy of assets and liabilities measured at fair value:

31.12.2024	IFRS 9 measurement	Level 1	Level 2	Level 3	Total fair value	Total carrying value
Cash and balances with central bank	AC	463,278	2,897,238	0	3,360,516	3,360,516
Due from banks and investment companies	AC	58,241	0	0	58,241	58,241
Debt securities	FVTPL	3,471	0	0	3,471	3,471
Shares and fund units	FVTPL	588	0	0	588	588
Debt securities	AC	0	283,902	0	283,902	283,533
Loans and advances to customers	AC	0	0	4,347,569	4,347,569	4,203,799
Receivables from customers and other receivables	AC	0	2,689	0	2,689	2,689
Foreign exchange forwards	FVTPL	0	3,415	0	3,415	3,415
Other financial assets	AC	0	0	100	100	100
Total assets		**525,578**	**3,187,244**	**4,347,669**	**8,060,491**	**7,916,352**
Deposits from customers	AC	0	6,331,916	0	6,331,916	6,293,525
Loans received and debt securities in issue	AC	0	848,367	0	848,367	840,300
Subordinated debt	AC	0	139,531	0	139,531	134,656
Foreign exchange forwards	FVTPL	0	24	0	24	24
Accounts payable and other liabilities	AC	0	50,190	0	50,190	50,190
Total liabilities		**0**	**7,370,028**	**0**	**7,370,028**	**7,318,695**

31.12.2023						
Cash and balances with central bank	AC	429,504	2,360,248	0	2,789,752	2,789,752
Due from banks and investment companies	AC	48,140	0	0	48,140	48,140
Debt securities	FVTPL	6,275	0	0	6,275	6,275
Shares and fund units	FVTPL	369	0	0	369	369
Debt securities	AC	0	319,342	0	319,342	321,888
Loans and advances to customers	AC	0	0	3,699,089	3,699,089	3,548,513
Receivables from customers and other receivables	AC	0	17,833	0	17,833	17,833
Foreign exchange forwards	FVTPL	0	301	0	301	301
Other financial assets	AC	0	0	100	100	100
Total assets		**484,288**	**2,697,724**	**3,699,189**	**6,881,201**	**6 733,171**
Deposits from customers	AC	0	5,521,543	0	5,521,543	5,534,720
Loans received and debt securities in issue	AC	0	475,887	0	475,887	486,567
Subordinated debt	AC	0	112,473	0	112,473	114,054
Foreign exchange forwards	FVTPL	0	1,843	0	1,843	1,843
Accounts payable and other liabilities	AC	0	70,504	0	70,504	70,504
Total liabilities		**0**	**6,182,250**	**0**	**6,182,250**	**6,207,688**

Hierarchy levels:
1. Level 1 – the price quoted on active market
2. Level 2 – a technique which uses market information as input (rates and interest curves of arms-length transactions)
3. Level 3 – other methods (e.g. discounted cash flow method) with estimations as input

NOTE 25 Separate primary financial statements of parent company

In accordance with the Estonian Accounting Act, information on the separate primary financial statements of the parent of the consolidation group shall be disclosed in the notes to the consolidated financial statements.

Statement of profit or loss and other comprehensive income of the parent

EUR thousand	2024	2023
Interest income	378,581	295,617
Interest expense	-149,857	-77,036
Net interest income	**228,724**	**218,581**
Fee and commission income	56,005	45,298
Fee and commission expense	-19,743	-18,276
Net fee and commission income	**36,262**	**27,022**
Net gains from financial assets measured at fair value	158	1,870
Dividends received	1,300	2,275
Foreign exchange gain	423	782
Net gains from financial assets	**1,881**	**4,927**
Other income	2,399	2,581
Staff costs	-53,054	-43,242
Administrative and other operating expenses	-40,031	-39,923
Profit before credit losses	**176,181**	**169,946**
Expected credit loss allowances	-13,529	-7,626
Profit before income tax	**162,652**	**162,320**
Income tax expense	-23,448	-22,195
Net profit for the year	**139,204**	**140,125**
Total comprehensive income for the reporting period	**139,204**	**140,125**

