AS LHV Group
Consolidated annual report 2024

(Translation of the Estonian original)

Consolidated annual report	**1 January 2024 – 31 December 2024**
Legal name	**AS LHV Group**
Commercial Registry no.	**11098261**
Legal address	**Tartu mnt 2, 10145 Tallinn**
Phone	**(+372) 6800400**
Fax	**(+372) 6800410**
E-mail	**group@lhv.ee**
Main activities	**Banking** **Leasing and other lending** **Financial advisory** **Security brokerage** **Non-life insurance** **Activities of holding companies**
Financial year	**1 January – 31 December**
Management Board	**Madis Toomsalu** **Meelis Paakspuu** **Jüri Heero** **Kadri Haldre**
Supervisory Board	**Rain Lõhmus** **Andres Viisemann** **Tiina Mõis** **Heldur Meerits** **Raivo Hein** **Tauno Tats** **Liisi Znatokov**
Shares	**Listed on the Nasdaq Tallinn Stock Exchange**
Auditor	**PricewaterhouseCoopers AS**

These are the Group's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is submitted in machine-readable .xhtml format to the Nasdaq Tallinn Stock Exchange and digitally signed, link: https://nasdaqbaltic.com/statistics/en/instrument/EE3100102203/reports

Mandatory elements of the European Single Electronic Format (ESEF) core taxonomy

Name of reporting entity or other means of identification	**AS LHV Group**
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, non-life insurance, activities of holding companies**
Name of parent entity	**AS LHV Group**
Name of ultimate parent of group	**AS LHV Group**

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Management report

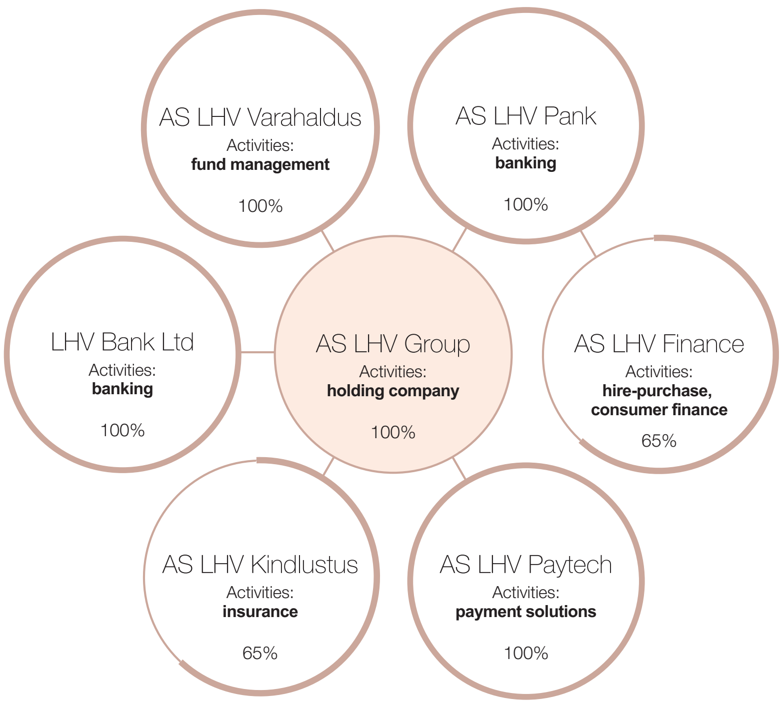
LHV at a glance

Group overview

AS LHV Group (also the Group, LHV Group or LHV) is the largest domestically owned finance group and capital provider in Estonia. The main subsidiaries of AS LHV Group are AS LHV Pank (LHV Pank), LHV Bank Ltd (LHV Bank), AS LHV Varahaldus (LHV Varahaldus), AS LHV Kindlustus (LHV Kindlustus) and AS LHV Paytech (LHV Paytech). LHV was established in 1999 by people with extensive experience in investing and entrepreneurship.

LHV's customer service offices in Estonia are in Tallinn, Tartu and Pärnu. LHV expanded into UK market in 2018. There are three offices in the UK: London, Leeds and Manchester.

With over 1,200 people. LHV serves a customer base exceeding 612 thousand.



Operating principles

LHV concentrates on active and independent customers with an entrepreneurial mindset. Our service range is diverse. For private customers, we have high-quality universal banking services. For corporate customers, we have flexible and customised financing solutions as well as assistance in daily financial operations.

The products and services provided by LHV are simple, transparent and practical. We interact with our customers mainly through modern electronic communication channels. This helps us save on costs and keep the prices of our everyday services affordable.

LHV was created as a partnership and the concept of partnership is central to growing LHV's business. New initiatives will be implemented faster and more successfully if partners share the same interests and support each other in the long term.

LHV is a public company listed on the Tallinn Stock Exchange since May 2016. Thus, all our customers and partners have an opportunity to become LHV's owners.

Vision and mission

According to our vision, people and enterprises have the courage to think big and start things, setting ambitious goals and investing in the future.

Our mission is to enhance access to financial services and capital, empowering individuals and businesses to achieve their goals.

Main risks

- The biggest risk for LHV as a traditional banking group is credit risk, which accounts for 85.5% of our total risk weighted assets (RWA). Credit risk arises mainly from loan operations. For example, this includes risks from non-performing loans.
- The second biggest risk for LHV is liquidity risk. There is always a large mismatch in assets and liabilities duration in banking. LHV banking services for financial intermediaries' business model contains volatile deposit base and therefore LHV keeps a very high liquidity profile. For example, the mismatches can arise when customer deposits are withdrawn unexpectedly.
- The third biggest risk for LHV is operational risk, which accounts for 11.7% of total RWA. Operational risk is the risk of loss arising from inadequate or failed internal processes, people and information systems, or from external events.
- Market risk accounts for 2.7% of the Group's total RWA. Market risk arises from LHV's positions which are exposed to changes in interest rates, foreign exchange rates and securities prices.

Letter from the CEO

Dear reader

The changes happening in the world are arguably the greatest in the last half century. We are witnessing the rise of geopolitical ambitions, the decline of various ideologies, structural shifts in the economy, a decrease in free trade, and the exponential growth of technological advancements.

This is a contradictory world where everyone's motivations are more transparent and less obscured by other layers. Whether this world will be better or worse remains to be seen, but one thing is certain – it will be more efficient.

Despite the various challenges, 2024 was successful year for LHV. Following a supervisory transition, we managed to restore historically ambitious business growth. With a strong EUR 1 billion (28%) growth in the loan portfolio and a high base interest rate, we achieved the highest business volumes and operating profit in our history, leading to an update of the financial plan in August.

In the corporate loan comparison, we have grown close to the second-largest bank in Estonia. Meanwhile, home loans and the insurance business are also expanding rapidly. The number of Estonian bank customers increased by 38,000, and activity grew across all key areas. During the year, we acquired a small but highly profitable loan portfolio. For pension funds, the year could have been more successful. Despite good returns, we still fell short of the overall growth of market indices. In the UK, the corporate portfolio exceeded the EUR 300 million mark by the end of the year, prompting us to raise our long-term expectations. Additionally, we launched a mobile app at the end of the year.

This does not mean it was an easy year. In last year's address, we already pointed out that interest rates are cyclical, and a rapid rise has historically been followed by a swift decline. This came true in the second half of 2024, but we had prepared for it.

To mitigate risks, we have implemented strategic actions, including cost control, redundancies at the end of the year, and restructuring several departments. Our goal for 2025 and beyond is to continue growing but to do so even more efficiently.

LHV is already one of the most efficient banking groups in Europe with a high return of equity. While we cannot ignore the restrictions that come with banking licenses, we strive to maintain a mindset closer to that of a tech company. This approach is the foundation for sustaining futures returns.

We have updated our operational principles. Since, from an investor's perspective, it is particularly important to know the management culture of the company they are investing in, I would like to share a brief summary.

Customers come first. We must ensure high quality, fast, and seamless customer service. We understand that the company's value is ultimately shaped by a few key factors. We focus on strategic business directions and making the existing ones excellent. We are free from ideologies and dogmas, treating every day as the first. We worry only about significant matters and value results over mere activities. We aim to hire the best people who understand that rewards depend on personal contributions. We reduce bureaucracy and emphasize the importance of independent decision making. Finally, and most importantly – our only limited resource is time, which must not be wasted, neither for customers nor ourselves.

In a regulated business, we must continuously work to uphold these principles. Overregulation is LHV's greatest risk as a banking group, often reflecting governance, financial planning, and risk management in a distorted way. The biggest challenge in management is how to align the objectives of shareholders and regulators. It is fair to admit that regulations and their interpretation have exceeded optimal levels.

Many of LHV-s foundational principles are timeless. It is gratifying to see these ideas gaining wider recognition. We strongly believe that clearly expressed motivation, combined with the best people and technological advancements, will deliver the best experience for customers and the best returns for shareholders.

We usually don't talk about the company's value, but the fact is that LHV's stock is trading at the lowest valuation ratios in recent history. While we believe strong results will eventually translate into the company's value, this is not always immediately visible in the short term. We will do our utmost to ensure these results reflect in shareholders' asset lines. It remains the responsibility of every reader to think for themselves – whether to agree or disagree – investing always carries the risk of financial loss.

Summarizing our planned activities, we enter 2025 in a strong position. Although we anticipate a short-term decline in profits due to changes in the interest rate environment, we can offset part of the negative impact through business growth and more efficient operations. Long term expectations are leaning towards growth, and as always, we focus daily on laying strong foundations.

LHV is doing well. Now and in the future.

Madis Toomsalu

Chairman of the Management Board of AS LHV Group

Summary of the year 2024

2024 in actions

The year 2024 marked a continuation of growth and adaptability for LHV Group, despite the ongoing challenges in the global and local economic environment. While Estonian GDP growth was still slightly negative and the UK economy stabilized, LHV Group achieved significant milestones in customer acquisition, product expansion, and financial performance.

The amount of bureaucracy has significantly increased over the last years and the trend continues. This is valid for both, number and details in regular reporting packages, but also to internal documentation, where sizable number of different contingency type plans have been developed and kept updated with target to deliver reports within 24 hours for the whole Group and with 1 cent accuracy. In total, LHV Group has currently 165 unique reports, that are presented to different regulators. Some of the reports are simple containing only handful of numbers, but others are very complicated including enormous amount of data and calculations. Most of the reports are regular. Overall, LHV Group has presented 1,200 reports to regulators in 2024.

LHV Pank

2024 was a year of challenging growth, driven by increased customer activity and growing loan portfolio. The number of customers, deposits, and net income continued to rise. Same time interest rates have peaked and started quick lowering. This affects LHV Pank results clearly negatively. LHV Pank remains cornerstone of the Group, maintaining a strong position in Estonia and generating solid profits.

LHV Bank

LHV Bank capitalized on its full year of operations with a banking license, which it received in 2023. The bank's focus in the UK expanded, offering GBP services to financial intermediaries, SME loans, and deposit products via platforms. 2024 saw enhanced customer onboarding and increased deposit volumes, contributing to robust financial performance. Late in the year, LHV Bank started offering retail banking solutions to private individuals, accounts, deposits and payments.

LHV Varahaldus

In 2024 the financial markets performed well, surpassing benchmarks, but on cumulative terms not able to catch the reference index based on social tax collection. Actively managed pension funds delivered stable returns for investors, reinforcing the Group's reputation as a reliable partner for long-term savings and investments.

LHV Kindlustus

LHV Kindlustus achieved consistent growth in market share and profitability throughout 2024. Following its first net profit in 2023, the company further stabilized its operations and strengthened its portfolio. The loss ratio became more predictable, contributing to improved profitability and enhanced customer trust.

LHV Paytech

LHV Paytech advanced its role as a key innovator within the Group, focusing on developing cutting-edge payment solutions. The company expanded services to both LHV Pank and LHV Bank and provided selected services to external market participants. Its efforts aligned with the Group's strategic goals for innovation and customer-centricity.

2024 in numbers

- **LHV share price** decreased from EUR 3.495 to 3.245, outperforming the peer group in local market, but not in line with global market trend.
- **The number of LHV Pank customers** increased by 38,000 (+9% YoY) and the number of customers actively using LHV Pank for everyday payments increased by 22,800 (+12% YoY). LHV managed to strengthen its market share among private and legal customers, which is supported by the focus on providing a full range of services.
- **Total consolidated assets** reached EUR 8.7 billion (+23% YoY). The increase in the balance sheet volume was driven by growth in deposit base in all customer segments.
- **The loan portfolio** increased by EUR 990 million to EUR 4.6 billion (+28% YoY). Retail loans increased by 21.0% and loans to corporates by 33.3%. The quality of the loan portfolio stayed strong, with some individual customers showing signs of weakening.
- **The volume of deposits** increased to EUR 6.9 billion (+21% YoY), from which EUR 1.5 billion were financial intermediaries' deposits. Regular customers' deposits in LHV Pank increased by EUR 554 million (+14% YoY). The growth came mostly from term deposits supported by higher interest rates. At the same time we lowered deposits collected by LHV Pank from deposit platforms by 1/3. LHV Bank has increased its collection of deposits from deposit platforms, with an increase of EUR 416 million (+388% YoY).
- **Assets under management** increased by EUR 39 million to EUR 1.56 billion (+3% YoY) mainly due to positive return of the funds.
- **Net profit** was at the historically highest level of EUR 150.3 million (+7% YoY), an increase of EUR 9.4 million. It was mainly positively affected by the combination of strong asset growth, efficient cost management and sustained credit quality.

Financial results

1. Activities of business areas

Looking backwards, 2024 was a complicated year for LHV, as we navigated a dynamic environment characterized by stabilized global markets, increased regulatory demands, and intensified competition in the banking sector. On the one hand, we achieved all our financial targets, and our customer satisfaction level was the highest in the banking sector. And even more, we hiked up our financial targets again by 25% during the year. Despite the hike in targets, we managed to fulfil all the targets, both profitability and volumes wise.

Key achievements included robust loan portfolio growth, increased customer deposits, and higher net profit. The year also saw continued improvements in operational efficiency, with streamlined processes and greater reliance on automation. This process has to continue in nearest years as well.

At the same time, the sentiment has changed in the market – interest rates are decreasing, competition on lending side has increased drastically, the economy is improving, but GDP growth in Estonia was still negative. During the full year LHV faced with healthy competition for deposits among banks, including heavy competition with targeted offers, as all banks needed to either protect their market share or fund their increasing loan portfolios.

The competition also increased in Banking services side, where customer pricing in many cases is very tough. Still in very end of the year deposit volumes started to pick up.

LHV fulfilled all the external and internal regulatory ratios including capital adequacy, MREL and liquidity with decent buffers.

From regulatory side, LHV is regulated by ECB supervision, which compared to national financial supervision has increased the complexity. Both large regulators ECB and SRB has stated that they will lower their regulatory requirements. ECB has lowered capital adequacy requirement by 0.4% valid from 1st of January 2025, and SRB will tell their adjustment in February/March 2025, valid from 2026.

Overall, we managed to fulfil our financial profitability targets, lend more than initially planned and successfully issue capital related instruments. It was a challenging year in terms of forecasting and delivering results because there were constant changes during the year. On average, the forecasts held in place only for three months, till they became outdated. Therefore, we updated our financial plan only in September, as we saw that the environment changes quickly. Also, the business focus changed. During the last couple of years, assets have been the limiting factor for growth, but this year the liabilities were.

Estonian Corporate banking showed a strong growth in 2024 as the portfolio increased by 21% YoY despite several Scandinavian-owned banks becoming very active in lending. Our market share is around 20% in the corporate loan market. Our corporate loan portfolio amounted to EUR 2,274 million. The quality of the loan portfolio remained strong, with a very low share of non-performing loans.

In Estonian retail banking, we focused on home loans, raising awareness of investment services, and developing customer-tailored services. Regarding home loans, we focused on process automation and the use of fully automated decision-making. At the year-end, the retail loan portfolio totalled EUR 1,930 million, representing approximately 15% market share.

SME lending in UK picked in 2024, where the portfolio increased 338% to EUR 348 million.

In addition to lending, investment activities have been growing in Estonia.

In financial intermediaries' segment, our primary focus was on deposits and payments. The number of customers remained almost the same, but the customer concentration decreased several times. Our business in the UK is profitable and the revenue base is growing.

The total volume of investment funds under the management of LHV Varahaldus reached EUR 1.5 billion in 2024, increasing by 3% YoY due to the rising capital markets. However, the benchmark index, which is dependent on the social tax collection, continued in rapid growth. Hence, LHV Varahaldus didn't manage to earn success fee. LHV Varahaldus keeps around 25% market share.

LHV Kindlustus had second profitable year and first year of showing strength is numbers, as there were only some months, where LHV Kindlustus dropped to negative results. As being still small business, the results are affected by handful of single items. In 2024, LHV Kindlustus started putting more focus on cross-sale with LHV Pank, which continues to be focus point for the next years as well.

Overview of LHV Group's and its subsidiaries' total assets and net income

in EUR thousand (2024)	Total assets	The ratio to the LHV Group's total assets %	Net income	The ratio to the LHV Group's net income %
LHV Group	**8,734,812**	**100.0%**	**344,098**	**100.0%**
LHV Pank	7,936,527	90.9%	276,113	80.2%
LHV Bank	798,900	9.1%	44,625	13.0%
LHV Varahaldus	20,771	0.2%	8,936	2.6%
LHV Kindlustus	25,912	0.3%	418	0.1%
LHV Paytech	2,086	0.0%	4,211	1.2%

*The figures for every company, except for LHV Group, may include intragroup income or assets

Financial results for last 7 years

EUR million	2018*	2019	2020	2021	2022	2023	2024
Net interest income	39.8	47.3	68.5	97.3	129.1	253.8	273.3
Net fee income	26.0	25.7	33.3	42.6	44.7	48.8	60.3
Net other income	3.4	0.7	1.6	-0.9	-0.6	2.9	4.7
Net income	70.0	73.8	103.4	140.4	173.5	305.5	338.3
Expenses	33.8	39.3	44.0	65.2	89.6	129.4	146.9
Profit before credit losses	36.2	34.6	59.6	75.2	83.9	176.1	191.4
Impairments	5.3	3.2	10.9	3.9	8.1	11.5	16.3
Tax expense	3.8	4.2	8.8	11.0	14.4	23.7	24.8
Net profit	**27.2**	**27.1**	**39.8**	**60.3**	**61.4**	**140.9**	**150.3**
net profit attributable to owners of the parent	25.2	24.8	38.0	58.3	59.8	139.6	149.0

Concise overview of financial position for last 7 years

EUR million	31 Dec 2018*	31 Dec 2019	31 Dec 2020	31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Dec 2024
Cash, balances with central bank, due from banks, investment companies and credit institutions	683	1,271	2,394	3,987	2,482	3,119	3,819
Financial assets	47	40	330	135	373	340	309
Net loans	919	1,687	2,209	2,677	3,209	3,562	4,552
Other assets	28	34	38	46	71	72	56
Total assets	**1,677**	**3,032**	**4,971**	**6,845**	**6,135**	**7,093**	**8,736**
Deposits from customers	1,444	2,727	4,120	5,808	4,901	5,731	6,910
incl. financial intermediates deposits	194	376	1,054	2,246	1,281	1,123	1,503
Loan liabilities, incl. subordinated debt	51	75	579	657	717	691	1,054
Other liabilities	24	24	27	55	96	115	93
Total liabilities	**1,519**	**2,826**	**4,726**	**6,520**	**5,714**	**6,537**	**8,057**
Total equity	**158**	**206**	**245**	**325**	**421**	**556**	**679**

* includes discontinued operations

The Group's pre-tax profit for 2024 amounted to EUR 175.1 million and net profit totalled EUR 150.3 million (+7% YoY). Net interest income grew 8% and net fee income increased 24%. The Group's net income was EUR 338.3 million (+11% YoY). Operating expenses amounted to EUR 146.9 million (+14% YoY). Most of the increase in expenses has been related to the increased numbers of employees. The Group fulfilled all the financial ratios published in the initial and in the updated financial plan.

The Group's cost to income ratio was a decent 43.4%, especially as there are investments made to building the retail bank in UK. In current environment an excellent cost to income ratio would have been around 35%, easily achieved by LHV Pank. A decrease of the Group's cost to income ratio to that level would increase the net profit by 19%.

By the end of December, the total volume of the Group's net loan portfolio amounted to EUR 4.6 billion (2023: EUR 3.6 billion), an increase of 28%. The portfolio could be divided to three: Estonian corporate banking loans increased by 21% to EUR 2.3 billion (2023: EUR 2.0 billion). Estonian retail loans increased by similar 21%, amounting to EUR 1.9 billion (2023: EUR 1.6 billion). Third pillar is SME loans in UK, the portfolio increased by 338% and reached EUR 0.3 billion.

The volume of deposits increased by 21% and totalled EUR 6.9 billion by the year-end (2023: EUR 5.7 billion). The share of demand deposits decreased to 64% (2023: 66%), as interest rates increased and made term deposits more attractive to customers. In 2024, LHV Pank reduced deposits collected from deposit platforms by 1/3 and will continue to decrease them. Deposit platforms are used as insurance buffer on the statement of the financial position.

LHV Group as a stand-alone entity earned a net profit of EUR 81.7 million (2023: EUR 0.7 million). The profit was earned mainly from dividends taken from subsidiaries. Without dividend, the company would have made EUR 0.6 million of profit. LHV Group's stand-alone business consists mainly of capital and MREL related transactions.

2. Regulatory and financial ratios

Regulatory ratios	2018	2019	2020	2021	2022	2023	2024
Common equity Tier 1 %	15.67	12.39	13.26	14.27	16.02	17.01	16.89
regulatory minimum	9.67	9.67	8.52	8.52	11.91	12.41	12.41
Tier 1 %	15.67	13.88	15.56	16.08	18.43	19.17	17.96
regulatory minimum	11.30	11.30	10.16	10.16	14.05	14.55	14.55
CAD %	21.70	17.96	20.50	19.97	21.72	21.93	20.68
regulatory minimum	14.31	14.31	13.33	13.33	16.90	17.40	17.40
MREL %	11.43	8.70	6.38	-	-	-	-
regulatory minimum	5.79	5.79	5.79	-	-	-	-
MREL-TREA %	-	-	-	24.00	29.99	34.16	33.24
regulatory minimum	-	-	-	19.08	19.08	19.08	26.30
MREL-LRE %	-	-	-	6.90	11.12	12.08	12.41
regulatory minimum	-	-	-	5.91	5.91	5.91	5.91
Leverage ratio %	6.56	6.18	4.40	4.32	6.83	6.78	6.71
regulatory minimum	3.00	3.00	3.00	3.00	3.00	3.00	3.00
LCR %	148.5	144.8	147.9	142.7	139.7	194.2	187.50
regulatory minimum	100.0	100.0	100.0	100.0	100.0	100.0	100.00
NSFR %	147.6	152.9	152.6	163.4	144.0	160.2	154.40
regulatory minimum	100.0	100.0	100.0	100.0	100.0	100.0	100.00

Financial ratios	2018	2019	2020	2021	2022	2023	2024
Return on equity (ROE) %*	18.4	14.0	17.3	21.1	16.4	29.0	24.5
Return on assets (ROA) %	1.6	1.2	1.0	1.0	0.9	2.1	1.9
CFROI %	25.4	19.0	26.4	26.4	22.5	36.0	31.0
Cost to income ratio %	48.3	53.2	42.5	46.4	51.7	42.3	43.4
Net interest margin (NIM) %	2.34	2.04	1.73	1.66	2.01	3.88	3.48
Spread %	2.32	1.99	1.70	1.63	1.98	3.75	3.23
Loan to deposit %	64.6	62.5	53.6	46.1	65.5	62.1	65.9
Price to earnings ratio	9.8	13.8	14.8	22.1	17.6	8.0	7.1
Price to book ratio	1.6	1.7	2.4	4.1	2.6	2.0	1.6
Dividend per share, EUR	0.02	0.02	0.02	0.03	0.04	0.04	0.13

Calculation principles

* Return on equity is calculated based on LHV Group net profit and equity attributable to owners of the parent and does not include non-controlling interests.

capital adequacy levels are calculated as reported in COREP report as at end of each year

MREL = (own funds + qualifying liabilities) / total liabilities * 100

MREL-TREA = (own funds and eligible liabilities) / total risk exposure amount * 100

MREL-LRE = (own funds and eligible liabilities) / leverage ratio exposure measure * 100

LCR, NSFR are calculated as reported in COREP report as of end of each year

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

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

CFROI = operating profit / total equity (average)

cost to income ratio = total operating expenses / total net income * 100

net interest margin (NIM) = net interest income / average interest earning assets * 100

spread = yield on interest earning assets – cost of interest-bearing liabilities

loan to deposit = net loans / deposits * 100

price to earnings ratio = share price as at reporting date / net profit for the year attributable to the owners of the parent / number of shares at reporting date

price to book ratio = share price as at reporting date / equity as at reporting date attributable to the owners of the parent / number of shares at reporting date

dividend per share = dividend payment during calendar year / number of shares at moment of payment

3. Sensitivity analyses

LHV has four major business lines: Estonian banking, UK banking, asset management and insurance. These business lines are very different in their sensitivities to different risk factors.

Estonian banking is clearly procyclical, meaning that its results are directly affected by macroeconomic developments. In general, there are three major components affecting LHV Pank's results:

- Interest rates
- Credit losses
- Personnel cost

Every 100 bps increase in interest rates will increase LHV net interest income by EUR 12.5 million within the first 12 months. An equivalent interest rate decrease will reduce net interest income by EUR -34.3 million.

Credit losses are dependent on the economic situation. LHV has knowledgeable credit risk management, which does not allow excess risk in any economic sector. The rapid growth hides credit losses as a significant part of the portfolio has not yet matured. For understanding the actual levels of credit losses, LHV calculates the credit risk in addition to its current portfolio also for the 12-month-old portfolio. LHV has had very few defaults in history in corporate loan portfolio and the only real credit losses LHV Pank has incurred have been related to fraud rather than wrong credit decisions.

Personnel cost is the biggest cost base for LHV Pank and equals around 57% of the total costs. LHV has the internal policy to follow the market levels in compensation packages. LHV offers its services mainly through electronic channels. To offer these services effectively LHV has decided to develop systems in-house. As a result, the IT team accounts for around 25% of the total personnel. As the salary levels for IT personnel have been increasing and seem to increase in the nearest future more than for other personnel segments despite the latest changes in market, LHV has forecasted a higher salary growth than its competitors.

UK banking contains two main business lines: lending and servicing financial intermediaries. First one is partially similar to Estonian banking, where credit losses and collateralisation are important. The second is volume business and it is sensitive to macroeconomic developments, but in a way quite different from banking. In general, there are three major components affecting payment intermediaries' business results:

- Trading activities between countries
- FX rates volatility
- AML risks

The first two are very similar, as most payment intermediaries offer transferring/converting certain currency to another region/currency within a short time frame. The need for such business grows when there are either solid business relationships between countries or when one currency becomes very volatile, and businesses need to hedge their positions quickly. The third area is related to regulations and controlling the AML risk: the financial intermediaries' business models are moving towards more regulations, but from LHV side, bank doesn't see the full chain of transfers meaning that partially it has to rely on financial intermediaries' own activities. LHV does its own controls over transactions and also does on- and off-site inspections to mitigate the risk.

Asset management is almost insensitive to macroeconomic developments. The performance depends on two major items:

- Pension fund management
- Political risk

Pension fund management is key to results. Starting from Q4 2019 the calculation of fund management fees changed to performance bonus principle. LHV has targeted to beat the agreed benchmark over longer period, but not in the coming years. LHV has provided the one of the highest pension funds yields in the long-term period.

Another large risk side of the asset management is political risk. Almost every year during the last 5 years there has been some larger changes in the pension funds management fee calculation or changes in investment limits. LHV has been successful of managing these changes and being able to deliver good result despite of the constant changes in legislation.

Insurance is relatively insensitive to macroeconomic developments as well. It's more open to fraud, pandemic, weather and strikes risks. The insurance uses reinsurance for reducing the risk to acceptable level. Still the profitability will be hit in case of under or over hedging the risk.

4. Shares and bonds issued by LHV

LHV has been rapidly growing local universal bank with a clear niche towards financial intermediaries.

Over the last years the business model has widened and includes several other financial activities. All these activities have required capital, partially funded from profits and partially issuing capital related instruments. In 2024, there was no new share capital issued to the public, except for share options to employees. LHV redeemed EUR 20 million of Additional Tier 1 bonds and issued EUR 20 million of new Tier 2 bonds. The issue was successful with a subscription of EUR 50 million.

The profits and investments of LHV are not only reflected in the share price, but also in the distributed dividends, and interest paid on subordinated bonds.

LHV Group has several securities outstanding:

Shares and bonds outstanding as at 31 Dec 2024

	ISIN	Issuer	Outstanding amount	Maturity	Listing
Common share	EE3100102203	AS LHV Group	324,188,933	-	Nasdaq Baltic main list
Additional Tier 1 subordinated bond	EE3300001668	AS LHV Group	15,000,000	perpetual	not listed
Additional Tier 1 subordinated bond	EE3300002856	AS LHV Group	20,000,000	perpetual	not listed
Tier 2 subordinated bond	EE3300001791	AS LHV Group	35,000,000	30.09.2030	Nasdaq Baltic bond list
Tier 2 subordinated bond	EE3300003573	AS LHV Group	35,000,000	29.09.2033	Nasdaq Baltic bond list
Tier 2 subordinated bond	EE3300004993	AS LHV Group	20,000,000	15.11.2034	Nasdaq Baltic bond list
Senior unsecured bond	XS2693753704	AS LHV Group	100,000,000	03.10.2027	Euronext Dublin
Senior unsecured bond	EE3300003250	AS LHV Group	20,000,000	26.05.2027	not listed
Senior unsecured bond	XS2822574245	AS LHV Group	300,000,000	24.05.2028	Euronext Dublin
Covered bond	XS2921553793	AS LHV Pank	250,000,000	17.10.2028	Euronext Dublin
Covered bond	XS2185891111	AS LHV Pank	250,000,000	09.06.2025	Euronext Dublin
Covered bond	XS2721494453	AS LHV Pank	250,000,000	20.11.2026	Euronext Dublin

In mid-2022 the share split with 1/10 ratio was carried out, where each shareholder received additional 9 shares for 1 existing share.

LHV Group has very simple share capital structure – there is only one class of shares with nominal value of 0.1 EUR, each share gives 1 voting right.

The shares of LHV Group are traded on NASDAQ Tallinn main list since May 2016.

Shareholder statistics as at 31 Dec 2024	
Number of shareholders	38,660
Number of countries represented	30
Share of Estonian residents	75.8%
Share of Estonian residents including two founders	98.3%
Share of legal entities	67.2%
Share of private individuals	28.04%
Share of institutional investors	2.69%
Share of nominee accounts	2.1%
Share of LHV clients	86.7%

46% of shares belonged to the members of the Supervisory Board and Management Board and to their related parties.

Geographical distribution of shareholders as at 31 Dec 2024	Percentage
Estonia	75.9%
Switzerland	19.6%
Latvia	2.4%
United Kingdom	1.1%
Germany	0.4%
United States	0.3%
Portugal	0.2%
Lithuania	0.1%
Finland	0.0%
Russian Federation	0.0%
Other	0.1%

Ten largest shareholders as at 31 Dec 2024	Number of shares	Percentage
AS Lõhmus Holdings	37,162,070	11.46%
Viisemann Investments AG	35,210,370	10.86%
Rain Lõhmus	25,449,470	7.85%
Krenno OÜ	12,446,070	3.84%
AS Genteel	11,310,000	3.49%
Ambient Sound Investments OÜ	10,828,210	3.34%
SIA Krugmans	7,188,990	2.22%
Bonaares OÜ	6,691,020	2.06%
OÜ Merona Systems	6,037,590	1.86%
AS AMALFI	5,437,640	1.68%

Starting from 2021, when LHV and one other bank significantly lowered prices for trading Baltic equities, the number of new investors has been growing rapidly. LHV's investor base has grown by 1 thousand shareholders within a year, reaching to 38.7 thousand.

5. Share price

The year 2024 started with the share price of EUR 3.49. During the year the share price decreased by 7.0%, reaching EUR 3.245 by the end of 2024, being outperformed by the OMX indexes.

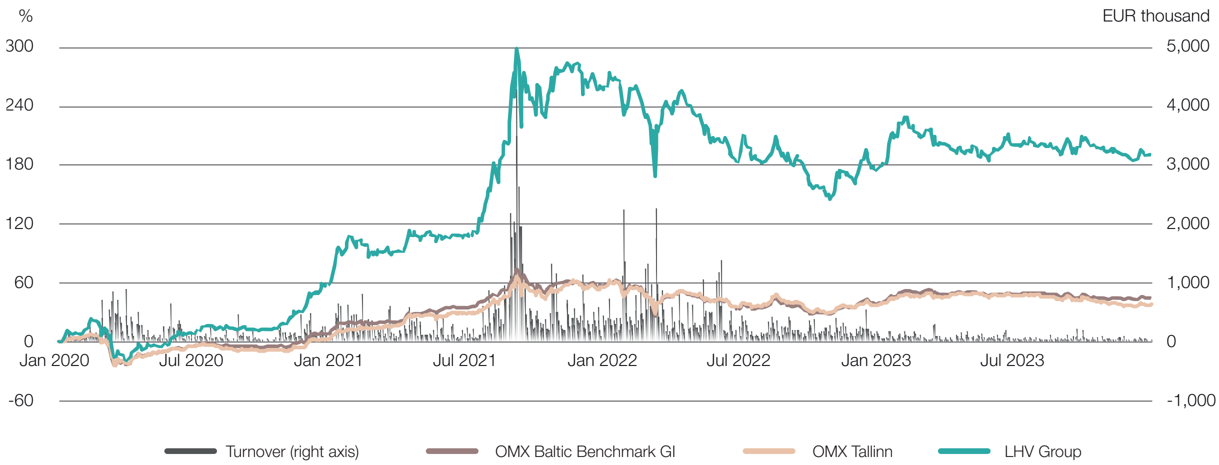
In 2024, the lowest traded price was EUR 3.18 and the highest EUR 3.74. The weighted average price was EUR 3.45.

In total 18.1 million shares were traded with monetary turnover of EUR 62.6 million. Based on the year-end stock price, LHV's market value was EUR 1.1 billion.

Graph below presents LHV Group share performance compared to OMX Tallinn index and OMX Baltics benchmark index. In last three years, LHV Group's share has underperformed both indexes and has dropped almost 25%, when comparison indexes have dropped by 13% and 7%, respectively.

Regarding dividend policy, LHV strives to achieve long-term dividend growth without negatively impacting the Group's targeted capital ratios. The annual dividend together with the related taxes should account for 25% of pre-tax profit. Each year's dividend is assessed in the light of prevailing economic conditions and the Group's earnings, growth possibilities, regulatory requirements, and capital position. In addition, LHV has made a conservative decision not to have trading positions in LHV shares nor use them as collateral. In case of exercising share option programmes, the shareholders have delegated the right of issuing new shares to the Supervisory Board.

LHV share price change and daily turnover



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. In India, the post-pandemic surge in demand has tapered off, while in China, the slowdown continues, driven by ongoing challenges in the real estate sector and subdued consumer confidence[4].

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 services 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[5]. 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[6]. 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%

[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

Data based on: IMF. World Economic Outlook, October 2024: Policy Pivot, Rising Threats. October 2024. Available: https://www.imf.org/en/Publications/WEO/Issues/2024/10/22/world-economic-outlook-october-2024

[5] 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

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

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 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[7].

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 GDP[8] 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.

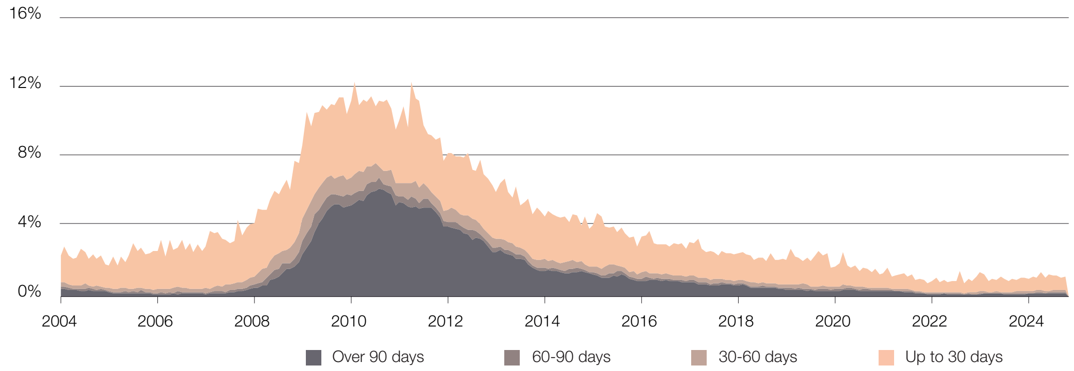
In the second half of 2024, Estonian exports showed early signs of recovery. However, domestic demand remained weak, with declines in both investment and household consumption, while government consumption expenditure increased slightly. Household consumption fell by 2.1% in Q3 compared to the previous 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.

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

[8] 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%	-1.3%	-0.1%	1.6%	2.6%	2.5%
Government consumption expenditures	1.1%	3.3%	3.9%	3.9%	-1.5%	0.9%	1.5%	-3.4%	1.6%	0.3%
Fixed capital formation	10.5%	6.2%	17.8%	0.3%	-8.3%	7.6%	-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%	-6.7%	0.5%	3.2%	2.8%	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

Overview of the Group's subsidiaries in 2024

1. AS LHV Pank group

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.

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 was broad-based. LHV Pank continued servicing financial intermediaries in euro payments and safeguarding services.

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.

LHV Pank'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%.

LHV Pank'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. LHV Pank's performance indicators were solid: return on equity (on net profit attributable to shareholders) was 25.9%, the cost/income ratio was 34.5%, and risk cost ratio was 0.4%.

LHV Pank'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%

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 management. Human resource management, marketing and communication, and compliance are smaller bank-wide activities.

In 2024, the number of LHV Pank'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 actively been a member of the United Nations Environment Programme Finance Initiative (UNEP FI), 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.

2. AS LHV Varahaldus group

LHV Varahaldus is a fund management company focusing mostly on active investment strategies. As of the end of 2024, the funds under management include one UCITS fund, seven II pillar and three III pillar pension funds. The Investment Management Department is supported by the Risk Control, Operations, and Sales Departments.

LHV Varahaldus has a 100% owned subsidiary VH Incorporation Entity OÜ, which was established in 2021. The purpose of VH Incorporation Entity OÜ is to establish companies for real estate transactions of pension funds.

Stock market rally that began in late 2022 and persisted throughout 2023 continued to drive the major indices higher in 2024. This marked the second consecutive year of over 20% returns, a feat last achieved over 25 years ago in 1998, prior to the dot-com bubble. While European economies largely struggled, US showed strong resilience, and stock market returns were again for the second year in a row driven mostly by large technology companies and anticipated artificial intelligence revolution. In euro-denominated terms, MSCI World, S&P500, and Euro Stoxx 50 increased by 26.6%, 31.8%, and 11.0%, respectively. Nasdaq Composite, and index heavily weighted toward the market driving technology sector, rose by 37.5% over the last twelve months when measured in euros. Concentration levels in biggest indices remain elevated, with largest companies constituting more than one third of the total value.

LHV offers a wide range of investment strategies to its customers within the II pillar pension system, including a passively managed index fund, one concentrating on green investments, and five actively managed funds with varying risk classes. In recent years, actively managed funds have focused more on alternative asset classes and non-listed securities, guided by the belief that over a long investment horizon, the average annual expected return will exceed that of publicly traded securities. The size of the funds, as well as changes in regulation, have allowed LHV to invest more in local non-listed assets, such as real estate, and provide financing to Estonian companies through debt securities. LHV's pension funds have been among the biggest and most active institutional investors in Estonia in recent years. Allocation between different asset classes should also provide better diversification and a more favourable risk-return relationship, making the results of the funds less dependent on the returns of the largest stock markets.

