

# Interim Report January – March 2021

## Summary of Results

### Q1 2021 in comparison with Q4 2020

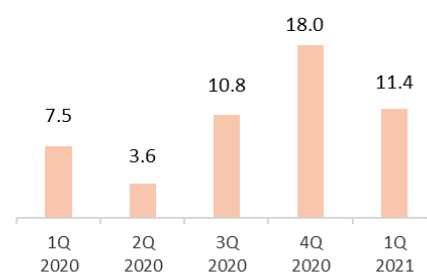
- Net profit EUR 11.4 m (EUR 18.0 m), of which EUR 11.0 m (EUR 17.8 m) is attributable to owners of the parent
- Earnings per share EUR 0.38 (EUR 0.62)
- Net income EUR 28.6 m (EUR 35.4 m)
- Operating expenses EUR 13.8 m (EUR 11.4 m)
- Loan provisions EUR 1.6 m (EUR 2.24 m)
- Income tax expenses EUR 1.99 m (EUR 3.74 m)
- Return on equity 18.5% (31.3%)
- Capital adequacy 19.13% (20.50%)

### Q1 2021 in comparison with Q1 2020

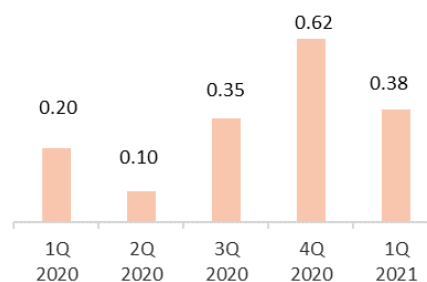
- Net profit EUR 11.4 m (EUR 7.5 m), of which EUR 11.0 m (EUR 7.1 m) is attributable to owners of the parent
- Earnings per share EUR 0.38 (EUR 0.25)
- Net income EUR 28.6 m (EUR 22.4 m)
- Operating expenses EUR 13.8 m (EUR 11.2 m)
- Loan provisions EUR 1.6 m (EUR 1.01 m)
- Income tax expenses EUR 1.99 m (EUR 2.81 m)
- Return on equity 18.5% (14.0%)
- Capital adequacy 19.13% (18.0%)

Earnings per share and return on equity ratios are based on the profit attributed to the shareholders and equity of AS LHV Group and do not include non-controlling interest.

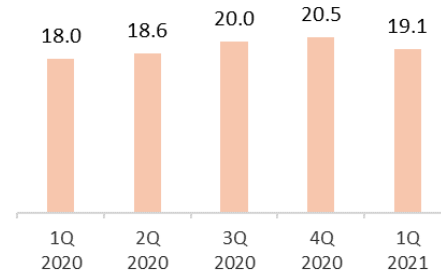
Profit by quarters



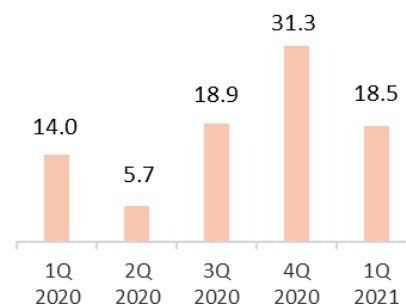
Basic earnings per share



Capital adequacy



Return on equity



## Managing Director's Statement

Dear investor in LHV,

LHV's year is off to a good start. We continued financing the Estonian economy, made our first strides toward establishing a bank in the UK, increased our number of customers at a brisk pace, bolstered our investment services even further, and once again were awarded the title of the bank with the best customer service.

In Q1, the LHV loan portfolio grew by EUR 96 million, EUR 68 million of which was in corporate loans and EUR 28 million, consumer loans. Based on market data published for two months, LHV's corporate loans held a market share of over 50% of all loans issued. The corresponding figure for home loans was 12%. Over one year, we have increased loans by EUR 565 million, which means growth of 33%. We have continued financing companies and retail customers even as covid-19 restrictions remain in place.

Despite the rapid growth, we have not made any concessions in the quality of our credit portfolio and our risk assessment policies have remained the same. The quality of credit to date has remained good, and the government's wage subsidies and banks' payment moratoria have helped to ensure that borrowers have a cash buffer. The payment moratoria granted last year during the emergency situation mostly expired in a timely manner, and the outstanding amount has dropped from the original EUR 350 million to EUR 60 million by the end of Q1. Since 26 February, when new restrictions began to be imposed, customers have applied for new payment moratoria in an amount of only EUR 11 million.

LHV has set a goal of supporting climate change goals. We have declared that from 2030 on, we will not finance purchases of new diesel cars. As a positive alternative, we incentivize purchases of the cleanest vehicles, and in March, lowered the interest rate on leasing of electric vehicles to 1.95%. The same interest rate also applies to green home loans, debunking the myth that green decisions cost more. These are the lowest rates LHV has ever offered.