Statement of financial position of the parent

EUR thousand	Note	31 Dec 2024	31 Dec 2023
Assets			
Cash and balances with central bank		3,360,516	2,789,752
Due from banks and investment companies		58,241	48,140
Financial assets at fair value through profit or loss		7,474	6,945
Investments in debt securities at amortised cost		283,533	321,888
Loans and advances to customers		4,182,546	3,528,839
Other receivables and other financial assets		2,612	17,809
Other assets		3,655	2,946
Subsidiaries	21	325	325
Property, plant and equipment		7,187	8,806
Right-of-use assets		6,874	6,926
Intangible assets		2,460	2,805
Total assets		**7,915,423**	**6,735,181**
Liabilities			
Deposits from customers		6,293,525	5,534,720
Loans received		840,300	486,568
Financial liabilities at fair value through profit or loss		24	1,843
Accounts payable and other liabilities		59,594	77,556
Lease liability		7,264	8,057
Subordinated debt		134,656	114,054
Total liabilities		**7,335,363**	**6,222,798**
Equity			
Share capital	17	141,500	141,500
Legal reserve capital		14,150	12,669
Retained earnings		424,410	358,214
Total equity		**580,060**	**512,383**
Total liabilities and equity		**7,915,423**	**6,735,181**

Statement of cash flows of the parent

EUR thousand	Note	2024	2023* restated
Cash flows from operating activities			
Interest received		377,700	287,849
Interest paid		-142,708	-51,642
Fees and commissions received		56,005	45,298
Fees and commissions paid		-19,743	-18,276
Other income received		2,399	2,581
Staff costs paid		-47,601	-38,779
Administrative and other operating expenses paid		-34,906	-32,817
Income tax paid		-22,676	-21,534
Cash flows from operating activities before change in operating assets and liabilities		**168,470**	**172,680**
Net increase/(decrease) in operating assets:			
Financial assets at fair value through profit or loss		-370	-4,669
Loans and advances to customers		-651,158	-371,334
Securities at amortised cost		38,355	42,342
Mandatory reserve at central bank		-7,340	-7,211
Security deposits		0	24
Other assets		-709	-4
Net increase/(decrease) in operating liabilities:			
Demand deposits of customers		640,112	-1,004,362
Term deposits of customers		116,403	1,558,745
Covered bonds issued		248,881	0
Repayments of loans issued		0	-147,547
Net change in debt securities issued		100,000	100,000
Financial liabilities at fair value through profit or loss		-1,819	-2,007
Other liabilities		-18,534	27,618
Net cash from operating activities		**632,291**	**364,275**
Cash flows from investing activities			
Purchase of PPE and intangible assets		-3,897	-12,408
Proceeds from disposal of PPE		0	486
Net cash from/ (used in) investing activities		**-3,897**	**11,922**
Cash flows from financing activities			
Proceeds from subordinated debt		56,000	0
Subordinated debt redeemed		-35,500	0
Dividends paid		-76,300	-2,275
Dividends received		1,300	2,275
Repayments of principal element of lease liabilities	15	-792	-1,693
Net cash from financing activities		**-55,292**	**-1,693**
Effect of exchange rate changes on cash and cash equivalents		**423**	**782**
Net increase in cash and cash equivalents		**573,525**	**351,442**
Cash and cash equivalents at the beginning of the financial year		**2,781,993**	**2,430,551**
Cash and cash equivalents at the end of the financial year		**3,355,518**	**2,781,993**

Statement of changes in shareholders' equity

EUR thousand	Share capital	Legal reserve capital	Retained earnings	Total
Balance as at 1 Jan 2023	**141,500**	**8,736**	**220,424**	**370,660**
Transferred into legal reserve	0	3,933	-3,933	0
Dividends paid	0	0	-2,275	-2,275
Share options	0	0	3,873	3,873
Net profit for the year	0	0	140,125	140,125
Total comprehensive income	0	0	140,125	140,125
Balance as at 31 Dec 2023	**141,500**	**12,669**	**358,214**	**512,383**
Carrying amount of holdings under control and significant influence	0	0	-325	-325
Value of holdings under control and significant influence under equity method	0	0	11,785	11,785
Adjusted unconsolidated equity as at 31 Dec 2023	**141,500**	**12,669**	**369,674**	**523,843**
Balance as at 1 Jan 2024	**141,500**	**12,669**	**358,214**	**512,383**
Transferred into legal reserve	0	1,481	-1,481	0
Dividends paid	0	0	-76,300	-76,300
Share options	0	0	4,773	4,773
Net profit for the year	0	0	139,204	139,204
Total comprehensive income	0	0	139,204	139,204
Balance as at 31 Dec 2024	**141,500**	**14,150**	**424,410**	**580,060**
Carrying amount of holdings under control and significant influence	0	0	-325	-325
Value of holdings under control and significant influence under equity method	0	0	12,231	12,231
Adjusted unconsolidated equity as at 31 Dec 2024	**141,500**	**14,150**	**436,316**	**591,966**

Adjusted unconsolidated equity is the maximum amount that can be distributed to shareholders' according to Estonian legislation.