For the second year in a row best result in the Estonian pension fund market were shown by funds with biggest exposure to developed worlds and especially US equities. Returns from real estate, private equity, or direct debt, while still positive, trailed behind the returns of major equity markets. In 2024, three of the largest actively managed II pillar pension funds, M, L, and XL, had net returns of 6.5%, 7.6%, and 5.9%, respectively. Conservative funds performed well, with S and XS increasing in value by 7.1% and 6.2%. LHV's II pillar fund, Indeks, which, compared to other index funds in the Estonian market has a larger allocation to developing economies, gained 20.9%. It was another challenging year for the pension fund Roheline and its green investments, as the fund saw a 9.5% decrease in value.

Growth of assets under management continued, both in II and III pillar funds, with asset base growing by 1% in II pillar and by 30% in III pillar in 2024. Growth was achieved despite lower-than-average sales results and thus lower than expected client numbers, as fund returns were mostly positive and less people decided to opt out from the II pillar system.

LHV with its seven funds in the II pillar pension system is the chosen fund manager for more than 114 thousand people. The company manages the savings for 22.3% of II pillar pension system participants and holds a market share of 24.2% in terms of assets under management. By the end of the year, LHV's three III pillar pension funds had close to 36 thousand customers.

There was a positive regulatory change in 2024 with people having a chance to increase their payments to II pillar system. From LHV clients, more than 14 thousand people decided to increase their own contribution from gross salary from 2% to either 4% or 6%, with majority of those clients opting for the bigger 6% personal contribution.

Net profit of LHV Varahaldus was EUR 1.6 million in 2024. Benchmark index growth for 2024 was 6.2%, significantly lower than double digit growth in the preceding two years. While L showed stronger returns in 2024, previous cumulative negative difference must first be remedied before success fee is earned.

Financial results

EUR million	2024	2023	Δ
Total net operating income	8.9	8.8	1%
Total operating expenses	7.1	7.0	1%
Operating profit	1.8	1.8	0%
Net financial and interest income	0.6	0.3	126%
Income tax expense	0.8	0.5	64%
Net profit	**1.6**	**1.7**	**-2%**

Business volumes

Assets under management	1,558	1,519	3%
Pension fund customers, thous.	153	160	-4%

3. AS LHV Kindlustus

AS LHV Kindlustus is a non-life insurance company, which was founded in May 2020. The shareholders of LHV Kindlustus are LHV Group (65%) and Toveko Invest OÜ (35%). Toveko Invest OÜ also has ownership in one of the largest household appliances retailer in Estonia operating under Euronics brand. The company received the license for insurance activities from the EFSA on 29 December 2020 and started selling insurance policies as of 1 January 2021.

LHV Kindlustus has launched 13 product solutions since 2021. The main products are motor own damage insurance, motor third-party liability insurance, travel insurance, property, health and liability insurance, payment protection insurance, and extended warranty insurance. The products are sold mainly for private and in smaller volumes to commercial customers.

LHV Kindlustus implements a multi-channel sales strategy by using online, insurance intermediaries, brokers, and direct sales. The focus is to support LHV Pank and Euronics with best insurance solutions.

In 2024 non-life insurance market continued to grow. In general, it was mainly driven by continued inflation impact but also regulatory changes.

The year 2024 was quite a positive year for the whole insurance market. Prices in 2024 have stayed rather stable with minor growth in premiums for each main non-life insurances. At the same time reimbursement expenses also increased, but not as rapidly as in the previous year. Estonian non-life insurance market premium levels surpassed EUR 500 million level in 2023 and in 2024 the growth continued. In 2024, the market experienced increased competition due to the entry of new competitors.

As of 31 December 2024, LHV Kindlustus had 249 thousand active insurance contracts and 170 thousand customers. The biggest share of active contracts and customers is related to the extended warranty insurance portfolio, followed by Confido health insurance, and LHV Pank credit card travel and purchase insurance. The year 2024 showed growth of customers in all major business lines.

The annual gross written premiums were EUR 38.0 million (+21% YoY). The largest product motor own damage formed 31% of the portfolio. Other most significant contributors to the portfolio were health insurance, extended warranty, motor third party insurance and property insurance. Cross-sales within the group formed 37% of the total amount of the gross written premium.

In 2024, LHV Kindlustus earned EUR 31,2 million (+34% YoY) net premiums and paid out EUR 21,7 million as claim indemnities.

Net losses incurred amounted to EUR 20.7 million. The company registered 104 thousand new claims in 2024, out of which 3,200 are still open as of 31 December 2024.

Net profit for 2024 was EUR 1.2 million. Year resulted with strong insurance activity result mainly due to decrease of cost ratio. Additionally, investments income gave substantial impact to company's profit. Company's financial position stays strong with solvency ratio above 125% at year-end.

Financial results

EUR million	2024	2023	Δ
Insurance result without reinsurance	1.9	1.3	40%
Reinsurance result	-0.9	-1.0	-5%
Total result from insurance activities	1.0	0.3	167%
Net other income	0.2	0.0	NA
Income tax expense	0.0	0.0	NA
Net profit	**1.2**	**0.3**	**300%**

Business volumes

Contract premiums written, EUR million	38.0	31.4	21%
No of customers, thous.	170	161	6%

4. LHV Bank Ltd

LHV Bank Limited, a wholly owned subsidiary, was founded in February 2021 with the aim of becoming a separate and independent bank in the UK within the LHV Group.

2024 turned out to be a highly successful year for the bank. Retail banking operations were launched, and the business volumes of corporate banking and financial intermediaries were significantly increased.

Business Results

Deposits grew by 195% over the year, and the loan portfolio expanded by 338%. Deposits increased by 466 million during the year, reaching 705 million. The successful accumulation of deposits enabled the bank to fully repay a loan received from LHV Pank and achieve independent financing. During the year, the Bank of England reduced the base interest rate twice, by a total of 0.5%, to 4.75%, resulting in lower interest rates and financing costs for the bank.

Loans grew by 267 million over the year, reaching 348 million. At the end of the year, loans approved but not yet disbursed by the Credit Committee amounted to 119 million. Despite two loan being classified under Stage 2 and one under Stage 3 per IFRS 9 at year-end, the overall quality of the loan portfolio remained strong.

The net profit for the year amounted to 5.8 million, with a return on equity of 7.5%. Profitability for the year fell short of plans due to slower loan portfolio growth at the beginning of the year and fluctuations in deposits from financial intermediaries, which led to lower-than-expected interest income. While salary expenses grew by 57% over the year, other costs decreased by 2%.

In the middle of the year, regulatory authorities issued several publications regarding the implementation of Basel 3.1 standards, postponing the implementation date to 1 January 2027.

Retail Banking

At the start of the year, the bank joined a third deposit-gathering platform. By year-end, the bank had over 11,600 accounts across three deposit platforms.

At the end of the year, the bank launched its retail banking offering, including a mobile banking app and a new website. Through the mobile banking app, individual customers can open current accounts and make GBP payments. In the first half of 2025, the bank will add deposits, direct debits and debit cards to the mobile banking app and will launch broader public communication and marketing efforts. In the second half of the year, the addition of other currencies and the opening of accounts for business clients are planned.

Corporate Banking

In corporate banking, the focus was on accelerating loan disbursements, expanding the product portfolio, building the team, growing the network of loan brokers, and increasing visibility in broker channels. To expedite loan disbursements, the bank significantly expanded its network of law firms and optimized internal processes.

The bank introduced a primarily fixed-rate Specialist Buy-to-Let product, tailored for purchasing and renting out residential properties by larger investors. By year-end, the team was fully assembled, including loan officers and support functions in both London and Manchester. The bank had cooperation agreements with nearly 60 loan brokers by the end of the year. Mid-year, the bank began active public communications in broker channels and participated in several seminars and conferences. The awareness of the LHV brand among loan brokers grew significantly during the year.

Financial Intermediaries

By year-end, the business volumes of payment services for financial intermediaries reached record levels. The number of payments increased by 51%, from 49 million to 75 million transactions. The bank signed new agreements and activated several new clients. Although the number of direct competitors decreased further last year, pressure on service fees intensified. To remain competitive, the bank had to significantly lower fees for larger clients.

Deposit volumes for financial intermediaries fluctuated during the year due to intensified competition in deposit pricing and targeted offers from competitors. However, deposit levels were higher at year-end compared to the beginning of the year.

In early July, the bank joined the Euro Standard Payments Scheme. Preparations for joining the Euro Instant Payments Scheme took longer than planned, and the initial December window will now be realised in April 2025. After this, the bank will be able to attract financial intermediaries using euro payment services from LHV Pank. In 2025, the bank plans to expand its product portfolio to include card payment acceptance, open banking, and direct debit solutions for financial intermediaries.

Organisation

At the start of the year, leaders for several key areas joined the organisation, strengthening the team with experienced professionals.

The bank implemented ChatGPT Enterprise for all employees and initiated several projects to integrate artificial intelligence into its work processes.

Financial results

EUR million	2024	2023
Net interest income	34.7	28.9
Net fee and commission income	9.4	7.8
Net financial income	0.0	-0.1
Other income	0.5	0.1
Total net income	44.6	36.8
Total operating expenses	39.1	31.3
Impairment losses	0.5	0.2
Income tax expense	-0.8	0.0
Net profit	**5.8**	**5.3**

Business volumes

Loans (net)	348	79
Deposits from customers	705	239

5. AS LHV Paytech

EveryPay AS was established in 2012 and in April 2022, LHV Group acquired 100% of the company. The company was renamed to AS LHV Paytech in 2023. LHV Paytech is developing and operating a cloud-based payment gateway platform for digital payments acceptance in digital environments and is Payment Card Industry Data Security Standard level 1 certified. LHV Paytech's customers are financial institutions that need the platform as a part of their online payments' acceptance offering or for their internal needs. LHV Paytech is not providing services to the merchants directly.

LHV Paytech operates primarily in the Baltics, servicing commercial banks and smaller financial institutions.

In 2024, LHV Paytech was dedicated to enriching its offerings by introducing new payment methods and relevant features. This involved extending integration options for different Open Banking payment based scenarios (tokenization, recurring), new Open Banking API direct integrations (two new banks), integration of a card schemes new payment method Click to Pay, implementation of a new and easier integration option for merchants and general platform strengthening and resilience improvements Aligned with LHV Group's strategic vision, our ongoing commitment involves the incorporation of new payment methods, relevant features, and continuous improvements to overall service quality.

Financial results

EUR million	2024	2023	Δ
Total net operating income	4.2	3.3	27%
Total operating expenses	3.5	2.8	25%
Operating profit	0.7	0.5	40%
Income tax	0.0	0.0	NA
Net profit	**0.7**	**0.5**	**40%**

Strategy and financial plan

1. Strategy and the future

LHV's home markets remain Estonia and the UK. Strategically, both markets share the capability to build advanced technological solutions, irrespective of customers or locations. Our objective is to maximize business growth within our pre-defined risk appetite, maintaining strong capitalisation and achieving a 20% return on equity. This approach underscores that our ambitions prioritize sustainable profitability and risk management. As proponents of modern technology, we aim to enhance efficiency and customer satisfaction.

We envision LHV as an international financial group that provides top-tier service across all customer segments, from mobile banking to client offices. The group's operations are anchored in five core entities: two banks (in Estonia and the UK), an asset management company, an insurance company, and a payment technology company.

Goals and Strategic Directions

LHV Pank aspires to become the largest and most profitable bank in Estonia by 2032. Efforts have been directed at strengthening our service and product offerings. The nearest challenges are related to efficiency and IT systems, where our target is to move all systems to cloud within 2025. This enables us the eliminate the scaling issues for the systems and also shortens the development process. Another process involves enhancing the utilization of cross-sale opportunities in 2025

In Estonia, our customer offering remains the same:

- Comprehensive financing options for companies, with prompt, locally-made decisions.
- Mortgage loans with quick processing and customer-centric terms.
- Free-of-charge payments, extensive investment services, corporate payment collection, insurance solutions, and high-performing pension funds.
- Mobile app-based access to key services, including securities trading and loan applications.

For **retail customers**, we are committed to expanding our customer base and increasing engagement. Efforts focus on:

- Engaging active customers in Estonian cities who prefer electronic channels.
- Attracting customers who consolidate their financial transactions with LHV, including salary payments and card usage for daily transactions.
- Expanding our share of the mortgage loan market.

For corporate clients, the strategy emphasizes:

- Growing the loan portfolio by attracting businesses valuing tailored financial solutions.
- Maintaining a one-tier decision-making process for agility and flexibility.

For all customers the funding through deposits is in focus and this is key component regarding lending growth.

In the UK, **LHV Bank** focuses on providing banking services for financial intermediaries, SME lending, simple mobile bank for retail customers. Key services include:

- Real-time euro and sterling payments via LHV Connect API.
- Comprehensive account and payment services, including currency solutions.
- SME loans starting at GBP 500,000. Our offices are strategically located in London, Manchester, and Leeds.
- Retail offering for private individuals regarding deposits and payments.

LHV Kindlustus aims to replicate LHV Pank's success by offering simple, innovative, and customer-centric insurance products through diverse channels.

The **pension funds** managed by LHV Varahaldus prioritize long-term returns. The revised investment strategy focuses on listed companies and bond investments, aligning with our long-term financial objectives. The business objectives related to the main business lines are disclosed in our long-term financial plan.

Our long-term goal is to offer strong relationships to our partners by being:

- **A financial service provider with the best service for our customers.**
- **The most insightful financial service provider for international financial intermediaries.**
- **An attractive employer offering people a high satisfaction, development, and self-realisation.**
- **A transparent company for investors, with an annual return on equity at least 20%.**
- **A company with the best management practices, positive social impacts, and clear climate goals.**

LHV is committed to conducting its business activities in a sustainable manner. Recognising the central role of financial sector in directing capital flows into sustainable activities to support the transition to a climate-neutral economy, we aim to guide companies towards more sustainable business activities and reduce business-related risks concerning the changing world and natural environment. We are working on measuring the climate impact of our credit portfolio and investments, upon of which we will establish goals of reducing our environmental and climate impact in the future.

2. Financial plan

LHV is one of a very few listed companies that publishes annually a five-year financial plan. As the forecast horizon is long, only the first year should be viewed as a firm plan. The strategy for the remaining four years serves as a flexible guideline, outlining where LHV envisions its business evolving over the next few years.

LHV Group enters 2025 with a strong foundation, supported by its commitment to innovation, customer-centricity, and sustainable growth. The Group will continue to leverage its strengths in banking, asset management, and technology to deliver value to customers and stakeholders.

2.1 Assumptions behind the financial plan

There are several assumptions made, especially regarding the macroeconomic environment and interest rates.

Macroeconomic Conditions: Using the Bank of Estonia's and our own forecasts, we anticipate modest GDP growth in 2025, following a slight positive trend thereafter.

Interest Rates: The interest rate environment has shifted, with base rates decreasing rapidly until mid-2025. After that interest rates are expected to stabilize and marginally increase. 6-months EURIBOR will be around 2.0-2.4%, ECB deposit facility rate around 1.9-2.1%. Bank of England Bank Rate is expected to be around 3.9-4.4%

The third assumption is about competition, where in the long-term scenario we do not expect significant changes, no aggressive competitors entering nor leaving the market.

We expect that the credit portfolio is well diversified, and the economy will be flexible, and credit risk will appear through some individual counterparties, not through systemic crises.

The two main types of changes considered are the impending changes in legislation and market expectations on interest rates. There are no major changes in legislation, but the focus on ESG and capitalisation levels for banks is likely to increase even further.

Financial plan macroeconomic assumptions	2025	2026	2027	2028	2029
Estonian real GDP growth, %	1.4%	2.4%	2.1%	2.2%	2.0%
Estonian unemployment rate, %	7.8%	7.7%	6.9%	6.8%	6.8%
Estonian CPI, %	5.1%	3.4%	2.3%	2.2%	2.0%
ECB deposit facility rate, % (annual average)	2.2%	1.9%	2.0%	2.1%	2.1%
BoE Bank Rate, % (annual average)	4.4%	4.1%	3.9%	3.9%	3.9%
6m Euribor, % (annual average)	2.1%	2.1%	2.2%	2.3%	2.3%

2.2 Business areas

The plan is based on LHV's concept of four business areas:

- Estonian banking
- UK banking
- Asset management
- Insurance

Estonian banking and asset management areas are on a solid position. Insurance is a relatively new business with high potential. UK banking consists of two main different business lines: services to financial intermediaries and SME/retail banking. UK SME/retail banking is clearly in rapid growth phase as lending business was fully launched in 2024. Starting from 2024, the financial intermediaries business line results were split between Estonian banking and UK banking, so there is still complexity to read financial statements as 80-90% of financial intermediaries business line customers act in the euro area and deals/positions are booked against Estonian bank. At the same time, business line results are presented and risks are taken by UK banking.

2.3 Comments regarding financial plan results

Our income sources are broad-based. For some areas income is a function of different assets, for other areas a function of customer activity or the capital markets situation.

In 2025, LHV plans slow growth due to macroeconomic situation both in Estonia and in Europe. The region is facing geopolitical instability and fight with inflation is not finalised. This generates volatility and increases credit risk. Similarly, we expect modest growth in capital markets - too low to earn success fees from asset management. Still, it is expected that all business lines are profitable.

Starting from 2025 we see the macroeconomic situation slightly improving, but it will still remain below last decade average. We plan to grow by 13-18% with the loan portfolio. Also, asset management, insurance and financial intermediaries' business will grow.

The Estonian banking business line is affected mostly by macroeconomic trends and interest rates. Above 90% of capital is utilised by the credit portfolio. Hence, credit risk is the largest risk in the business area. The portfolio is well diversified and capitalised, but still coming from decreasing GDP, there is delay in credit risk numbers.

The profitability of UK banking is also mainly related to interest rates, but much less affected by changes in GDP. The impact comes from deposits of financial intermediates, which are kept liquid and not used for funding the credit portfolio.

The profitability of the asset management business line is mostly driven by the social tax paid to state budget in Estonia, on which the possibility to earn success fee depends on, and returns of assets under management, which mostly correlate with capital markets.

Insurance is still in a growing phase. The business line has grown to profitable level in 2024. The strategic goal is to proceed with profitable growth in coming years. The profitability is not so much driven by the macroeconomic situation but more by one-off items, especially the occurrence of larger insurance cases.

In addition to base scenario, LHV concludes a negative scenario and uses this as one input for capital management. This scenario is based on lower GDP growth, lower interest rates on assets, but same interest rates on liabilities, and higher inflation. We see that results are mainly affected by three factors: credit risk, interest rates and personnel related costs. Even with around 1 percentage points lower GDP growth expectation compared to base scenario and approximately 0.15 percentage points lower interest rates LHV remains profitable, and capitalisation remains above internal targets.

2.4 Financial plan

Short version of financial plan figures is presented in table below.

Statement of profit or loss

EUR million	2025	2026	2027	2028	2029
Net interest income	246	289	326	373	413
Net fee and commission income	64	71	80	94	103
Other income	3	4	5	8	10
Total revenue	**313**	**364**	**412**	**475**	**526**
Total operating expenses	**-140**	**-145**	**-151**	**-156**	**-165**
Amortisation	-9	-9	-7	-9	-8
Impairment losses on loans and advances	-10	-17	-21	-22	-24
Earnings before income tax	**153**	**193**	**233**	**288**	**329**
Income tax	-4	-10	-15	-21	-17
Advance income tax	-24	-29	-33	-38	-43
Net profit	**125**	**154**	**185**	**229**	**269**
Profit attributable to non-controlling interest	2	3	4	5	6
Profit attributable to owners of the parent	123	151	181	225	262

Statement of financial position

EUR million	31 Dec 2025	31 Dec 2026	31 Dec 2027	31 Dec 2028	31 Dec 2029
Cash and cash equivalents	3,260	4,136	4,709	5,177	5,838
Financial assets at fair value	954	957	961	968	975
Loans granted (net)	5,345	6,227	7,099	7,956	8,865
Long-term financial investments	8	8	9	9	10
Other assets	50	47	45	75	70
Total assets	**9,616**	**11,375**	**12,823**	**14,186**	**15,759**
Deposits from customers	-7,558	-8,473	-9,485	-10,339	-11,375
Loans received	-1,042	-1,751	-2,022	-2,344	-2,720
Subordinated debt	-192	-227	-258	-278	-298
Other liabilities	-89	-99	-111	-148	-156
Total liabilities	**-8,880**	**-10,551**	**-11,876**	**-13,109**	**-14,549**
Equity	**-735**	**-825**	**-947**	**-1,077**	**-1,210**
Total liabilities and equity	**-9,616**	**-11,375**	**-12,823**	**-14,186**	**-15,759**

Ratios

	2025	2026	2027	2028	2029
Regulatory ratios					
CET1	15.9%	15.2%	15.6%	15.6%	15.5%
T1	17.8%	17.4%	18.1%	17.9%	17.5%
CAD	21.0%	20.4%	20.8%	20.6%	20.3%
Financial ratios					
ROE	18.1%	20.1%	21.2%	23.2%	24.1%
Pre-tax ROE	22.1%	25.1%	26.8%	29.1%	29.6%
C/I	47.7%	42.3%	38.3%	34.8%	32.9%
L/D	70.7%	73.5%	74.8%	76.9%	77.9%
CoR	0.2%	0.3%	0.3%	0.3%	0.3%
EPS (EUR)	0.38	0.46	0.55	0.68	0.80
Dividend based on dividend policy (EUR thousand)	32,419	26,231	32,788	39,346	49,182
DPS (EUR)	0.10	0.08	0.10	0.12	0.15

Ratios calculation principles

CET1 (common equity tier 1 capital adequacy ratio) = tier 1 common equity / risk weighted assets

T1 (tier 1 capital adequacy ratio) = tier 1 capital / risk weighted assets

CAD (total capital adequacy ratio) = (tier 1 capital + tier 2 capital) / risk weighted assets

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

ROE (return on equity) from pre-tax profit attributable to the owners of parent = net profit before taxes (attributable to owners of the parent) / average equity (attributable to owners of the parent) * 100

C/I (cost to income ratio) = total operating expenses / total net income * 100

L/D (loan to deposit ratio) = net loans / deposits * 100

CoR (cost of risk) = impairment losses on loans / average loan portfolio

EPS (earning per share) = net profit (attributable to owners of the parent) / number of shares

Dividend = dividend payment during calendar year

DPS (dividend per share) = dividend payment during calendar year / number of shares at moment of payment

Capital adequacy levels are calculated in accordance with applicable requirements in Estonia

2.5 Updates of the financial plan

LHV reviews the financial plan annually and publishes it in February. In general, there are no updates published during the year.

In case the actual results and a rolling forecast differ by more than 10% from the existing plan, LHV publishes an update to the current year financial plan, but an update to long-term forecast is not published. In 2024, LHV updated financial plan in September and hiked up the profitability targets by 25%.

Consolidated sustainability statements

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

The Group's consolidated sustainability statements have been prepared in accordance with the Estonian Accounting Act which implemented Corporate Sustainability Reporting Directive (CSRD) and 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 Group 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 Group and its subsidiaries. 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 is 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

For this reporting period, LHV has not used any subsidiary exemptions, although the AS LHV Pank discloses separate sustainability statements.

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 consolidated 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 sustainability 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 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. We tailor risk assessments for each subsidiary, considering local market dynamics and regulatory requirements.

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. This 4 yearlong membership 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

LHV is the largest domestically owned finance group and capital provider in Estonia. The main subsidiaries of AS LHV Group are AS LHV Pank, LHV Bank Ltd, AS LHV Varahaldus, AS LHV Kindlustus and AS LHV Paytech. LHV was established in 1999 by people with extensive experience in investing and entrepreneurship. LHV's customer service offices in Estonia are in Tallinn, Tartu and Pärnu. LHV expanded into UK market in 2018. There are three offices in the UK: London, Leeds and Manchester.

LHV has over 1,200 employees and serves a customer base exceeding 612 thousand.

A more detailed overview of the Group's subsidiaries and their business activities can be found under Note 5 Subsidiaries and goodwill in consolidated annual 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 Group are structured into the following segments: retail banking, corporate banking, asset management, hire-purchase and consumer finance, financial intermediaries, and insurance, see more under Note 4 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 areas—banking, asset management, and insurance—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 the group. 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 risks) 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.

Pension Fund Green (II pillar) - LHV Pension Fund Green is meant for anyone who cares even a little about green philosophies and believes that capital investment should be profitable in the long-term and environmentally sound and sustainable. The fund always invests 75% to 100% into equity. At least half of the portfolio is invested in investment funds that abide by sustainability principles or have environmental themes.

Pension Fund Green Plus (III pillar) - The first green third pillar fund's investment portfolio will consist of socially responsible, sustainable, and environmental assets. The equity risk to be taken with the fund will always remain between 75% and 100%. The green second and third pillar funds are aimed at everyone who cares about the green mindset and believes that investments must be productive in the long term and environmentally friendly and sustainable.

Through our Advisory service in 2024 LHV acted as a Join Lead Manager in Eesti Energia AS[10] 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.

[10] Eesti Energia AS is an international energy company, owned by the Estonian state and founded in 1939. It operates in the electricity and gas sales markets in the Baltics, Finland, Sweden, and Poland, as well as in the international liquid fuels market.

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 Corporate Governance report and Governance of the Group under management report.

The Management Board, led by the CEO Madis Toomsalu, comprises 4 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 sections Governance of the Group and Composition and duties of Management Board and Supervisory Board in Corporate governance 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 Group 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 Group management and supervisory bodies:

Gender diversity in management and supervisory bodies

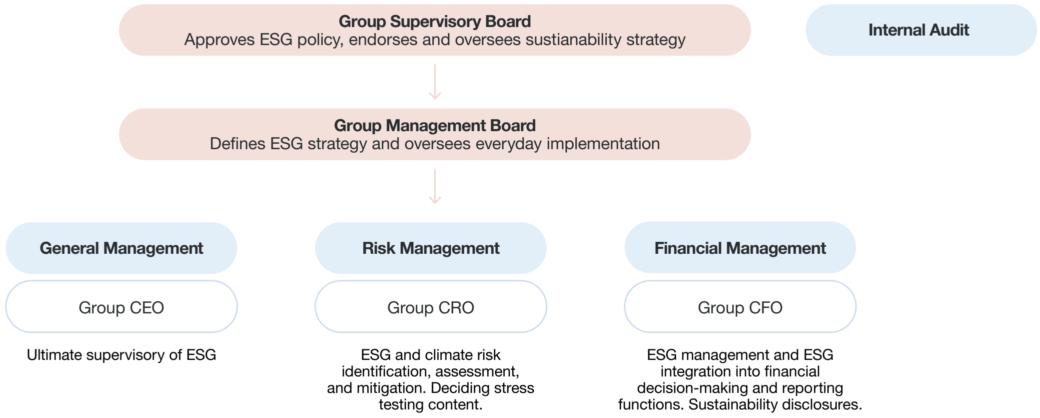
	Male	Female	Total	Male %	Female %
Group Supervisory Board	5	2	7	71%	29%
Group Management Board	3	1	4	75%	25%
Total	**8**	**3**	**11**	**73%**	**27%**

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 across the group. 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 subsidiary head of 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 Group ESG governance structure:

LHV GROUP ESG GOVERNANCE



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 Asset Management Departments. 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 Group 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 Group 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 a administrative body, sustainability objectives, carry equal weight (16-20%) compared to other 4-5 performance considerations. Details on the remuneration principles are included under the section Corporate governance report and Remuneration report under the management report.

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 consists of several subsidiaries, with LHV Pank being the largest, in 2024 accounting for 90.9.% of total assets and 80.2% of net income. The group's other subsidiaries—LHV Bank (UK), LHV Varahaldus, LHV Kindlustus, and LHV Paytech—have a more limited scale and ESG impact compared to the Estonian banking activities (see the table Overview of LHV Group's and its subsidiaries' total assets and net income). All LHV subsidiaries operate under a unified framework, sharing the same strategic values, goals, stakeholders, and value chain. This integrated approach ensures alignment across customers, employees, shareholders, and regulators.

While asset management and insurance have also notable ESG implications, their scale and reach are more limited in comparison to the banking sector. Asset management mostly involves handling portfolios of various companies, and the direct impact on society or the environment comes through investment decisions rather than direct financing of projects. Similarly, LHV's insurance activities contribute to risk mitigation, including addressing climate-related risks such as natural disasters. However, these activities lack the systemic environmental or social impact inherent in the banking sector, which directly finances projects and sectors that can significantly influence sustainability outcomes. Regarding LHV Bank Ltd UK, we have concluded that the impact assessed does not differentiate from the banking operations in Estonia.

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 must 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

In 2023, a high-level ESG materiality assessment was conducted to identify the most material factors impacting credit, market, and operational risks. The methodology specified that if the materiality level is identified as “high,” a risk appetite statement, as well as risk mitigation tools and/or activities, should be defined.

The assessment identified a "high" materiality level for operational risks in the environmental (E) and governance (G) areas. No "high" materiality risks were identified for market risk or credit risk in the environmental (E), social (S), or governance (G) areas.

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 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 was a key element of the materiality assessment. Internal workshops were conducted with experts, including credit analysts and business 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	• Integrating social and environmental considerations into the core of our business. • Investing in spreading financial literacy.
	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	
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	• Offering customers a choice of green financial products • Improving processes of ESG-related due-diligence for corporate customers and partners
	7.2. By 2030, increase substantially the share of renewable energy in the global energy mix	
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	• Driving sustainable growth, creating jobs, encouraging entrepreneurship, and fuelling innovation
	8.10. Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all	
SDG 12. Ensure sustainable consumption and production patterns	12.2. By 2030, achieve the sustainable management and efficient use of natural resources	• Considering environmental factors in business decisions • Advocating for responsible lending and consumption
	12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	
SDG 13. Take urgent action to combat climate change and its impacts	13.2. Integrate climate change measures into national policies, strategies, and planning	• Encouraging environmentally sustainable business practices within the sector and the country level through supporting sustainable financial sector development
	13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	

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
	E5-5	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 of the Group Corporate Governance report
	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	Corporate Governance report; Corporate Culture and Ethical Governance
	G1-2	Management of relationships with suppliers	Value chain management
	G1-3	Prevention and detection of corruption or bribery	Corporate Governance report; Prevention and Detection of Corruption and Bribery
	G1-4	Confirmed incidents of corruption or bribery	Corporate Governance report; Prevention and Detection of Corruption and Bribery
	G1-5	Political influence and lobbying activities	Corporate Governance report; Corporate Culture and Ethical Governance
	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	Governance of the Group; Corporate Governance report	Governance of the Group; General meeting; Management board
	G1-1	Corporate Governance report	Corporate Culture and Ethical Governance
	G1-3	Corporate Governance report	Prevention and Detection of Corruption and Bribery
	G1-4	Corporate Governance report	Prevention and Detection of Corruption and Bribery
	G1-5	Corporate Governance report	Corporate Culture and Ethical Governance

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 Group 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 comparison while adhering to regulatory standards, LHV ensures 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 Group (the parent company) and its subsidiaries AS LHV Pank, AS LHV Finance (a subsidiary of AS LHV Pank), AS LHV Varahaldus, LHV Bank Ltd and AS LHV Paytech. AS LHV Group holds a 65% interest in LHV Finance through AS LHV Pank and AS LHV Group holds a 65% interest in LHV Kindlustus, as per previous financial year.

LHV Group comprises both financial and non-financial undertakings in the context of the EU Taxonomy. While non-financial undertakings are integral part of our operations, this report primarily focuses on the financial undertakings within our group, including LHV Pank, LHV Bank Ltd, LHV Varahaldus and LHV Kindlustus.

First, the overall volume of non-financial activities is marginal from a taxonomy reporting perspective, accounting for 9.97% of the group's overall operations (8.95% for LHV Group, 1.00% for LHV Finance, and 0.02% for LHV Paytech). 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, LHV Paytech, and LHV Group as a holding entity do not engage in taxonomy-eligible activities. These entities do 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 by LHV Finance and LHV Group (solo) are provided via agreements with LHV Pank and are not directly operated by these entities, thereby failing to meet taxonomy-eligibility criteria. LHV Paytech operates its cloud-based payment gateway platform through services procured by the external service provider.

Due to the limited materiality and exposure towards taxonomy related economic activities of our non-financial undertakings, we have not included CapEx, OpEx, and revenue KPIs for these entities 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 of the credit institutions 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 statements). Complementary disclosures of LHV Varahaldus include turnover-based KPI and CapEx based KPI for non-financial undertakings and for financial undertakings according to Annexes III and IV (see Template 2 for KPIs of asset managers in Annex 2 at the end of the consolidated sustainability statements) and the disclosures of LHV Kindlustus include reporting on the Premium KPI and Investment KPI, as outlined in Annex IX and X of the DDA (see Templates 3 for KPIs of insurance and reinsurance undertakings in Annex 2 at the end of the consolidated sustainability statement). For nuclear and fossil gas related activities we follow Annex XII templates from the DDA (see Templates 4 for the KPIs for the nuclear 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 Disclosure Delegated Act. 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 our 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, our 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 loans for 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 and same for insurance related exposures. 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 both within portfolio management (LHV Pank) and asset management (LHV Varahaldus) side (see Templates 1 and 2 for KPIs of credit institutions and of asset managers in Annex 2 at the end of the consolidated sustainability statements).

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 full alignment of banking and insurance related exposures and 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 regarding the banking and insurance activities 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 our taxonomy reporting process to ensure consistency and accuracy going forward. 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 the 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, 32.07% of LHV assets are deemed taxonomy eligible. Consequently, the remaining 67.93% 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. 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 in Annex 2 at the end of the consolidated sustainability statement).

The GAR is also the main KPI used for disclosing information on the extent of taxonomy alignment of credit institutions' activities. It 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).

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 discloses the proportion of covered assets exposed to taxonomy-eligible and taxonomy-non-eligible economic activities across all environmental objectives specified in the 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. The 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.

Our consolidated GAR, reflecting the proportion of our on-balance sheet assets which are taxonomy aligned for all the credit institutions within our group, is 0%. However, for our banking and investment services 32.07% of our loans and advances fall under taxonomy-eligible but non-aligned activities, leaving the remaining 67.93% of our assets 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 our asset management (LHV Varahaldus) 1.26% of the investments are taxonomy aligned, 6.31% taxonomy-eligible and the remaining 93.28% are taxonomy non-eligible (for the last year it showed 8.2% taxonomy eligible and 90.6% taxonomy non-eligible, while 0.6% taxonomy aligned (turnover based) and 1.3% taxonomy aligned (CapEx-based), see Template 2 for the KPI of asset managers in Annex 2 at the end of the consolidated sustainability statement).

LHV's insurance KPI calculations are based on the weighted average of underwriting activities in taxonomy-aligned economic activities relative to total premiums earned as well as the weighted average of investments in taxonomy-aligned activities relative to total assets covered by the KPI, excluding sovereign entities,

In 2024, 0% of underwriting activities are taxonomy-aligned. Taxonomy-eligible but non-aligned underwriting activities account for 50%, while non-eligible activities represent 50% of total premiums earned (see Templates 3 for the KPIs of Insurance and reinsurance undertakings, template 1 in Annex 2 at the end of the consolidated sustainability statements). Also, 0.06% alignment was identified based on capital expenditures for investments, with assets covered by the KPI totalling 56% of total investments. Taxonomy-eligible but non-aligned investments accounted for 70.90%, while non-eligible investments represented 24.50% (see Templates 3 for KPIs of Insurance and reinsurance undertakings, template 2 in Annex 2 at the end of the consolidated sustainability statements).

In alignment with the EU Taxonomy framework and the requirements outlined in Annex XII of the DDA, LHV also covers its exposures regarding 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 or operation of electricity generation facilities that produce electricity using fossil gaseous fuels, 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.

Last year, financing was also provided to the same nuclear related activities. For the fossil gas related activities, there was no exposure for the 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 representing 71% of the denominator of the applicable KPI. This includes 5% allocated to Section 4.27 activities and 43% 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 account represent 8% of the denominator. This includes 2% from Section 4.29 activities and 5% categorized under other taxonomy-eligible but non-aligned economic activities. The proportion of taxonomy non-eligible economic activities is constituting 28% of the denominator (see Templates 4 for the KPIs of nuclear and fossil gas related activities in Annex 2 at the end of the consolidated sustainability statements).

These results reflect an increase in taxonomy-aligned and eligible activities compared to the previous year when LHV analysed the presence of nuclear and fossil gas-related activities but did not calculate proportions or disclose specific alignment or eligibility figures due to data and procedural limitations. The full disclosure for the year 2024 demonstrates our 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 includes 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.

Consequently, LHV concludes its overall average KPI turnover based as 27.91% and CapEx based as well 27.91%. Concluded KPIs per business segments can be seen in the added template, where, as stated above, non-financial activities of LHV are not covered (see Template 5 for the KPIs on taxonomy-aligned activities of the mixed group in Annex 2 at the end of the consolidated sustainability statements).

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, within its on-balance sheet exposures of the banking portfolio due 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 national market practice becomes available. For our insurance and asset management related activities and investments, we have made progress and confirmed taxonomy-alignment.

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 institutions and insurance related activities has not been fully assessed.

In future reporting cycles, we plan to finalise 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 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 our 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 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% (for the UK premises, data was unavailable for this reporting period).

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 GHG footprint calculation model (by the Ministry of Climate), 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. In Estonia 35% and in UK 32% 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 addition to previous years, in 2024 we also obtained necessary data from our UK premises in London and Manchester. To perform the calculation of intensity of carbon footprint per employee, the aggregate result was divided by the number of LHV employees at the end of the reporting year. In 2024 LHV office activity had a greenhouse gas emission footprint of 2,382 tonnes of CO_2-equivalent, which was 2.12 tons per employee at the time of calculation and 0.0 tons per net revenue. Net revenue used to calculate GHG intensity for 2024 is 338,300 EUR thousand which reconciles to Net income from the Consolidated financial statement of profit or loss and other comprehensive income. The impact of cooling has been included in the calculation of electricity consumption. Scope 3 calculated using primary data 27.6%.

Emissions from own operations

	Estonia	United Kingdom	Total
	2024	2024	2024
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions (tCO_2eq)	0.00	0.00	0.00
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0.00	0.00	0.00
Scope 2 GHG emissions			
Gross location-based Scope 2 GHG emissions (tCO_2eq)	1,249.72	93.30	1,343.02
Gross market-based Scope 2 GHG emissions (tCO_2eq)	598.45	99.87	698.31
Significant scope 3 GHG emissions			
Total Gross indirect (Scope 3) GHG emissions (tCO_2eq)	541,665	91,339	633,004
1 Purchased goods and services	63.70	4.67	68.37
2 Capital goods	163.91	35.40	199.31
3 Fuel and energy-related activities (not included in Scope1 or Scope 2)	325.34	23.73	349.07
4 Upstream transportation and distribution	-	-	-
5 Waste generated in operations	38.65	0.02	38.68
6 Business travelling	420.59	164.72	585.31
7 Employee commuting & home office	371.06	70.74	441.80
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)	540,281.6	91,039.99	631,321.59
Total GHG emissions			
Total GHG emissions (location-based) (tCO_2eq)	**542,915**	**91,433**	**634,347**
Total GHG emissions (market-based) (tCO_2eq)	**542,263**	**91,439**	**633,702**

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, including the assessment of insurance-associated emissions for motor vehicle insurance. Total emissions were calculated for financed emissions 631,322 tCO_2e and 3,112 tCO_2e for insurance associated emissions, 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. For LHV Bank Limited, the portfolio is assessed under one asset class—commercial real estate. Table below presents the combined results for commercial real estate for both LHV Pank and LHV Bank Limited. In the 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, tCO_2 e	2024	2023
Total	631,322	710,037.5

Financed emissions 2024

Asset Class	Outstanding Amount (EUR million)	Scope 1+2 (tCO_2 e)	Scope 3 tCO_2 e	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	1,211	199,591	-	164.8	3.6
Motor vehicle loans**	127	5,231	-	41.1	3.0
Sovereign debt	284	0.9	0.6	0.0	1
Total	**4,506**	**416,916**	**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**

LHV Kindlustus primarily offers extended warranties, comprehensive motor insurance, motor third-party liability insurance, device insurance, and health insurance. PCAF currently provides methodologies for two lines of business: personal motor vehicle insurance and corporate insurance. In the first assessment of insurance-related emissions, LHV Kindlustus evaluated personal motor vehicle insurance. Since corporate insurance represents only a marginal share of the insurance portfolio, it was not deemed meaningful to include it in the assessment. The scope 1+2 insurance-associated emissions for personal motor vehicle insurance amounted to 3,112 tCO_2e, with a data quality score of 4. In the future, as the methodology evolves to cover additional lines of business, the assessment for LHV Kindlustus will be revisited.