During the quarter, we introduced a product called the pension investment account, which lets pension investors do their own investing within the second-pillar system. We added the option of viewing PIN codes digitally and a seamless charity feature for individuals, allowing one's favourite charity to be supported with each purchase made with the card.

Just as important as growing loan volumes, investment activity continues to rise. We have been able to solidify our status as market leader through our product portfolio – the most comprehensive one available – broad-based provision of investor education, the best Baltic brokerage service and low service fees.

To stimulate investing, we also lowered service fees on securities trading in February. There are already no fees for Baltic securities, and starting in February buying and selling foreign stock will cost just 0.14% of the transaction value and a minimum of 9 euros per transaction.

During the quarter, close to 16,000 new investment agreements were concluded, representing 30% annual growth. During the quarter, over 8000 customers with existing assets were added, and most chose use of a Growth Account. By mid-April, around 2000 investors had opened a pension investment account with LHV, making up 88% of new contracts. The percentage will probably decrease slightly in months ahead, but we hope that at least half of clients who independently invest their retirement savings will choose LHV.

With regard to other important events during the quarter, we registered the subsidiary LHV UK Limited in the British register of companies. Pending approval from regulators, it will be a separate bank with the goal of more clearly separating LHV Group's current business activities in Estonia and the UK. To this point, LHV Pank has operated in the UK through a branch. This year, LHV will deal with preparing documentation for the UK bank's licence for submission to supervisory authorities. From the founding of the company to until a licence is obtained, LHV UK Limited will bear the expenses and operate at a loss.

During the quarter, we started entering into the first home insurance contracts and as planned, took over the extended warranty insurance contracts for Euronics electronics sales. We will shortly start offering motor TPL insurance and Casco insurance.

Pension funds have posted positive yields, although due to lower equity risk, actively managed funds were outperformed by index funds. Maintaining liquidity in actively managed funds for the customers withdrawing from the system in September played a role in this. As of the end of March, it became clear how many clients would leave the second pillar of the pension system and the volume of the assets they would withdraw. Compared to the forecasts, the figures were lower, although in a few months' time, the clients opting for the pension investment account will also be added to the total.

We released a new financial plan during Q1 as well. The plan envisions LHV's net profit growing to EUR 41.7 million in 2021. Growth in expenses amounting to EUR 4.4 million is related to the additional non-cash-flow depreciation/amortization associated with customers leaving the second pillar. Without this amount, net profit would grow to EUR 46.2 million. The financial plan does not include potential performance fee taken by LHV Varahaldus. During the next five years, we want to grow volumes of loans and deposits by EUR 2.5 billion, and funds by EUR 600 million. By the

end of Q1, we will outperform the financial plan for 2021 by EUR 0.9 million.

And a final note. Compared to the end of Q1 of 2020, LHV's market value is nearly 400 million euros greater. It is not customary for the management board to comment on or speculate about the share price. This time is no exception. However, we are extremely pleased that we have become Estonia's largest publicly

listed company and that the associated growth in value will be distributed among the 13,000 individuals and companies in Estonia who are LHV shareholders. Thank you for placing your trust in us!

Madis Toomsalu

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## Financial Summary

The Group's 2021 Q1 consolidated profit was EUR 11.4 million, having decreased by EUR 6.6 million from 2020 Q4 and grown by EUR 3.9 million compared to the first quarter in the previous year. Loan discounts in Q1 were EUR 1.6 million. At the consolidated level, income tax on future dividend payments by subsidiaries was EUR 0.4 million in the first quarter.

The yield on equity held by LHV's shareholders was 18.2% in 2021 Q1, having decreased by 13.1 percentage points from 2020 Q4 (31.3%) and grown by 4.2 percentage points from 2020 Q1 (14.0%)

The Group's consolidated net loan portfolio grew by EUR 96 million in the quarter (EUR 353 million in 2020 Q4) and consolidated deposits grew by EUR 604 million (for comparison: growth in 2020 Q4 was EUR 904 million). Deposits related to payment intermediaries grew by EUR 595 million (EUR 457 million in 2020 Q4).

The Group's own funds decreased by EUR 0.8 million from the previous quarter and risk-weighted assets grew by EUR 105 million.

The bank's Q1 consolidated profit was EUR 11.8 million, which is EUR 1.2 million lower than the profit of the previous quarter (EUR 13.0 million in 2020 Q4). The number of the bank's clients grew by over 16 000 in the quarter (23 000 in 2020 Q4), with the total number of the bank's clients now around 274 000.

The bank's loan portfolio grew by EUR 96 million in Q1 (EUR 353 million in 2020 Q4), reaching EUR 2 304 million. Among the loans, business loans and home loans grew the most.