Signatures of the Management Board to the consolidated annual report

The Management Board has prepared the management report and the consolidated financial statements of AS LHV Pank for the financial year ended 31 December 2024. The consolidated financial statements present a true and fair view of LHV Pank's consolidated financial position, the consolidated results of operations and its consolidated cash flows.

03.03.2025

Kadri Kiisel
Chairman of the Management Board
/signed digitally/

Annika Goroško
Member of the Management Board
/signed digitally/

Indrek Nuume
Member of the Management Board
/signed digitally/

Jüri Heero
Member of the Management Board
/signed digitally/

Meelis Paakspuu
Member of the Management Board
/signed digitally/

Kadri Haldre
Member of the Management Board
/signed digitally/

Independent auditor's report

To the Shareholder of AS LHV Pank

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of AS LHV Pank (the "Company") and its subsidiary (together – the "Group") as at 31 December 2024, and the Group´s consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 3 March 2025.

What we have audited

The Group's consolidated financial statements comprise:

- the risk management disclosures for the year ended 31 December 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- material accounting policy information; and
- the notes to the consolidated financial statements, comprising other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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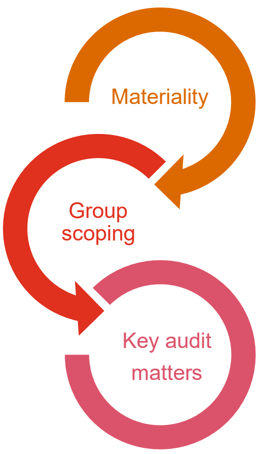
To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company, its parent and subsidiaries are in accordance with the applicable law and regulations in the Republic of Estonia and that we have not provided non-audit services that are prohibited under § 59[1] of the Auditors Activities Act of the Republic of Estonia.

During the period from 1 January 2024 to 31 December 2024, we have provided to the Company and its parent and subsidiary the following non-audit services: UNEP FI PRB report limited assurance, Memorandum on meeting the requirements of the Credit Institutions Act §93 (2), review of interim financial information (consolidated interim financial statements) in accordance with ISRE 2410 for three-month period ended 31 March 2024, six-month period ended 30 June 2024 and nine-month period ended 30 September 2024, review of interim financial report in accordance with IAS 34 for three-month and six-month periods ended 30 June 2024, limited assurance report on Securities Market Act (limited assurance engagement), PwC Academy training, review of bond prospectus, reasonable assurance engagement regarding annual report in ESEF format (ISAE3000), and CSRD ISAE3000 limited assurance service.

Our audit approach

Overview



- Overall Group audit materiality is EUR 8,100 thousand, which represents approximately 5% of profit before tax.

- We have tailored our audit scope based on the risk and size of the entities within the Group. A full scope audit or audit of one or more financial statement line items was performed by us, covering substantially all of the Group's consolidated assets, liabilities, revenues, expenses and profits. The audit procedures, together with qualitative considerations, helped us to ensure that we have obtained sufficient audit evidence on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

- The key audit matter is expected credit losses on loans and advances to customers.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Management Board made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group audit materiality	EUR 8,100 thousand
How we determined it	Approximately 5% of profit before tax
Rationale for the materiality benchmark applied	We have applied this benchmark, as in our view, this is against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses on loans and advances to customers (refer to "Material accounting policy information", Risk management disclosures, section 2 "Credit risk", Note 2 "Significant management estimates and assumptions", Note 9 "Loans and advances to customers" and Note 14 "Accounts payable and other liabilities" for further details). As at 31 December 2024, gross carrying amount of loans and advances to customers amounted to EUR 4,243,799 thousand and related expected credit loss allowance amounted to EUR 39,069 thousand.	We assessed whether the Group's accounting policies in relation to assessing the expected credit losses of loans to the public complied with IFRS 9 by assessing each significant model component: EAD, PD, LGD, definitions of default and significant increase in credit risk, use of macroeconomic scenarios. We assessed the design and operating effectiveness of key controls over ECL input data and respective calculations: ● controls over recording of loans data in the system;

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Additionally, provisions related to off-balance sheet exposures (loan commitments and financial guarantees) as at 31 December 2024 amounted to EUR 6,368 thousand.