Insurance-Associated Emissions					2024
Activity	Total gross written premium (EUR million)	Scope 1+2 (tCO_2 e)	Scope 3 (tCO_2 e)	Emission Intensity (tCO_2 e/ EUR million)	PCAF Data Quality Scores
Personal Motor Vehicle Insurance	17.6	3,112.3	-	176.8	4

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	1,184
Electricity (non-renewable energy): Tallinn Rävala	53
Electricity (non-renewable energy): Tartu	100
Electricity (non-renewable energy): Pärnu	41
Heating (non-renewable energy): Tallinn City Plaza	1,813
Heating (non-renewable energy): Tallinn Rävala	476
Heating (non-renewable energy): Tartu	141
Heating (non-renewable energy): Pärnu	58
Electricity (non-renewable energy): London	167
Electricity (non-renewable energy): Manchester	31
Heating (non-renewable energy): London	298
Heating (non-renewable energy): Manchester	66
Total	**4,428**

Energy consumption		2024		2023
	Estonia	United Kingdom	Estonia	United Kingdom
Total fossil energy consumption (MWh)	2,682	562	2,638	-
Share of fossil sources in total energy consumption (%)	69	100	70	-
Total renewable energy consumption (MWh)	1,184	0	1,152	-
Of which fuel consumption for renewable sources including biomass biofuels, biogas, hydrogen from renewable sources	0	0	0	-
Of which consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	1,184	0	1,152	-
Of which consumption of self-generated non-fuel renewable energy	0	0	0	-
Share of renewable sources in total energy consumption (%)	31	0	30	-
Total energy consumption (MWh)	**3,866**	**562**	**3,790**	**-**

**UK data for 2023 is not available*

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 and 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 2400 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 the 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	6
Glass packaging- recycled	0.3
Mixed packaging- recycled	8
Paper-recycled	32
Mixed waste- Incineration	0
Mixed waste- final treatment unknown/disposal (the total amount and percentage of non-recycled waste)	109 (70%)
The total amount of non-hazardous waste generated	**155**
Electronic waste- recycling*	0.47
The total amount of hazardous waste generated	**0.47**
Total waste generated	**155.47**

*LHV's hazardous waste consists of electronical waste – IT equipment that is not suitable for reuse, batteries, electronic cables etc. Data available for 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 82% 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 a 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 (for Estonian offices) and Health and Safety Policy (for UK offices) 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 Supervisor 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 a local 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 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**

	Total employees (change from 2023)		
	LHV all companies	Estonia	United Kingdom
Total employees	**1,281 (+163)**	**1,141 (+119)**	**140 (+44)**
Working part time (%)	3.7%	4.1%	0.7%
Working full time (%)	96.3%	95.9%	99.3%
Working contractual basis (of which % in IT Departments)	53 (94%)	33 (91%)	20 (100%)
Working with permanent contract	1,197	1,061	136
Working with temporary contract	22	18	4
New hires (of which interns)	347 (21)	289 (21)	58 (0)
Left employees (terminations)	195	181	14
Voluntary turnover rate (%)	8.1%	8.5%	4.5%
Overall turnover rate (%)	12.8%	13.2%	9.0%

*the 12-month rolling sum of the turnover 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 all 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		27.6%	35.0%	32.8%	4.6%	56.2%		26.8%	39.5%	30.2%	3.4%	43.8%		1,209
Temporary contract		69.2%	15.4%	7.7%	7.7%	59.1%		33.3%	33.3%	11.1%	22.2%	40.9%		22
Non-guaranteed work time		0%	0%	0%	0%	0%		0%	0%	0%	0%	0%		0
Total	**56.3%**	28.4%	34.6%	32.3%	4.6%		**43.7%**	27.0%	39.4%	29.9%	3.7%		**100.0%**	**1,231**

*in head count at the end of the reporting period

Gender distribution at top management level*

	Male	Female	Total	Male %	Female %
Group Supervisory Board	5	2	7	71%	29%
Group Management Board	3	1	4	75%	25%
Total	**8**	**3**	**11**	**73%**	**27%**

*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.

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.

In UK, we systematically benchmark our remuneration against the UK market to ensure that our compensation is fair and aligned with industry standards. This approach applies equally to our existing UK employees, ensuring that all our staff are remunerated appropriately and competitively. By continuously monitoring market trends and salary levels, we aim to attract and retain talent while maintaining fairness and equity across our UK operations.

The unadjusted gender pay gap for Estonia in 2024 was 28.27% and in UK 17.42. The total annual remuneration ratio of the highest-paid individual to the median annual total remuneration for all employees was for Estonia 14.96 and for UK 6.06.

Unadjusted gender pay	Estonia	United Kingdom
The unadjusted gender pay gap for 2024	28.27%	17.42%
The total annual remuneration ratio of the highest-paid individual to the median annual total remuneration for all employees	14.96	6.06

*at the end of the reporting period

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. In Estonia, our adjusted gender pay gap is currently 4.49% while in the UK, it is 1.46%. 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 and UK. By adhering to the Employment Contracts Act and the Government's Minimum Wage Regulations in Estonia, and the National Minimum Wage Act 1998 and National Minimum Wage Regulations 2015 in the UK, 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 one-on-one 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 Performance Flight, offering LHV employees in Estonia 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 in 2024. Employees also have the right to report issues directly to supervisory authorities without prior notification to LHV. In Estonia, reports can be made to the Estonian Financial Supervision Authority via phone, email, web form, or by arranging a meeting. In the United Kingdom, reports can be made to the Financial Conduct Authority or the Prudential Regulation Authority via phone, email, or mail.

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 strong reputation as a desirable employer by providing employees with 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 2024 TOP Employer Survey. In 2024, 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. Most recently, LHV Bank achieved a listing in the Sunday Times Best Places to Work 2024, further highlighting our commitment to employee satisfaction and workplace excellence.

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 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, making us a top choice 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 in 2024, 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

	Total	Share (%)
Coverage with health and safety management system	**1,281**	**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. 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 section 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 detailed information on LHV's corporate governance practices, including the roles and expertise of administrative, management and supervisory bodies, our corporate culture, Code of conduct, whistleblowing practises and the prevention and detection of corruption and bribery, please refer to the section Corporate governance report which is tagged with relevant footnotes and is integral part of the Consolidated Sustainability Statement. Also, details on the experience and expertise of our administrative, management and supervisory bodies can be found under the section Governance of the group above, tagged with relevant footnotes and forming an integral part of the Consolidated Sustainability Statement.

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, we process 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.

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/, 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) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		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 collat-eralised 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 radioactive 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	
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Y	
ESRS S1-1 Human rights policy commitments 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 Interna-tional Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Y	
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Y	
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	
ESRS S1-14 Number of fatalities and number and rate of work-related 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 injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Y	
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 paragraph 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	
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 paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated 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	Corporate governance report
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Y	Corporate governance report
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Y	Corporate governance report
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Y	Corporate governance report

Annex 2

1. Templates for the KPIs of credit institutions

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

		Total environ-mentally 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%**	**53.31%**	**33.57%**	**46.69%**
		Total environ-mentally 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%**	**6.78%**	**6.74%**	**93.22%**
	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. SMEs' 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)			
			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	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)**	**2921.55**	0.00	0.00	0.00	0.00	0.00	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**	**2849.87**																	
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	349.32																	
41	Loans and advances	349.32																	
42	Debt securities	0.00																	
43	Equity instruments	0.00																	
44	**Derivatives**	**0.00**																	
45	**On demand interbank loans**	**37.99**																	
46	**Cash and cash-related assets**	**1.69**																	
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**32.00**																	
48	**Total GAR assets**	**4639.94**	**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**	**4063.53**																	
50	**Central governments and Supranational issuers**	**285.18**																	
51	**Central banks exposure**	**3774.35**																	
52	**Trading book**	**4.00**																	
53	**Total assets**	**8703.47**	**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

	Million EUR	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		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	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	0.00	0.00	0.00	0.00
25	of which loans collateralised by residential immovable property									1454.17	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									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																	
			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)		
		Total [gross] carrying amount			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**	**7059.41**	**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**
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

	Million EUR	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
		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, commodities 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 environ-mentally sustainable (CCM)	Mn EUR	Of which environ-mentally sustainable (CCM)	Mn EUR	Of which environ-mentally sustainable (CCM)	Mn EUR	Of which environ-mentally sustainable (CCM)	Mn EUR	Of which environ-mentally sustainable (WTR)	Mn EUR	Of which environ-mentally sustainable (WTR)	Mn EUR	Of which environ-mentally sustainable (CE)	Mn EUR	Of which environ-mentally sustainable (WTR)
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 environ-mentally sustainable (PPC)	Mn EUR	Of which environ-mentally sustainable (PPC)	Mn EUR	Of which environ-mentally sustainable (BIO)	Mn EUR	Of which environ-mentally sustainable (BIO)	Mn EUR	Of which environ-mentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn EUR	Of which environ-mentally 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**	**32.12%**	**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%**

Revenue based

	% (compared to total covered assets in the denominator)	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		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%	19.74%
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%	18.53%
25	of which loans collateralised by residential immovable property									97.04%	0.00%	0.00%	0.00%	0.00%	17.22%
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%	0.40%
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%	0.61%
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%	0.61%
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%**	**32.12%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**53.31%**

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%	19.26%
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%	18.26%
25	of which loans collateralised by residential immovable property									96.38%	0.00%	0.00%	0.00%	0.00%	17.07%
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%	0.44%
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%	0.96%
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%	0.96%
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%**	**50.34%**

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	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**	**32.08%**	**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%	19.74%
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%	18.53%
25	of which loans collateralised by residential immovable property									97.04%	0.00%	0.00%	0.00%	0.00%	17.22%
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%	0.40%
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%	0.61%
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%	0.61%
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%**	**32.08%**	**0.01%**	**0.00%**	**0.00%**	**0.00%**	**53.31%**

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

	% (compared to total covered assets in the denominator)	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
		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%	19.26%
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%	18.26%
25	of which loans collateralised by residential immovable property									96.38%	0.00%	0.00%	0.00%	0.00%	17.07%
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%	0.44%
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%	0.96%
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%	0.96%
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%**	**50.34%**

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**	**0.43%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**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%**	**0.43%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**6.78%**

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 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**	1.21%	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 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**	**0.43%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**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

	% (compared to total covered assets in the denominator)	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		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%**	**0.43%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**6.78%**

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. Template for the KPIs of asset managers

Standard template for the disclosure required under Article 8 of Regulation (EU) 2020/852 (asset managers)

The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities **relative to the value of total assets covered by the KPI**, with following weights for investments in undertakings per below:		The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities, with following weights for investments in undertakings per below:	
Turnover-based: %	0.73%	Turnover-based: [monetary amount]	11,211,374
CapEx—based: %	1.26%	CapEx-based: [monetary amount]	19,246,202
The percentage of assets covered by the KPI relative to total investments (total AuM). Excluding investments in sovereign entities, Coverage ratio: %		The monetary value of assets covered by the KPI. Excluding investments in sovereign entities.	
	3.1%	Coverage: [monetary amount]	46,731,230
Additional, complementary disclosures: breakdown of **denominator** of the KPI			
The percentage of derivatives relative to total assets covered by the KPI.		The value in monetary amounts of derivatives:.	
X %	0%	[monetary amount]	0
The proportion of **exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU:**	
For non-financial undertakings:	5.25%	For non-financial undertakings: [monetary amount]	80,265,658
For financial undertakings:	0.02%	For financial undertakings: [monetary amount]	381,541
The proportion of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU:**	
For non-financial undertakings:	9.62%	For non-financial undertakings: [monetary amount]	147,189,265
For financial undertakings:	0.00%	For financial undertakings: [monetary amount]	0

The proportion of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:**	
For non-financial undertakings:	8.60%	For non-financial undertakings: [monetary amount]	131,536,058
For financial undertakings:	5.54%	For financial undertakings: [monetary amount]	84,797,877
The proportion of **exposures to other counterparties and assets over total assets covered by the KPI:**		Value of **exposures to other counterparties and assets:**	
X %	71.3%	[monetary amount]	1,090,428,950
The value of all the investments that are funding **economic activities that are not taxonomy-eligible** relative to the value of total assets covered by the KPI:		Value of all the investments that are funding **economic activities that are not taxonomy-eligible:**	
X %	93.28%	[monetary amount]	1,427,371,514
The value of all the investments that are funding taxonomy-eligible economic activities, **but not taxonomy-aligned relative to the value** of total assets covered by the KPI:		Value of all the investments that are funding Taxonomy-eligible economic activities**, but not taxonomy-aligned:**	
X %	6.31%	[monetary amount]	96,511,226

Additional, complementary disclosures: breakdown of **numerator** of the KPI

The proportion of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:**	
For non-financial undertakings:		For non-financial undertakings:	
Turnover-based: %	3.05%	Turnover-based: [monetary amount]	46,731,230
Capital expenditures-based: %	2.98%	Capital expenditures-based: [monetary amount]	45,625,469
For non-financial undertakings:		For non-financial undertakings:	
Turnover-based: %	0.1%	Turnover-based: [monetary amount]	1,105,761
Capital expenditures-based: %	0.0%	Capital expenditures-based: [monetary amount]	0
The proportion of **Taxonomy-aligned exposures to other counterparties and assets over total assets** covered by the KPI:		Value of **Taxonomy-aligned exposures to other counterparties and assets:**	
Turnover-based: %	0	Turnover-based: [monetary amount]	0
Capital expenditures-based: %	0.00%	Capital expenditures-based: [monetary amount]	0

Breakdown of the numerator of the KPI per environmental objective

Taxonomy-aligned activities –:

(1) Climate change mitigation	Turnover: 0.7%	Transitional activities: A% (Turnover; CapEx)	0
	CapEx: 1.26%	Enabling activities: B% (Turnover; CapEx)	0
(2) Climate change adaptation	Turnover: 0%	Transitional activities: A% (Turnover; CapEx)	0
	CapEx: 0%	Enabling activities: B% (Turnover; CapEx)	0
(3) The sustainable use and protection of water and marine resources	Turnover: 0%	Transitional activities: A% (Turnover; CapEx)	0
	CapEx: 0%	Enabling activities: B% (Turnover; CapEx)	0
(4) The transition to a circular economy	Turnover: 0%	Transitional activities: A% (Turnover; CapEx)	0
	CapEx: 0%	Enabling activities: B% (Turnover; CapEx)	0
(5) Pollution prevention and control	Turnover: 0%	Transitional activities: A% (Turnover; CapEx)	0
	CapEx: 0%	Enabling activities: B% (Turnover; CapEx)	0
(6) The protection and restoration of biodiversity and ecosystems	Turnover: 0%	Transitional activities: A% (Turnover; CapEx)	0
	CapEx: 0%	Enabling activities: B% (Turnover; CapEx)	0

3. Templates for KPIs of insurance and reinsurance undertakings

Template: The underwriting KPI for non-life insurance and reinsurance undertakings

	Substantial contribution to climante change adaptation			DSH (Do No Significant Harm)					
	Absolute premiums, year t	Proportion of premiums, year t	Proportion of premiums, year t-1	Climate change mitigation (5) [Y/N]	Water and marine resources (6) [Y/N]	Circular economy (7) [Y/N]	Pollution (8) [Y/N]	Biodiversity and ecosystems (9) [Y/N]	Minimum safeguards (10) [Y/N]
Economic activities (1)	Currency	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N
A.1. Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)	0 €	0 €	0%	**N**	**N**	**N**	**N**	**N**	**N**
A.1.1. Of which reinsured	0 €	0 €	0%	**N**	**N**	**N**	**N**	**N**	**N**
A.1.2. Of which stemming from reinsurance activity	0 €	0 €	0%	**N**	**N**	**N**	**N**	**N**	**N**
A.1.2.1. Of which reinsured (retrocession)	0 €	0 €	0%	**N**	**N**	**N**	**N**	**N**	**N**
A.2. Non-life insurance and reinsurance underwriting Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	18,956,049.10 €	50%	54%						
B. Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	19,068,763.92 €	50%	46%						
Total (A.1 + A.2 + B)	38,024,813.02 €	100%	100%						

Template: The proportion of the insurance or reinsurance undertaking's investments that are directed at funding, or are associated with, Taxonomy-aligned in relation to total investments

The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities **relative to the value of total assets covered by the KPI**, with following weights for investments in undertakings per below:		The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings per below:	
Turnover-based: %	0%	Turnover-based: [monetary amount]	0
Capital expenditures-based: %	0.06%	Capital expenditures-based: [monetary amount]	3,977
The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities.		The monetary value of assets covered by the KPI. Excluding investments in sovereign entities.	
Coverage ratio: %	56%	Coverage: [monetary amount]	6,946,770
Additional, complementary disclosures: breakdown of denominator of the KPI			
The percentage of derivatives relative to total assets covered by the KPI.		The value in monetary amounts of derivatives.	
X %	0%	[monetary amount]	0
The proportion of **exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU:**	
For non-financial undertakings:	0.00%	For non-financial undertakings: [monetary amount]	0
For financial undertakings:	2.10%	For financial undertakings: [monetary amount]	148,012
The proportion of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:**	
For non-financial undertakings:	5.70%	For non-financial undertakings: [monetary amount]	397,368
For financial undertakings:	0	For financial undertakings: [monetary amount]	0
The proportion of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings subj**ect to Articles 19a and 29a of Directive 2013/34/EU:**	
For non-financial undertakings:	12.90%	For non-financial undertakings: [monetary amount]	895,543
For financial undertakings:	76.40%	For financial undertakings: [monetary amount]	5,307,302
The proportion of exposures to other counterparties and assets over total assets covered by the KPI:		Value of exposures to other counterparties and assets:	
X %	2.90%	[monetary amount]	198,545

The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:		Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	
X %	0%	[monetary amount]	0
The value of all the investments that are funding economic activities that are not Taxonomy-eligible relative to the value of total assets covered by the KPI:		**V**alue of all the investments that are funding **economic activities that are not Taxonomy-eligible:**	
X %	24.50%	[monetary amount]	1,699,915
The value of all the investments that are funding Taxonomy-eligible economic activities, **but not Taxonomy-aligned relative to the value of** total assets covered by the KPI:		Value of all the investments that are funding Taxonomy-eligible economic activities, **but not Taxonomy-aligned:**	
X %	70.90%	[monetary amount]	4,922,294
Additional, complementary disclosures: breakdown of **numerator** of the KPI			
The proportion of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:**	
For non-financial undertakings:		For non-financial undertakings:	
Turnover-based: %	0	Turnover-based: [monetary amount]	0
Capital expenditures-based: %	1%	Capital expenditures-based: [monetary amount]	66,290
For financial undertakings:		For financial undertakings:	
Turnover-based: %	0%	Turnover-based: [monetary amount]	0
Capital expenditures-based: %	0%	Capital expenditures-based: [monetary amount]	0
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**, that are directed at funding, or are associated with, Taxonomy-aligned:		Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**, that are directed at funding, or are associated with, Taxonomy-aligned:	
Turnover-based: %	0	Turnover-based: [monetary amount]	0
Capital expenditures-based: %	0	Capital expenditures-based: [monetary amount]	0
The proportion of **Taxonomy-aligned exposures to other counterparties and assets over total assets** covered by the KPI:		Value of **Taxonomy-aligned exposures to other counterparties and assets over** total assets covered by the KPI:	
Turnover-based: %	0	Turnover-based: [monetary amount]	0
Capital expenditures-based: %	0	Capital expenditures-based: [monetary amount]	0

Breakdown of the numerator of the KPI per environmental objective				
Taxonomy-aligned activities – provided 'do-not-significant-harm'(DNSH) and social safeguards positive assessment:				
1	Climate change mitigation	Turnover: 0%	Transitional activities: A % (Turnover; CapEx)	0
		CapEx: 0.06%	Enabling activities: B % (Turnover; CapEx)	0
2	Climate change adaptation	Turnover: 0%	Transitional activities: A % (Turnover; CapEx)	0
		CapEx: 0%	Enabling activities: B % (Turnover; CapEx)	0
3	The sustainable use and protection of water and marine resources	Turnover: 0%	Transitional activities: A % (Turnover; CapEx)	0
		CapEx: 0%	Enabling activities: B % (Turnover; CapEx)	0
4	The transition to a circular economy	Turnover: 0%	Transitional activities: A % (Turnover; CapEx)	0
		CapEx: 0%	Enabling activities: B % (Turnover; CapEx)	0
5	Pollution prevention and control	Turnover: 0%	Transitional activities: A % (Turnover; CapEx)	0
		CapEx: 0%	Enabling activities: B % (Turnover; CapEx)	0
6	The protection and restoration of biodiversity and ecosystems	Turnover: 0%	Transitional activities: A % (Turnover; CapEx)	0
		CapEx: 0%	Enabling activities: B % (Turnover; CapEx)	0

4. 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)

		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)	
Row	Economic activities	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	22,122,932	68%	22,122,932	68%	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	22,122,932	68%	22,122,932	68%	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**	**9,710,031**	**30%**	**0**	**0%**	**0**	
8.	**Total applicable KPI**	**32,497,869**	**100%**	**32,497,869**	**100%**	**0**	

Template 3 Taxonomy-aligned economic activities (numerator)

		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)	
Row	**Economic activities**	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	1,130,364	5%	1,130,364	5%	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	9,450,972	43%	9,450,972	43%	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**	**5,178,471**	**16%**	**5,178,471**	**16%**	**0**	
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**15,759,807**	**48%**	**15,759,807**	**48%**	**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	
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	
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	
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	742,987	2%	742,987	2%	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**	**1,709,342**	**5%**	**1,709,342**	**5%**	**0**	
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**2,452,330**	**8%**	**2,452,330**	**8%**	**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		
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		
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		
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		
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		
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		
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**	**9,078,879**	**28%**
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**9,078,879**	**28%**

5. Template for the KPIs of mixed group

			KPI per Business segment			
	Revenue	Proportion of total group revenue (A)	KPI turnover based (B)	KPI CapEx based (C)	KPI turnover based weighted (A*B)	KPI CapEx based weighted (A*C)
A. Financial activities	**331.10**	99%				
Asset management	9.49	3%	0.73%	1.26%	0.02%	0.03%
Banking activities	314.84	91%	32.12%	32.08%	29.39%	29.35%
Insurance undertakings	6.77	2%	49.85%	0.06%	0.98%	0.00%
			Turnover KPI (B)	CapEx KPI (C)	Turnover KPI weighted (A*B)	CapEx KPI weighted (A*C)
B. Non-financial activities	13.00	4%				
Total revenue of the group	**344.10**					
					Average KPI turnover based	Average KPI CapEx based
Average KPI of the group					**27.97%**	**27.91%**

Governance of the Group[11]

Supervisory board

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 the 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 E-Finance OÜ, 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 and 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 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.

[11] Disclosed in line with the disclosure requirement related to ESRS G1 GOV-1, paragraph 5b, covered with limited assurance engagement for Consolidated Sustainability Statement.

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 don´t own any shares in LHV Group.

Tauno Tats is a member of the Supervisory Board of LHV Group. He is also a member of the Supervisory Board of OÜ Eesti Killustik and a member of the Management Boards of Ammende Hotell OÜ and MTÜ Plate torn. He is also Management board member and owner of Õueala OÜ. He is the Management Board member and one of the owners at Ambient Sound Investments OÜ as well as a Management Board member of companies established for the management of investments of the aforementioned companies. Tauno Tats graduated from Tallinn University of Technology (TalTech). Tauno Tats does not own shares of LHV Group. Person related to him, Ambient Sound Investments OÜ owns 10,828,210 shares, representing 3.34% of all shares of LHV Group.

Management board

Madis Toomsalu is a member 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.

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.

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.

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.

Committees formed on Supervisory Board level

Audit Committee

Verner Uibo is the Chairman of the Audit Committee. He is the Head of Finance in the investment company Plural Platform and is a member of the Management Board of Plural Estonia OÜ. Previously, from 2006 to 2022, he was the lead auditor of the financial audit department of AS PricewaterhouseCoopers. He is the owner and the member of the Management Board of TriVer Konsultatsioonid OÜ and VUPCV OÜ and a member of the Management Board of MAOLEN OÜ. Verner Uibo has a bachelor's degree from University of Tartu Pärnu College, and he was an Estonian certified public accountant until September 2023 and has obtained ACCA (Association of Chartered Certified Accountants) qualification without being an active member. Verner Uibo does not own any shares of LHV Group.

Raivo Hein (member of the Supervisory Boards of LHV Group and LHV Pank)

Tauno Tats (member of the Supervisory Board of AS LHV Group)

Remuneration Committee

Tiina Mõis is the Chairman of the Remuneration Committee (member of the Supervisory Boards of LHV Group and LHV Pank)

Rain Lõhmus (Chairman of the Supervisory Board of LHV Group and member of the Supervisory Board of LHV Pank)

Andres Viisemann (member of the Supervisory Boards of LHV Group, LHV Pank and AS LHV Varahaldus)

Nomination Committee

Tiina Mõis is the Chairman of the Nomination Committee (member of the Supervisory Boards of LHV Group and LHV Pank)

Rain Lõhmus (Chairman of the Supervisory Board of LHV Group and member of the Supervisory Board of LHV Pank)

Andres Viisemann (member of the Supervisory Boards of LHV Group, LHV Pank and AS LHV Varahaldus)

Risk and Capital Committee (formed on both LHV Group and LHV Pank Supervisory Board level)

Liisi Znatokov is the Chairman of the Risk and Capital Committee since 20 March 2024, following Rain Lõhmus, who previously held the position (member of the Supervisory Boards of LHV Group and LHV Pank)

Rain Lõhmus (Chairman of the Supervisory Board of LHV Group and member of the Supervisory Board of LHV Pank)

Andres Viisemann (member of the Supervisory Boards of LHV Group, LHV Pank and AS LHV Varahaldus)

Heldur Meerits (member of the Supervisory Boards of LHV Group and LHV Pank)

Madis Toomsalu (member of the Management Board LHV Group, Chairman of the Supervisory Boards of LHV Pank, AS LHV Varahaldus, AS LHV Kindlustus and AS LHV Paytech, member of the Supervisory Board of AS LHV Finance and the Chairman of the Board of Directors of LHV Bank). Madis Toomsalu only belongs to the Risk and Capital Committee of LHV Pank.

Supervisory and Management Boards of the subsidiaries

AS LHV Pank

Supervisory Board: 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)

Management Board: 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)

AS LHV Finance

Supervisory Board: Kadri Kiisel (Chairman, until 29 January 2025), Madis Toomsalu (until 26 June 2025), Veiko Poolgas (until 24 August 2028), Jaan Koppel (until 24 August 2028)

Management Board: Heidy Kütt (until 18 January 2028)

AS LHV Varahaldus

Supervisory Board: Madis Toomsalu (Chairman, until 31 March 2026), Kadri Kiisel (until 31 March 2027), Andres Viisemann (until 31 March 2026)

Management Board: Vahur Vallistu (Chairman, until 6 June 2027), Eve Sirel (until 31 March 2028), Joel Kukemelk (until 31 July 2024).

AS LHV Kindlustus

Supervisory Board: Madis Toomsalu (Chairman), Erki Kilu, Veiko Poolgas, Jaan Koppel (all until 6 May 2025)

Management Board: Martti-Sten Merilai (Chairman, until 24 November 2027), Taavi Lehemaa (until 8 December 2028)

LHV Bank Ltd

Board of Directors: Madis Toomsalu (appointed on 4 February 2021), Erki Kilu (appointed on 4 February 2021), Paul Horner (appointed on 4 January 2022), Keith Butcher (appointed on 1 May 2022), Sally Veitch (appointed on 1 July 2022), Gill Lungley (appointed on 1 April 2024), Rachelle Frewer (appointed on 2 January 2024), Andres Kitter (appointed on 4 February 2021, term valid until 31 December 2024)

AS LHV Paytech

Supervisory Board: Madis Toomsalu (Chairman), Erki Kilu, Kadri Kiisel (all until 4 April 2027), Andres Kitter (until 31 December 2024)

Management Board: Lauri Teder (until 4 April 2025)

Corporate governance report

This report, which is presented in accordance with the Accounting Act of the Republic of Estonia, provides an overview of the governance of AS LHV Group (LHV) and the compliance of governance with the recommendatory guidelines 'Corporate Governance Recommendations' (CGR) of the EFSA and Nasdaq Tallinn Stock Exchange. LHV complies with the CGR, unless indicated otherwise in this report. Additionally, this report includes information required under the Corporate Sustainability Reporting Directive (CSRD), with the majority of the ESRS G1 Business conduct disclosures marked with specific reference.

1. General Meeting[12]

LHV is a public limited company whose governing bodies are the General Meeting, the Supervisory Board, and the Management Board.

The General Meeting where shareholders exercise their rights is the highest governing body of LHV. The primary duties of the General Meeting include amending the Articles of Association, increasing and decreasing share capital, approving share option programmes, taking decisions on the issuance of convertible bonds, electing and extending the authorisation of Supervisory Board members, removing Supervisory Board members before the expiry of their term of office, approving the annual report and allocation of profit, determining the number of auditors, appointing and removing the auditor(s), designating a special audit, deciding on the conclusion of transactions which are beyond the scope of everyday economic activities with members of the Supervisory Board, deciding on the dissolution, merger, division or transformation of LHV and taking other decisions within the power of the General Meeting under the law and the Articles of Association.

A resolution on the amendment of the Articles of Association is adopted when at least two-thirds of the votes represented at the General Meeting are in favour. A resolution on the amendment of the Articles of Association and a new redaction of the Articles of Association enters into force at the time when the corresponding entry is made in the commercial register. The resolution of the General Meeting on the amendment of the Articles of Association and the new text of the Articles of Association are attached to the application filed with the commercial register.

A shareholder has the right to participate in the General Meeting, address the General Meeting regarding items on the agenda, ask reasoned questions and make proposals. Furthermore, the shareholders have additional rights as provided by law or specified in the Articles of Association.

The General Meeting is called by the Management Board, unless otherwise provided by law, the Annual General Meeting whose agenda includes the approval of the annual report is called at least once a year. The Management Board calls the Annual General Meeting within six months after the end of the financial year at the latest, unless otherwise provided by law. The Management Board gives at least three weeks' notice of Annual or Extraordinary General Meetings.

The agenda of the General Meeting, proposals of the Management Board and Supervisory Board, draft resolutions and other relevant materials are made available to the shareholders prior to the General Meeting. The materials are made available on LHV's website. The shareholders not wishing to participate in the meeting in person are granted the opportunity to vote on the draft resolutions on the agenda of the General Meeting prior to the General Meeting and to participate in the General Meeting electronically on the meeting website and to watch the meeting via video broadcast. Shareholders are given an opportunity to ask questions about items on the agenda before the General Meeting. The option to participate in the General Meeting and exercise the rights using electronic means without physically attending the General Meeting via secure electronic means is provided in the Articles of Association.

The list of shareholders entitled to participate in the General Meeting is determined based on the share register seven days before the General Meeting.

In 2024, the Annual General Meeting was held on 20 March 2024. The agenda included the approval of the annual report for 2023, the profit distribution for the 2023 financial year, and the payment of dividends; the approval of the change in decision-making competence for the Dividend Policy; and the recall and appointment of the Supervisory Board members. In addition, an overview was given of the financial results of the first two months of 2024 and the financial forecast for the next five years. No extraordinary General Meetings were held in 2024.

The Annual General Meeting in 2024 was held in Estonian and chaired by Daniel Haab, the Head of Legal of LHV Pank, who introduced the procedure for conducting the General Meetings and the procedure for asking the Management Board questions regarding the company's activities.

The Annual General Meeting was attended by Madis Toomsalu, the Chairman of the Management Board, and Rain Lõhmus, the Chairman of the Supervisory Board and members of the Management Board Meelis Paakspuu, Jüri Heero and Martti Singi and members of the Supervisory Board Raivo Hein, Sten Tamkivi and Tauno Tats. The

[12] Disclosed in line with the disclosure requirement related to ESRS G1 GOV-1, paragraph 5a, and covered with limited assurance engagement for Consolidated Sustainability Statement.

other members of the Supervisory Board participated in the Annual General Meeting using electronic means. The auditor, Eero Kaup (KPMG), and the candidate for new member of the Supervisory Board, Liisi Znatokov, were present as well.

No shareholders of LHV hold shares which would grant them special control or voting rights. LHV is not aware of any agreements between shareholders regarding coordinated exercise of shareholder rights.

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

2. Management Board[13]

2.1 Composition and duties of Management Board

The Management Board is the governing body representing and managing LHV. The members of the Management Board are elected and removed by the Supervisory Board. To elect a member of the Management Board, the candidate's written consent is required. Only a person who has sufficient knowledge and experience to participate in the work of the Management Board and to fulfil the duties of a member of the Management Board and who meets the requirements arising from LHV's Articles of Association, Terms of Reference of the Management Board and other internal regulations, and legislation, may be appointed as a member of the Management Board. Before appointment, the suitability of the person for the position is assessed in accordance with LHV's Rules of Suitability Assessment of Management Body Members, Management Bodies and Key Function Holders and the suitability assessment guidelines of the European Central Bank (ECB) and the joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU, taking into account the specific nature of LHV's operations.

The Management Board members 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 and listed companies, 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 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 a global perspective and strengths in IT, financial outcomes, and risk management, including anti-money laundering and anti-financial crime, cybersecurity, ESG, compliance, and operational continuity. Their proven ability in capital raising and transparent communication builds trust among clients and investors, ensuring reliable leadership and alignment with LHV's strategic goals[14]. For more information on Management Board members professional profile please see section Governance of the Group above.

According to the Articles of Association of LHV, the Management Board has one to five members. A member of the Management Board is appointed for a term of up to five years. The extension of the term of office of a member of the Management Board may not be decided earlier than one year before the scheduled expiry of the term of office or for a period exceeding the maximum period permitted by law or the Articles of Association. If the Management Board of LHV has more than two members, the Supervisory Board appoints the chairman of the Management Board. The chairman of the Management Board organises the work of the Management Board. The Supervisory Board may remove a member of the Management Board regardless of the reason. A member of the Management Board may resign from the Management Board, regardless of the reason, by informing the Supervisory Board. The rights and obligations arising from a contract entered with a member of the Management Board expire in accordance with the contract.

Until 31 October 2022 LHV's Management Board had one member: Madis Toomsalu. From 1 November 2022, the Management Board had four members, and as of 18 November 2024, the Management Board consists of the following members: Madis Toomsalu (the Chairman of the Management Board, CEO), Meelis Paakspuu (responsible for financial management function, CFO), Kadri Haldre (responsible for risk management function, CRO) and Jüri Heero (responsible for IT operations, IT development and information security functions, CIO). Martti Singi was recalled from the Management Board as of 18 November 2024, and Kadri Haldre was appointed as a new member of the Management Board and the CRO of LHV, with her term commencing on 18 November 2024.

The Supervisory Board has established the terms and condition and decided the conclusion of contracts with the Management Board members. The Supervisory Board determines inter alia the remuneration principles of the members of the Management Board and compensation for

[13] Disclosed in line with the disclosure requirement related to ESRS G1 GOV-1, paragraph 5a, and covered with limited assurance engagement for Consolidated Sustainability Statement.

[14] Disclosed in line with the disclosure requirement related to ESRS G1 GOV-1, paragraph 5b, and covered with limited assurance engagement for Consolidated Sustainability Statement.

early termination of the contract. The term of office of Madis Toomsalu expires on 31 March 2026 and the terms of office of Meelis Paakspuu and Jüri Heero expire on 31 March 2027, and Kadri Haldre´s term expires on 18 November 2029.

The Management Board makes everyday management decisions at its own discretion and in the best interests of LHV and its shareholders, putting aside personal interests. The duties of a member of the Management Board include day-to-day management of LHV, representing the company, managing LHV's operations in foreign markets and communicating with investors, coordinating the development of LHV's strategy and implementing the strategy. The right of representation specification of the members of the Management Board resulting from the Articles of Association of LHV has also been entered in the Commercial Register: the chairman of the Management Board alone or two members of the Management Board jointly may represent LHV in transactions.

The Management Board ensures that LHV has risk management and internal control systems appropriate for its operations and business area. LHV's internal control system covers all activities carried out by LHV's Supervisory Board, management, and employees to ensure efficiency of operations, adequate risk management, reliability and accuracy of internal and external reporting and unconditional compliance with all laws and regulations. The internal control system covers all business, support, and control units.

The objectives of risk management within LHV are to identify, correctly quantify and manage risks. The wider objective of risk management is to increase the value of the company by minimising losses and reducing volatility of results.

LHV's risk management is based on a strong risk culture and follows the principle of three lines of defence. The first line of defence, i.e., represented mainly by the business lines, alongside other support functions, is responsible for risk-taking and daily risk management. The second line of defence, i.e., the risk management function and the compliance function, including the AFC compliance function, is responsible for ownership, continuous review, and implementation of a risk management framework. The third line of defence, i.e., the independent internal audit function, exercises supervision over the entire organisation, i.e., reviews, through conducting internal audits, the internal governance arrangements, processes, and mechanisms to ascertain that they are sound, effective, implemented and consistently applied.

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

- Chief Executive Officer (CEO): Responsible for Business Development, Segment and Sales Management, Client Service Standards, Brand, Communication, and Human Relations.
- Chief Risk Officer (CRO): Oversees Credit Risk Management, Risk Analytics, Market and Liquidity Risks, Stress Testing, Non-Financial Risks, AML Compliance, Compliance, and Regulatory Relations.
- Chief Financial Officer (CFO): Manages Treasury, Accounting, Analysis and Planning, Regulatory Reporting, Data Warehouse, Data Governance, Group Legal Affairs, and ESG management initiatives.
- Chief Information Officer (CIO): Focuses on IT Governance and Operations, Information Security, Technology, and Architecture.

These distinct areas of responsibility ensure that the Management Board operates efficiently and supports LHV's mission, vision, and strategic objectives[15].

2.2 Principles of remuneration of the Management Board

The purpose of LHV's remuneration principles is to provide fair, motivating, transparent and lawful remuneration.

The authority to determine the remuneration principles and remuneration of the Management Board is vested in the Supervisory Board. The Remuneration Committee reviews the basis of the remuneration of the Management Board on an annual basis. In assessing the activities of the Management Board, the Remuneration Committee considers, above all, the duties and activities of the members of the Management Board as well as LHV's financial position, the status and outlook of business operations in comparison with other companies operating in the same sector.

The remuneration payable to a member of the Management Board, including the options programme, must motivate the person to act in the best interests of LHV and to avoid a situation of conflict of interest by refraining from acting in the personal or other interests. The basic salary and remuneration principles of the members of the Management Board are set forth in the Management Board member contracts concluded with them. The principles of remuneration of the members of the Management Board engaged in internal control and risk management must ensure their independence and objectivity in the performance of their risk management / internal control duties. The remuneration of those people must not depend on the results of the areas under their supervision. The goals set must be described at an individual level.

In setting the key quantitative and qualitative performance indicators and risk assessment metrics, LHV is governed by the following principles:

[15] Disclosed in line with the disclosure requirement related to ESRS G1 GOV-1, paragraph 5b, and covered with limited assurance engagement for Consolidated Sustainability Statement.

- The performance criteria developed by LHV must not stimulate excessive risk-taking or sale of inappropriate products.
- The performance criteria must not consist only of performance efficiency indicators (e.g., profit, revenue, return, costs, and volume indicators) or market-based indicators (e.g., share price or bond yield) but must be adjusted for risk-based indicators (e.g., capital adequacy, liquidity).
- The criteria used for measuring risks and results must be as closely as possible related to the decisions of the member of the Management Board whose results are being appraised, and they should ensure that remuneration is determined in a way that has the desired impact on the Management Board member's behaviour.
- The performance criteria must be developed by ensuring a good balance between quantitative and qualitative as well as absolute and relative criteria.
- The quantitative criteria must cover a period that is sufficiently long to take into account the risks taken by the member of the Management Board or units they are responsible for, and they should be risk-adjusted and contain economic efficiency indicators.
- The examples of qualitative criteria include achievement of strategic objectives, customer satisfaction, adherence to the risk management policy, compliance with internal and external regulations, management skills, teamwork, creativity, motivation and cooperation with other business units and the internal control function.

LHV applies a long-term incentive plan (LTI plan), i.e., an option programme. The basic salaries of Management Board members, top management and key personnel included in the option programme (including staff members considered equal to Management Board members) are added an annual performance pay the amount and disbursement of which depend on the achievement of individual targets and LHV's targets. The lower limit of performance pay, approved by the shareholders, is EUR 0 and the upper limit is 200% of the annual remuneration. As a rule, if the financial plan is met, options will be granted to the extent of 2% of the total number of LHV shares. The bases for assigning performance pay through the options programme must be objective and justified and pre-determine the period for which performance pay is paid. The performance pay instruments consist fully of share options.

Severance compensation payable to members of the Management Board is related to their previous performance. No severance compensation is paid if this would damage the interests of LHV. The size of the severance compensation must correspond to the results achieved over time and to the remuneration received.

The Chairman of the Management Board of LHV, Madis Toomsalu was paid a monthly remuneration of EUR 16 thousand in January and February 2024, and a monthly remuneration of EUR 19 thousand from March 2024, i.e., his annual remuneration in 2024 was EUR 222 thousand under his Management Board member contract. Management Board member Meelis Paakspuu was paid a monthly remuneration of EUR 13 thousand in January and February 2024, and a monthly remuneration of EUR 15 thousand from March 2024, i.e., his annual remuneration in 2024 was EUR 176 thousand under his Management Board member contract. Management Board Member Jüri Heero was paid a monthly remuneration of EUR 13 thousand in January and February 2024, and a monthly remuneration of EUR 14 thousand from March 2024, i.e. an annual remuneration in 2024 EUR 166 thousand under his Management Board member contract. Martti Singi was paid a monthly remuneration of EUR 13 thousand in January and February 2024 and a monthly remuneration of EUR 14 thousand from March 2024 until his recall on 18 November 2024, resulting in an annual remuneration in about EUR 145.3 thousand for 2024, under his Management Board member contract. Kadri Haldre was paid a monthly remuneration of EUR 12 thousand starting from her appointment on 18 November 2024, resulting in an annual remuneration of about EUR 17.7 thousand for 2024, under her Management Board member contract. The Management Board members are not entitled to any additional remuneration, bonuses or benefits for performing the duties of the Management Board members of LHV other than the LHV's Option Programme approved by the Annual General Meeting of Shareholders of LHV Group resolution on 13 March 2020, on the basis of which the pre-emptive right to subscribe new shares in LHV belongs to the management and equivalent staff as well as key employees of LHV and group companies designated by LHV's Supervisory Board, with whom LHV Group has concluded relevant options agreements.

According to the options agreements concluded under the Option Programme, Madis Toomsalu is entitled to subscribe, as performance pay, a total of 607,206 LHV shares. Meelis Paakspuu is entitled to subscribe, as performance pay, a total of 486,894 LHV shares. Jüri Heero is entitled to subscribe, as performance pay, a total of 390,171 LHV shares for the options granted in 2022, 2023 and 2024. Kadri Haldre, is entitled to subscribe, as performance pay, a total of 102,168 LHV shares for the options granted in 2022, 2023 and 2024.

2.3 Conflicts of interests

The Management Board submits a declaration of economic interests once a year. There have been no conflicts of interest; accordingly, no corrective measures have been applied.

Transactions between LHV and the Management Board, their close family members or persons related to them, and the terms of these transactions must be approved by the Supervisory Board prior to the transaction taking place. In 2024, there were no such transactions between the members of the Management Board, their close family members, or related persons and LHV, nor are there any valid contracts of that nature from earlier periods. The Management Board members have no shareholdings above 5% in other companies who are LHV's business partners, suppliers, clients or other related companies.

None of the Management Board members of LHV are Management Board members or Supervisory Board members at any other company whose shares have been admitted to trading on a regulated market operating in Estonia. The Management Board members have not been granted the authority to issue or buy back shares of LHV.

3. Supervisory Board[16]

3.1 Composition and duties of Supervisory Board

The Supervisory Board is a governing body of LHV which plans the activities of LHV, organises the management of LHV and conducts supervision over the activities of the Management Board. The Supervisory Board determines and regularly reviews LHV's strategy, the general action plan, risk management principles and the annual budget. The Supervisory Board has five to seven members. The members of the Supervisory Board are appointed for a term of up to three years. The members of the Supervisory Board elect from among themselves the chairman of the Supervisory Board, who organises the activities of the Supervisory Board. The authority to elect, recall and to extend the mandate of the Supervisory Board members is vested in the General Meeting.

Only a person who has sufficient knowledge and experience to participate in the work of the Supervisory Board and to fulfil the duties of a member of the Supervisory Board and who meets the requirements arising from the Articles of Association, Terms of Reference of the Supervisory Board and other internal regulations, and applicable legislation, may be elected as a member of the Supervisory Board. Before appointment, the suitability of the person for the position is assessed in accordance with LHV's Rules of Suitability Assessment of Management Body Members, Management Bodies and Key Function Holders and the suitability assessment guidelines of the European Central Bank (ECB) and the joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU, taking into account the specific nature of LHV's operations.

The Supervisory Board members bring a range of knowledge and expertise, enabling through oversight and governance of business conduct matters. To ensure their effectiveness and maintain a high standard set for management bodies of credit institutions and listed companies, members participate in training sessions tailored to address emerging challenges and evolving governance standards. In 2024, the Supervisory Board members completed AFC training and crisis resolution training. These professional development activities help maintain and enhance the Supervisory Board's ability to provide effective supervision. The expertise of the Supervisory Board has been assessed by LHV through a suitability evaluation, 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. Regular meetings further strengthen their oversight[17]. For more information on Supervisory Board members' professional profile please see section Governance of the Group above.

The members of the Supervisory Board of LHV are Rain Lõhmus (the Chairman of the Supervisory Board), Andres Viisemann, Tiina Mõis, Heldur Meerits, Raivo Hein, Tauno Tats and Liisi Znatokov. The term of office of Supervisory Board members lasts until 29 March 2026, except for Liisi Znatokov, whose term of office will end on 20 March 2027. Sten Tamkivi was recalled from the Supervisory Board as of 20 March 2024, and Liisi Znatokov was appointed as a new member of the Supervisory Board, with her term commencing on 20 March 2024.

In 2024 the Supervisory Board had eleven ordinary meetings, one extraordinary meeting and on six occasions decisions were adopted electronically. During the year, four members of the Supervisory Board (Rain Lõhmus, Raivo Hein, Tiina Mõis, and Liisi Znatokov) participated in all Supervisory Board meetings and two members of the Supervisory Board (Andres Viisemann and Tauno Tats) were absent from two Supervisory Board meetings and one member of the Supervisory Board (Heldur Meerits) was absent from three Supervisory Board meetings. All the members of the Supervisory Board cast their vote electronically on all of the six occasions the Supervisory Board adopted their decisions electronically in 2024.

Four committees have been formed at the Supervisory Board level of LHV, which are responsible for advising the Supervisory Board in matters related to audit, remuneration, the suitability assessment of management board members and key function holders and risk and capital management as described in subsections 3.3–3.6 of Corporate governance report.

In the framework of its meetings in 2024, the Supervisory Board received regular overviews of the operating and financial results of LHV and its subsidiaries, including LHV Pank, LHV Bank, LHV Varahaldus, LHV Kindlustus, and

[16] Disclosed in line with the disclosure requirement related to ESRS G1 GOV-1, paragraph 5a, and covered with limited assurance engagement for Consolidated Sustainability Statement.

[17] Disclosed in line with the disclosure requirement related to ESRS G1 GOV-1, paragraph 5b, and covered with limited assurance engagement for Consolidated Sustainability Statement.

LHV Paytech, and the activities, development, and results of the related areas. Quarterly updates on risk management, compliance, and audit activities, as well as in-depth reviews of key governance areas, were presented. The Supervisory Board reviewed the 2023 Resolvability Progress Report and approved the 2024 Resolvability Plan during its January meeting. Key areas of focus included increasing intra-group cross-selling and customer activity and discussing updates to the 5-year financial forecast under both standard and stress scenarios. In Q1 2024, the Supervisory Board approved the Annual Report for 2023, the associated profit distribution proposal, and the Remuneration Report. These documents, along with the Supervisory Board's own annual review, were submitted for approval to the General Meeting. The Supervisory Board also approved the dividend policy and a detailed product development roadmap for 2024. The proposals of the Nominating Committee on succession planning and the suitability assessments of the Supervisory Board and Management Board members were reviewed and endorsed. Share option pricing, the issuance of 2023 share options, and the exercise of options granted for previous years' results were approved, alongside capital increases related to the share option program (the LTI plan). In April, the Supervisory Board oversaw the successful issuance of new MREL bonds and approved the redemption of older series. Throughout the year, progress on strategic projects, including the acquisition of loan portfolio of AS TBB Pank was monitored. Further, significant emphasis was placed on updating risk policies, including the Liquidity and Funding Risk Policy, and approving changes to the Bail-in Playbook and Business Reorganization Play Analysis Report. During mid-year meetings, the Supervisory Board approved updates to the ICAAP and ILAAP results and reports, including capital and liquidity adequacy statements. The updated financial plan for 2024 was reviewed and validated in September. The Supervisory Board also discussed amendments to the ESG Policy and other key governance documents, such as the Supervisory Board's Terms of Reference and the Group Governance Policy. Toward the end of the year, decisions were made regarding the issuance of Tier 2 and covered bonds, in addition to amendments to internal policies such as the Prevention of Financial Crime Policy and the Group's Capital Management Policy. The outcomes of the ECB's Supervisory Review and Evaluation Process (SREP) were presented, and internal capital targets were set. At the last two meetings of the year, the Supervisory Board discussed the assumptions for next year's financial plans and the 5-year financial forecast of LHV and its subsidiaries. Throughout the year, the Supervisory Board continued its commitment to enhancing governance and oversight by conducting periodic reviews of the internal auditor's reports, Audit Committee updates, and compliance assessments. Additionally, updates on AFC/AML trends, employee surveys, and other internal initiatives were reviewed. These efforts were part of LHV's ongoing objective to maintain a robust organizational structure and governance framework, ensuring alignment with its strategic goals as a financial holding company.

3.2 Principles of remuneration of the Supervisory Board and conflicts of interest

The size of the remuneration of the members of the Supervisory Board and remuneration procedure are decided by the General Meeting, which considers, among other things, the duties of the Supervisory Board and their scope as well as the members' participation in the meetings and the activities of the Supervisory Board as a governing body. A member of the Supervisory Board may be assigned additional remuneration for participation in the activities of the Audit Committee or another body of the Supervisory Board.

The General Meeting has resolved to provide members of the Supervisory Board with a gross remuneration of EUR 1,500 per each ordinary meeting of the Supervisory Board in which the member participates. The remuneration is paid out on the next working day following the Supervisory Board meeting at the latest. No separate additional or performance payments, bonuses or benefits have been established.

In 2024, the total amount of remuneration paid to LHV's Supervisory Board (including former member Sten Tamkivi) was EUR 114 thousand, including all taxes, out of which three members (Rain Lõhmus, Raivo Hein and Tiina Mõis) received EUR 18 thousand each (participated in all 12 meetings), three members (Andres Viisemann, Tauno Tats and Liisi Znatokov) received EUR 15 thousand each (participated in 10 meetings), Heldur Meerits received EUR 13.5 thousand (participated in 9 meetings). Sten Tamkivi (former Supervisory Board member) participated in one meeting and received EUR 1.5 thousand.

For reasons of clarity, LHV considers it important to note that for Supervisory Board member Andres Viisemann LHV applies the LTI plan, i.e., the option programme, based on his activity as the Head of Pension Funds at LHV's subsidiary LHV Varahaldus. The LTI instrument comprises fully of share options. Andres Viisemann is entitled to subscribe a total of 134,979 shares of LHV for the options issued in 2022, 2023 and 2024.

Once a year, the members of the Supervisory Board submit a declaration of economic interests and conflicts of economic interests. LHV did not conduct any significant transactions with its Supervisory Board members, their close family members or related parties in 2024, nor are there any valid contracts of that nature from earlier periods. There have been no conflicts of interest and accordingly, no corrective measures have been applied. The Supervisory Board members have no shareholdings above 5% in other companies who are LHV's business partners, suppliers, clients or other related companies.

3.3 Audit Committee[18]

The Audit Committee is an advisory body formed by the Supervisory Board for exercising oversight over the effectiveness of accounting and reporting (including the budgeting process), audit, risk and capital management, the internal control system and internal audit as well as legal and regulatory compliance. The Audit Committee is governed in its activities primarily by the Auditors Activities Act and the rules of procedure established by the Supervisory Board of LHV.

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.

One of the responsibilities of the Audit Committee is to monitor and analyse the processes which must ensure the accurate and efficient preparation of monthly reports and annual accounts, the efficiency of the audit of the group companies' annual accounts, the independence of the audit firm and the auditor representing the audit firm on the basis of the law, and the compliance of their activities with the requirements of the Auditors Activities Act.

The Audit Committee is responsible for making proposals to the Supervisory Board and providing recommendations for the appointment or removal of the audit firm, the appointment or removal of the internal auditor, prevention or elimination of problems and inefficiencies within the organisation and ensuring compliance with laws and regulations and with best practice.

The Audit Committee has at least three members. Members of the Audit Committee are appointed by the Supervisory Board for a term of three years in a manner that should ensure diversity of competences and independence of committee members. The persons selected for the Audit Committee must be sufficiently independent of LHV in order to fulfil their role effectively, and at least two of them must be experts in accounting, finance or law. LHV's employee, member of the Management Board, internal auditor, authorised signatory or audit service provider may not be a member of the Audit Committee. For the appointment of a member of the Audit Committee, the candidate's written consent is required. The size of remuneration paid to the members of the Audit Committee is decided by the Supervisory Board of LHV.

The members of the Audit Committee are Raivo Hein, Tauno Tats and Verner Uibo (the Chairman). The term of office of the Audit Committee lasts until 31 March 2026. Further information on the members of the Audit Committee is presented in the section Governance of the Group above.

[18] Disclosed in line with the disclosure requirement related to ESRS G1 GOV-1, paragraph 5a, and covered with limited assurance engagement for Consolidated Sustainability Statement.

LHV's Audit Committee members are paid a monthly gross remuneration of EUR 500 and the chairman of EUR 1,000.

According to its rules of procedure, the Audit Committee meets at least quarterly, however, in 2024 the Audit Committee had eleven meetings. At seven meetings, representatives of the Risk Management Department provided the members of the Audit Committee with an overview of various risk management topics, bank and group risk exposures, and the indicators and measures used to monitor and manage them, including matters related to capital and solvency risk, credit risk management, financial crime risk, management of operational risk and specifically IT risks, ESG risk, management of liquidity and related risks, market risk (incl interest rate) risk and compliance control.

In most meetings, the topics discussed included issues raised by the internal audit, particularly those related to audit reports. The internal auditor gave an overview of the concluded audits. The Audit Committee has reviewed all internal audit reports, discussed the observations raised and formed an opinion on them. Similarly Audit Committee has been presented with and discussed Internal Audit memos regarding mitigation actions for regulatory findings. At the first meeting of the year, the internal audit work plan for 2024 was approved and at the last meeting held in December inputs and instructions for the internal audit work plan for 2025 were discussed. The plan was approved in January 2025. In January also the results of External Quality Assessment of Internal audit (being Generally Conforms) was presented to the Audit Committee.

One meeting was attended by leaving external auditor KPMG presenting the overview of the process and results of audit 2023 financial statements. Four meetings were attended by the new external auditor (PwC). In April PwC introduced the initial plan, audit team and results of the takeover and first quarterly review process. In October PwC provided an overview of the risk assessment, audit plan, team and schedule of the financial audit of 2024. As the new auditor has different view on IFRS17 treatment in Group financial statements, in November the discussion in Audit Committee was around the restatement to be made to the 2024 annual financial statements regarding the 2023 comparatives. The decision was made and taken to the Supervisory Board to approve making restatement and avoid qualified Audit Report. At the December meeting, the external auditor presented the findings raised during the interim audit.

During the year, the Audit Committee confirmed and approved specific additional services to be provided by the external auditor. No conflicts of interest were identified.

Group Audit Committee also held a session in November with the Chair of Audit Committee of LHV Bank Ltd to exchange information about the matters discussed and opinions on their agendas during the previous year.

3.4 Remuneration Committee[19]

The Remuneration Committee is a body established by the Supervisory Boards of LHV, LHV Pank, LHV Finance and LHV Kindlustus for the development, implementation, and supervision of a remuneration strategy for the employees and members of the Management Board of the companies. One of the tasks of the Remuneration Committee is to evaluate the impact of any remuneration-related decision on compliance with the requirements established for the management of risks, own funds, and liquidity.

The Remuneration Committee exercises oversight over the remuneration of the Management Board members and employees of LHV, LHV Pank, LHV Finance and LHV Kindlustus, evaluates the implementation of the remuneration policy at least annually and, where necessary, makes proposals for updating the remuneration principles and prepares the related draft resolutions for the Supervisory Board.

The Remuneration Committee has at least three members who are elected from among the common members of the Supervisory Boards of LHV Group and LHV Pank. The members of the Remuneration Committee are appointed and removed by the Supervisory Board of LHV. A member of the Remuneration Committee is appointed for a term of three years. Members of the Remuneration Committee can be re-elected, and their mandate extended unlimited times. A person elected to the Remuneration Committee must have sufficient relevant knowledge, expertise, and experience in the area of remuneration policy and practices, risk management and control. The size of remuneration payable to the members of the Remuneration Committee is decided by the Supervisory Board of LHV. It has been decided to pay EUR 1,000 to the Chair of the Remuneration Committee and EUR 500 to each Remuneration Committee member, for each committee meeting attended with the effect from 1 April 2023.

Members of LHV’s Remuneration Committee are Tiina Mõis (the Chairman), Rain Lõhmus and Andres Viisemann, whose term of office lasts until 22 March 2026. Further information on the members of the Remuneration Committee is presented in the section Governance of the Group above.

In 2024, the Remuneration Committee met four times, in January, April, June and December. In January, the committee reviewed and updated the Terms of Reference of the Remuneration Committee, the Remuneration Policy, and the strategic principles of remuneration. The Remuneration Systems of LHV Pank and LHV Kindlustus, the Material Risk Takers List for 2024, and the 2023 Remuneration Report for the Management Board of LHV Group were discussed. The market comparison and planned positions for 2024, the Q12 employee survey summary, and annual targets and remuneration of Management Board members were also examined. The committee proposed to the Supervisory Board the recipients and amounts of share options to be granted for the results of 2023 (the LTI plan) and approved the pricing of the share options. The committee also reviewed the ex-post risk adjustment process related to the exercise of share options granted in 2021 and approved the retention of options for employees whose contracts had been terminated or were known to terminate before the exercise date in 2024, allowing them to exercise their options in line with ex-post risk adjustment results. Additionally, the committee approved the exercise of share options for 2024. In April and June, the committee focused on discussions regarding the Remuneration Policy and its alignment with LHV's strategic objectives. At its December meeting, the committee conducted the annual review of its Terms of Reference and the Remuneration Policy, and examined updates to the compensation systems of LHV Pank, LHV Kindlustus, and LHV Finance. The committee also reviewed the updated long-term incentive proposals for LHV Bank and the "Bible of Principles," which sets cultural targets for employee performance. All recommendations and proposals from the Remuneration Committee were submitted to the Supervisory Board for approval, ensuring alignment with LHV Group's governance and strategic frameworks.

3.4.1 Remuneration policy

The remuneration principles for LHV and its affiliated companies (Group companies) are described in the internal remuneration policy.

There are no regional differences in the remuneration principles of the Group companies. The most significant differences between the Group companies are that LHV Varahaldus has no remuneration committee and applies specific disclosure requirements and LHV Bank applies rules arising from its country of operations.

The purpose of the remuneration principles within the Group companies is to ensure fair, motivating, and transparent compensation in compliance with the law. A key objective is to attract employees with the skills, experience, and capabilities necessary to execute the company's strategy, while aligning the interests of employees and shareholders, motivating staff, and managing risks effectively as the business grows. LHV employee remuneration typically includes a base salary and a performance bonus. When hiring, the Group companies compare a new employee’s salary with those in similar roles within the company and the market average for the relevant job group, ensuring competitive and fair compensation. The Group companies do not provide employer-funded contributions to third pillar pension funds or offer benefits like company cars, mobile phones, or laptops for personal use.

[19] Disclosed in line with the disclosure requirement related to ESRS G1 GOV-1, paragraph 5a, and covered with limited assurance engagement for Consolidated Sustainability Statement.

The general remuneration strategy is to ensure a motivating pay to achieve long-term goals, creating a strong link between remuneration and the financial results of the Group companies. When measuring the key quantitative and qualitative results and assessing the risk, the Group companies are governed by the following principles:

- The performance criteria are in line with sound and effective risk management principles. The performance criteria established must keep in mind the long-term interests of the Group companies and not stimulate excessive risk-taking or the sale of unsuitable products.
- The performance criteria must not merely contain performance efficiency indicators (e.g., profit, revenue, profitability, expenditure, and volume indicators) or market-based indicators (e.g., stock price or bond yield) but must also be adjusted with risk-based indicators (e.g., capital adequacy, liquidity).
- The criteria used for measuring risks and results must be as closely as possible related to the decisions of the staff member whose results are being appraised and should ensure that the process of determining the remuneration would have an appropriate impact on the staff member's professional behaviour. In the interest of long-term goals, the assessment and control of risk behaviour will take place at an individual employee level.
- A good balance of both quantitative and qualitative as well as absolute and relative criteria must be used for specifying the performance criteria.
- Quantitative criteria must cover a sufficient period to allow consideration of the risks taken by the staff members or business units. The criteria must be risk-adjusted and contain economic efficiency indicators.
- Examples of qualitative criteria include achievement of strategic objectives, customer satisfaction, adherence to the risk management policy, adherence to internal or external rules of procedure, management skills, creativity, motivation and cooperation with other business units and the internal control function.

The recruitment strategy is to find, engage and keep the best people in the labour market. In determining remuneration, the Group companies are willing to make exceptions rather than restrict its choices with strict remuneration intervals for a specific position, while keeping in mind fair pay for the role. In determining remuneration, the following is considered:

- employee dedication, results, and initiative;
- the possibility of replacing job positions with technological solutions;
- workload, quality, and intensity;
- scope of responsibility, required educational level, and critical importance of the position;
- management performance in accordance with the company's strategic objectives;
- the ability to use technology in managing the field;
- availability of additional benefits, labour market situation, and average salary level of the geographical location.

The determination of the amount of remuneration must be objective. The remuneration is paid according to the work done and its value, not according to the personality, gender, age, origin, etc. of the employee.

Employees should not transfer the downside risks, incl. malus and clawback, to a third party by any means, e.g. hedging and insurance. In the decisions concerning the remuneration policy, the financial situation and sustainability of the capital base of the Group companies are considered.

The Group companies carry out regular self-assessment, the purpose of which is to identify all employees whose professional activities affect or may significantly affect the risk profile of the Group companies. These specified groups of employees are listed in the table below together with ratios between basic and variable remuneration paid in 2024:

Basic and variable remuneration ratio of group of employees who affect the Group's risk profile, as at 31 Dec 2024	
Senior management	0.71
Staff performing control functions	0.19
Employees with significant impact on the credit risk position (the nominal value of transactions made by the employee is at least 0.5% of LHV Tier 1 own funds and amounts to at least EUR 5 million)	0.62

Self-assessment is carried out once a year at the beginning of the financial year. The assessment covers the past period (including financial results, risk analysis) and considers the forthcoming financial year. The identified employees during the self-assessment are required, within a period of one calendar year after exercising the options, to maintain ownership of the relevant LHV shares, and not to transfer or encumber (including pledge) them in any form. The identified employees are forbidden to transfer the risk of impairment of shares to another party, for example, through insurance or certain types of financial instruments. The self-assessment takes account of the degree of responsibilities and decision-making power, as well as qualitative and quantitative performance indicators. The analysis is conducted by the management board of the Group company in the form of a discussion at a management board or board (LHV Bank) meeting. The self-assessment is initiated by the Human Resources Department, the compliance of the process and results are assessed by the Compliance Control Department, whose representative is also present at the self-assessment. The Remuneration Committee reviews annually the qualitative and quantitative criteria related to the employee and the self-assessment process, which are used for decision-making. The results of the self-assessment are independently reviewed by the Internal Audit Department. The results are summarised and presented to the supervisory boards of the relevant Group companies.

Share options

In 2020 LHV shareholders approved the result-based share option programme for the Management Boards and equivalent staff as well as key employees of LHV 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.

Share options are a form of performance-based compensation, and their granting is based on long-term interests and the achievement of agreed-upon results. The objectives must take into account capital requirements, liquidity, and risk management, including sustainability criteria. Performance compensation is paid only when objectives are met, and no compensation is paid for below-expectation results.

The objectives of the programme are:

- ensure competitive remuneration to be attractive in the labour market;
- retain and motivate key personnel by creating a sense of ownership;
- align the interests of shareholders and employees;
- increase company value through performance management;
- promote sound and effective risk management, including the consideration of sustainability risks.

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. The at least three-year vesting period before issuance of shares gives the opportunity to evaluate the results in the long run. 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 General Meeting's and the Supervisory Board's decisions. The company entered into share option agreements with the members of the Management Boards and employees for a three-year term for the issue of share options.

The issuance 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 227 people in the amount of EUR 6,236 thousand. In 2023, share options were granted to 181 people in the amount of EUR 5,963 thousand. In 2022, share options were granted to 167 people in the amount of EUR 7,727 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 in 2024 amounted to EUR 6,807 thousand (2023: EUR 5,584 thousand).

3.5 Nomination Committee[20]

The purpose of the Nomination Committee is to support the Supervisory Boards of LHV, LHV Pank and LHV Finance in matters related to the selection process and eligibility requirements for the members of the Management Boards, Supervisory Boards and the key function holders (if applicable) of the mentioned companies. The responsibilities of the Nomination Committee include individual assessment of the suitability of candidates for members of governing bodies and key function holders, collective suitability assessment of governing bodies, assessment of the composition, structure and activities of the governing bodies, continuous monitoring of the decision-making process by the governing bodies, periodical review and decision-making on the content, format and frequency of the risk information received, ensuring the involvement of Risk Management, Compliance, Internal Audit and other department managers where appropriate in relevant matters. Inter alia, the Nomination Committee is guided by the Diversity Policy in its activities, which relies on overarching principles stated with the ECB's guide to fit and proper assessments and EU directive on gender balance on corporate boards. As a result, it has been concluded that Tiina Mõis is a member of the Supervisory Board of LHV, also the Chairman of the Remuneration Committee and the Nomination Committee, Liisi Znatokov is a member of the Supervisory Board and Chair of the Risk and Capital Committee and Relika Mell is a key function holder as the Head of Internal Audit in LHV, in addition LHV's Estonian subsidiaries employ a total of 159 middle-level managers of whom 83 are women; and there are 12 Management Board members including 5 women.

The Nomination Committee is comprised of at least three members, who are selected from among the common members of the Supervisory Boards of LHV and LHV Pank. The persons elected to the Nominating Committee must have, individually and collectively, sufficient and relevant knowledge, expertise, and experience in the area of the selection process and eligibility requirements, including knowledge of the requirements provided in the EBA and ESMA guidelines for assessing the suitability of members of management bodies and key function holders. The responsibilities, rights and operating principles of the committee and the remuneration of committee members are decided by the Supervisory Board of LHV.

Tiina Mõis (the Chairman), Rain Lõhmus and Andres Viisemann are the members of the Nomination Committee, and their term of office lasts until 22 March 2026. Further information on the members of the Nominating Committee is presented in the section Governance of the Group above. The size of remuneration payable to the members of the Nominating Committee is decided by the Supervisory Board of LHV. It has been decided to pay EUR 1,000 to the Chairman of the Nominating Committee and EUR 500 to the Nominating Committee member, for each committee meeting attended with the effect from 1 April 2023.

Four meetings of the Nomination Committee were held, and one resolution was adopted electronically in 2024. In January, the committee reviewed and updated the Terms of Reference of the Nomination Committee and assessed the individual and collective suitability of the Management Board, Supervisory Board, and key function holders of LHV Group, LHV Pank, and LHV Finance. The succession policy and planning were also reviewed and submitted for approval to the Supervisory Board. In April, the Nomination Committee focused on the recall of the Chief Risk Officer (CRO) and the subsequent election process for a new CRO, including the development of a profile and list of candidates. The Rules of Suitability Assessment were also reviewed. In July, the committee assessed the individual and collective suitability of the prospective new members of the Management Boards of AS LHV Group and AS LHV Pank, including Kadri Haldre, and approved the new compositions of both boards. The suitability assessments and election processes were carried out to ensure compliance with regulatory requirements and alignment with LHV's strategic objectives. In December, the annual review of the Nomination Committee's Terms of Reference and the Diversity Policy was conducted. The committee also finalized updates to succession planning frameworks to strengthen LHV's management continuity and leadership pipeline. All suitability assessments, updates, and proposals were forwarded to the Supervisory Board for approval, ensuring robust governance and alignment with LHV Group's long-term goals.

3.6 Risk and Capital Committee[21]

The purpose of the Risk and Capital Committee is to perform supervision over the implementation of the risk management policy and the capital management policy on the LHV Group consolidated level, which includes the assessment of the aspects of risk, capital, liquidity and the probability and timing of revenue as well as the consideration of the business model and the risk management principles. The Risk and Capital Committee is responsible for the review of the reports prepared by the risk management department and the review and approval of all the risk limits, including the review of the company's internal liquidity adequacy assessment process (ILAAP), the internal capital adequacy assessment process (ICAAP), the recovery plan (RCP) and crisis resolution plan (RRP), and other significant risk related policies and for proposing these to the Supervisory Board for approval. The competence of the Risk and Capital Committee also includes the performance of supervision regarding LHV's investments, risks and capital management.

[20] Disclosed in line with the disclosure requirement related to ESRS G1 GOV-1, paragraph 5a, and covered with limited assurance engagement for Consolidated Sustainability Statement.

[21] Disclosed in line with the disclosure requirement related to ESRS G1 GOV-1, paragraph 5a, and covered with limited assurance engagement for Consolidated Sustainability Statement.

The members of the Risk and Capital Committee are selected from among the members of LHV's Supervisory Board. The persons elected to the Risk and Capital Committee must have the necessary knowledge, skills and experience to understand and continuously monitor the risk management principles and risk tolerance. The responsibilities, rights and operating principles of the committee and the remuneration of committee members are decided by the Supervisory Board of LHV.

Liisi Znatokov (the Chairman), Rain Lõhmus, Heldur Meerits and Andres Viisemann are the members of the Risk and Capital Committee, and their term of office lasts until 31 March 2026, except for Liisi Znatokov, whose term lasts until 20 March 2027. Further information on the members of the Risk and Capital Committee is presented in the section Governance of the Group above. The size of remuneration payable to the members of the Risk and Capital Committee is decided by the Supervisory Board of LHV. It has been decided to pay EUR 1,000 to the Chair of the Risk and Capital Committee and EUR 500 to the Risk and Capital Committee member, for each committee meeting attended, considering the difference stipulated regarding the common remuneration with the Risk and Capital Committee formed at the Supervisory Board level of LHV Pank.

Nine meetings of the Risk and Capital Committee were held in 2024, and one written resolution was adopted. The committee placed significant focus on the Risk Appetite Framework (RAF), implementing substantial revisions and updates, including credit risk limits, operational risk metrics, and an action plan for future developments. In February, the committee reviewed updates to key risk policies, including the Risk Management Policy, Compliance Policy, and the Policy on Prevention of Financial Crime, as well as ICAAP/ILAAP processes and the MLRO and Compliance Reports for 2023. March and June meetings emphasized RAF enhancements, such as credit risk appetite limits, breaches of operational risk appetite metrics, and updates to recovery plan indicators. The ICAAP/ILAAP scenarios and preliminary SREP findings were also reviewed. In the latter half of the year, the committee continued updates to the RAF, approved the updated ICAAP/ILAAP scenarios, and key policies like the Capital Management Policy and the Policy on Prevention of Financial Crime. Feedback from the ECB and updates to AML measures, instant payments, and covered bond volumes were incorporated. The committee also provided oversight on regulatory and operational risk issues, including separability analysis reports (SAR) and the asset quality review (AQR) Operational Act, ensuring robust risk management practices. All proposals and updates discussed by the Risk and Capital Committee were forwarded to the Supervisory Board for approval, ensuring robust governance and alignment with LHV Group's strategic goals. The committee's efforts reinforced LHV Group's commitment to robust risk management practices and compliance with evolving regulatory requirements.

4. Cooperation between the Management Board and the Supervisory Board and the Corporate Culture

4.1 Cooperation between the Management Board and Supervisory Board

The Management Board and Supervisory Board work in close cooperation to best protect the interests of LHV. The cooperation is, above all, based on an open exchange of views between and within the Management Board and the Supervisory Board.

The Management Board and the Supervisory Board collaborate in developing the goals and strategy of LHV. In managing LHV, the Management Board observes the strategic instructions of the Supervisory Board. The Management Board discusses strategic management issues with the Supervisory Board regularly, honestly, and openly. The Management Board is invited to participate in the monthly meetings of the Supervisory Board.

The Management Board regularly informs the Supervisory Board of all significant circumstances related to LHV's business planning, operations and performance, risk exposures and risk management.

There were no conflicts of interest in the financial year 2024 and accordingly, no corrective measures have been applied.

4.2 Corporate Culture and Ethical Governance[22]

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 Group

[22] Disclosed in line with the disclosure requirements related to ESRS G1 G1-1, paragraphs 9 and 10g, and covered with limited assurance engagement for Consolidated Sustainability Statement .

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 transparent, clear, and always current, to manage the group efficiently. 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 enough division of responsibilities and the right resources for effective performance.

To promote its culture, LHV ensures that its values are integrated into daily operations, communications, and investor interactions. The organization consistently communicates its commitment to transparency, sustainability, and ethical conduct, reinforcing these principles across all levels of the company.

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 deliver on-site presentations as part of the quarterly overview on financial topics, including LHV's goals and objectives. Additionally, LHV also arranges quarterly informational briefings, strategic discussions, and activity overviews led by area managers of LHV group companies. These sessions aim to provide employees with a comprehensive understanding of the company's culture, strategy, and performance. All such events can be attended in person, remotely, or accessed later via recordings.

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[23].

4.2.1 Whistleblowing Channel [24]

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

[23] Disclosed in line with the disclosure requirement related to ESRS G1 G1-5 covered with limited assurance engagement for Consolidated Sustainability Statement.

[24] Disclosed in line with the disclosure requirements related to ESRS G1 G1-1, paragraphs 10a, 10c and 10e, and covered with limited assurance engagement for Consolidated Sustainability Statement.

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.

4.2.2 Prevention and Detection of Corruption and Bribery[25]

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.

5. Disclosure of information

5.1 Commitment to transparency and investor relations excellence

LHV treats all shareholders equally and notifies all shareholders of significant circumstances equitably, ensuring quick and equal access to relevant information. Information is disclosed in accordance with the rules established for publicly traded companies.

LHV contributes actively to the development of good relations with the investor community and to raising the awareness of investors. LHV has set up an investor relations website, where it makes all documents and information available to shareholders in accordance with the CGR and legal requirements. LHV publishes monthly financial results as well as next-year and five-year financial forecasts. The website of LHV includes the financial calendar for the current and the next year, which outlines the publication dates of the annual report and interim reports and the date of the Annual General Meeting. The disclosed information is available on the website in Estonian, English and Russian. LHV also discloses its annual plans and monthly results in its stock exchange announcements. LHV's credit institution subsidiary, 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[26].

LHV organises quarterly investor meetings and webinars, the summaries of which are available on LHV's website. Additional meetings with analysts and presentations and press conferences for analysts, investors or institutional investors are arranged when needed and if requested by stakeholder groups. On its website, LHV explains its goals, directions and opinions about possible trends and changes in the regulatory and business environment. LHV strives to be approachable, transparent, and accountable to investors. In 2019, 2020 and 2023 LHV was named the winner of the Nasdaq Baltic Awards – an award which recognises the best-performing Nasdaq Baltic-listed companies,

[25] Disclosed in line with the disclosure requirements related to ESRS G1 G1-1 (paragraphs 10a, 10b, 10g and 10h), G1-3 (paragraphs 18a, 18b, 18c, 20, 21a, 21b, 21c), G1-4 (paragraph 24a), and covered with limited assurance engagement for Consolidated Sustainability Statement.

[26] Disclosed in line with the disclosure requirements related to ESRS G1 G1-5, paragraphs 29d and 30, and covered with independent practitioner's limited assurance report on AS LHV Group Consolidated Sustainability Statement.

considering the quality of investor relations and return on equity – in the main category Best Investor Relations. In 2023, AS LHV Pank was named the Stock Exchange Member of the Year, for the eight time, for most actively contributing to capital market development initiatives.

5.2 Dividend policy

LHV's dividend policy, available on LHV's website, sets out the dividend distribution principles, according to which the key precondition for dividend distribution is sustainable compliance with both external and internal regulatory capital requirements. Depending on its growth and/or investment plans, LHV may decide not to pay a dividend. Provided the preconditions are met, LHV will distribute 25% of profit before taxes, attributable to LHV shareholders as dividends, income tax included.

6. Financial reporting and auditing

LHV publishes an annual report, which is audited, approved by the Supervisory Board and ultimately approved by the General Meeting.

The number of auditors is determined, and the auditors are appointed by the General Meeting, which also determines the auditors' remuneration procedure. The key criteria that the Audit Committee considers in making a proposal to the General Meeting for the appointment of an auditor include the 'auditor's prior experience in the financial services sector and auditing public interest entities, teamwork skills, expertise and ability to involve experts and, in the case of significant differences, the audit fee. Auditors are appointed for a single audit or for a specified term.

In 2024, the auditor provided the group companies with contractual services, including audits of the annual accounts of group companies and reviews of the profits reported in quarterly financial statements.

Transactions with related parties are disclosed in Note 24 to the financial statements.

In 2022, the Management Board and the Audit Committee organised a competition for selecting an auditor for the audit of the annual reports for the years 2024–2028. The four biggest internationally recognised audit firms were asked to submit their offers and meetings with their representatives were held. In selecting the auditor, the candidates' previous professional experience, competence, expertise, reliability, transparency of communication and terms offered compared to market terms as well as LHV's business-specific criteria were assessed. An invitation to participate was sent to the three largest audit firms and from the two firms that submitted an offer AS PricewaterhouseCoopers (PwC) was selected and appointed as the auditor of group companies for the financial years 2024–2028 at the Annual General Meeting of 2022.

In 2024, the fees paid or payable for the services provided by the auditor amounted to EUR 1,017 thousand of which EUR 817 thousand was for audits and EUR 200 thousand was for other services.