We focused on this area because application of IFRS 9 "Financial instruments" 3-stage expected credit loss (ECL) model requires management to use complex calculations with subjective inputs to assess the timing and the amount of expected credit losses.

The key features of the ECL model include:

- classification of loans to 3 stages based on the assessment of significant increase in credit risk;
- assessment of credit risk parameters such as probability of default (PD), loss given default (LGD) and exposure at default (EAD) based on complex modelling techniques and estimates determined by the management;
- application of forward-looking and probability-weighted information in the ECL assessment;
- application of post-model expert credit adjustments.

- controls over the automated indexation of collaterals;
- the design and operating effectiveness of controls related to monitoring of loans. These controls included the assessment of whether clients have been assigned correct rating classes;
- review and approval of ECL calculations for individual material exposures (stage 3).

We performed detailed audit procedures in the following areas:

- the completeness and accuracy of data used in the ECL calculation;
- the compliance of key risk parameters used in ECL calculation system with IFRS 9 methodology;
- the accuracy and compliance of 12-month and lifetime ECL calculations with IFRS 9 methodology;
- the accuracy of discounting in the ECL calculations;
- the existence of valid collateral contracts;
- the accuracy and completeness of data used for staging of loans (including applying the criteria for determining significant increase in credit risk and definition of default);
- the completeness of loans subject to stage 3 assessment and related ECL calculations.

We have assessed the reasonableness of key assumptions made by management, which serve as critical inputs in the ECL model, such as weights of different scenarios and forecasts of key macroeconomic information and the post-model expert credit adjustments applied as at 31 December 2024.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises the Company and its subsidiary that is further disclosed in Note 21 to consolidated financial statements. We have tailored our audit scope based on the risk and size of the entities within the Group. A full scope audit or audit of one or more financial statement line items was performed by us, covering substantially all of the Group's consolidated assets, revenues and profits.

At the Group level we also audited the consolidation process and performed analytical procedures to confirm our conclusion that no material misstatements exist that may affect the consolidated financial statements.

Reporting on other information including the Management report

The Management Board is responsible for the other information. The other information comprises Management report, Consolidated sustainability statements and Allocation of income according to EMTAK but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information, including the Management report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management report, we also performed the procedures required by the Auditors Activities Act of the Republic of Estonia. Those procedures include considering whether the Management report is consistent, in all material respects, with the consolidated financial statements and is prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management report for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements; and
- the Management report has been prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of the Management Board and those charged with governance for the consolidated financial statements

The Management Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on the compliance of the presentation of consolidated financial statements with the requirements of the European Single Electronic Format ("ESEF")

We have been engaged as part of our audit engagement letter by the Management Board of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the consolidated financial statements of AS LHV Pank for the year ended 31 December 2024 (the "Presentation of the Consolidated Financial Statements").

Description of a subject matter and applicable criteria

The Presentation of the Consolidated Financial Statements has been applied by the Management Board of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Presentation of the Consolidated Financial Statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Presentation of the Consolidated Financial Statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibility of the Management Board and those charged with governance

The Management Board of the Company is responsible for the Presentation of the Consolidated Financial Statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Presentation of the Consolidated Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process, which should also be understood as the preparation of consolidated financial statements in accordance with the format resulting from the ESEF Regulation.

Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (Estonia) 3000 (revised) "Assurance Engagements other than Audits and Reviews of Historical Financial Information" (ISAE (EE) 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE (EE) 3000 (revised) will always detect the existing material misstatement (significant non-compliance with the requirements).

Quality management requirements and professional ethics

We apply the provisions of the International Standard on Quality Management (Estonia) 1 (revised), and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements and such compliance is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Electronic Reporting Format of the Consolidated Financial Statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's' use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

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We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, based on the procedures performed, the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

Appointment and period of our audit engagement

We were first appointed as auditors of AS LHV Pank, as a public interest entity, at the Annual General Meeting of 2022, for the financial year ended 31 December 2024. In accordance with the Auditors Activities Act of the Republic of Estonia and the Regulation (EU) No 537/2014, our appointment as the auditor of AS LHV Pank can be extended for up to the financial year ending 31 December 2043.