7. Declaration of conformity

LHV complies with the CGR, except for the following instruction and recommendation for the reasons stated below:

'3.2.2. *At least half of the members of the Supervisory Board of the Issuer shall be independent. If the Supervisory Board has an odd number of members, then there may be one independent member less than the number dependent members.'*

At present, the Supervisory Board of LHV includes one independent member (Liisi Znatokov) in accordance with the features set out in the 'Requirements of independence' annex to the CGR. Due to the continuous active development and growth stage, LHV has so far preferred people with long-term management and banking experience as members of the Supervisory Board. Most of the current Supervisory Board members are also the largest shareholders of LHV. LHV believes that in their capacity as members of the Supervisory Board, the largest shareholders are best motivated to contribute to the management and long-term development of LHV. Based on objective and verifiable data, two of the current seven members of the Supervisory Board have significant ownership interests (Rain Lõhmus and related persons hold 21.18% of share capital and Andres Viisemann and related persons hold 11.04% of share capital). No member of the Supervisory Board has the power to appoint, by any means, the majority of the members of the Management Board or Supervisory Board of LHV or to control LHV in some other manner; they are not connected with LHV through a material business interest; they are not related to a shareholder of LHV that exercises control over LHV; they are not employees or business partners of LHV or members of the key personnel of a business partner. Accordingly, LHV has not considered it necessary to apply any corrective measures and considers the Supervisory Board of LHV in its present composition to be suitable, including in terms of independence. Furthermore, when assessing the independence of the members of the Supervisory Board, it has been concluded that their behavioural skills include courage, conviction, and strength to effectively assess and challenge the proposed decisions of other members of the Supervisory Board and being able to resist group-thinking.

Remuneration report

This remuneration report has been prepared in accordance with the Estonian Securities Market Act and provides an overview of the remuneration paid to the Management Board of AS LHV Group (LHV Group) according to the remuneration principles approved by the 2022 General Meeting. In the context of the Estonian Securities Market Act, the managers of LHV Group are Madis Toomsalu, the chairman of the Management Board, and Meelis Paakspuu, Kadri Haldre and Jüri Heero, the members of the Management Board. Until 18 November 2024, Martti Singi served in place of Kadri Haldre. The remuneration principles of LHV Group are described in the internal remuneration policy of LHV Group, in the section Corporate governance report above and in the remuneration principles approved by the General Meeting.

1. Remuneration of members of Management Board

1.1 Overview

Under the terms of the contract of Management Board member concluded with LHV Group, Madis Toomsalu, the Chairman of the Management Board, was paid a monthly basic remuneration of EUR 16 thousand in January and February 2024 and EUR 19 thousand from March 2024. The Management Board member Meelis Paakspuu was paid a monthly basic renumeration of EUR 13 thousand in January and February 2024 and EUR 15 thousand from March 2024 under his contract of Management Board member concluded with LHV Pank. The Management Board member Jüri Heero was paid a monthly basic renumeration of EUR 13 thousand in January and February 2024 and EUR 14 thousand from March 2024 under his contract of Management Board member concluded with LHV Pank. Martti Singi was paid a monthly remuneration of EUR 13 thousand in January and February 2024 and EUR 14 thousand from March 2024 until his recall on 18 November 2024 under his Management Board member contract concluded with LHV Pank. Kadri Haldre was paid a monthly remuneration of EUR 12 thousand starting from her appointment on 18 November 2024 under her Management Board member contract concluded with LHV Pank.

The amounts and payment procedure of the basic remuneration to the members of the Management Board were determined by resolutions of the Supervisory Board of LHV Group. According to the Management Board member contracts concluded with LHV Group and Meelis Paakspuu, Kadri Haldre and Jüri Heero (and until 18 November 2024 Martti Singi), they do not receive any basic remuneration for the performance of duties of the Management Board members of LHV Group, as their performance is remunerated at the level of LHV Pank and when evaluating the performance of the members of the Management Board, the Remuneration Committee, which makes the associated suggestions to the Supervisory Board, considers among other factors the tasks and activities of each member of the Management Board as a whole on the entire LHV Group level on a consolidated basis.

LHV Group implements a long-term incentive plan (LTI plan) for the payment of performance fees, i.e., the option programme, which has been approved by the Annual General Meeting of the shareholders. Madis Toomsalu, Meelis Paakspuu, Kadri Haldre and Jüri Heero (and until 18 November 2024 Martti Singi) are subject to the option programme approved by the resolution of the General Meeting of LHV Group of 13 March 2020. This option programme also sets out the conditions for reducing or cancelling options. In accordance with the resolutions of the Supervisory Board adopted on the basis of the above-mentioned option programme and the option contracts concluded with the Management Board members the Management Board members are entitled to subscribe shares of LHV Group.

As a result of the option programme, the Management Board members are subject to a retention period of at least one year from the date of exercise of the options, during which all of them undertake to hold the shares of LHV Group underlying the options in their ownership and not to transfer or encumber them in any form.

As options are granted for the results of the previous financial year, in 2024 options were granted for the results of 2023. Since the vesting period of options is at least three years from the grant date, the options granted in 2021 for the 2020 results were exercised in 2024. In 2024, the right to reduce or cancel options granted to the Management Board members under the option programme established by the shareholders was not exercised.

An overview of the key performance indicators, the remuneration paid to Madis Toomsalu, Meelis Paakspuu, Jüri Heero, Kadri Haldre and Martti Singi on a consolidated basis and the performance indicators of LHV Group over the last five financial years is presented in the table below, while other performance indicators are disclosed in the consolidated accounts of LHV Group:

Remuneration of the Management Board and employees of LHV Group		2020	2021	2022	2023	2024
Annual basic remuneration of the Management Board (gross, EUR thousand)	Madis Toomsalu	144	156	189	192	222
	Meelis Paakspuu	108	120	153	156	176
	Martti Singi (until 18 November 2024)	108	120	153	156	320**
	Kadri Haldre (from 18 November 2024)	-	-	-	-	18
	Jüri Heero	108	120	153	156	166
Remuneration of full-time employees (gross, EUR thousand)		-	-	-	30	102
Annual performance pay granted to the Management Board	Madis Toomsalu	370,600 shares (EUR 200 thousand)	340,540 shares (EUR 288 thousand)	149,170 shares (EUR 312 thousand)	219,948 shares (EUR 384 thousand)	238,088 shares (EUR 384 thousand)
	Meelis Paakspuu	200,120 shares (EUR 108 thousand)	212,840 shares (EUR 180 thousand)	114,740 shares (EUR 240 thousand)	178,708 shares (EUR 312 thousand)	193,446 shares (EUR 324 thousand)
	Martti Singi (until 18 November 2024)	200,120 shares (EUR 108 thousand)	191,550 shares (EUR 162 thousand)	114,740 shares (EUR 240 thousand)	178,708 shares (EUR 312 thousand)	96,723 shares (EUR 156 thousand)
	Kadri Haldre (from 18 November 2024)	22,240 shares (EUR 12 thousand)*	47,300 shares (EUR 40 thousand)*	30,600 shares (EUR 64 thousand)*	34,367 shares (EUR 60 thousand)*	37,201 shares (EUR 60 thousand)*
	Jüri Heero	200,120 shares (EUR 108 thousand)	191,550 shares (EUR 162 thousand)	114,740 shares (EUR 240 thousand)	178,708 shares (EUR 312 thousand)	96,723 shares (EUR 156 thousand)
Consolidated profit of LHV Group (EUR thousand)		39,846	60,263	61,432	140,938	150,304
Return on equity (ROE)		17.3%	22.1%	16.4%	29.0%	24.5%

*related to results achieved in the previous role prior to becoming a Management Board member

**includes one-off severance bonus

LHV Group has signed one employment contract in September 2023 and one employment contract in August 2024. Other persons are performing official duties in LHV Group under their Management Board member contracts.

Madis Toomsalu, Meelis Paakspuu, Jüri Heero and Kadri Haldre (and until 18 November 2024 Martti Singi) were not granted any exceptions to, or exemptions from, the remuneration principles in 2024. Martti Singi was awarded a bonus equal to 12 months' salary upon the termination of his contract. In addition, a service contract was signed with Martti Singi for 7 thousand euros. They are not eligible to any financial benefits other than those described in this section for performing their duties in LHV Group and its subsidiaries.

1.2 Compatibility of remuneration with remuneration principles

According to the Management Board member contract concluded between LHV Group and the Chairman of the Management Board of LHV Group, Madis Toomsalu, was paid an average monthly remuneration of EUR 18.5 thousand in 2024 as the basic remuneration, which amounts to an annual basic remuneration of EUR 222 thousand. As a performance fee, Madis Toomsalu was granted the right to subscribe to a total of 238,088 shares of LHV Group in the amount of EUR 384 thousand in 2024. In 2024, Madis Toomsalu exercised his right for a performance fee for the results of the 2020 financial year according to the LTI plan and share option agreement concluded with him in 2021. He subscribed to all 340,540 shares granted to him as options in 2021 for the results of the previous financial year in the amount of EUR 288 thousand.

According to the Management Board member contracts concluded with the other members of the Management Board of LHV Group, Meelis Paakspuu was paid an average monthly remuneration of about EUR 14.7 thousand in 2024 as the basic remuneration, which amounts to an annual basic remuneration of EUR 176 thousand on a consolidated basis, Martti Singi received a lump-sum payment equivalent to 12 months' remuneration upon the termination of his contract, in addition to a remuneration of EUR 7 thousand for a service contract, which results in an annual base remuneration on a consolidated basis of EUR 176 thousand. Both Jüri Heero and Martti Singi was paid an average remuneration of about

EUR 13.8 thousand, therefore annual base remuneration on a consolidated basis amounted to EUR 166 thousand for Jüri Heero and EUR 320 thousand for Martti Singi (Martti Sing's term ended before the end of the year). According to the Management Board member contract concluded with Kadri Haldre from 18 November 2024, she was paid an average monthly remuneration of EUR 12 thousand in 2024 as the basic remuneration, which amounts to an annual basic remuneration of about EUR 18 thousand on a consolidated basis. As a performance fee, the Management Board members were granted the right to subscribe to the shares of LHV Group in 2024, Meelis Paakspuu to 193,446 shares in the amount of EUR 312 thousand, Jüri Heero and Martti Singi each to 96,723 shares in the amount of EUR 156 thousand. In 2024, they all exercised their rights for performance fees for the results of the 2020 financial year according to the LTI plan and share option agreements concluded with them in 2021. Meelis Paakspuu subscribed to all 212,840 shared granted to him as options in 2021 for the results of the previous financial year in the amount of EUR 180 thousand. Jüri Heero and Martti Singi each subscribed to all 191,550 shares granted to them as options in 2021 for the results of the previous financial year in the amount of EUR 162 thousand. Considering Kadri Haldre's previous position as the Head of Treasury at LHV Pank, she was eligible, as a beneficiary of the share LTI program, to acquire shares of LHV Group. As part of her performance fee, she was granted the right to subscribe to a total of 37,201 shares of LHV Group, amounting to EUR 60 thousand in 2024. In 2024, she exercised her right to a performance fee for the results of the 2020 financial year under the LTI plan and the share option agreement concluded with her in 2021. She subscribed to all 4,730 shares granted to her as options in 2021 for her performance as the Head of Treasury at LHV Pank during the previous financial year, amounting to EUR 40 thousand.

According to the proposal of the Remuneration Committee, the Supervisory Board of LHV Group amended the monthly basic remuneration of Management Board members and set the monthly basic remuneration of Madis Toomsalu at EUR 19 thousand, the monthly basic remuneration of Meelis Paakspuu at EUR 15 thousand, the monthly basic remuneration of Jüri Heero at EUR 14 thousand (all from March 2024) and the monthly basic remuneration of Kadri Haldre at EUR 12 thousand (from the start of her term), while taking into account, among other things, the dedication and performance, the entrepreneurial spirit, the scope, responsibility, and intensity of each duties, the situation on the labour market, the remuneration level and importance of the position in the geographical location, the economic situation of LHV Group and LHV Pank, the current and future business performance and trends in comparison with the companies in the same economic sector, as well as the changed and continuously changing environment. The establishment of the basic remuneration also reflects the principle that basic remuneration should represent a sufficiently large part of the total remuneration to allow, where appropriate, not assigning or paying the performance fee in accordance with the option programme established by the shareholders. Further, considering the fact that LHV Group is the largest domestic financial group and capital provider in Estonia, and in view of the strategic trends and long-term objectives of LHV Group, the Supervisory Boards deemed the monthly remunerations set to be such as to motivate the members of the Management Board to act in the best interests of LHV Group and to refrain from acting in personal or other persons' interests, and to act in a way that is fair, transparent, and in compliance with the law.

At the beginning of 2024, the Remuneration Committee, established at the level of the Supervisory Board of LHV Group, discussed and set the objectives for the Chairman and other members of the Management Board of LHV Group for 2024, assessed the performance of them in 2023 and determined their performance fee accordingly. As a result of the achievement of the previously agreed objectives set for the Management Board members on an individual basis and their performance in 2023, the Supervisory Board of LHV Group, on the proposal of the Remuneration Committee, decided to use the approval of the shareholders of LHV Group to set the performance fee at the maximum amount and to approve the amount of the performance fees for members of Management Board in 2024 at 200% of their annual remuneration in 2023.

The Remuneration Committee also discussed and found, in connection with the exercise of the options granted in 2024, that there had been no subsequent changes to the 2020 financial results and no subsequent material weaknesses had been identified that would indicate that the members of the Management Board had been compromised in the proper performance of their duties in meeting their objectives. As there were no such additional details on their contribution to the 2020 accrual period which would make it necessary to revise the estimate of the number of options to be exercised in 2024 and reduce the number of instruments granted, the Supervisory Board of LHV Group approved the performance bonuses of the members of the Management Board in 2024 for the results of the 2020 financial year and the rights of the Management Board members to subscribe to all options granted to them in 2021 for the results of the previous financial year. Each of the Management Board members exercised their rights.

In 2024, the implementation of the remuneration principles was also reviewed by the Remuneration Committee of LHV Group, whose members have sufficient knowledge, expertise and experience in the areas of remuneration policies and practices, risk management and control activities. In addition, LHV Group Internal Audit and Compliance Control monitored the compliance of the internal remuneration policy with the legislation on remuneration and other internal rules of LHV Group. There were no observations about non-compliance in 2024.

In the light of the above, in 2024 the remuneration of Madis Toomsalu, Meelis Paakspuu, Jüri Heero, from 18 November 2024 Kadri Haldre and until 18 November 2024 Martti Singi complies with the remuneration principles of LHV Group, which are described in the internal remuneration policy of LHV Group, in the section Corporate governance report above and in the remuneration principles approved by the General Meeting.

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). More detailed risk management processes are described in the policies of the respective fields.

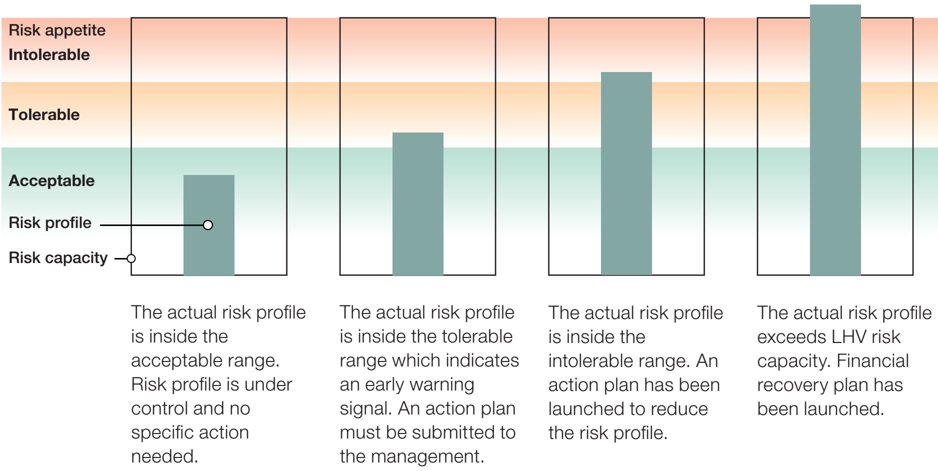
Under the initiative of the independent risk management unit, LHV has developed a group-wide risk appetite framework, approved by LHV Group Supervisory Board. LHV's risk appetite reflects its readiness to take specific risks. The larger the risk appetite, the more risk can be assumed. The risk appetite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

Risk framework

Risk appetite has been defined in risk appetite statement 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 the 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 the LHV Group Supervisory Board of LHV.

Risk appetite framework



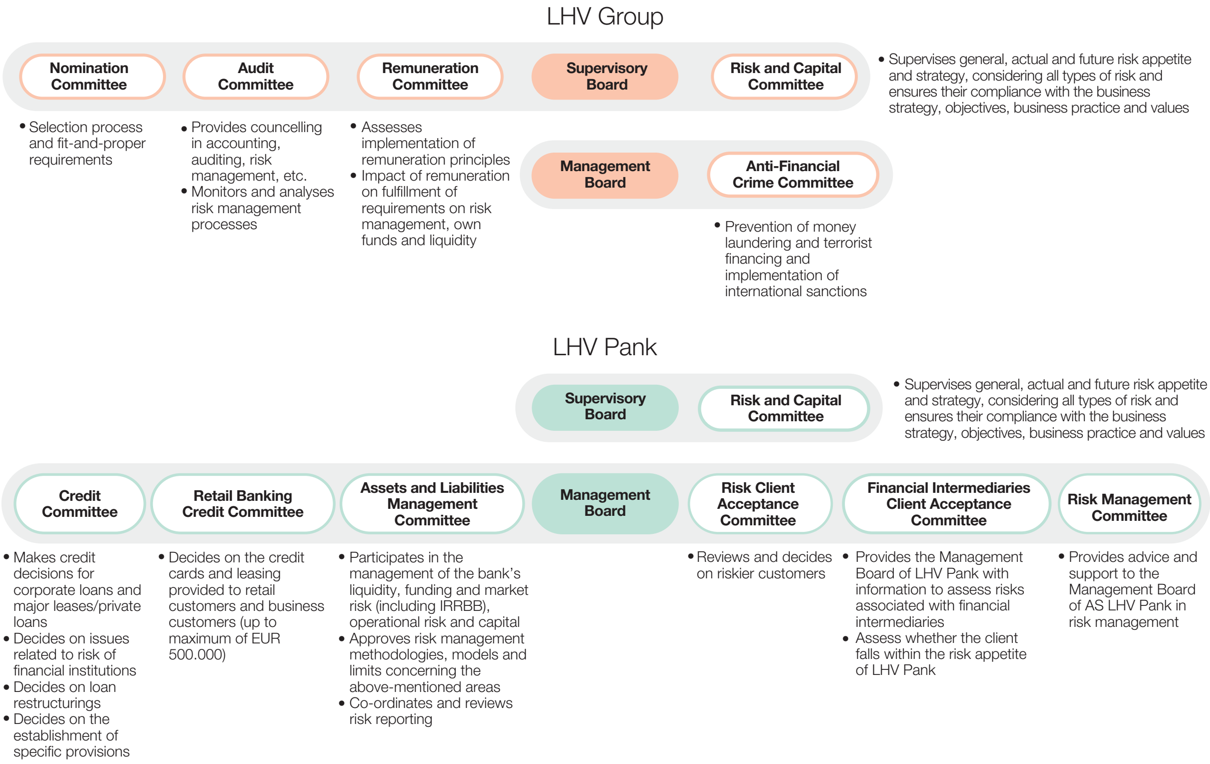
Risk capacity – the maximum amount of risk LHV is capable to take given its capital base, its risk management and control capabilities, and its regulatory constraints.

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 of 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	Liisi Znatokov, Rain Lõhmus, Andres Viisemann, 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 Liabilities Management Committee of LHV Pank	Management Board members of LHV Pank, Head of Treasury	ALCO report	Monthly	Liquidity and funding risk, market risk, interest rate risk
Management Board of LHV Pank	Management Board members of LHV Pank	Compliance overview	Quarterly	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.

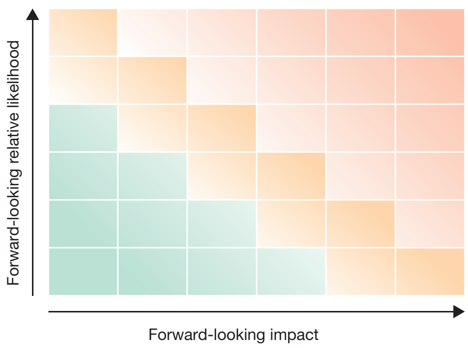
Within the overall risk management framework, specific risk types are managed via dedicated frameworks. As LHV's business model and the external environment are continuously developing, the type and size of LHV's risk exposures are constantly changing, and the risk management framework is adapted accordingly.

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.

The goals of the Group's capital management are:

- to ensure the Group'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.

The Group considers net own funds, as defined in the capital adequacy regulation, as capital. Its own funds consist of Common Equity Tier 1 (CET1) capital, Additional Tier 1 capital and Tier 2 capital. The amount of net own funds that the Group managed as at 31 December 2024 was EUR 684,411 thousand (31 December 2023: EUR 557,561 thousand). The goals of the Group's capital management are set based on both regulative requirements and additional internal buffer requirements.

The Group follows these general principles in its capital management:

- The Group must be adequately capitalised at all times, to ensure economic sustainability and enable financing new profitable growth opportunities.
- The main focus of the capital management is on Core Tier 1 own funds, because only Core Tier 1 own funds can absorb losses. All other capital layers in use are dependent on the volume of these funds.
- The Group's capital is divided into: 1) regulated minimum capital; 2) capital buffer held by the Group and 3) qualifying liabilities for MREL.
- MREL ratios can be met with suitable liabilities instead of own funds.

- Within the Group's legal structure, the capital should be located as high as possible. This increases the Group's ability to allocate the capital to subsidiaries based on their business needs.

To reach its long-term economic goals, the Group must strive towards a proportional lowering of the regulated minimum capital (through risk minimisation and high transparency). At the same time, the Group must strive towards a sufficient and conservative capital reserve, which will ensure economic sustainability even in the event of a severe negative risk scenario.

The risk appetite set by the Group is an important input to capital management planning and capital goal setting. Larger risk appetite requires maintaining a higher capital buffer.

The CRD IV, which is directly applicable in the member states, obligates all credit institutions operating in the European Union (including their consolidating holding companies) and investment firms to maintain a CET 1 capital ratio of 4.5% (the Common Equity Tier 1 capital as a percentage of the total risk-weighted assets) and a Tier 1 capital ratio of 6% (the Tier 1 capital as a percentage of the total risk-weighted assets). The overall Capital Adequacy Requirement (CAD), including both Tier 1 and Tier 2 capital, remains at the current level of 8.0%.

In addition to the main requirements based on uniform rules, the directive defines the principles for forming capital buffers.

First ECB sets Pillar 2 capital charge, which is credit institution based capital requirement. Base capital requirement and Pillar 2 capital charge layers together form SREP capital requirement, the minimum capitalisation level credit institution must fulfil to retain the licence.

In addition to SREP capital buffers there are set several additional buffers that banks need to cover. Credit institutions have been subjected to capital maintenance and systemic risk buffers called capital conservation buffer of 2.5% imposed by the EFSA; other systematically important institutions buffers (O-SII buffer) set individually to larger institutions of 2.0% (imposed by the Bank of Estonia); the countercyclical capital buffer set by the Bank of Estonia is set to 1.5%. Only systemic risk buffer is currently set at 0.0% (imposed by the Bank of Estonia).

Breaching capitalisation levels triggers different actions from the regulator's side. These actions start with limitations for dividend payments and increase in different steps until losing the licence.

LHV 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 at 2.00% on each capitalisation level.

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, the 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.

Internal capital adequacy targets as at 31 Dec 2024 were as follows:

Internal capitalisation targets of LHV Group	%
Core Tier 1 capital adequacy	14.70%
Tier 1 capital adequacy	16.85%
Total capital adequacy	19.70%
MREL-TREA (until 2024)	19.50%
MREL-TREA (starting from 2024)	26.50%
MREL-LRE	6.20%
Leverage ratio	3.50%

The Group uses the standard method for calculating capital requirements for credit and market risk and basic indicator approach calculating operational risk capital requirement. The Group and its subsidiaries 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, the Group's 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.

On an ongoing basis, an internal capital adequacy assessment process (ICAAP) is performed, the aim of which is to identify potential internal capital needs in addition to regulatory capital requirements.

In addition to LHV Group, separate regulative capital requirements have been set for several subsidiaries: LHV Pank on stand-alone level, LHV Bank, LHV Varahaldus and LHV Kindlustus. All these companies follow both regulatory requirements and the Group's capitalisation targets in daily capital management.

Capital management in 2024

The Group's total capital adequacy ratio equalled 20.68% as at 31 December 2024 (31 December 2023: 23.45%). The Tier 1 and CET 1 capital ratios equalled 17.96% and 16.89% as at 31 December 2024, respectively (31 December 2023: 20.70% and 18.54% respectively).

All capital ratios remained strong and well above both the internal and regulatory requirements despite decent growth of risk weighted assets. This is attributable to very strong internal capital generation through profits. Thus, as of 31 December 2024, the Group complied with all of the regulatory and internal capital requirements.

LHV Group called back EUR 20 million of Additional Tier 1 bonds in June 2024 as 5 years had elapsed since the origination and the capital base of the Group was sufficient for the callback in accordance with capital markets best practice.

LHV Group issued EUR 20 million of Tier 2 bonds in November 2024. The issue was successful and was oversubscribed by more than 2 times.

LHV Group issued EUR 300 million of MREL eligible bonds in May 2024 and concluded a simultaneous voluntary buyback of the 09.09.2025 bond in amount of EUR 137.17 at the same time. The remainder of the outstanding issue of 09.09.2025 MREL eligible bond in the amount of EUR 62.83 million was called back on call date of 09.09.2024 because the bonds would have otherwise become inefficient as MREL instruments.

As of 31 December 2024, the Group's MREL-TREA ratio equalled 33.24% (31 December 2023: 34.16%) and the Group's MREL-LRE ratio equalled 12.41% (31 December 2023: 12.08%), thus complying with the regulatory requirements.

The Group's leverage ratio amounted to 6.71% as of 31 December 2024 (31 December 2023 6.78%).

Capital base

EUR thousand	31 Dec 2024	31 Dec 2023
Paid-in share capital	32,419	31,983
Share premium	146,958	143,372
Legal reserves transferred from net profit	4,713	4,713
Other reserves	2,440	-996
Retained earnings	320,757	229,287
Intangible assets (subtracted)	-21,834	-21,278
Net profit for the reporting period (COREP)	79,384	129,740
Other adjustments	-975	-41,586
CET1 capital elements or deductions	-648	-382
CET1 instruments of financial sector entities where the institution has a significant investment	-4,313	-3,496
CET1 instruments of financial sector entities where the institution does not have a significant investment	0	0
Tier 1 capital	**558,901**	**471,357**
Additional Tier 1 capital	35,314	55,000
Total Tier 1 capital	**594,215**	**526,357**
Subordinated debt	90,196	70,000
Total Tier 2 capital	**90,196**	**70,000**
Net own funds for capital adequacy	**684,411**	**596,357**

Risk weighted assets

Central governments and central bank under standard method	0	0
Credit institutions and investment companies under standard method	9,760	12,316
Companies under standard method	1,611,718	1,300,707
Retail claims under standard method	227,524	226,592
Public sector under standard method	0	0
Housing real estate under standard method	857,765	610,181
Overdue claims under standard method	23,074	19,759
Investment funds' shares under standard method	190	188
Other assets under standard method	99,645	109,295
Total capital requirements for covering the credit risk and counterparty credit risk	**2,829,675**	**2,279,038**
Foreign currency risk	89,260	1,793
Interest position risk	0	0
Equity portfolio risk	1,176	746
Credit valuation adjustment risk	3,526	1,966
Operational risk under base method	385,580	259,437
Total risk weighted assets	**3,309,217**	**2,542,980**
Capital adequacy (%)	**20.68**	**23.45**
Tier 1 capital ratio (%)	**17.96**	**20.70**
Core Tier 1 capital ratio (%)	**16.89**	**18.54**

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 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 precaution measure, the lending principles have been revised to more restrictive in consumer finance, while impairment allowance levels increased across all credit portfolios, due to 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 its 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 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 (high or medium sectoral risk level according to the heatmap) E risk (environmental and climate risks) and risk exposures above EUR 0.5 million, 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 E 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)
- leveraged 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 (private lending)	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 by 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).

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	SME, 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		

- **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, local government, and commodity.

- ***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 used for evaluating 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.

Internal corporate PD rating scale and mapping of 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	Non-investment grade	5.00	B+	B1
11	(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 portfolio scoring models PD scale

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

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 acceptable.

Collaterals for margin 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).

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 (treated similarly as 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 quantitative or backstop criteria have been met:

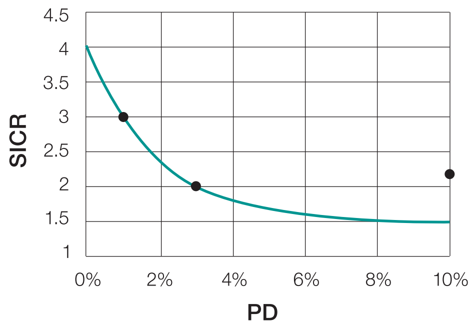
Quantitative criteria

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. SICR may additionally be indicated by the mortgage loan-to-value ratio, the absolute 12-month PD level, and both internal and external debts.

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 past due.

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 for both the corporate and retail portfolios.

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

The discount rate represents the effective interest rate (EIR) for the financial instrument or an approximation thereof.

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.

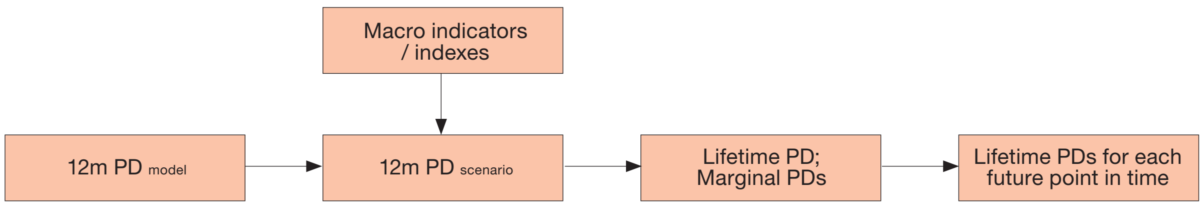
	IFRS 9 parameters
PD	• 12-month PD; lifetime PD broken down further into marginal probabilities for sub-periods • Forward-looking PiT estimate, reflecting assessment of current and future economic conditions, and a range of possible future outcomes • No regulatory floors or margins of conservatism applied
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 para-meter 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 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%

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%

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).

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 3.7 million EUR 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.

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.

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. According to the regulation 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 is 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 1 year 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	9	2,965,435	0	412,219	14,143	425,221	1,287	**3,818,305**
Financial assets at fair value	10	8,094	896	16,452	427	401	2	**26,272**
Financial assets measured at amortised cost	11	201,148	0	82,385	0	0	0	**283,533**
Loans and advances to customers	12	4,156,287	1,164	38,344	660	349,333	6,305	**4,552,093**
Receivables from customers	14	4,736	0	0	0	0	0	**4,736**
Reinsurance contract assets		2,044	0	0	0	0	0	**2,044**
Insurance contract assets		89	0	0	0	0	0	**89**
Other financial assets	15	181	0	0	100	0	0	**281**
Total financial assets		**7,338,014**	**2,060**	**549,400**	**15,330**	**774,955**	**7,594**	**8,687,353**
Deposits from customers	17	4,557,895	8,798	1,332,356	34,694	915,475	60,892	**6,910,110**
Loans received and debt securities in issue	17	0	0	927,686	0	0	0	**927,686**
Subordinated debt	20	126,256	0	0	0	0	0	**126,256**
Accounts payable and other financial liabilities	18	50,015	0	0	0	4,778	0	**54,793**
Insurance contract liabilities	28	15,258	0	0	0	0	0	**15,258**
Reinsurance contract liabilities		1,499	0	0	0	0	0	**1,499**
Financial liabilities at fair value	10	24	0	0	0	0	0	**24**
Total financial liabilities		**4,750,947**	**8,798**	**2,260,042**	**34,694**	**920,253**	**60,892**	**8,035,626**

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	9	2,444,445	0	367,348	27,363	280,092	146	**3,119,394**
Financial assets at fair value	10	8,998	6	9,140	303	1	5	**18,453**
Financial assets measured at amortised cost	11	166,205	0	155,683	0	0	0	**321,888**
Loans and advances to customers	12	3,448,545	845	25,917	560	80,913	5,011	**3,561,791**
Receivables from customers	14	20,059	0	0	0	0	0	**20,059**
Reinsurance contract assets		1,291	0	0	0	0	0	**1,291**
Insurance contract assets		67	0	0	0	0	0	**67**
Other financial assets	15	173	0	0	100	0	0	**273**
Total financial assets		**6,089,783**	**851**	**558,088**	**28,326**	**361,006**	**5,162**	**7,043,216**
Deposits from customers	17	4,056,689	132,432	1,023,330	72,933	402,667	42,954	**5,731,005**
Loans received and debt securities in issue	17	0	0	563,728	0	0	0	**563,728**
Subordinated debt	20	126,653	0	0	0	0	0	**126,653**
Accounts payable and other financial liabilities	18	73,736	0	0	0	7,389	0	**81,125**
Insurance contract liabilities	28	13,586	0	0	0	0	0	**13,586**
Reinsurance contract liabilities		1,188	0	0	0	0	0	**1,188**
Financial liabilities at fair value	10	1,843	0	0	0	0	0	1,843
Total financial liabilities		**4,273,695**	**132,432**	**1,587,058**	**72,933**	**410,056**	**42,954**	**6,519,128**

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	36.3%	1,356,775	38.1%
Agriculture	57,419	1.3%	100,564	2.8%
Mining and quarrying	1,135	0.0%	1,471	0.0%
Manufacturing	186,630	4.1%	173,535	4.9%
Energy	216,640	4.8%	175,504	4.9%
Water and utilities	27,889	0.6%	17,435	0.5%
Construction	104,405	2.3%	98,500	2.8%
Wholesale and retail	169,463	3.7%	198,414	5.6%
Transport and logistics	69,496	1.5%	76,883	2.2%
Hotels and restaurants	59,595	1.3%	25,676	0.7%
Information and communication	26,506	0.6%	15,971	0.4%
Financial services	154,834	3.4%	103,213	2.9%
Real estate	1,350,831	29.7%	866,163	24.3%
Professional, scientific, and technical activities	146,403	3.2%	84,613	2.4%
Administrative activities	114,177	2.5%	102,490	2.9%
Public management	50,560	1.1%	63,062	1.8%
Education	7,483	0.2%	6,873	0.2%
Health	69,595	1.5%	23,096	0.6%
Art and entertainment	69,503	1.5%	57,939	1.6%
Other servicing activities	19,197	0.4%	13,614	0.4%
Total (Note 12)	**4,552,093**	**100.0%**	**3,561,791**	**100.00%**

2.3.3 Loan portfolio by ratings

Credit quality of loan prortfolio by corporate credit ratings and stages as at 31 Dec 2024

EUR thousand	Stage 1	Stage 2	Stage 3	Total
Corporate credit ratings				
3 low credit risk	0	0	0	0
4 low credit risk	16,970	0	0	16,970
5 low credit risk	189,865	670	0	190,535
6 low credit risk	501,070	14,624	0	515,694
7 medium credit risk	522,125	21,832	0	543,957
8 medium credit risk	693,952	59,039	0	752,991
9 heightened credit risk	339,364	42,801	0	382,165
10 high credit risk	8,590	33,489	0	42,079
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
Retail customer credit ratings				
Non-rated (retail Clients) low credit risk	1,700,360	140,127	0	1,840,487
Non-rated (retail Clients) medium credit risk	72,757	62,765	0	135,522
Non-rated (retail Clients) high credit risk	618	16,127	4,266	21,011
Total	**4,063,606**	**467,526**	**20,961**	**4,552,093**

Credit quality of loan prortfolio by corporate credit ratings and stages as at 31 Dec 2023

EUR thousand	Stage 1	Stage 2	Stage 3	Total
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
7 medium credit risk	437,016	4,316	0	441,332
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
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
Retail clients*	1,492,491	109,256	5,551	1,607,298
Total	**3,264,743**	**281,573**	**15,475**	**3,561,791**

*Retail clients are not reported on rating grade level due to differences in PD model calibration and application of a separate PD scale, not allowing for a direct comparison of the distribution of PD grades.