AS PricewaterhouseCoopers

Original report is signed in Estonian language

Lauri Past
Certified auditor in charge, auditor's certificate no. 567

3 March 2025
Tallinn, Estonia

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Independent Practitioner's Limited Assurance Report on AS LHV Pank's Consolidated Sustainability Statement

To the shareholders of AS LHV Pank

Limited assurance conclusion

We have conducted a limited assurance engagement on the consolidated sustainability statement of AS LHV Pank (the "Company"), included in Consolidated Sustainability Statement of the Management report (the "Consolidated Sustainability Statement"), as at 31 December 2024 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Consolidated Sustainability Statement is not prepared, in all material respects, in accordance with Section 31, subsection 4 of the Accounting Act implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Consolidated Sustainability Statement (the "Process") is in accordance with the description set out in note 1.4 Impact, risk and opportunity management; and
- compliance of the disclosures in note 2.1 EU Taxonomy within the Environmental Information of the Consolidated Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information* ("ISAE 3000 (Revised)"), issued by the International Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Practitioner's responsibilities section of our report.

Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management (Estonia) 1 (revised), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

AS PricewaterhouseCoopers
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Responsibilities for the Consolidated Sustainability Statement

Management of the Company is responsible for designing and implementing a process to identify the information reported in the Consolidated Sustainability Statement in accordance with the ESRS and for disclosing this Process in note 1.4 Impact, risk and opportunity management of the Consolidated Sustainability Statement. This responsibility includes:

- understanding the context in which the Company's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Company's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management of the Company is further responsible for the preparation of the Consolidated Sustainability Statement, in accordance with Section 31, subsection 4 of the Accounting Act implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the ESRS;
- preparing the disclosures in note 2.1 EU Taxonomy within the Environmental Information of the Consolidated Sustainability Statement, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");
- designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Consolidated Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Company's sustainability reporting process.

Inherent limitations in preparing the Consolidated Sustainability Statement

In reporting forward-looking information in accordance with ESRS, management of the Company is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Company. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Practitioner's responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Consolidated Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Consolidated Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

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Our responsibilities in respect of the Consolidated Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process set out in note 1.4 Impact, risk and opportunity management.

Our other responsibilities in respect of the Consolidated Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the Consolidated Sustainability Statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Consolidated Sustainability Statement. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the Consolidated Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  - reviewing the Company's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Company was consistent with the description of the Process set out in note 1.4 Impact, risk and opportunity management.

In conducting our limited assurance engagement, with respect to the Consolidated Sustainability Statement, we:

- Obtained an understanding of the Company's reporting processes relevant to the preparation of its Consolidated Sustainability Statement by:
  - Obtaining an understanding of the Company's control environment, processes and information system relevant to the preparation of the Consolidated Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Company's internal control.
  - Obtaining an understanding of the roles and responsibilities in the preparation of the Consolidated Sustainability Statement, including communication within the Company and between management and those charged with governance.
- Evaluated whether the information identified by the Process is included in the Consolidated Sustainability Statement;
- Evaluated whether the structure and the presentation of the Consolidated Sustainability Statement is in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the Consolidated Sustainability Statement;

Translation note:

This version of the report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

- Performed substantive assurance procedures on selected information in the Consolidated Sustainability Statement;
- Where applicable, compared disclosures in the Consolidated Sustainability Statement with the corresponding disclosures in the consolidated financial statements and Management Report;
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information;
- Obtained an understanding of the Company's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Consolidated Sustainability Statement.

Other matter

The comparative information included in the Consolidated Sustainability Statement of the Company as at 31 December 2023 and for the year then ended was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

AS PricewaterhouseCoopers

Original report is signed in Estonian language

Janno Hermanson
Certified auditor in charge, auditor's certificate no.570

3 March 2025
Tallinn, Estonia

Translation note:

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Proposal for profit distribution

The Management Board of AS LHV Pank proposes to the General Meeting of shareholders to distribute the profit of the financial year 2024 as follows:

- pay dividends EUR 126,770 thousand
- transfer the profit for reporting period attributable to shareholders of the parent in the amount of EUR 12,834 thousand to retained earnings.

Allocation of income according to EMTAK

EMTAK	Activity	2024	2023
66121	Security and commodity contracts brokerage	15,065	11,096
64191	Credit institutions (banks) (granting loans)	415,758	330,966
64911	Finance lease	14,221	11,362
	Total income	**445,044**	**353,424**

EMTAK – Estonian classification of economic activities