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

Credit quality of commitments accounted for off the statement of financial position as at 31 Dec 2024 (unused loan commitments and financial guarantees)

EUR thousand	Stage 1	Stage 2	Stage 3	Total
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 payments are delayed	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 as at 31 Dec 2023 (unused loan commitments and financial guarantees)

EUR thousand	Stage 1	Stage 2	Stage 3	Total
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 payments are delayed	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	215,497	2,391	0	-1,248	216,640
Water and utilities	27,882	314	0	-307	27,889
Construction	100,869	4,191	47	-702	104,405
Wholesale and retail	157,574	12,691	616	-1,418	169,463
Transport and logistics	68,223	1,890	8	-625	69,496
Hotels and restaurants	54,735	2,463	2,708	-311	59,595
Information and communication	22,808	3,773	102	-177	26,506
Financial services	154,091	1,525	0	-782	154,834
Real estate	1,222,569	129,051	8,197	-8,986	1,350,831
Professional, scientific, and technical activities	137,097	9,309	331	-334	146,403
Administrative activities	96,100	18,651	73	-647	114,177
Public management	46,572	4,086	0	-98	50,560
Education	5,156	3,356	0	-1,029	7,483
Health	68,976	819	0	-200	69,595
Art and entertainment	40,160	31,525	0	-2,182	69,503
Other servicing activities	18,614	611	14	-42	19,197
Total	**4,070,933**	**483,328**	**37,645**	**-39,813**	
Allowance for credit losses	-11,191	-14,364	-14,258		
Total loan portfolio	**4,059,742**	**468,964**	**23,387**		**4,552,093**

Loans by economic sectors and stages as at 31 Dec 2023 (net)

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	84,648	15,426	33	-1,607	98,500
Wholesale and retail	184,463	14,518	1,336	-1,903	198,414
Transport and logistics	67,992	9,586	0	-695	76,883
Hotels and restaurants	22,591	2,862	406	-183	25,676
Information and communication	15,434	551	45	-59	15,971
Financial services	103,638	174	0	-599	103,213
Real estate	784,846	87,849	824	-7,356	866,163
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	4,954	3,300	3	-1,384	6,873
Health	22,701	504	0	-109	23,096
Art and entertainment	37,591	21,657	0	-1,309	57,939
Other servicing activities	12,858	827	7	-78	13,614
Total	**3,276,650**	**291,338**	**23,528**	**-29,725**	
Allowance for credit losses	-11,906	-9,766	-8,053		
Total loan portfolio	**3,264,744**	**281,572**	**15,475**		**3,561,791**

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

EUR thousand	Stage 1	Stage 2	Stage 3	Allowance for credit losses	Total
Corporate lending	2,483,840	272,172	27,860	-31,004	2,752,868
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	1,354,427	155,365	3,292	-2,304	1,510,781
Total as at 31 Dec 2024	**4,070,933**	**483,328**	**37,645**	**-39,813**	**4,552,093**
Corporate lending	1,894,240	178,453	13,841	-21,068	2,065,466
Consumer financing	90,697	16,128	2,473	-4,310	104,988
Investment financing	9,951	23	7	-11	9,970
Leasing	141,420	24,277	2,103	-2,107	165,693
Private lending	1,140,342	72,457	5,104	-2,229	1,215,674
Total as at 31 Dec 2023	**3,276,650**	**291,338**	**23,528**	**-29,725**	**3,561,791**

Stage 1

EUR thousand	Initial	New	Derecognised financial assets	Migration	Allowance for credit losses	Total
Corporate lending	1,894,240	1,127,718	-388,653	-149,465	-10,001	2,473,839
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	141,420	70,130	-45,052	-10,595	-462	155,441
Private lending	1,140,342	419,456	-128,053	-77,317	-298	1,354,129
Total gross	**3,276,650**	**1,655,192**	**-596,880**	**-264,029**	**-11,191**	**4,059,742**
Corporate Lending	-10,552	-5,086	4,702	935	-10,001	
Consumer Financing	-536	-275	568	-183	-426	
Investment Financing	-9	-2	7	0	-4	
Leasing	-477	-207	273	-55	-463	
Private Lending	-332	-178	429	-217	-297	
Total allowance	**-11,906**	**-5,748**	**5,979**	**480**	**-11,191**	

Stage 2

EUR thousand	Initial	New	Derecognised financial assets	Migration	Allowance for credit losses	Total
Corporate lending	178,453	19,923	-60,096	133,892	-10,900	261,272
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 gross	**291,338**	**48,008**	**-98,755**	**242,737**	**-14,364**	**468,964**
Corporate Lending	-6,261	-2,076	-2,138	-424	-10,900	
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	-221	-10	-101	-1,048	
Total allowance	**-9,766**	**-2,985**	**-1,879**	**267**	**-14,364**	

Stage 3

EUR thousand	Initial	New	Derecognised financial assets	Migration	Allowance for credit losses	Total
Corporate lending	13,841	321	-1,873	15,571	-10,103	17,757
Consumer financing	2,473	198	-2,697	3,840	-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 gross	**23,528**	**572**	**-7,744**	**21,289**	**-14,258**	**23,387**
Corporate Lending	-4,254	-2,868	-2,471	-509	-10,103	
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	69	318	-958	
Total allowance	**-8,053**	**-3,349**	**-2,110**	**-745**	**-14,258**	

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	186,779	2,521	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	**337,010**	**4,602**	**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	-1,677	-8	-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	**-1,876**	**-37**	**-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	1,451,283	0	0	0	1,452,519	**2,903,802**
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	1,059,946	100,002	575	41,440	34,792	**1,236,755**
Total	**2,752,868**	**100,002**	**9,915**	**178,527**	**1,510,781**	**4,552,093**

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	618,264	104,988	387	35,353	17,390	**776,382**
Total	**2,065,466**	**104,988**	**9,970**	**165,693**	**1,215,674**	**3,561,791**

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

EUR thousand	Over-collateralised loans Carrying value	Over-collateralised loans Fair value of collateral	Under-collateralised loans Carrying value	Under-collateralised loans Fair value of collateral	Total Carrying value	Total Fair value of collateral
Stage 1	**1,699,915**	**2,575,502**	**2,359,827**	**1,208,946**	**4,059,742**	**3,784,448**
Corporate lending	684,575	963,334	1,789,265	772,698	2,473,840	1,736,032
Consumer financing	0	0	66,480	0	66,480	0
Investment financing	6,622	29,382	3,230	2,668	9,852	32,050
Leasing	20,261	29,787	135,180	97,755	155,441	127,542
Private lending	988,457	1,552,999	365,672	335,825	1,354,129	1,888,824
Stage 2	**249,333**	**457,386**	**219,631**	**138,160**	**468,964**	**595,546**
Corporate lending	108,950	137,211	152,322	111,696	261,272	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**	**5,343**	**1,111**	**23,387**	**30,174**
Corporate lending	14,892	20,296	2,865	112	17,757	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	**1,967,292**	**3,061,951**	**2,584,801**	**1,348,217**	**4,552,093**	**4,410,168**
Corporate lending	808,417	1,120,841	1,944,452	884,506	2,752,869	2,005,347
Consumer financing	0	0	100,002	0	100,002	0
Investment financing	6,627	29,390	3,288	2,714	9,915	32,104
Leasing	25,035	36,920	153,492	112,051	178,527	148,971
Private lending	1,127,213	1,874,800	383,567	348,946	1,510,780	2,223,746

Over and under-collateralised loans by stages as at 31 Dec 2023 (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	**1,601,382**	**2,568,667**	**1,663,359**	**939,492**	**3,264,741**	**3,508,159**
Corporate lending	642,083	940,685	1,241,603	654,198	1,883,686	1,594,883
Consumer financing	0	0	90,161	0	90,161	0
Investment financing	7,676	28,032	2,265	1,888	9,941	29,920
Leasing	18,937	27,210	122,006	92,015	140,943	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**	**1,787,422**	**1,011,080**	**3,561,791**	**3,851,549**
Corporate lending	738,049	1,066,778	1,327,417	709,152	2,065,466	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	140,853	105,500	165,693	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 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	1,336	-1,369

31 Dec 2023

EUR thousand	60-10-30 (base/up/down)	60-20-20 (base/up/down)
Change in scenario weights	1,093	-1,096

The Group has also performed scenarios for PD and LGD estimates with the most significant impact on the loss allowances. The impact of these 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	2,027
LGD negative 0.90	-1,040
Average PiT PD -0.5pp	-4,018
Average PiT PD +0.5pp	3,917

2023

EUR thousand	Impact on credit loss allowances
LGD negative 0.80	598
LGD negative 0.90	-1,214
Average PiT PD -0.5pp	-2,892
Average PiT PD +0.5pp	3,041

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, primarily in the banking book of LHV Pank.

The Group's market risk management is documented in the market risk management policy 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, and the Management Boards of the Group's other subsidiaries 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. Additionally, there is some foreign currency risk inherent in the fund units of own-managed pension funds that must be held by LHV Varahaldus as prescribed by legislation.

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 +/- 6% 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	+/-19	+/-30
SEK exchange rate	+/-5	+/-6
GBP exchange rate	+/-4,412	+/-2,616
CHF exchange rate	+/-2	+/-6

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 (property, plant and equipment 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 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	9	3,365,275	2,744	435,820	1,593	6,041	6,832	**3,818,305**
Investments in debt and equity securities	10 ,11	306,300	1	1	3,472	30	2	**309,805**
Loans and advances to customers	12	4,194,563	18	348,514	198	8,572	228	**4,552,093**
Receivables from customers	14	5,394	-181	-41	421	-490	-367	**4,736**
Reinsurance contract assets		2,044	0	0	0	0	0	**2,044**
Insurance contract assets		89	0	0	0	0	0	**89**
Other financial assets	15	100	0	181	0	0	0	**281**
Total financial assets bearing currency risk		**7,873,765**	**2,582**	**784,475**	**5,683**	**14,153**	**6,695**	**8,687,353**
Financial liabilities bearing currency risk								
Deposits from customers	17	6,032,987	7,485	701,956	7,208	148,864	11,610	**6,910,110**
Loans received and debt securities in issue	17	927,685	0	0	0	0	0	**927,686**
Financial liabilities at fair value	10	24	0	0	0	0	0	**24**
Accounts payable and other financial liabilities	18	33,983	39	8,993	1,448	9,996	334	**54,793**
Insurance contract liabilities	28	15,258	0	0	0	0	0	**15,258**
Reinsurance contract liabilities		1,499	0	0	0	0	0	**1,499**
Subordinated debt	20	126,256	0	0	0	0	0	**126,256**
Total financial liabilities bearing currency risk		**7,137,692**	**7,524**	**710,949**	**8,656**	**158,860**	**11,944**	**8,035,626**
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		**578,363**	**41**	**73,526**	**81**	**-323**	**40**	**651,727**

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	9	2,810,963	1,047	283,486	1,480	13,570	8,849	**3,119,394**
Investments in debt and equity securities	10 ,11	334,032	1	0	6,275	31	2	**340,341**
Loans and advances to customers	12	3,473,113	23	79,674	189	8,676	116	**3,561,791**
Receivables from customers	14	18,260	0	1,494	168	1,822	-1,685	**20,059**
Insurance contract assets	27	1,291	0	0	0	0	0	**1,291**
Reinsurance assets		67	0	0	0	0	0	**67**
Other financial assets	15	100	0	173	0	0	0	**273**
Total financial assets bearing currency risk		**6,637,826**	**1,071**	**364,827**	**8,112**	**24,099**	**7,281**	**7,043,216**
Financial liabilities bearing currency risk								
Deposits from customers	17	5,296,501	9,494	255,272	8,867	151,070	9,801	**5,731,005**
Loans received and debt securities in issue	17	563,728	0	0	0	0	0	**563,728**
Financial liabilities at fair value	10	1,843	0	0	0	0	0	**1,843**
Accounts payable and other financial liabilities	18	60,213	30	11,775	479	6,597	2,031	**81,125**
Insurance contract liabilities	28	13,586	0	0	0	0	0	**13,586**
Reinsurance contract liabilities		1,188	0	0	0	0	0	**1,188**
Subordinated debt	20	126,653	0	0	0	0	0	**126,653**
Total financial liabilities bearing currency risk		**6,063,712**	**9,524**	**267,047**	**9,346**	**157,667**	**11,832**	**6,519,128**
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		**479,896**	**-94**	**43,601**	**100**	**-497**	**1,082**	**524,088**

3.2 Price risk

Price risk arises from securities held by the Group in the liquidity portfolio, trading portfolio and investment portfolios (Notes 11, 12). The portfolios mainly comprise securities held by LHV Pank. Additionally, the pension fund units held by LHV Varahaldus are subject to price risk. The investment portfolio of LHV Kindlustus carries minimal price risk.

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. In LHV Pank, 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 LHV Pank. In LHV Kindlustus, there are also criteria in place for the securities that can be included in the investment portfolio. Pursuant to the Investment Funds Act, LHV Varahaldus as a pension fund management company is obliged to hold a minimum of 0.5% of the number of units in each of the II pillar pension funds managed by it.

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. Price risk in such portfolio is measured through a stress scenario that assumes an instant 2 percentage points adverse movement in market yields.

Impact on statement of profit or loss (profit after tax)

EUR thousand	2024	2023
Equity securities and fund units +/-26%	+/-220	+/-186
II pillar pension fund units +/-5%	+/-315	+/-293
Debt securities +/-2.0%	+/-313	+/-231

Most of LHV Pank's debt securities are valued at amortised cost, so the materialisation of the price risk would not result in an immediate impact on the statement of profit or loss.

LHV Pank does not hold significant amounts of equity securities (see Note 12); accordingly, the sensitivity to change in the market price of these positions is marginal. Some price risk is also contributed from holdings of II pillar pension fund units by LHV Varahaldus. The price risk of the investment portfolio of LHV Kindlustus is low.

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.

The ALCOs of LHV Pank and LHV Bank have 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 applied.

Scenario	EUR (short/ long)	GBP (short/ long)	Other (short/ long)
Parallel up	+200/+200	+250/+250	+200/+200
Parallel down	-200/-200	-250/-250	-200/-200
Steepener	-162/+90	-195/+135	-162/+90
Flattener	+200/-60	+240/-90	+200/-60
Short rates up	+250/0	+300/0	+250/0
Short rates down	-250/0	-300/0	-250/0

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 test:

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	264	24,953
Parallel shock down	-21,810	-68,772
Steepener shock	1,090	-32,952
Flattener shock	-4,613	10,729
Short rates shock up	-2,474	19,838
Short rates shock down	-11,478	-61,716

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 LHV 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	9	3,817,305	1,000	0	0	3,818,305	0	0	3,818,305
Financial assets at fair value (debt securities)	10	4,569	3,717	6,340	1,045	15,671	0	0	15,671
Financial assets measured at amortised cost (debt securities)	11	1,897	161,094	79,230	39,857	282,078	1,526	-71	283,533
Loans and advances to customers	12	2,307,224	2,046,962	152,302	66,893	4,573,381	18,525	-39,813	4,552,093
Total		**6,130,995**	**2,212,773**	**237,872**	**107,795**	**8,689,435**	**20,051**	**-39,884**	**8,669,602**
Financial liabilities									
Deposits from customers	17	4,403,155	1,895,903	404,886	169,003	6,872,947	37,163	0	6,910,110
Loans received and debt securities in issue	17	0	249,872	664,022	0	913,894	13,792	0	927,686
Subordinated debt	20	0	50,000	75,000	0	125,000	1,256	0	126,256
Total		**4,403,155**	**2,195,775**	**1,143,908**	**169,003**	**7,911,841**	**52,211**	**0**	**7,964,052**
Net interest sensitivity gap		**1,727,840**	**16,998**	**-906,036**	**-61,208**	**777,594**			

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	9	3,117,544	1,850	0	0	3,119,394	0	0	3,119,394
Financial assets at fair value (debt securities)	10	8,211	0	1,912	1,428	11,551	0	0	11,551
Financial assets measured at amortised cost (debt securities)	11	89,282	153,577	77,944	0	320,803	1,165	-80	321,888
Loans and advances to customers	12	1,638,717	1,730,430	151,011	55,473	3,575,631	15,885	-29,725	3,561,791
Total		**4,853,754**	**1,885,857**	**230,867**	**56,901**	**7,027,379**	**17,050**	**-29,805**	**7,014,624**
Financial liabilities									
Deposits from customers	17	3,410,890	1,714,191	424,280	156,756	5,706,117	24,888	0	5,731,005
Loans received and debt securities in issue	17	0	195,373	365,302	0	560,675	3,053	0	563,728
Subordinated debt	20	0	20,000	105,000	747	125,747	906	0	126,653
Total		**3,410,890**	**1,929,564**	**894,582**	**157,503**	**6,392,539**	**28,847**	**0**	**6,421,386**
Net interest sensitivity gap		**1,442,864**	**-43,707**	**-663,715**	**-100,602**	**634,840**			

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. LHV Pank applies the standardised approach to calculate the capital charge for CVA risk. LHV Pank'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.

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.

In the context of liquidity risk management, LHV Pank is the most relevant out of all Group companies, as the largest share of the Group's funding is raised by LHV Pank (mostly through deposits) that are used for funding long term assets (mostly loans).

The Group's liquidity risk management is documented in the liquidity and funding risk management policy and other internal rules and procedures, which set out the Group's funding strategy and liquidity risk appetite, early warning indicators and various internal procedures such as reporting routines and contingency plans. LHV Pank's Treasury Department and Assets and Liabilities Management Committee (ALCO) have key roles in managing liquidity risk as the first line of defence. The Market-, Liquidity Risk and Stresstesting Department and the Internal Audit Department are responsible for the second and third line of defence functions, respectively.

The Group's liquidity risk appetite is defined through the following metrics:

- Liquidity Coverage Ratio (LCR);
- Net Stable Funding Ratio (NSFR);
- Counterbalancing capacity by maturity ladder;
- Asset Encumbrance Ratio.

Limits have been set for each of the above risk appetite metrics with buffers over regulatory requirements (if applicable). First three are defined as regulatory requirements and fourth 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 counterbalancing capacity by maturity ladder and the internally defined minimum survival period in stress scenarios all assess the risk of liquidity outflows in a relatively short-term time horizon. To survive the stress scenarios 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 of 30 June 2024, the ECB imposed the Group a new liquidity risk metric, which measures the survival period based on a maturity ladder. The metric assumes all deposits not treated as stable retail deposits and having a contractual maturity of less than 3 months, must be covered with high quality liquid assets.

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 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 Group 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 250M outstanding issue with a maturity in 2025 and the retained covered bond issue in amount of EUR 250M. Retained covered bonds can be readily used as collateral in liquidity providing operations.

The following table presents the values of the LCR, NSFR and Counterbalancing capacity by maturity ladder metrics in comparison to regulatory thresholds. All metrics exceeded regulatory requirements with a healthy buffer characterising the Group's conservative approach to managing liquidity risk.

Ratio	2024	2023
LCR	187.5%	194.2%
NSFR	154.4%	160.2%
Counterbalancing capacity by maturity ladder (days)	272	NA

The level of the LCR ratio declined marginally 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 Group's key liquidity entity AS LHV Pank hovering 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	17	4,432,899	1,022,778	1,476,702	8,211	419	**6,941,009**	**6,910,110**
Loans received and debt securities in issue	17	0	318	283,578	723,535	0	**1,007,431**	**927,686**
Subordinated debt	20	0	2,625	56,638	94,106	0	**153,369**	**126,256**
Lease liabilities	18	0	897	2,734	6,488	0	**10,119**	**10,119**
Accounts payable and other financial liabilities	18	0	44,674	0	0	0	**44,674**	**44,674**
Insurance contract liabilities	28	0	15,258	0	0	0	**15,258**	**15,258**
Reinsurance contract liabilities		0	1,499	0	0	0	**1,499**	**1,499**
Unused loan commitments	23	561,981	0	0	0	0	**561,981**	**0**
Financial liabilities at fair value	10	0	24	0	0	0	**24**	**24**
Financial guarantees by contractual amounts	23	55,525	0	0	0	0	**55,525**	**0**
Foreign exchange derivatives (gross settled)	10	0	157,710	0	0	0	**157,710**	**0**
Foreign exchange derivatives (gross settled)	10	0	-157,710	0	0	0	**-157,710**	**0**
Total liabilities		**5,050,405**	**1,088,073**	**1,819,652**	**832,340**	**419**	**8,790,889**	**8,035,626**
Assets held for managing liquidity risk by contractual maturity dates								
Cash and cash equivalents, due from central banks and investment companies	9	3,817,305	0	1,000	0	0	**3,818,305**	**3,818,305**
Investments in debt and equity securities	10,11	0	6,465	164,985	86,597	41,227	**299,274**	**299,204**
Loans and advances to customers	12	0	251,006	732,376	3,218,878	2,036,792	**6 239,052**	**4,552,093**
Receivables from customers	14	0	4,736	0	0	0	**4,736**	**4,736**
Reinsurance contract assets		0	2,044	0	0	0	**2,044**	**2,044**
Insurance contract assets		0	89	0	0	0	**89**	**89**
Other financial assets	15	0	0	0	0	281	**281**	**281**
Total assets held for managing liquidity risk		**3,817,305**	**264,340**	**898,361**	**3,305,475**	**2,078,300**	**10,363,781**	**8,676,752**
Maturity gap from assets and liabilities		**-1,232,100**	**-823,733**	**-921,291**	**2,473,135**	**2,077,881**	**1,572,892**	

Financial assets and liabilities by maturities 31 Dec 2023

EUR thousand	Note	On demand	Up to 3 months	3-12 Months	1-5 Y ears	Over 5 years	Total	Carrying amount
Liabilities by contractual maturity dates								
Deposits from customers	17	3,789,133	578,393	1,328,891	70,035	339	**5,766,791**	**5,731,005**
Loans received and debt securities in issue	17	0	318	211,703	379,056	0	**591,077**	**563,728**
Subordinated debt	20	0	1,806	28,809	127,368	0	**157,983**	**126,653**
Lease liabilities	18	0	824	2,679	9,863	49	**13,415**	**13,415**
Accounts payable and other financial liabilities	18	0	67,710	0	0	0	**67,710**	**67,710**
Insurance contract liabilities	28	0	13,586	0	0	0	**13,586**	**13,586**
Reinsurance contract liabilities		0	1,188	0	0	0	**1,188**	**1,188**
Unused loan commitments	23	495,653	0	0	0	0	**495,653**	**0**
Financial liabilities at fair value	10	0	1,843	0	0	0	**1,843**	**1,843**
Financial guarantees by contractual amounts	23	55,061	0	0	0	0	**55,061**	**0**
Foreign exchange derivatives (gross settled)	10	0	148,397	0	0	0	**148,397**	**0**
Foreign exchange derivatives (gross settled)	10	0	-148,397	0	0	0	**-148,397**	**0**
Total liabilities		**4,339,847**	**665,668**	**1,572,082**	**586,322**	**388**	**7,164,307**	**6,519,128**
Assets held for managing liquidity risk by contractual maturity dates								
Cash and cash equivalents, due from central banks and investment companies	9	3,117,544	0	1,850	0	0	**3,119,394**	**3,119,394**
Investments in debt and equity securities	10,11	0	98,658	153,577	79,856	1,380	**333,471**	**333,439**
Loans and advances to customers	12	0	234,191	542,038	2,641,711	1,692,834	**5,110,774**	**3,561,791**
Receivables from customers	14	0	20,059	0	0	0	**20,059**	**20,059**
Reinsurance contract assets		0	1,291	0	0	0	**1,291**	**1 291**
Insurance contract assets		0	67	0	0	0	**67**	**67**
Other financial assets	15	273	0	0	0	0	**273**	**273**
Total assets held for managing liquidity risk		**3,117,817**	**354,266**	**697,465**	**2,721,567**	**1,694,214**	**8,585,329**	**7,036,314**
Maturity gap from assets and liabilities		**-1,222,030**	**-311,402**	**-874,617**	**2,135,245**	**1,693,826**	**1,421,022**	

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			
Due from credit institutions and investment companies	9	41,751	49,466
Due from central bank	9	3,775,554	3,068,078
Due from credit institutions	9	1 ,000	1,850
Financial assets at fair value through profit or loss	10	18,857	12,597
Financial assets at amortised cost	11	163,124	243,944
Loans and advances to customers	12	684,139	507,535
Receivables from customers and other receivables	14	4,736	20,059
Reinsurance contract assets		2,044	1,291
Insurance contract assets		89	67
Other assets	15	6,559	3,715
Total current assets		**4,697,853**	**3,908,602**
Non-current assets			
Financial assets at fair value through profit or loss	10	7,415	5,856
Financial assets at amortised cost	11	120,409	77,944
Loans and advances to customers	14	3,867,954	3,054,256
Other financial assets	15	281	273
Property, plant and equipment	16	18,206	22,109
Intangible assets	16	14,043	13,843
Financial investment	5	1,000	1,000
Goodwill	5	9,150	9,150
Total non-current assets		**4,038,458**	**3,184,431**
Total assets	**4**	**8,736,311**	**7,093,033**
Liabilities			
Current liabilities			
Deposits from customers	17	6,901,852	5,665,929
Loans received and debt securities in issue	17	263,664	0
Financial liabilities at fair value through profit or loss	10	24	1,843
Insurance contract liabilities	28	15,258	13,586
Reinsurance contract liabilities		1,499	1,188
Accounts payable and other liabilities	18	68,852	100,317
Subordinated debt	20	50,000	0
Total current liabilities		**7,301,149**	**5,770,272**
Non-current liabilities			
Deposits from customers	17	8,258	65,076
Loans received and debt securities in issue	17	664,022	563,728
Accounts payable and other liabilities	18	9,222	12,591
Subordinated debt	20	75,000	125,000
Total non-current liabilities		**756,502**	**766,395**
Total liabilities	**4**	**8,057,651**	**6,536,667**

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 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 30,846 thousand as at 31 December 2024 (31 December 2023: EUR 20,755 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 strong AFC culture is built on the solid foundation of high awareness and commitment to risk management. This culture is further reinforced through ongoing awareness raising, information sharing cooperation and exchanging best practices, state-of-the-art training program, and reporting. In 2024, we continued to build on the momentum established in 2023, which marked the first year that a comprehensive, enterprise-wide risk assessment of financial crime risks was conducted across the entire group. All obliged entities of the LHV Group implement aligned practices that affect LHV's operations.

The Management Board and the Supervisory Board of LHV Group and LHV Pank have a strong commitment towards implementing, maintaining and developing AFC regime across all the group entities. Related policies and procedures are revised at least yearly to properly reflect changes in the environment. In 2023 the Management Board's dedicated committee was reorganised and brought to the LHV Group level, as the new AFC Committee, providing consolidated overview for financial crime issues and further possibilities for co-operation and coordination between group units in this important area.

7.2 AFC governance structure

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 is 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 for financial intermediaries

Via banking services business line, 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 presents a different portfolio of financial crime risks due to indirect relationship with end customers. 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. LHV 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, 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. LHV employs a transaction monitoring programme designed to identify characteristics in client behaviour that indicate financial crime, including exposure to fraud. 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 has 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 Underwriting risk

Underwriting risk is one of the most important risks for the LHV Kindlustus reflecting the core business of insurance, i.e., taking and managing insurance risk. The most important aspect of underwriting risk is the insurance premium and reserve risk deriving from the possible inadequacy of the pricing of insurance contracts and the assumptions used in the assessment of contractual liabilities.

Underwriting risk includes catastrophe accumulation risk deriving from extreme or extraordinary events (e.g., windstorms, floods, hailstorms, damage attributable to human causes) during which the materialisation of risks insured under individual insurance contracts accumulate extraordinarily.

Above all, underwriting risk involves risks associated with pricing, technical provisions, and adequacy of the reinsurance cover.

LHV Kindlustus operates primarily in Estonia. LHV Kindlustus' portfolio includes motor third-party liability insurance, casco insurance, home insurance, extended warranty insurance for equipment, health insurance, travel insurance, loan payment insurance, machinery insurance, corporate insurance, vehicle warranty insurance and liability insurance. LHV Kindlustus has implemented comprehensive risk management measures to continuously monitor portfolio dynamics, ensuring optimal distribution and mitigating potential concentration risks.

LHV Kindlustus' solvency requirements are calculated in accordance with the rules of the Solvency II Directive standard formula. The solvency ratio is calculated by dividing own funds by the solvency capital requirement. The aim of the capital buffer is to cover all types of risks. As of 31.12.2024 Solvency capital requirement was EUR 9.0 million and own funds EUR 12.6 million (2023: EUR 8.7 million and EUR 11.1 million accordingly). LHV Kindlustus has set strict requirement for risk appetite to establish relevant buffer for Solvency capital requirement.

Underwriting risk is managed and controlled via the following processes:

- establishment of the insurance subsidiary's risk strategy in accordance with the business strategy;
- using actuarial analysis and sound assumptions in pricing of insurance contracts;
- calculation of technical provisions and solvency capital requirement (SCR) by using Solvency II standard formula and holding the necessary liquid assets accordingly;
- assessment of loss reserving assumptions, performing liability adequacy tests and monitoring the profitability of the insurance portfolio;
- conduct regular/irregular own risk and solvency assessment (ORSA);
- use of the reinsurance programme for reinsuring major risks.

8.2 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.

8.3 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, in 2024 a comprehensive materiality assessment was conducted. This comprehensive undertaking involved meticulous risk and business mapping, adopting a holistic approach that spans the long, medium, and short term.

As a result of the 2024 materiality assessment, targeted measures were implemented to address the identified risks and opportunities. Among these were conducting stress tests for both physical risks and transition risks, enhancing credit processes and risk mitigation tools, such as the E rating model, and developing and approving Key Risk Indicators (KRIs) to monitor and manage ESG risks effectively.

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.

8.4 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 restated
Interest income	6	443,531	336,620
incl. interest income based on the effective interest rate	6	426,977	323,685
Interest expense	6	-170,205	-82,801
Net interest income	**4, 6**	**273,326**	**253,819**
Fee and commission income	7	78,675	65,390
Fee and commission expense	7	-18,373	-16,581
Net fee and commission income	**4, 7**	**60,302**	**48,809**
Net gain/loss from financial assets measured at fair value		803	-728
Foreign exchange gain	4	297	1,457
Net gain/loss from financial assets		**1,100**	**729**
Insurance service revenue	27	34,969	26,038
Insurance service expenses	27	-33,038	-24,658
Net result from reinsurance contracts held	27	-960	-1,017
Net insurance income		**971**	**363**
Other income		2,610	1,806
Other expense		-9	-28
Net other income		**2,601**	**1,778**
Net income		**338,300**	**305,498**
Staff costs	8	-82,315	-63,924
Administrative and other operating expenses	8	-64,605	-65,437
Profit before impairment losses		**191,380**	**176,137**
Impairment losses on financial instruments at fair value	10	0	9
Expected credit losses on financial instruments measured at amortised cost	13	-16,256	-11,548
Profit before income tax		**175,124**	**164,598**
Income tax expense	4, 5, 26	-24,820	-23,660
Net profit for the reporting period	**4**	**150,304**	**140,938**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Unrealised exchange differences on translating the financial statements of foreign operations		3,437	834
Total comprehensive income for the reporting period		**153,741**	**141,772**
Total comprehensive income attributable to:			
Owners of the parent		152,405	140,436
Non-controlling interests		1,336	1,336
Total comprehensive income for the reporting period		**153,741**	**141,772**
Total profit of the reporting period is attributable to:			
Owners of the parent		148,968	139,602
Non-controlling interests		1,336	1,336
Net profit for the reporting period	**4**	**150,304**	**140,938**
Basic earnings per share (in euros)	25	0.46	0.44
Diluted earnings per share (in euros)	25	0.45	0.43

Pages 139 to 240 are an integral part of the consolidated financial statements.

Consolidated statement of financial position

EUR thousand	Note	31 Dec 2024	31 Dec 2023 restated	01 Jan 2023 restated
Assets				
Cash and balances with central bank	9	3,775,554	3,068,078	2,930,964
Due from banks and investment companies	9	41,751	49,466	91,324
Due from credit institutions	9	1,000	1,850	0
Financial assets at fair value through profit or loss	10	26,272	18,453	9,354
Investments in debt securities at amortised cost	11	283,533	321,888	364,230
Loans and advances to customers	12	4,552,093	3,561,791	3,208,572
Receivables from customers and other receivables	14	4,736	20,059	10,034
Reinsurance contract assets		2,044	1,291	0
Insurance contract assets		89	67	0
Other financial assets	15	281	273	124
Other assets	15	6,559	3,715	6,775
Strategic financial investments	11	1,000	1,000	1,180
Property, plant and equipment	16	8,886	11,249	9,552
Right-of-use assets	16	9,320	10,860	7,307
Intangible assets	16	14,043	13,843	13,853
Goodwill	5	9,150	9,150	10,748
Total assets	**4**	**8,736,311**	**7,093,033**	**6,124,017**
Liabilities				
Amounts owed to central banks (TLTRO)		0	0	147,841
Deposits from customers	17	6,910,110	5,731,005	4,900,515
Loans received and debt securities in issue	17	927,686	563,728	438,642
Financial liabilities at fair value through profit or loss	11	24	1,843	3,850
Accounts payable and other liabilities	18	76,818	98,664	69,051
Insurance contract liabilities	28	15,258	13,586	12,426
Reinsurance contract liabilities		1,499	1,188	0
Subordinated debt	20	126,256	126,653	130,843
Total liabilities	**4**	**8,057,651**	**6,536,667**	**5,703,168**
Equity				
Share capital	21	32,419	31,983	31,542
Share premium	21	146,958	143,372	141,186
Legal reserve	21	4,713	4,713	4,713
Other reserves	21	16,271	9,333	5,683
Retained earnings		469,727	359,029	229,817
Total equity attributable to owners of the parent		**670,088**	**548,430**	**412,941**
Non-controlling interests	5	8,572	7,936	7,908
Total equity		**678,660**	**556,366**	**420,849**
Total liabilities and equity		**8,736,311**	**7,093,033**	**6,124,017**

Pages 139 to 240 are an integral part of the consolidated financial statements.

Consolidated statement of cash flows

EUR thousand	Note	2024	2023 restated
Cash flows from operating activities			
Interest received		439,032	328,464
Interest paid		-144,582	-57,074
Fees and commissions received		78,858	65,365
Fees and commissions paid		-18,419	-16,581
Other income received/(expenses paid)		2,259	-1,157
Staff costs paid		-74,234	-57,824
Administrative and other operating expenses paid		-55,205	-51,846
Income tax paid		-24,432	-23,655
Premiums received	28	35,255	29,385
Claims, benefits and handling costs paid, acquisition cash flows	28	-26,277	-19,447
Cash flows from operating activities before changes in operating assets and liabilities		**212,255**	**195,630**
Increases/decreases in operating assets:			
Financial assets at fair value through profit or loss		-7,017	-7,063
Loans and advances to customers		-991,830	-363,286
Investments in debt securities at amortised cost		38,355	42,342
Mandatory reserves at central banks		-7,340	-7,211
Security deposits		0	24
Other assets		988	7,389
Due from credit institutions (deposits over 3 months)		850	-1,850
Increases/decreases in operating liabilities:			
Demand deposits of customers		727,418	-859,141
Term deposits of customers		437,939	1,665,447
Covered bonds issued		248,881	118,431
Repayments of loans received		0	-147,547
Net change in debt securities in issue		100,000	0
Financial liabilities at fair value through profit or loss		-1,819	-2,007
Other liabilities		-33,124	21,162
Net cash from in operating activities		**725,556**	**662,320**
Cash flows used in investing activities			
Purchase of PPE and intangible assets	16	-7,252	-16,901
Net cash used in investing activities		**-7,252**	**-16,901**
Cash flows from financing activities			
Paid in share capital (incl. share premium)	21	4,021	2,627
Dividends paid	21	-42,278	-13,842
Subordinated debt raised	20	20,000	35,000
Subordinated debt settled	20	-20,000	-40,000
Repayments of principal element of lease liabilities	19	-2,111	-1,945
Net cash from financing activities		**-40,368**	**-18,160**
Effect of changes in foreign exchange rates on cash and cash equivalents		**14,485**	**787**
Increase in cash and cash equivalents		**692,421**	**628,046**
Cash and cash equivalents at the beginning of the year	**9**	**3,061,645**	**2,433,599**
Cash and cash equivalents at the end of the year	**9**	**3,754,066**	**3,061,645**
incl balances with central bank		**3,712,315**	**3,012,179**
incl balances with banks and investment companies		**41,751**	**49,466**

Pages 139 to 240 are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

EUR thousand	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 1 Jan 2023	**31,542**	**141,186**	**4,713**	**5,683**	**229,817**	**412,941**	**7,908**	**420,849**
Paid in share capital	441	2,186	0	0	0	**2,627**	0	**2,627**
Dividends paid	0	0	0	0	-12,617	**-12,617**	-1,225	**-13,842**
Share options	0	0	0	2,816	2,380	**5,196**	0	**5,196**
Change in accounting policies	0	0	0	0	-153	**-153**	-83	**-236**
Net profit for the year	0	0	0	0	139,602	**139,602**	1,336	**140,938**
Other comprehensive income	0	0	0	834	0	**834**	0	**834**
Total comprehensive income	**0**	**0**	**0**	**834**	**139,602**	**140,436**	**1,336**	**141,772**
Balance as at 31 Dec 2023	**31,983**	**143,372**	**4,713**	**9,333**	**359,029**	**548,430**	**7,936**	**556,366**
Balance as at 1 Jan 2024	**31,983**	**143,372**	**4,713**	**9,333**	**359,029**	**548,430**	**7,936**	**556,366**
Paid in share capital	436	3,586	0	0	0	**4,022**	0	**4,022**
Dividends paid	0	0	0	0	-41,578	**-41,578**	-700	**-42,278**
Share options	0	0	0	3,501	3,308	**6,809**	0	**6,809**
Net profit for the year	0	0	0	0	148,968	**148,968**	1,336	**150,304**
Other comprehensive income	0	0	0	3,437	0	**3,437**	0	**3,437**
Total comprehensive income	**0**	**0**	**0**	**3,437**	**148,968**	**152,405**	**1,336**	**153,741**
Balance as at 31 Dec 2024	**32,419**	**146,958**	**4,713**	**16,271**	**469,727**	**670,088**	**8,572**	**678,660**

Additional information on equity is provided in Note 21.

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 stated otherwise.

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 in 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, and areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

The financial year started on 1 January 2024 and ended on 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

Certain 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, described in the following paragraphs.

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 Group does not expect the amendments to have a material impact on its financial statements when initially applied.

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 Group does not expect the amendments to have a material impact on its financial statements when initially applied.

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.

These amendments have no material impact on Group's 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 exchange-ability 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, 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 Group (the parent company) and its subsidiaries AS LHV Pank, AS LHV Finance (a subsidiary of AS LHV Pank), AS LHV Varahaldus, AS LHV Kindlustus, LHV Bank Ltd (established in 2021) and AS LHV Paytech (acquired in 2022, former name EveryPay AS). AS LHV Group holds a 65% interest in LHV Finance through AS LHV Pank. AS LHV Group holds a 65% interest in LHV Kindlustus.

However, for regulatory reporting purposes under the Capital Requirements Regulation (CRR), certain non-banking subsidiaries (e.g., insurance companies) may be excluded from the prudential scope of consolidation. As a result, figures reported for capital adequacy, leverage, and liquidity under CRR may differ from those calculated and presented following the IFRS. LHV has excluded LHV Kindlustus from the prudential scope of consolidation.

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.

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 29) are accounted for at cost less any impairment losses.

3. Functional and presentation currency

The functional and presentation currency of Group entities is the euro (EUR), except for LHV Bank Ltd in the UK whose functional currency is the pound sterling (GBP).

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 measured 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, resulting in less than 10% change in net present value of the loan, 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.

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 guarantee contracts, contract assets and certain loan commitments are in the 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. Adjustments to the loss allowances and provisions due to changes in ECLs are 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.

IFRS 9 measurement category		Asset class		31 Dec 2024	31 Dec 2023
Financial assets	Amortised cost	Cash and cash equivalents, due from central banks and investment companies		3,818,305	3,119,394
		Loans and advances to customers	Corporate lending	2,752,869	2,065,467
			Consumer financing	100,002	104,988
			Investment financing	9,915	9,969
			Leasing	178,527	165,692
			Private lending	1,510,780	1,215,673
		Debt securities		283,533	321,888
		Receivables from customers		4,736	20,059
		Other financial assets		281	273
	Fair value through profit or loss	Shares and fund units		879	745
		Listed bonds		15,671	11,551
		Derivatives		3,415	301
		Pension fund units		6,307	5,856
Financial liabilities	Amortised cost	Deposits from customers		6,910,110	5,731,005
		Loans received and debt securities in issue		927,686	563,728
		Accounts payable and other liabilities		44,674	67,710
		Subordinated debt		126,256	126,653
	Fair value through profit or loss	Derivatives		24	1,843

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, except for contracts with customers (see below). The annual amortisation rate for purchased licenses is 33%.

Sales costs related to the acquisition of new contracts with customers are capitalised. The capitalised acquisition costs of contracts with customers are amortised using the diminishing balance method. The annual amortisation rate for the capitalised acquisition costs is 12% of the residual value of those assets. 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 of disposal and value in use.

9. Impairment of non-financial assets

Assets that have indefinite useful lives (i.e. goodwill) are not subject to amortisation. Instead, they are tested annually for impairment by comparing their carrying amounts with their recoverable amounts.

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 on 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 credit 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 the 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 as either:

a) financial liabilities measured at fair value through profit or loss;

b) financial liabilities measured at amortised cost; or

c) financial guarantee contracts and loan commitments.

Derivates are classified as financial liabilities at fair value through profit or loss as disclosed in 'Material accounting policy information' section 5. 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 the 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 the 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 compensation programme, under which the company receives services from the 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 share-based compensation programme 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 options 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 liabilities 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 services.

Fee and commission income is recognised over time on a straight-line basis as the services are 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 the execution of the underlying transaction. The amount of a 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, commissions, 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. Asset management services

The Group provides asset management services (Note 22). Assets managed by the Group that belong to third parties are accounted for off the statement of financial position. The Group derives service fees from the holding and management of such assets. The services do not involve any credit or market risks for the Group.

16. Corporate income tax

16.1 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

16.2 Corporate income tax in other countries

The profit of the entity located in the United Kingdom that has been adjusted for permanent and temporary differences as permitted by local tax laws is subject to corporate income tax.

Corporate income tax rates	2024	2023
United Kingdom	25%	19-25%

17. Classification of insurance contracts

An insurance contract is a written agreement between the insurer and the policyholder under which the policyholder undertakes to pay the insurance premiums specified in the contract, and the insurer undertakes to pay the insured amount or the insurance benefits or to fulfil other contractual obligations when the insured event occurs. All contracts concluded between the Group's insurance company and its customers qualify as insurance contracts.

The contracts issued by the company are non-life insurance contracts and in most cases the contract term is one year. Exceptions include short-term travel insurance contracts, which provide cover for one trip and are entered into for the duration of the trip, and equipment insurance and extended warranty contracts, which may have a term exceeding one year.

Reinsurance

Reinsurance is partial transfer of the insurance risks taken by the insurer to a reinsurer under a reinsurance contract. Reinsurance contracts are usually signed for a term of one year. As an exception, proportional reinsurance contracts in motor third party liability insurance are signed for a term of three years.

Reinsurers' share of the liability for remaining coverage and the liability for incurred claims is recognised in accordance with the reinsurance contracts.

Liability for remaining coverage

The Liability for Remaining Coverage (LRC) is calculated using current assumptions about future cash flows, which are then, if necessary, discounted to their present value. As the Company does not have insurance contacts that last longer than a year the cash flows are not discounted. This liability reflects the portion of the insurance contract that remains to be fulfilled in the future.

To assess the adequacy of the LRC, the Company organises an onerousity test at least once a year. In case the result of the test is negative and the group of contracts must actually be unprofitable, the Company increases the LRCs and reflects the loss of the group of contracts.

Reinsurers' share of the liability for remaining coverage is calculated only for those contracts that are covered by a proportional reinsurance contract.

In accordance with the current IFRS 17 Insurance Contracts, an insurance company may choose between two measurement models, the General Measurement Model (hereinafter GMM) and the simplified Premium Allocation Approach (hereinafter PAA). The term of the insurance contracts is usually one year, LHV Kindlustus uses the PAA to measure these insurance contracts. For groups of contracts with a coverage period more than 1 year, LHV Kindlustus performs a PAA eligibility test, which has concluded that the application of the PAA method does not result in materially different results compared to the GMM. Therefore LHV Kindlustus uses PAA for all its portfolios.

Liability for incurred claims

The liability for incurred claims refers to the obligation of insurers to cover claims that have already occurred but have not yet been settled. It involves estimating the cost of claims based on available information, historical data, and actuarial calculations.

A significant component of the liability for incurred claims in addition to case reserves (handled but not settled and reported but not handled) is incurred-but-no-reported (IBNR) claims. These are claims that have occurred but haven't been reported to the insurer by the reporting date. Estimating IBNR claims involves using statistical methods and historical patterns to predict future claims. As of 31 December 2024 this takes up approximately 13% (2023: 20%) of LIC.

IFRS 17 requires insurers to consider the time value of money when estimating the cost of settling these claims, especially when there's a significant time gap between the occurrence of the claim and its settlement. Since majority of these claims are settled within a year after their emergence they are not discounted.

Notes to the consolidated financial statements

NOTE 1 General information

The consolidated financial statements of AS LHV Group and its subsidiaries (collectively referred to as the Group or LHV) for the year ended 31 December 2024 have been prepared in accordance with International Financial Reporting Standards as adopted by European Union. The subsidiaries are AS LHV Pank, AS LHV Finance (a subsidiary of AS LHV Pank), AS LHV Varahaldus, AS LHV Kindlustus, AS LHV Paytech and LHV Bank Ltd. AS LHV Group holds a 65% interest in LHV Finance through AS LHV Pank and a 65% interest in AS LHV Kindlustus.

AS LHV Group is a limited liability company incorporated and domiciled in Estonia. The address of its registered office is Tartu mnt 2, Tallinn. AS LHV Group is a holding company. AS LHV Pank provides banking, financial advisory and securities brokerage services to customers in Estonia and in the UK. It has customer service offices in Tallinn, Tartu and Pärnu. Branch in London was closed in 2023. LHV Bank Ltd, which was established in 2021, is based in the UK. AS LHV Finance offers hire-purchase and consumer finance services. AS LHV Varahaldus offers pension and other fund management services. AS LHV Kindlustus offers various non-life insurance products. AS LHV Paytech provides payment solutions. On 31 December 2024 the Group had 1,227 full-time employees, incl. 69 non-active staff (31 December 2023: 1,094 employees, incl. 45 non-active staff).

LHV analysed the issued performance guarantee contracts to assess whether they would meet the definition of insurance contracts in the scope of IFRS 17 and concluded that its performance guarantee contracts are out of scope as: the obligation to holder is limited to the guarantee amount and not related to underlying risk in all cases; there are no scenarios with commercial substance where LHV would have to pay significant additional amounts to the holders of such guarantees; sums drawn shall be reimbursed to LHV by the applicant; and, the majority of them are issued under limit or guarantee limit agreements of the applicants, which are debt instruments, and so do not expose Luminor to insurance risk. Accordingly, LHV accounts for these contracts as loan commitments in accordance with IFRS 9.

The Group's annual report (incl. consolidated financial statements) was approved by the Management Board on 03 March 2025. Rain Lõhmus, who owns 21.18% of the voting rights, and Andres Viisemann, who owns 11.04% of the voting rights (see also Note 21), have significant influence over AS LHV Group.

The Group's annual report which has been approved by the Management Board must also be approved by the Supervisory Board and the shareholders. The shareholders have the right not to approve the annual report and to demand that a new annual report is prepared.

Adjustment in 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 as they are essential for operational efficiency then the cash flows from purchases and sales should be classified under net cash generated from/used in operating activities. Covered bonds are also classified under net cash generated from/used in operating activities as they are issued to support the core business of the LHV.

Also due from incorrect application of IFRS 17 there are restatements in the cash flow statement.

The presentation has been corrected by reclassifying the affected cash flow statement line items for the prior periods as follows:

Change from reclassification of financial investements	**2023**	**Increase/ (Decrease)**	**2023 restated**
Loans and advances to customers	-357,992	-5,294	-363,286
Investments in debt securities at amortised cost	0	42,342	42,342
Financial assets at fair value through profit or loss	-6,539	-524	-7,063
Covered bonds issued	0	118,431	118,431
Other liabilities	63,211	5,294	68,505
Net cash generated from operating activities	**502,071**	**160,249**	**662,320**
Net change in investments in debt securities at amortised cost	42,342	-42,342	0
Net change in financial assets at fair value through profit or loss	-1,286	1,286	0
Net cash flow from/used in investing activities	**24,155**	**-41,056**	**-16,901**
Subordinated debt raised	153,431	-118,431	35,000
Net cash from financing activities	**100,271**	**-118,431**	**-18,160**
Effect of changes in foreign exchange rates on cash and cash equivalents	1,549	-762	787

Change from incorrect application of IFRS 17	**2023**	**Increase/ (Decrease)**	**2023 restated**
Fees and commissions received	70,702	-5,337	65,365
Other income received/(expenses)	-1,171	14	-1,157
Staff costs paid	-60,271	2,447	-57,824
Administrative and other operating expenses paid	-59,570	7,724	-51,846
Premiums received	0	29,385	29,385
Claims, benefits and handling costs paid, acquisition cash flows	0	-19,447	-19,447
Cash flow from operating activities before change in operating assets and liabilities	**180,844**	**14,786**	**195,630**
Other assets	-25,168	32,557	7,389
Other liabilities	63,211	-47,343	15,868
Net cash generated from operating activities	**502,071**	**-14,786**	**625,556**

Change from incorrect application of IFRS 17
to consolidated statement of profit or loss and other comprehensive income

EUR thousand	Note	2023 previous reporting	Change	2023 new reporting
Interest income		336,620	0	336,620
Incl. interest income based on the effective interest rate		316,883	0	316,883
Interest expense		-82,801	0	-82,801
Net interest income	**4, 6**	**253,819**	**0**	**253,819**
Fee and commission income		70,727	-5,337	65,390
Fee and commission expense		-16,581	0	-16,581
Net fee and commission income	**4, 7**	**54,146**	**-5,337**	**48,809**
Insurance service revenue		0	26,038	26,038
Insurance service expenses		0	-24,658	-24,658
Net result from reinsurance contracts held		0	-1,017	-1,017
Net insurance income	**27**	**0**	**363**	**363**
Net loss from financial assets measured at fair value	4	-728	0	-728
Foreign exchange gains		1,457	0	1,457
Net gain/loss from financial assets	**4**	**729**	**0**	**729**
Other income		1,792	14	1,806
Other expense		-28	0	-28
Net other income		**1,764**	**14**	**1,778**
Net income		**310,458**	**-4,960**	**305,498**
Staff costs	8	-66,472	2,548	-63,924
Administrative and other operating expenses	8	-67,849	2,412	-65,437
Profit before impairment losses		**176,137**	**4,960**	**176,137**
Impairment losses/gains on financial instruments at fair value	10	9	0	9
Impairment losses on financial instruments measured at amortised cost	13	-11,548	0	-11,548
Profit before income tax		164,598	0	164,598
Income tax expense	4, 5, 26	-23,660	0	-23,660
Net profit for the reporting period		**140,938**	**0**	**140,938**

Change from incorrect application of IFRS 17 to consolidated statement of financial position

EUR thousand	Note	01.01.2023 previous reporting	Change	01.01.2023 new reporting	31.12.2023 previous reporting	Change	31.12.2023 new reporting
Assets							
Due from central banks	9	2,390,964	0	2,390,964	3,052,890	0	3,052,890
Due from credit institutions and investment companies	9	91,324	0	91,324	64,654	0	64,654
Due from credit institutions	9	0	0	0	1,850	0	1,850
Financial assets at fair value through profit or loss	10	9,354	0	9,354	18,453	0	18,453
Investments in debt securities at amortised cost	11	364,230	0	364,230	321,888	0	321,888
Loans and advances to customers	12	3,208,572	0	3,208,572	3,561,791	0	3,561,791
Receivables from customers	14	21,019	-10,985	10,034	49,505	-29,446	20,059
ReInsurance contract assets		0	0	0	0	1,291	1,291
Insurance contract assets		0	0	0	0	67	67
Other financial assets	15	124	0	124	273	0	273
Other assets	15	6,775	0	6,775	8,184	-4,469	3,715
Strategic financial investments	10	1,180	0	1,180	1,000	0	1,000
Property, plant and equipment	16	9,552	0	9,552	11,249	0	11,249
Right-of-use assets	16	7,307	0	7,307	10,860	0	10,860
Intangible assets	16	13,853	0	13,853	13,843	0	13,843
Goodwill	5	10,748	0	10,748	9,150	0	9,150
Total assets		**6,135,002**	**-10,985**	**6,124,017**	**7,125,590**	**-32,557**	**7,093,033**
Liabilities							
Amounts owed to central banks (TLTRO)		147,841	0	147,841	0	0	0
Deposits from customers	17	4,900,515	0	4,900,515	5,731,005	0	5,731,005
Loans received and debt securities in issue	17	438,642	0	438,642	563,728	0	563,728
Financial liabilities at fair value through profit or loss	10	3,850	0	3,850	1,843	0	1,843
Accounts payable and other liabilities	18	92,462	-23,411	69,051	145,995	-47,331	98,664
Insurance contract liabilities	28	0	12,426	12,426	0	13,586	13,586
Reinsurance contract liabilities		0	0	0	0	1,188	1,188
Subordinated debt	20	130,843	0	130,843	126,653	0	126,653
Total liabilities		**5,714,153**	**-10,985**	**5,703,168**	**6,569,224**	**-32,557**	**6,536,667**
Equity							
Share capital	21	31,542	0	31,542	31,983	0	31,983
Share premium	21	141,186	0	141,186	143,372	0	143,372
Legal reserve	21	4,713	0	4,713	4,713	0	4,713
Other reserves	21	5,683	0	5,683	9,333	0	9,333
Retained earnings		229,817	0	229,817	359,029	0	359,029
Total equity attributable to owners of the parent		**412,941**	**0**	**412,941**	**548,430**	**0**	**548,430**
Non-controlling interests	5	7,908	0	7,908	7,936	0	7,936
Total equity		**420,849**	**0**	**420,849**	**556,366**	**0**	**556,366**
Total liabilities and equity		**6,135,002**	**-10,985**	**6,124,017**	**7,125,590**	**-32,557**	**7,093,033**

Additionally there is a change in cash and cash equivalents as follows:

EUR thousand	Note	31.12.2023 previous reporting	Change	31.12.2023 new reporting
Due from banks and investment companies	9	52,145	-2,679	49,466
Cash and balances with central bank	9	3,052,890	15,188	3,068,078
Due from investment companies	9	12,509	-12,509	0

As of 31.12.2023 the balance due from central banks was recorded lower in amount of EUR 15,188 thousand and due from credit Institutions and investment companies was recorded higher in amount of EUR 15,188 thousand.

Restatements in operating segments

The Group's operating segments have been restated and aligned with the reporting structure for the Group's chief decision makers. The Group divides its business activities into operating segments based on its legal structure. Previously, LHV Pank's segment results were presented as separate operating segments rather than as a single operating segment. Please see Note 4 for information on the restated 2023 results.

NOTE 2 Significant accounting estimates and assumptions

Consistent with Financial Reporting Standards (IFRS) as adopted by the European Union (EU), 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 in the valuation of loans, receivables and investments (Notes 11, 12 and 14), the determination of the useful lives of PPE and intangible assets (Note 16), goodwill impairment tests (Note 5) and determination of insurance liabilities (Note 28).

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 estimates and assumptions are related to 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 regarding credit risk in the 'Risk management' section, subsection 2 and below. Information regarding SPPI test is available in section "Material accounting policy information".

When calculating expected credit losses (ECLs) there are a number of key concepts that require a high level of judgement. Estimation of ECLs is, by nature, uncertain and the accuracy of the estimates depend on many factors, e.g., macroeconomic forecasts and involves complex modelling and judgements. The assessment of SICR is a concept under IFRS 9 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 organisation.

NOTE 3 Fair value of financial assets and financial liabilities

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:

Fair value of financial assets and financial liabilities as at 31 Dec 2024

EUR thousand	IFRS 9 measure-ment	Level 1	Level 2	Level 3	Total fair value	Carrying value
Cash and balances with central bank	AC	878,316	2,897,238	0	3,775,554	3,775,554
Due from banks and investment companies	AC	41,751	0	0	42,751	41,751
Due from credit institutions	AC	0	1,000	0	1,000	1,000
Debt securities	FVTPL	15,671	0	0	15,671	15,671
Shares and fund units	FVTPL	7,186	0	0	7,186	7,186
Debt securities	AC	0	283,902	0	283,902	283,533
Loans and advances to customers	AC	0	0	4,728,259	4,728,259	4,552,093
Receivables from customers and other receivables	AC	0	4,736	0	4,736	4,736
Strategic financial investment	FVTPL	0	0	1,000	1,000	1,000
Foreign exchange forwards	FVTPL	0	3,415	0	3,415	3,415
Other financial assets	AC	0	0	281	281	281
Total assets		**942,924**	**3,190,291**	**4,729,540**	**8,862,755**	**8,686,220**
Deposits from customers	AC	0	6,955,717	0	6,955,717	6,910,110
Loans received and debt securities in issue	AC	0	940,488	0	940,488	927,686
Subordinated debt	AC	0	132,506	0	132,506	126,256
Foreign exchange forwards	FVTPL	0	24	0	24	24
Accounts payable and other liabilities	AC	0	44,674	0	44,674	44,674
Total liabilities		**0**	**8,073,409**	**0**	**8,073,409**	**8,008,750**

Fair value of financial assets and financial liabilities as at 31 Dec 2023

EUR thousand	IFRS 9 measure-ment	Level 1	Level 2	Level 3	Total fair value	Carrying value
Cash and balances with central bank	AC	707,830	2,360,248	0	3,068,078	3,068,078
Due from banks and investment companies	AC	49,466	0	0	49,466	49,466
Due from credit institutions	AC	0	1,850	0	1,850	1,850
Debt securities	FVTPL	11,551	0	0	11,551	11,551
Shares and fund units	FVTPL	6,601	0	0	6,601	6,601
Debt securities	AC	0	319,342	0	319,342	321,888
Loans and advances to customers	AC	0	0	3,712,931	3,712,931	3,561,791
Receivables from customers and other receivables	AC	0	20,059	0	20,059	20,059
Strategic financial investment	FVTPL	0	0	1,000	1,000	1,000
Foreign exchange forwards	FVTPL	0	301	0	301	301
Other financial assets	AC	0	0	273	273	273
Total assets		**775,448**	**2,701,800**	**3,714,204**	**7,191,452**	**7,042,858**
Deposits from customers	AC	0	5,717,361	0	5,717,361	5,731,005
Loans received and debt securities in issue	AC	0	551,355	0	551,355	563,728
Subordinated debt	AC	0	124,898	0	124,898	126,653
Foreign exchange forwards	FVTPL	0	1,843	0	1,843	1,843
Accounts payable and other liabilities	AC	0	67,710	0	67,710	67,710
Total liabilities		**0**	**6,463,167**	**0**	**6,463,167**	**6,490,939**

*Shares and fund units include the investments of the Group's subsidiary AS LHV Varahaldus in pension fund units in the amount of EUR 6,307 thousand (31 December 2023: EUR 5,856 thousand). Pursuant to the Investment Funds Act, the mandatory share of AS LHV Varahaldus as the management company is 0.5% of the number of units in each of the II pillar pension funds managed by it.

The Group's Management Board has assessed the fair values of assets and liabilities carried at amortised cost. Fair value is estimated by discounting the future cash flows based on the market interest yield curve.

Levels of the fair value hierarchy (based on inputs used):

1. Level 1 – quoted prices in active markets
2. Level 2 – valuation techniques based on observable inputs (market data such as rates and interest curves from similar transactions)
3. Level 3 – other valuation techniques: (a) quantitative information about the significant unobservable inputs used in fair value measurement (if developed and available for the entity); b) a narrative description of the sensitivity of fair value measurement to changes in unobservable inputs (if the change might result in a significant change in fair value measurement); c) the effect of reasonable possible changes in unobservable inputs

For the term structure of financial assets and financial liabilities, please refer to the 'Risk management' section, subsection 4.

NOTE 4 Operating segments

The Group divides its business activities into operating segments based on the group's legal structure. 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.

The results of the Group's operating segments have been restated for 2023. Additional information is provided in Note 1. Now, Group's operating segment results are presented only at the legal entity level, as this is the level at which the Group's chief decision-makers monitor the results.

LHV Pank segment includes banking activities and hire-purchase and consumer finance offering in Estonia. The main products are different kinds of credit and payments.

Segment LHV Varahaldus covers the activities of LHV Varahaldus that offers II and III pillar pension fund and other funds management services.

The LHV Kindlustus' segment covers the activities of LHV Kindlustus that offers non-life insurance.

LHV Bank operates in three business lines – banking services for financial intermediaries, SME lending and retail banking.

Other activities include parent company's activities, which are mostly capital and funding related, and Paytech which offers services to LHV Pank and LHV Bank, but also to external customers.

The Management Board of AS LHV Group has been designated as the chief decision maker responsible for the allocation of funds and the assessment of the profitability of 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 includes 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 6 and 7. The Group does not have any customers that account for more than 10% of any revenue type. Non-current non-financial assets are located in the country of domicile, i.e., LHV Bank's assets in the UK (2024 EUR 5.4 million and 2023 EUR 8.4 million) and other LHV companies' assets in Estonia (2024 EUR 36.0 million and 2023 EUR 36.7 million).

Financial information of operating segments 2024

EUR thousand	LHV Pank	LHV Bank	LHV Varahaldus	LHV Kindlustus	Other activities	Eliminations	Total
Interest income	386,906	55,114	110	585	36,731	-35,915	443,531
Incl. intragroup income	-19,070	20,065	2	68	34,850	-35,915	0
Interest expense	-149,857	-20,398	0	-291	-35,574	35,915	-170,205
Net interest income	**237,049**	**34,716**	**110**	**294**	**1,157**	**0**	**273,326**
Fee and commission income	56,475	11,615	8,936	0	6,313	-4,664	78,675
Incl. intragroup income	-8,208	8,645	273	0	3,954	-4,664	0
Fee and commission expense	-20,033	-2,238	0	-70	0	3,967	-18,373
Net fee and commission income	**36,443**	**9,377**	**8,936**	**-70**	**6,313**	**-697**	**60,302**
Dividend income	**0**	**0**	**0**	**12**	**81,200**	**-81,200**	**12**
Net gain/loss from financial assets	**581**	**-130**	**450**	**192**	**-5**	**0**	**1,088**
Net insurance income	**0**	**0**	**0**	**0**	**971**	**0**	**971**
Net other income/expense	**2,039**	**662**	**0**	**-7**	**0**	**-93**	**2,601**
Administrative and other operating expenses, staff costs	-95,373	-39,095	-7,079	-194	-5,968	789	-146,920
Profit/loss before impairment losses	**180,739**	**5,530**	**2,417**	**1,198**	**82,697**	**-81,201**	**191,380**
Expected credit losses	-15,776	-480	0	0	0	0	-16,256
Income tax expense	-24,443	794	-801	0	-293	-77	-24,820
Net profit/loss for the reporting period	**140,520**	**5,844**	**1,616**	**1,198**	**82,404**	**-81,278**	**150,304**
Total assets	**7,936,527**	**798,900**	**20,771**	**27,411**	**782,896**	**-830,194**	**8,736,311**
Total liabilities	**7,338,159**	**712,864**	**772**	**20,928**	**553,923**	**-568,995**	**8,057,651**

Restated
Financial information of operating segments 2023

EUR thousand	LHV Pank	LHV Bank	LHV Varahaldus	LHV Kindlustus	Other activities	Eliminations	Total
Interest income	305,507	33,668	50	318	18,174	-21,097	336,620
Incl. intragroup income	-20,621	23,855	4	37	17,822	-21,097	0
Interest expense	-77,036	-4,750	0	-152	-21,960	21,097	-82,801
Net interest income	**228,471**	**28,918**	**50**	**166**	**-3,786**	**0**	**253,819**
Fee and commission income	46,234	8,030	8,845	0	5,514	-3,233	65,390
Incl. intragroup income	-8,233	6,971	230	0	3,922	-2,890	0
Fee and commission expense	-19,017	-222	0	0	-13	2,671	-16,581
Net fee and commission income	**27,217**	**7,808**	**8,845**	**0**	**5,501**	**-562**	**48,809**
Dividend income	**0**	**0**	**0**	**14**	**5,275**	**-5,275**	**14**
Net gain/loss from financial assets	**2,652**	**-76**	**241**	**-101**	**-18**	**-1,983**	**715**
Net insurance income	**0**	**0**	**0**	**363**	**0**	**0**	**363**
Net other income	**1,737**	**106**	**0**	**0**	**0**	**-65**	**1,778**
Administrative and other operating expenses, staff costs	-85,235	-31,303	-6,996	-138	-4,717	-972	-129,361
Profit/loss before impairment losses	**174,842**	**5,453**	**2,140**	**304**	**2,255**	**-8,857**	**176,137**
Expected credit losses	-11,372	-176	0	0	9	0	-11,539
Income tax expense	-22,107	0	-488	0	-1,062	-3	-23,660
Net profit/loss for the reporting period	**141,363**	**5,277**	**1,652**	**304**	**1,202**	**-8,860**	**140,938**
Total assets	**6,754,644**	**369,316**	**23,262**	**23,012**	**617,939**	**-695,140**	**7,093,033**
Total liabilities	**6,224,615**	**315,815**	**725**	**17,767**	**440,648**	**-462,903**	**6,536,667**

The geographical distribution of the Group's interest income and the breakdown of interest income by product are presented in Note 6.

NOTE 5 Subsidiaries and goodwill

As at 31 December 2024, the Group's subsidiaries, which have been consolidated in these financial statements, included:

- AS LHV Pank (Estonia, ownership interest 100%);
- AS LHV Varahaldus (Estonia, ownership interest 100%);
- AS LHV Finance (Estonia, ownership interest 65% through AS LHV Pank);
- AS LHV Kindlustus (Estonia, ownership interest 65%);
- LHV Bank Ltd (the UK, ownership interest 100%);
- AS LHV Paytech (Estonia, ownership interest 100%).

35% ownership interest in AS LHV Kindlustus and AS LHV Finance belongs to Toveko Invest OÜ.

LHV Paytech was bought in April 2022 for EUR 8,000 thousand. For the amount received, LHV Paytech shareholders subscribed for new shares issued by LHV Group AS.

LHV Bank Ltd was established in the United Kingdom in 2021. In early 2023 LHV Bank started issuing SME loans. In May 2023, it was authorised as a credit institution by the Prudential Regulation Authority. In August 2023 the business transfer from Estonian affiliate, AS LHV Pank's UK branch, to the newly licenced entity was finalized. The banking licence allows LHV Bank to accept customer deposits. In September 2023, LHV Bank launched its deposits offering via the Raisin.

LHV Finance was established in 2013 and LHV Pank owns 65% of it. The 35% non-controlling interest has been recognised in the consolidated statement of financial position within non-controlling interests.

LHV Kindlustus was established in 2020 and LHV Group owns 65% of it. The 35% non-controlling interest has been recognised in the consolidated statement of financial position within non-controlling interests.

As at 31 December 2024, goodwill recognised in the consolidated financial statements of LHV Group in the amount of EUR 9,150 thousand consisted of:

- goodwill from the acquisition of an ownership in LHV Varahaldus of EUR 1,044 thousand;
- goodwill from the acquisition of ownership interest in Danske Capital AS by LHV Varahaldus of EUR 2,570 thousand;
- goodwill from the acquisition of an ownership in LHV Paytech of EUR 5,536 thousand.

Impairment tests were performed as at 31 December 2024 and 31 December 2023. The cash-generating unit to which goodwill has been allocated are LHV Varahaldus and LHV Paytech. In case of Paytech then starting from 2024 cash generating unit is defined more specifically as services offered by Paytech. Definition is changed because goodwill arises from services and part of the revenue and costs are recorder in LHV Pank and LHV Bank. In 2024 pricing agreements with LHV Pank and LHV Bank were changed to fixed fee which means that developments in revenue are not so directly as previously reflected in Paytech's own financial results. Both value in use calculations were based on a 5-year forecast and terminal value.

AS LHV Varahaldus impairment test had following assumptions:

- The volume of assets under management is expected to increase by 11% in 2025. After that the annual growth rate is in the range of 11-14% (2023: average annual growth rate 12%). On yearly basis assumed growth rates are: 11%, 14%, 13%, 12%, 11%.
- Success fee has been partially included in future forecasts starting from year 2026 (2023: included partially starting from the third forecast period).
- Due to the economic environment and planned activities, operating costs are expected to grow on average by 7.0% per year (2024: 6.7%). On yearly basis assumed growth rates are following: 0%, 5%, 10%, 10%, 10%.
- The discount rate applied during first 5 years was 17.1% (2023: 16.0%).
- Terminal value prior to discounting is EUR 75.3 million (2023: EUR 57.8 million). It is derived by assuming terminal period growth rate of 2% (2023: 2%) and discount rate of 16.9% (2023: 16.0%).

AS LHV Paytech's impairment test had following assumptions:

- In forecast revenue and costs in AS LHV Pank, AS LHV Bank and LHV Paytech related to offering payment services provided by LHV Paytech are taken into account.
- Revenues are expected to increase on average 12% in a year (2023: 11%). On yearly basis assumed growth rates are following: 10%, 19%, 11%, 10%, 13%.
- Due to the economic environment and growth plans, operating costs are expected to grow by 10% per year (2023: 13%).
- The discount rate applied was 8.5% (2023:8.8%) during first 5 years.
- Terminal value prior to discounting is EUR 12.6 million (2023: EUR 10.7 million). It is derived by assuming terminal period growth rate of 3% (2023: 3%) and discount rate of 7.7% (2023: 7.9%).

- In both tests, deriving the main assumptions, management relied on previous years' experience, on its best estimate of probable scenarios and on market data. Based on the results of AS LHV Varahaldus and AS LHV Paytech impairment tests, the recoverable amounts of the cash generating units as at 31 December 2024 exceeded their carrying amount and, therefore, no impairment loss was recognised. Based on the result of AS LHV Varahaldus impairment test as at 31 December 2023 the recoverable amounts of the cash generating unit exceeded its carrying amount and, therefore, no impairment loss was recognised. AS LHV Paytech's impairment test indicated that as at 31 December 2023 the recoverable amounts of the cash generating unit was lower than its carrying amount and, therefore, impairment loss of EUR 1,600 thousand was recognised.

As at 31 December 2024, the Group had 2 (31 December 2023: 2) subsidiaries with non-controlling interests: AS LHV Kindlustus and AS LHV Finance.

Set out below is the summarised financial information for AS LHV Finance and AS LHV Kindlustus. The information disclosed is presented before intra-group eliminations.

Summarised statement of financial position	**AS LHV Finance**		**AS LHV Kindlustus**	
EUR thousand	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Current assets	24,375	27,147	12,062	15,647
Non-current assets	62,705	66,402	13,850	7,365
Current liabilities	1,802	1,491	16,276	15,634
Non-current liabilities	65,600	73,712	3,153	2,133
Total net assets	**19,678**	**18,346**	**6,483**	**5,245**
Accumulated non-controlling interest	**6,402**	**6,186**	**2,252**	**1,832**

Summarised statement of profit or loss and other comprehensive income				
EUR thousand	2024	2023	2024	2023
Total net interest and fee income	8,506	10,087	224	166
Total net insurance income	0	0	971	363
Profit/loss before income tax	3,611	3,426	1,198	304
Income tax expense	-326	-570	0	0
Net profit/loss	**3,285**	**2,856**	**1,198**	**304**
Total comprehensive income	3,285	2,856	1,198	304
Total comprehensive income attributable to non-controlling interests	916	1,230	420	106
Dividends paid to non-controlling interest	**700**	**1,225**	**0**	**0**

Summarised statement of cash flows				
EUR thousand	2024	2023	2024	2023
Net cash generated from/used in operating activities	10,171	674	-2,360	3,905
Net cash generated from/used in investing activities	-81	-86	-624	-6,194
Net cash generated from/used in financing activities	-10,090	-588	1,000	1,375
Net increase/decrease in cash and cash equivalents	**0**	**0**	**-1,984**	**-914**
Cash and cash equivalents at beginning of year	0	0	12,172	13,086
Cash and cash equivalents at end of year	0	0	10,188	12,172

NOTE 6 Net interest income

Net interest income

EUR thousand	Note	2024	2023
Interest income using the effective interest method			
Corporate loans		184,567	138,725
incl. loans to related parties	24	2,575	163
incl. Stage 3 interest*		1,453	309
Hire purchase		2,942	3,450
Consumer loans		12,099	12,126
Private loans		3,847	3,735
Mortgage loans		76,486	62,885
Leveraged loans and lending of securities		1,683	1,383
Credit card loans		1,239	1,028
Due from credit institutions and investment companies		2,825	4,964
Due from central banks		132,383	86,519
Debt securities at amortised cost		6,182	6,802
Other loans		2,724	2,068
Subtotal		**426,977**	**323,685**
Other similar interest income			
Leases		14,221	11,365
incl. leases to related parties	24	30	41
Debt securities at fair value through profit or loss		2,333	1,570
Subtotal		**16,554**	**12,935**
Total interest income	**4**	**443,531**	**336,620**
Interest expense			
Deposits from customers and loans received		-159,538	-71,335
incl. deposits from related parties	24	-345	-109
Other liabilities		-438	-1,016
Subordinated debt	20	-10,229	-10,450
incl. loans from related parties	24	-146	-356
Total interest expense	**4**	**-170,205**	**-82,801**
Net interest income	**4**	**273,326**	**253,819**

Interest income on loans by customer location
(excl. interest on bank balances and debt securities)

EUR thousand	2024	2023
Estonia	284,607	233,419
United Kingdom	15,201	3,346
Total	**299,808**	**236,765**

*As most Stage 3 loans are sold to debt collectors, the amounts of Stage 3 interest are marginal in all loan portfolios except corporate loans.

The distribution of the Group's interest income by operating segment is presented in Note 4. The loan portfolio is presented in Note 12.

NOTE 7 Net fee and commission income

Net fee and commission income

EUR thousand	Note	Over time	Point in time	2024	Over time	Point in time	2023 restated
Fee and commission income							
Security brokerage and commission fees		965	6,558	7,523	148	4,252	4,400
incl. related parties	24			171			82
Asset management and related fees		14,396	399	14,795	13,344	715	14,059
incl. funds managed by the Group*	24			8,663			8,602
Currency exchange fees		0	8,586	8,586	0	5,868	5,868
Fees from cards and settlements		1,868	36,056	37,924	3,595	29,790	33,385
Fees from consumer loans and hire purchase		49	422	471	25	911	936
Other fee and commission income		5,373	4,003	9,376	4,973	1,769	6,742
Total fee and commission income	**4**	**22,651**	**56,024**	**78,675**	**22,085**	**43,305**	**65,390**
Fee and commission expense							
Security brokerage and commission fees paid				-3,291			-2,568
Expenses related to cards				-5,979			-5,369
Expenses related to card payments				-7,587			-6,937
Transaction costs				-1,187			-816
Other fee expense				-329			-891
Total fee and commission expenses	**4**			**-18,373**			**-16,581**
Net fee and commission income	**4**			**60,302**			**48,809**

* Commission fees from pension and investment funds are calculated as a fixed percentage of the total assets of the fund and vary between 0.2-2.0% per year.

2024 Fee and commission income

EUR thousand	Note	LHV Pank	LHV Bank	LHV Varahaldus	LHV Kindlustus	Other activities	Elimina-tions	Total
Security brokerage and commission fees		7,452	0	0	0	84	-14	7,523
Asset management and related fees		5,951	0	8,936	0	182	-273	14,795
Currency exchange fees		8,586	0	0	0	0	0	8,586
Fees from cards and settlements		24,210	11,623	0	0	4,032	-1,940	37,924
Fees from consumer loans and hire purchase		471	0	0	0	0	0	471
Other fee and commission income		9,806	0	0	0	2,013	-2,443	9,376
Total fee and commission income	**4**	**56,476**	**11,623**	**8,936**	**0**	**6,311**	**-4,670**	**78,675**
Fee and commission expense								
Security brokerage and commission fees paid		-2,968	-266	0	-69	0	13	-3,291
Expenses related to cards		-5,979	0	0	0	0	0	-5,979
Expenses related to card payments		-7,509	-1,958	0	0	0	1,880	-7,587
Transaction costs		-1,187	0	0	0	0	0	-1,187
Other fee expense		-2,390	-13	0	-1	0	2,074	-329
Total fee and commission expenses	**4**	**-20,033**	**-2,237**	**0**	**-70**	**0**	**3,967**	**-18,373**
Net fee and commission income	**4**	**36,443**	**9,386**	**8,936**	**-70**	**6,311**	**-703**	**60,302**

2023 Fee and commission income

EUR thousand	Note	LHV Pank	LHV Bank	LHV Varahaldus	LHV Kindlustus	Other activities	Elimina-tions	Total
Security brokerage and commission fees		4,400	0	0	0	0	0	4,400
Asset management and related fees		5,013	0	8,845	0	431	-230	14,059
Currency exchange fees		5,868	0	0	0	0	0	5,868
Fees from cards and settlements		23,286	1,077	0	0	2,938	6,084	33,385
Fees from consumer loans and hire purchase		936	0	0	0	0	0	936
Other fee and commission income		6,731	6,952	0	0	2,145	-9,086	6,742
Total fee and commission income	**4**	**46,234**	**8,029**	**8,845**	**0**	**5,514**	**-3,232**	**65,390**
Fee and commission expense								
Security brokerage and commission fees paid		-2,502	-66	0	0	0	0	-2,568
Expenses related to cards		-5,714	0	0	0	0	345	-5,369
Expenses related to card payments		-8,600	-22	0	0	0	1,685	-6,937
Transaction costs		-816	0	0	0	0	0	-816
Other fee expense		-1,385	-134	0	0	-13	641	-891
Total fee and commission expenses	**4**	**-19,017**	**-222**	**0**	**0**	**-13**	**2,671**	**-16,581**
Net fee and commission income	**4**	**27,217**	**7,807**	**8,845**	**0**	**5,501**	**-561**	**48,809**

Fee and commission income by customer location

EUR thousand	2024	2023
Estonia	68,678	50,185
United Kingdom	9,997	15,205
Total	**78,675**	**65,390**

NOTE 8 Operating expenses

Operating expenses

EUR thousand	Note	2024	2023 restated
Salaries and bonuses		60,243	46,793
Social security and other taxes*		22,072	17,131
Total staff costs		**82,315**	**63,924**
IT expenses		14,042	13,767
Information and banking services		2,798	1,587
Marketing expenses		4,799	3,626
Office expenses		2,513	2,600
Transportation and communication costs		707	561
Training and travel expenses of employees		2,150	1,810
Other outsourced services		11,962	12,445
Other administrative expenses		14,632	14,389
Depreciation and amortisation	16	8,964	12,505
Short term rental payments		388	1,162
Other operating expenses		1,650	985
Total other operating expenses		**64,605**	**65,437**
Total operating expenses		**146,920**	**129,361**

* Social security tax and health insurance 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 439 thousand. Audit services provided by KPMG in 2023 amounted to EUR 259 thousand. Audit services provided by other companies in 2024 amounted to EUR 200 (2023: 287) thousand. Other services provided by auditors amounted to EUR 148 (2023: 57) thousand. The average number of employees working for LHV Group in 2024 was 1,127 (2023: 977).

From 2018, the acquisition costs of contracts signed with the customers of pension funds have been capitalised as intangible assets based on the expected lifetime of a customer relationship, i.e., 20 years.

If the costs had been recognised as an expense and not capitalised, marketing expenses would have been EUR 1,154 thousand (2023: EUR 875 thousand) larger.

NOTE 9 Cash and cash equivalents, due from central bank and investment companies

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

EUR thousand	31 Dec 2024	31 Dec 2023
Cash and balances with central bank	3,775,554	3,068,078
Due from banks and investment companies	41,751	49,466
Total	**3,817,305**	**3,117,544**
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	**3,754,066**	**3,061,645**

As of 31 December 2024, LHV Group also has term deposit with a maturity more than 3 months in the amount of EUR 1,000 thousand (31 December 2023: EUR 1,850 thousand). The deposit is recognised in the statement of financial position as 'Due from credit institutions'. The distribution of receivables by country is presented in the 'Risk management' section, subsection 2. The mandatory banking reserve as at 31 December 2024 was 1% (2023: 1%) of all financial resources raised (deposits from customers). The reserve requirement is to be fulfilled as a monthly average in euros or in foreign securities preapproved by the Estonian Central Bank.

Credit quality of cash and cash equivalents, due from banks, investment companies and credit institutions by internal ratings

EUR thousand	31 Dec 2024	31 Dec 2023	Grading
3 low credit risk	4,353	5,741	Investment grade
4 low credit risk	3,784,329	3,068,108	
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
11 high credit risk	0	0	
12 non-satisfactory rating	0	0	
13 insolvent	0	0	Default
Non-rated	25,933	41,950	
Total	**3,818,305**	**3,119,394**	

NOTE 10 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	879	745
Debt securities	15,671	11,551
Investments (fund units) in managed pension funds	6,307	5,856
Foreign exchange forwards	3,415	301
Total financial assets	**26,272**	**18,453**
Foreign exchange forwards	24	1,843
Total financial liabilities	**24**	**1,843**

Investments in debt and equity securities measured at fair value through profit or loss

EUR thousand	
Financial assets at fair value through profit or loss as at 31 December 2022	**9,354**
Net change in investment securities at fair value through profit or loss	7,652
Interest income (Note 6)	1,570
Revaluation	-123
Financial assets at fair value through profit or loss as at 31 December 2023	**18,453**
Net change in investment securities at fair value through profit or loss	4,700
Interest income (Note 6)	2,333
Revaluation	786
Financial assets at fair value through profit or loss as at 31 December 2024	**26,272**

Strategic financial investments at fair value through profit or loss

In 2023 LHV received EUR 190 thousand from the liquidation of Bank North. The carrying value of the investment as of 31.12.2022 was EUR 180 thousand (31.12.2023: 0).

In 2022 LHV made a small investment of EUR 1 million to Tuum, the provider of core platform to LHV Bank. AS LHV Group has 1.4% interest in the company. LHV main interest was to protect its subsidiaries interests, as Tuum is the most important vendor for LHV Bank. Tuum offers modular bank software, with agility and flexibility in mind. Modularity is a key concept in product design; provides option to choose the capabilities needed and, like a multi-tool, Tuum provides the most appropriate choice of technology to supercharge business from within. The platform is API-first and built around a microservices architecture, ensuring quick and simple integration.

The Group did not have any interest rate swaps in 2024 and 2023.

NOTE 11 Investments in debt securities at amortised cost

Investments in debt securities measured at amortised cost

EUR thousand	31 Dec 2024
Investments in debt securities measured at amortised cost as at 31 December 2022	**364,230**
Interest income	6,802
Net change in investment securities measured at amortised cost	-49,155
Impairment (Note 13)	11
Investments in debt securities measured at amortised cost as at 31 December 2023	**321,888**
Interest income	6,182
Net change in investment securities measured at amortised cost	-44,547
Impairment (Note 13)	10
Investments in debt securities measured at amortised cost as at 31 December 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 investments in debt securities measured at amortised cost	**283,533**	**321,888**

NOTE 12 Loans and advances to customers

Loans and advances to customers

EUR thousand	31 Dec 2024	31 Dec 2023
Corporate lending	2,783,873	2,086,535
Consumer financing	104,913	109,298
Investment financing	9,920	9,980
Leasing	180,116	167,799
Private lending	1,513,084	1,217,902
Total	**4,591,906**	**3,591,516**
incl. related parties (Note 24)	52,500	28,552
Allowance for credit losses	-39,813	-29,725
Total	**4,552,093**	**3,561,791**

Changes in allowances for credit losses

EUR thousand	Balance as at 1 January	Recognition/ reversal of allowances for credit losses during the period	Written off during the period	Balance as at 31 December
Corporate lending	-21,068	-17,763	7,827	-31,004
Consumer financing	-4,310	-3,238	2,637	-4,911
Investment financing	-11	-1	7	-5
Leasing	-2,107	-939	1,457	-1,589
Private lending	-2,229	-1,324	1,249	-2,304
Total 2024	**-29,725**	**-23,265**	**13,177**	**-39,813**
Corporate lending	-15,498	-14,602	9,032	-21,068
Consumer financing	-2,108	-3,231	1,029	-4,310
Investment financing	-13	-5	7	-11
Leasing	-2,009	-758	660	-2,107
Private lending	-1,014	-1,688	473	-2,229
Total 2023	**-20,642**	**-20,284**	**11,201**	**-29,725**

Expected credit losses accumulated during the year differ from the amount of impairment losses recognised in profit or loss by the amount of items which were written off as uncollectable in previous periods but collected during the reporting period. Related receipts were recognised within expected credit losses in profit or loss statement.

For credit risk exposures and loan collateral, see the ‘Risk management’ section, subsection 2.

The distribution of loans granted by currency is disclosed in the ‘Risk management’ section, subsection 3.

The distribution of loans granted by maturity is disclosed in the ‘Risk management’ section, subsection 4.

The geographical distribution of loans granted is disclosed in the ‘Risk management section’, subsection 2.

For interest income on loans granted, see Note 6.

NOTE 13 Expected credit losses on financial assets measured at amortised cost

Expected credit losses on financial assets measured at amortised cost

EUR thousand	2024	2023
Expected credit losses on loans and advances	16,246	11,537
Expected credit losses on financial assets (liquidity portfolio)	10	11
Total	**16,256**	**11,548**

NOTE 14 Receivables from customers

Receivables from customers

EUR thousand	31 Dec 2024	31 Dec 2023*
Asset management fees from customers	2,284	1,420
incl. related parties (Note 24)	741	749
Other fees for providing services to customers	1,002	18,077
Payments in transit and other receivables	1,490	562
Total	**4,776**	**20,059**

*restated

All fees are expected to be settled within 12 months of the end of the reporting period and are thus considered to be current assets.

NOTE 15 Other assets

Other assets

EUR thousand	31 Dec 2024	31 Dec 2023**
Financial assets		
VISA and MasterCard guarantee deposits	281	273
Subtotal	**281**	**273**
Non-financial assets		
Prepayments to Financial Supervision	928	145
Other prepayments*	5,631	3,570
Subtotal	**6,559**	**3,715**
Total	**6,840**	**3,988**

* Prepayments for office rental, insurance, communication services, periodicals and training

**restated

Prepayments are expected to be refunded or used within 12 months of the end of the reporting period and are therefore classified as current assets. VISA guarantee deposits, which secure credit card transactions, are classified as non-current assets.

NOTE 16 Property, plant and equipment, intangible and right-of-use assets

PPE, intangible and right-of-use assets

EUR thousand	PPE	Right-of-use assets	Total tangible assets	Intangible assets	Acquisition costs of contracts with customers	Total intangible assets	Total
Balance as at 31 Dec 2022							
Cost	15,815	12,165	27,980	15,421	17,595	33,016	60,996
Accumulated depreciation and amortisation	-6,264	-4,858	-11,122	-9,006	-10,156	-19,162	-30,284
Carrying amount as at 31 Dec 2022	**9,551**	**7,307**	**16,858**	**6,415**	**7,439**	**13,854**	**30,712**
Purchases	3,422	8,766	12,188	3,838	0	3,838	16,026
Capitalised acquisition costs	0	0	0	0	875	875	875
Write-off	-56	116	60	-736	0	-736	-676
Recalculations	86	14	100	537	0	537	637
Depreciation/amortisation (Note 8)	-1,753	-5,344	-7,097	-3,427	-1,297	-4,724	-11,821
Balance as at 31 Dec 2023							
Cost	19,181	21,047	40,228	19,060	18,470	37,530	77,758
Accumulated depreciation and amortisation	-7,931	-10,188	-18,119	-12,234	-11,453	-23,687	-41,806
Carrying amount as at 31 Dec 2023	**11,250**	**10,859**	**22,109**	**6,826**	**7,017**	**13,843**	**35,952**
Purchases	1,209	1,621	2,830	3,268	0	3,268	6,098
Capitalised acquisition costs	0	0	0	0	1,154	1,154	1,154
Write-off	-177	-1,789	-1,966	0	0	0	-1,966
Recalculations	0	0	0	953	0	953	953
Depreciation/amortisation (Note 8)	-3,396	-1,371	-4,767	-3,843	-1,332	-5,175	-9,942
Balance as at 31 Dec 2024							
Cost	20,213	20,879	41,092	23,281	19,624	42,905	83,997
Accumulated depreciation and amortisation	-11,327	-11,559	-22,886	-16,077	-12,785	-28,862	-51,748
Carrying amount as at 31 Dec 2024	**8,886**	**9,320**	**18,206**	**7,204**	**6,839**	**14,043**	**32,249**

PPE includes computers, office equipment, furniture, and capitalised office renovation costs. Intangible assets include licences, acquisition costs of contracts with customers and development costs.

In 2024 and 2023, there was no indication of impairment of PPE and intangible assets. The carrying amount of right-of-use assets and changes in in their balance during the year are disclosed in Note 19.

NOTE 17 Deposits from customers and loans received

Deposits from customers 31 Dec 2024

EUR thousand	Individuals	Financial entities	Non-financial entities	Public sector	Total
Demand deposits	1,055,141	1,591,310	1,684,385	102,063	4,432,899
Term deposits	1,359,221	156,189	918,197	43,604	2,477,211
Total	**2,414,362**	**1,747,499**	**2,602,582**	**145,667**	**6,910,110**
incl. related parties (Note 24)	*4,736*	*6,409*	*3,623*	*0*	*14,768*

Deposits from customers 31 Dec 2023

EUR thousand					
Demand deposits	745,430	1,220,273	1,747,979	74,778	3,788,460
Term deposits	1,040,349	97,380	761,184	43,632	1,942,545
Total	**1,785,779**	**1,317,653**	**2,509,163**	**118,410**	**5,731,005**
incl. related parties (Note 24)	*3,748*	*0*	*5,643*	*0*	*9,391*

Loans from financial institutions and debt securities in issue

EUR thousand	31 Dec 2024	31 Dec 2023
Debt securities in issue	427,525	314,010
Covered bonds	500,161	249,718
Total	**927,686**	**563,728**

In June 2020, LHV Pank carried out a successful debut issue of covered bonds of EUR 250 million to international investors. 31 institutional investors participated in the 5-year issue and the interest rate was 0.12%. The issue received an Aa1 rating from Moody's and was listed on the Euronext Dublin.

In Q3 2021, LHV Pank raised EUR 200 million in negative interest funds through the TLTRO III programme offered by the European Central Bank of which EUR 50 million was returned during 2022 and EUR 150 million was returned during 2023. In 2024, LHV Pank 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. Expenses related to covered bond issue amounted to EUR 1,119 thousand.

LHV Group issued EUR 300 million of MREL eligible bonds in May 2024 and concluded a simultaneous voluntary buyback of the 09.09.2025 bond in amount of EUR 137.17 at the same time. The remainder of the outstanding issue of 09.09.2025 MREL eligible bond in the amount of EUR 62.83 million was called back on call date of 09.09.2024 because the bonds would have otherwise become inefficient as MREL instruments (i.e. it cannot be included as eligible liabilities instrument in calculations of MREL ratios).

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.

The rating agency Moody's Investors Service updated on 14 April 2024 LHV Group's Baa3 long-term local currency issuer rating, with a stable outlook. LHV Group's unsecured and exposed debt obligations have been rated Baa3 by Moody's. The outlook on LHV Group's issuer rating is positive. The distribution of deposits from customers and loans received by currency is presented in the 'Risk management' section, subsection 3.

The distribution of deposits from customers and loans received by maturity is presented in the 'Risk management' section, subsection 4.

The geographical distribution of deposits from customers and loans received and the concentration of risk are presented in the 'Risk management' section, subsection 2.

NOTE 18 Accounts payable and other liabilities

Accounts payable and other liabilities

EUR thousand	Note	31 Dec 2024	31 Dec 2023*
Financial liabilities			
Trade payables		4,961	2,175
Other short-term financial liabilities		1,982	15,136
Lease liabilities	19	10,119	13,415
Payments in transit		30,207	48,632
Provisions of loan commitments and financial guarantees		6,368	1,152
Prepayments received for financial guarantees		1,156	615
Subtotal		**54,793**	**81,125**
Non-financial liabilities			
Prepayments received for performance guarantees		1,943	1,750
Tax liabilities		12,916	10,630
Payables to employees		6,178	4,408
incl. related parties	24	234	179
Other short-term liabilities		988	751
Subtotal		**22,025**	**17,539**
Total		**76,818**	**98,664**

*restated

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 the 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.

NOTE 19 Right-of-use assets and lease liabilities

The Group leases office premises. Leases are recognised as right-of-use assets and lease liabilities from the date when the leased asset becomes available for use by the Group. All leases are cancellable with the consent of both parties.

As at 31 December 2024, the Group's statement of financial position included right-of-use assets of EUR 9,320 thousand (31 December 2023: EUR 10,859 thousand) and lease liabilities of EUR 10,119 thousand (31 December 2023: EUR 13,415 thousand). The right-of-use assets balance is disclosed in Note 16. The balance of lease liabilities is disclosed in Note 18. Interest expense on lease liabilities was EUR 283 thousand (2023: EUR 484 thousand) and depreciation of right-of-use assets was EUR 1,371 thousand (2023: EUR 5,344 thousand) (Note 16). Repayments of lease principal were EUR 2,111 thousand (2023: EUR 5,963 thousand).

NOTE 20 Subordinated debt

Consistent with the nature of the Group's operations, subordinated debt raised is reported within cash flows from financing activities in the statement of cash flows. Other loans raised are reported within cash flows from operating activities. This note contains changes in subordinated debt, including monetary and non-monetary movements and the effects of movements in foreign exchange rates, if any, during the reporting period and the comparative period.

The Group has raised subordinated debt to increase long-term capital. In the case of default of the Group, the subordinated debt is repayable after all other debts have been settled, but before debts to shareholders are paid. The balances of subordinated debt as at the end of the reporting and the comparative period are disclosed in the table below

Subordinated debts

EUR thousand	Amount	Interest rate	Maturity date
Subordinated debt as at 1 Jan 2023	**130,000**		
Issued during the period	35,000		
Redeemed during the period	-40,000		
Subordinated debt as at 31 Dec 2023	**125,000**		
Issued during the period	20,000		
Redeemed during the period	-20,000		
Subordinated debt as at 31 Dec 2024	**125,000**		
Tier 2 subordinated bond	35,000	6.0%	30 September 2030
Tier 2 subordinated bond	35,000	10.5%	29 September 2033
Tier 2 subordinated bond	20,000	6.0%	15 November 2034
Tier 1 subordinated bond	20,000	10.5%	perpetual
Tier 1 subordinated bond	15,000	9.5%	perpetual

Interest expense on subordinated bonds for the period and accrued interest liabilities as at the end of the period are disclosed in the table below. Interest liabilities are recognised in the statement of financial position using the effective interest method.

Interest accrued on subordinated debt

EUR thousand	
Accrued interest on subordinated debt as at 1 Jan 2023	**574**
Interest calculated (Note 6)	10,450
Paid out	-10,118
Accrued interest on subordinated debt as at 31 Dec 2023	**906**
Interest calculated (Note 6)	10,229
Paid out	-10,625
Accrued interest on subordinated debt as at 31 Dec 2024	**510**

NOTE 21 Shareholders' equity

Transactions with share capital and share premium	**Time**	**Share price (EUR)**	**Number of shares** *(thousand)*	**Share capital** *(EUR thousand)*	**Share premium** *(EUR thousand)*	**Total** *(EUR thousand)*
Share capital and share premium as at 1 Jan 2023*			**315,424**	**31,542**	**141,186**	**172,728**
Paid in share capital*	April 2023	0.57	4,408	441	2,186	2,627
Share capital and share premium as at 31 Dec 2023			**319,832**	**31,983**	**143,372**	**175,355**
Paid in share capital*	May 2024	0.92	4,357	436	3,586	4,022
Share capital and share premium as at 31 Dec 2024			**324,189**	**32,419**	**146,958**	**179,377**

* issuing shares upon the exercise of employee share options

Share capital has been fully paid in using cash contributions. The nominal value of the shares is 0,1 euro each and as at 31 December 2024 the number of shares was 324,188,933 (31 December 2023: 319,832,743). Each share carries one vote at the General Meeting.

According to AS LHV Group's articles of association, the company's minimum share capital is EUR 15 million and maximum share capital is EUR 60 million (31 December 2023: EUR 15 and EUR 60 million, respectively).

Rain Lõhmus, who owns 21.18% of the voting rights, and Andres Viisemann, who owns 11.04% of the voting rights in AS LHV Group, have significant influence over the company (31 December 2023: 21.46% and 11.18%, respectively).

In the reporting period, the Group paid dividends to shareholders of EUR 0.13 (2023: EUR 0.04) per share and EUR 41,578 thousand (2023: EUR 12,617 thousand) in total.

As at 31 December 2024, the retained earnings of the Group totalled EUR 469,727 thousand (31 December 2023: EUR 359,029 thousand). Using the retained earnings as at the reporting date, the Group could distribute a maximum dividend of EUR 366,387 thousand (2023: EUR 287,223 thousand). Potential dividend would be taxed at 22% (the amount of tax payable would be calculated as 22/78 of the net distribution). The related income tax charge would be EUR 103,340 thousand (2023: EUR 71,805 thousand).

Legal reserve in equity

EUR thousand	
Legal reserve as at 1 Jan 2023	**4,713**
Legal reserve as at 31 Dec 2023	**4,713**
Legal reserve as at 31 Dec 2024	**4,713**

Other reserves in the consolidated statement of changes in equity consist of:

Other reserves

EUR thousand	**31 Dec 2024**	**31 Dec 2023**
Reserve of share options granted to staff	13,830	10,329
Reserve of unrealised foreign exchange gains or losses	2,441	-996
Total	**16,271**	**9,333**

The Group grants share options to the members of the Management Boards and equivalent staff as well as the department managers and equivalent staff of Group entities.

Outstanding amount of share options	Number of shares	Strike price (EUR)	Year of expiry	Number of people to whom the share options were granted
Outstanding amount of share options at 1 Jan 2023	**12,578,320**			
Granted during the period	3,316,611	1.70	2026	182
Exercised during the period	-4,527,810			
Outstanding amount of share options at 31 Dec 2023	**11,367,121**			
Granted during the period	3,866,632	1.74	2027	227
Exercised during the period	-4,356,190			
Outstanding amount of share options at 31 Dec 2024	**10,877,563**			

The Group may grant share options for the results of 2024. The vesting period for all share options in the option programme is 3 years. The right to subscribe for shares arises on the first day of the exercise period. The option strike price was calculated using the Black-Scholes model. The model inputs were the LHV Group share price in Q4 2024, expected volatility, the interest rates of Estonian government bonds used as proxies for risk-free instruments and the dividend yield. Inputs for 2025 share options are as follows: strike price EUR 1.63, share price EUR 3.25, volatility 0.16, risk-free interest rate 2.70% and dividend yield 2.64%. In 2024, the share options granted in 2021 were fully exercised.

The members of the Management Board and employees cannot receive a specified amount of cash in lieu of the share options. Share options cannot be exchanged, sold, pledged, or encumbered. Share options can be inherited. The contract on share options expires upon early termination of the employment or board member contract on the initiative of the employee or board member, for which exceptions can be made by the Supervisory Board of AS LHV Group or the Remuneration Committee based on the decision of the Supervisory Board, and upon extraordinary termination of the employment or board member contract by the employer due to reasons resulting from the employee or board member. According to the Credit Institutions Act, the Supervisory Board of AS LHV Group can reduce the number of share options granted or cancel the share options if the overall financial results of the company have significantly deteriorated compared to the previous period, the member of the Management Board or employee no longer meets the performance criteria, the company no longer meets the prudential regulations, the company's business risks are not adequately covered by the company's own funds or the performance fee has been determined based on information, which has subsequently proven to be materially misstated or incorrect.

Total expenses arising from share-based payment transactions amounted to EUR 6,807 thousand in 2024 (2023: EUR 5,584 thousand).

NOTE 22 Assets under custody

AS LHV Pank, 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 balances of customers	16,986	13,780
Securities of customers	3,556,494	3,339,140
incl. shareholders of the parent company and entities related to them (Note 24)	473,118	562,486
Total	**3,573,480**	**3,352,920**

Asset management fees for the management of the above assets were in the range of 0.01-0.02% per year in 2024 (2023: 0.01-0.02% per year) (for respective income, see Note 8).

The monetary funds of customers who use the platform for an active securities trader, i.e., the trading system LHV Trader offered by LHV Pank are not recognised in the statement of financial position. Due to the nature of the system, LHV Pank deposits the funds in personalised accounts with its partner and as the funds cannot be used for business purposes by LHV Pank (they cannot be lent to other customers or used as collateral), they are accounted for off the statement of financial position. LHV Pank earns commission and interest income on the intermediation of transactions involving these accounts similarly to transactions involving customer accounts recognised in the financial statements.

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. Customers have provided similar guarantees to LHV Pank and, therefore, LHV Pank has in substance transferred the guarantees received. To avoid potential losses, LHV Pank monitors customer accounts on a daily basis to identify potential decreases in collateral or deficiency of funds. To date, no claims have been filed against the guarantees and LHV Pank has not made any payments under the guarantees.

NOTE 23 Contingent assets and liabilities

Non-cancellable transactions

EUR thousand	Performance guarantees	Financial guarantees	Letters of credit	Unused loan commit-ments	Total Gross	Allocations	Total fair value
Liability in contractual amount as at 31 December 2024	110,674	55,525	1,071	561,981	**729,251**	**-6,368**	**722,883**
Liability in contractual amount as at 31 December 2023	56,217	55,061	3,732	495,653	**610,663**	**-1,152**	**609,511**

Income tax on potential future dividends is disclosed in Note 21.

Financial guarantees and unused loan commitments are subject to the ECL requirements of IFRS 9. See also the 'Risk management' section, subsection 2 for more information.

Tax authorities have the right to review the Group's tax records for up to 5 years after the submission of a tax return and upon finding errors may charge additional taxes, interest and fines. Tax authorities did not perform any tax audits at the Group during 2023-2024. According to the assessment of the Group's management, there are no circumstances which would cause tax authorities to charge a significant amount of additional tax from the Group in 2025.

Performance guarantees are contracts that provide compensation in the event another party fails to perform a contractual obligation. Such contracts do not transfer credit risk. The risk under performance guarantee contracts is the possibility of the insured event (i.e., another party's failure to perform a contractual obligation) 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 the levels of such payments. Claims must be made before the contract expires and most claims are settled within a 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 settlement experience. The Group has a claims handling process and the right to review the claims received and to reject any fraudulent or non-compliant claims. The exposure to and concentration of performance guarantees expressed in the amounts guaranteed is as follows:

Performance guarantees breakdown by industry

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	6,709	6,286
Total	**110,674**	**56,217**

Performance guarantees 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	42,575	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
Nonrated	4,959	3,346
Total	**110,674**	**56,217**

Performance guarantees are over-collateralised as at each reporting date. Therefore, the Group has not incurred any losses from performance guarantee contracts in 2024 or in earlier periods.

NOTE 24 Transactions with related parties

For the purposes of the Group's financial statements, related parties include:

- owners that have significant influence over the Group and companies related to them;
- members of the Management Board, their close family members and companies related to them (collectively referred to as management);
- members of the Supervisory Board, their close family members and companies related to them.

Transactions

EUR thousand	Note	2024	2023
Interest income	**6**	**3,639**	**1,338**
incl. management		43	126
incl. other related parties		3,596	1,212
Fee and commission income	**7**	**171**	**82**
incl. management		6	26
incl. other related parties		165	56
Interest expense on deposits	**6**	**345**	**109**
incl. management		40	32
incl. other related parties		305	77
Interest expense on subordinated debt	**6**	**146**	**356**
incl. management		5	9
incl. other related parties		141	347

Balances

EUR thousand	Note	31 Dec 2024	31 Dec 2023
Loans and receivables		**52,500**	**28,579**
incl. management	15	770	4,717
incl. other related parties	15	51,730	23,862
Deposits		**14,768**	**9,351**
incl. management	18	917	2,448
incl. other related parties	18	13,851	6,903
Subordinated debt		**1,904**	**4,462**
incl. management	21	96	172
incl. other related parties	21	1,808	4,290

The table provides an overview of material balances and transactions with related parties. All transactions involving close family members and companies related to the members of the Management Board and the Supervisory Board and the minority shareholders of the parent company, AS LHV Group, were conducted in the course and on the terms of ordinary business. There are no doubtful receivables from related parties and no loans to related parties have been written down.

Loans granted to related parties have been issued on market terms.

As at 31 December 2024 and as at 2023, management had term and demand deposits. The interest rates of their demand and term deposits corresponded to the Group's official price list.

The interest rate of the subordinated debt raised in May 2020 is 9.5% and the interest rate of the subordinated debt raised in September 2020 is 6%. The interest rate of the subordinated debt raised in 2022 and in 2023 is 10.5%. The interest rate of the subordinated debt raised in 2024 is 6.0%.

Salaries and other compensation paid to the management of the parent AS LHV Group and its subsidiaries in 2024 totalled EUR 3,338 thousand (2023: EUR 2,979 thousand), including all taxes. As at 31 December 2024, remuneration for December and accrued holiday pay of EUR 234 thousand (31 December 2023: EUR 178 thousand) were reported as payables to management (Note 18). 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 December 2024 and 31 December 2023 (pension liabilities, termination benefits, etc.). The remuneration paid to the members of the Group's Supervisory Board in 2024 totalled EUR 140 thousand (2023: EUR 138 thousand).

The Group has signed contracts with the members of the Management Board, which do not provide for severance benefits upon termination of the contract. Any matters not regulated by the contracts are resolved in accordance with the laws of the Republic of Estonia.

Management is eligible to participate in the share option programme. In 2024, the members of the Management Board were granted share options of EUR 2,357 thousand (2023: EUR 2,231 thousand).

Information on assets belonging to related parties which are held by the Group in the capacity of an account manager is presented in Note 22.

NOTE 25 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing net profit attributable to owners of the parent by the weighted average number of shares outstanding.

Basic and diluted earnings per share	2024	2023
Profit attributable to owners of the parent (EUR thousand)	149,968	139,602
Weighted average number of shares (thousand)	323,100	318,731
Basic earnings per share (EUR)	0.46	0.44
Weighted average number of shares used in calculating diluted earnings per share (thousands)	328,583	324,415
Diluted earnings per share (EUR)	0.45	0.43

Weighted average number of shares used as the denominator (thousand)	2024	2023
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	323,100	318,731
Adjustments made for the calculation of diluted earnings per share:		
Share options	5,483	5,684
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	328,583	324,415

NOTE 26 Income tax expense

LHV Group's subsidiary LHV Pank calculated advance corporate income tax at the rate of 14% both in 2024 and 2023. Advance corporate income tax for the year 2024 was EUR 22,661 thousand (2023: EUR 22,230 thousand). Corporate income tax in the amount of EUR 2,159 thousand (2023: 1,430 thousand) includes the tax paid in UK and the dividend income tax paid in Estonia. From 2025, LHV Pank calculates advance corporate income tax at the rate of 18%.

Income tax expense

EUR thousand	2024	2023
Advance corporate income tax	22,661	22,230
Corporate income tax	2,159	1,430
Total income tax expense	**24,820**	**23,660**
Effective tax rate	17%	17%

LHV Pank 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) including EUR 22,661 thousand in 2024 (2023: 22,230 thousand), which has been recorded as an expense in the income statement.

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 27 Insurance revenue and expenses

Insurance revenue

EUR thousand	01.01.2024-31.12.2024	01.01.2023-31.12.2023*
Insurance revenue	**34,969**	**26,038**
Motor own damage insurance	11,046	10,168
Health insurance	9,199	4,912
Motor third party insurance	5,886	4,760
Private property insurance	2,769	1,776
Travel insurance	2,133	1,880
Appliances insurance	3,228	1,853
Other	708	689

*restated

Insurance service expenses

01.01.2024-31.12.2024

EUR thousand	Incurred claims	Impact of onerous contracts	Amortization of acquisition cash flows	Other direct costs	Total
Motor own damage insurance	-7,441	0	-1,192	-2,334	-10,967
Health insurance	-6,893	0	-1,618	53	-8,458
Motor third party insurance	-4,626	-191	-487	-1,281	-6,585
Private property insurance	-1,554	98	-205	-565	-2,226
Appliances insurance	-802	0	-993	-661	-2,456
Travel insurance	-1,413	0	-19	-410	-1,843
Other	-299	0	-28	-177	-503
TOTAL	**-28,028**	**-93**	**-4,542**	**-5,375**	**-33,038**

01.01.2023-31.12.2023

EUR thousand	Incurred claims	Impact of onerous contracts	Amortization of acquisition cash flows	Other direct costs	Total*
Motor own damage insurance	-6,973	0	-1,155	-2,054	-10,182
Health insurance	-3,647	0	-884	27	-4,504
Motor third party insurance	-3,155	30	-409	-1,093	-4,627
Private property insurance	-1,463	6	-126	-392	-1,975
Appliances insurance	-317	0	-470	-530	-1,317
Travel insurance	-1,213	0	-7	-355	-1,575
Other	-215	0	-17	-246	-478
TOTAL	**-16,983**	**36**	**-3,068**	**-4,643**	**-24,658**

*restated

NOTE 28 Insurance contracts liabilities

In accordance with the current IFRS 17 Insurance Contracts, an insurance company may choose between two measurement models, the General Measurement Model (hereinafter GMM) and the simplified Premium Allocation Approach (hereinafter PAA). The term of the insurance contracts is usually one year, LHV Kindlustus uses the PAA to measure these insurance contracts. For groups of contracts with a coverage period more than 1 year, LHV Kindlustus performs a PAA eligibility test, which has concluded that the application of the PAA method does not result in materially different results compared to the GMM. Therefore LHV Kindlustus uses PAA for all its portfolios.

	Liability for remaining coverage		Liability for incurred claims		
EUR thousand	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities 01.01.2023	**7,108**	**135**	**2,327**	**102**	**9,672**
Insurance revenue	-26,038	0	0	0	-26,038
Amortization of acquisition costs	3,068	0	0	0	3,068
Incurred claims and other insurance service expenses	0	-135	17,278	152	17,295
Changes related to past service	0	0	-353	-94	-447
Changes related to future service	0	98	0	0	98
Insurance service result	**-22,970**	**-37**	**16,925**	**58**	**-6,024**
Premiums received	29,385	0	0	0	29,385
Claims, benefits and handling costs paid	0	0	-15,415	0	-15,415
Acquisition cash flows	-4,032	0	0	0	-4,032
Total cash flows	**25,353**	**0**	**-15,415**	**0**	**9,938**
Insurance contract liabilities 31.12.2023	**9,491**	**98**	**3,838**	**159**	**13,586**

	Liability for remaining coverage		Liability for incurred claims		
EUR thousand	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities 01.01.2024	**9,491**	**98**	**3,838**	**159**	**13,586**
Insurance revenue	-34,969	0	0	0	-34,969
Amortization of acquisition costs	4,542	0	0	0	4,542
Incurred claims and other insurance service expenses	0	-98	23,443	192	23,537
Changes related to past service	0	0	-464	-143	-607
Changes related to future service	0	191	0	0	191
Insurance service result	**-30,427**	**92**	**22,979**	**49**	**-7,306**
Premiums received	35,255	0	0	0	35,255
Claims, benefits and handling costs paid	0	0	-21,588	0	-21,588
Acquisition cash flows	-4,689	0	0	0	-4,689
Total cash flows	**30,566**	**0**	**-21,588**	**0**	**8,978**
Insurance contract liabilities 31.12.2024	**9,630**	**191**	**5,229**	**209**	**15,258**

NOTE 29 Separate primary financial statements of parent company

In accordance with the Estonian Accounting Act, the notes to the consolidated financial statements must include the separate primary financial statements of the parent of the Group.

Parent company statement of profit or loss and other comprehensive income

EUR thousand	2024	2023
Interest income	36,728	18,173
Interest expense	-35,571	-21,916
Net interest income/expense	**1,157**	**-3,743**
Fee and commission income	2,098	2,146
Fee and commission income	**2,098**	**2,146**
Dividend income	81,200	5,275
Other income	**81,200**	**5,275**
Foreign exchange losses	-1	-17
Net gain from financial assets	**-1**	**-17**
Operating expenses	-2,422	-1,883
Profit before impairment losses	**82,032**	**1,778**
Impairment gains on the financial instruments	0	9
Profit before income tax	**82,032**	**1,787**
Income tax expense	-295	-1,064
Profit for the year	**81,737**	**723**
Total comprehensive income for the year	**81,737**	**723**

Parent company statement of financial position

EUR thousand	Note	31 Dec 2024	31 Dec 2023
Assets			
Cash and cash equivalents, due from central banks and investment companies		34,866	25,947
Loans granted		477,201	352,383
Other receivables and assets		527	636
Investments in subsidiaries		267,216	236,347
Other financial investments		1,000	1,000
Total assets		**780,810**	**616,313**
Liabilities			
Accrued expenses and other liabilities		434	46
Debt securities in issue		427,525	314,010
Subordinated debt		125,510	125,906
Total liabilities		**553,469**	**439,962**
Equity			
Share capital	21	32,419	31,983
Share premium	21	146,958	143,372
Legal reserve		4,713	4,713
Other reserves		13,830	10,329
Accumulated profit/losses		29,421	-14,046
Total equity		**227,341**	**176,351**
Total liabilities and equity		**780,810**	**616,313**

Parent company statement of cash flows

EUR thousand	2024	2023 restated
Cash flows from operating activities		
Interest received	33,410	18,173
Interest paid	-26,695	-21,916
Fees and commissions received	2,098	2,146
Stuff costs paid	-654	-476
Administrative and other operating expenses paid	-1,414	-1,074
Income tax paid	-295	-1,064
Cash flows from operating activities before changes in operating assets and liabilities	**6,450**	**-4,211**
Increases/decreases in operating assets and liabilities:		
Loans granted	-121,500	-100,894
Net change in debt securities in issue	100,000	118,150
Change in other receivables	109	-2,463
Change in other liabilities	4,634	6,903
Net cash from operating activities	**-10,307**	**17,485**
Cash flows from investing activities		
Capital repayments from subsidiaries	0	190
Capital contributions to subsidiaries	-24,417	-11,697
Dividends received	81,200	5,275
Net cash from investing activities	**56,783**	**-6,232**
Cash flows from financing activities		
Subordinated debt raised	20,000	35,000
Subordinated debt settled	-20,000	-40,000
Contribution to share capital (incl. share premium)	4,021	2,627
Dividends paid	-41,578	-12,617
Net cash from/used in financing activities	**-37,557**	**-14,990**
Cash and cash equivalents at the beginning of the year	**25,947**	**29,684**
Increase/decrease in cash and cash equivalents	8,919	-3,737
Cash and cash equivalents at the end of the year	**34,866**	**25,947**

Parent company statement of changes in equity

EUR thousand	Share capital	Share premium	Legal reserve	Other reserves	Accumulated losses/ retained earnings	Total
Balance as at 1 January 2023	**31,542**	**141,186**	**4,713**	**7,124**	**-4,531**	**180,034**
Paid in share capital	441	2,186	0	0	0	2,627
Dividends paid	0	0	0	0	-12,617	-12,617
Transfer to legal reserve	0	0	0	0	0	0
Share options	0	0	0	3,205	2,379	5,584
Total comprehensive income for 2023	0	0	0	0	723	723
Balance as at 31 December 2023	**31,983**	**143,372**	**4,713**	**10,329**	**-14,046**	**176,351**
Carrying amount of interests under control and significant influence	0	0	0	0	-228,134	-228,134
Value of interests under control and significant influence under equity method	0	0	0	0	600,213	600,213
Adjusted unconsolidated equity as at 31 December 2023	**31,983**	**143,372**	**4,713**	**10,329**	**358,033**	**548,430**
Balance as at 1 January 2024	**31,983**	**143,372**	**4,713**	**10,329**	**-14,046**	**176,351**
Paid in share capital	436	3,586	0	0	0	4,022
Dividends paid	0	0	0	0	-41,578	-41,578
Transfer to legal reserve	0	0	0	0	0	0
Share options	0	0	0	3,501	3,308	6,809
Total comprehensive income for 2024	0	0	0	0	81,737	81,737
Balance as at 31 December 2024	**32,419**	**146,958**	**4,713**	**13,830**	**29,421**	**227,341**
Carrying amount of interests under control and significant influence	0	0	0	0	-256,741	-256,741
Value of interests under control and significant influence under equity method	0	0	0	0	699,488	699,488
Adjusted unconsolidated equity as at 31 December 2024	**32,419**	**146,958**	**4,713**	**13,830**	**472,168**	**670,088**

Adjusted unconsolidated equity is the maximum amount that can be distributed to shareholders according to Estonian legislation.

Signatures of the Management Board to the annual report

The Management Board has prepared the management report and the consolidated financial statements of AS LHV Group for the financial year ended 31 December 2024.

The Management Board confirms that the management report on pages 6 to 138 gives a true and fair view of the business operations, financial performance and financial position of the Group consisting of the parent company and other consolidated entities as a whole.

The Management Board confirms that according to their best knowledge the consolidated financial statements on pages 139 to 240 give a true and fair view of the financial position, financial results, and cash flows of the Group consisting of the parent company and other consolidated entities as a whole in accordance with International Financial Reporting Standards as adopted by the European Union and contains a description of the main risks and uncertainties.

03 March 2025

Madis Toomsalu
Chairman of the Management Board

/signed digitally/

Meelis Paakspuu
Member of the Management Board

/signed digitally/

Jüri Heero
Member of the Management Board

/signed digitally/

Kadri Haldre
Member of the Management Board

/signed digitally/

Independent auditor's report

To the Shareholders of AS LHV Group

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 Group (the "Company") and its subsidiaries (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.

AS PricewaterhouseCoopers
Tatari 1, 10116 Tallinn, Estonia; License No. 6; Registry code: 10142876
T: +372 614 1800, www.pwc.ee

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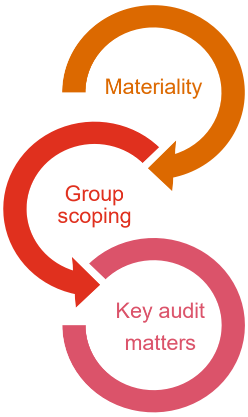
To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and its subsidiaries are in accordance with the applicable law and regulations in the Republic of Estonia and that we have not provided non-audit services that are prohibited under § 59^1 of the Auditors Activities Act of the Republic of Estonia.

The non-audit services that we have provided to the Company and its subsidiaries in the period from 1 January 2024 to 31 December 2024 are disclosed in the management report and note 8 to the consolidated financial statements.

Our audit approach

Overview



- Overall Group audit materiality is EUR 8,700 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 specified procedures was performed by us, or under our instructions, by a firm outside the PwC network, 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 matters are expected credit losses on loans and advances to customers and valuation of insurance contract liabilities.

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.

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.

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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 8,700 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 accounting estimates and assumptions", Note 12 "Loans and advances to customers", Note 13 "Expected credit losses on financial assets measured at amortised cost" and Note 18 "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 4,591,906 thousand and related expected credit loss allowance amounted to EUR 39,813 thousand. 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 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; ● 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

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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.

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.

Valuation of insurance contract liabilities (refer to Risk management disclosures, section 8.1 “Underwriting risk”, Material accounting policy information section 17 “Classification of insurance contracts” and Note 28 “Insurance contracts liabilities”).

As at 31 December 2024 insurance contract liabilities amounted to EUR 15,258 thousand.

This area involves significant judgements in terms of used assumptions and complex calculation models. There are also significant judgments applied on various methodology points which are implemented and applied in the models to calculate the IFRS 17 results.

Consistent with the insurance industry, the Group uses actuarial valuation models to

Our audit procedures included, but were not limited to:

- We have assessed the entity’s methodology and the assumptions used and tested the insurance contract liabilities.
- We have assessed the reasonableness of assumptions used in actuarial models, including their derivation and reconciliation with the experience analysis or other sources.
- We performed detailed audit procedures in the following areas:
  - premium allocation approach eligibility;
  - calculation of liabilities for incurred claims (LIC) cash flows (CF)
  - calculation of LIC risk adjustment

support the calculations of the insurance contract liabilities. The complexity of the models, including the processing of significant volumes of data, may give rise to errors as a result of their design or application or significant data requirement. In addition, the assumptions used in the calculations have a significant impact on the level of the liabilities.

As a result of incorrect implementation of IFRS 17 in the previous year by the management, the corresponding information pertaining to financial year 2023 are restated to conform to the standard. The significant judgements mentioned above also impact these corresponding periods.

- calculation of liabilities for remaining coverage (LRC)

- We have performed detailed audit procedures over the completeness, accuracy and appropriateness of the input data used in actuarial models.

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 a number of subsidiaries that are further disclosed in Note 6 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 specified procedures was performed by us, or under our instructions, by a firm outside the PwC network, covering substantially all of the Group's consolidated assets, revenues and profits.

Work was performed by a component auditor outside the PwC network for the LHV Bank Limited, where we determined the level of involvement we needed to have to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. The nature, timing and extent of the work impacting the Group audit opinion is set and monitored by group engagement team in Estonia, with input from the local component auditor team outside PwC Network at the risk assessment stage.

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, Corporate governance report, Remuneration report 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.

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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.

In accordance with the Securities Market Act of the Republic of Estonia with respect to the Remuneration Report, our responsibility is to consider whether the Remuneration Report includes the information in accordance with the requirements of Article 135^3 (3) of the Securities Market 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;
- the Management report has been prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia; and
- the Remuneration Report has been prepared in accordance with Article 135^3 (3) of the Securities Market 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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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 Group 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.

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 Group, 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 Group 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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This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/et/instrument/EE3100102203/reports?date=2025-03-03).

Independent Practitioner's Limited Assurance Report on AS LHV Group's Consolidated Sustainability Statement

To the shareholders of AS LHV Group

Limited assurance conclusion

We have conducted a limited assurance engagement on the consolidated sustainability statement of AS LHV Group (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.

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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;

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- Performed inquiries of relevant personnel and analytical procedures on selected information in the Consolidated Sustainability Statement;
- 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

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Proposal for profit distribution

The Management Board of LHV Group proposes to the General Meeting of shareholders that the profit for 2024 be distributed as follows:

- to pay a dividend of EUR 0.09 per share and EUR 29,177 thousand in total, the related income tax would amount to EUR 8,229 thousand;
- to transfer the profit for the reporting period attributable to the shareholders of the parent of EUR 123,228 thousand to retained earnings.

Allocation of income according to EMTAK

Consolidated:

EMTAK	Activity	2024	2023
66121	Security and commodity contracts brokerage	11,610	7,633
64191	Credit institutions (banks) (granting loans)	487,712	374,397
64911	Leasing	14,221	11,365
66301	Fund management	8,663	8,615
	Total income	**522,206**	**402,010**

Unconsolidated:

EMTAK	Activity	2024	2023
64201	Activities of holding companies	38,826	20,319
	Total income	**38,826**	**20,319**

EMTAK – Estonian classification of economic activities