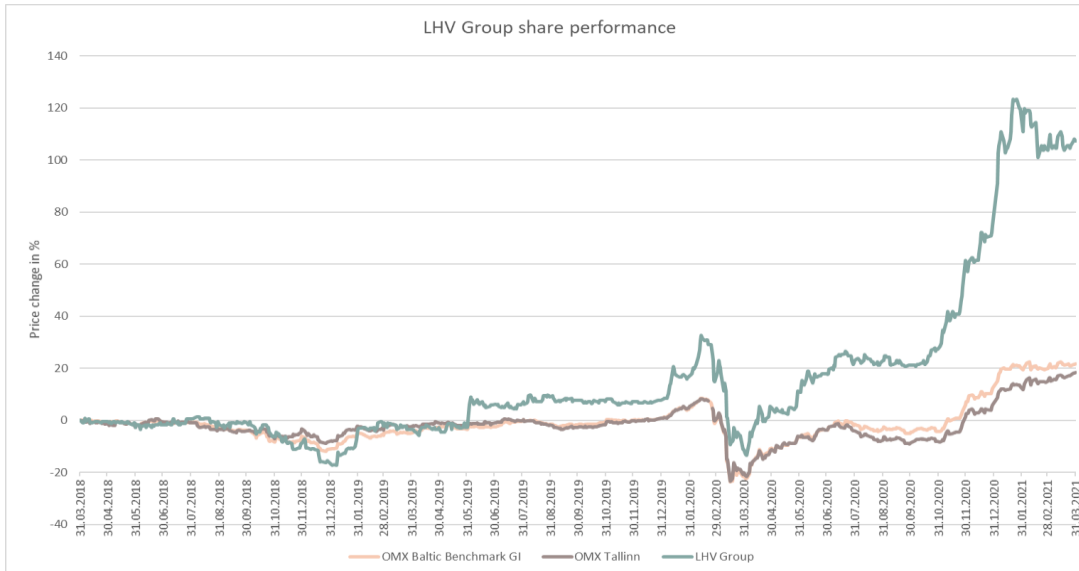
The deposits of the bank's clients grew by EUR 625 million in Q1, while the balance of the deposits of payment intermediaries grew by EUR 595 million and the deposits of the remaining clients grew by EUR 30 million. By the end of Q1, the total volume of deposits amounted to EUR 4 766 million.

LHV Varahaldus earned a profit of EUR 0.6 million in Q1 (EUR 7.1 million in 2020 Q4) which was due to income tax paid on dividends. Income from service fees of LHV Varahaldus decreased by EUR 6.2 million from the previous quarter, amounting to EUR 2.3 million. The large decrease in fee income is due to the performance fees received in the fourth quarter of 2020. The operating expenses of LHV Varahaldus increased by EUR 0.1 million in the quarter.

The aggregate volume of the funds managed by LHV grew by EUR 50 million in the quarter (a growth of EUR 41 million in 2020 Q4). The number of active second pillar clients decreased by 3 164 in the quarter (a growth of 3 538 in 2020 Q4).

There is only one class of shares issued by LHV, each share gives 1 voting right. The shares of LHV Group is traded on NASDAQ Tallinn main list since May 2016. Graph below presents LHV Group share performance against OMX Tallinn index and OMX Baltics benchmark index. LHV Group share has outperformed

both indexes and has raised 107%, when comparison indexes have increased by 22 and 18% respectively. LHV Group share price has been 13.5 euros in the end of Q1 and based on the stock price, LHV's market value was EUR 666 million.



Business volumes EUR million	Q1 2021	Q4 2020	Quarter over quarter	Q1 2020	Year over year
Loan portfolio	2 304.3	2 208.8	4%	1 738.9	33%
Financial investments	149.7	330.1	-55%	231.3	-35%
Deposits of customers incl. deposits of financial intermediates	4 733.8 1 648.3	4 119.8 1 053.6	15% 56%	2 953.4 505.4	60% 226%
Equity (including minority interest)	255.2	245.3	4%	207.2	23%
Equity (owners' share)	248.5	236.8	5%	203.0	22%
Volume of funds managed	1 587.0	1 537.1	3%	1 344.2	18%
Assets managed by bank	2 167.0	1 864.0	16%	1 232.1	76%

Income statement EUR million	Q1 2021	Q4 2020	Quarter over quarter	Q1 2020	Year over year	3M 2021	3M 2020	Year over year
Net interest income	20.37	19.89	2%	16.32	25%	20.37	16.32	25%
Net fee and commission income	8.64	14.18	-39%	6.51	33%	8.64	6.51	33%
Other financial income	-0.37	1.32	-129%	-0.39	-5%	-0.37	-0.39	-5%
Income	0.09	0	NA	0	NA	0.09	0	NA
Total net operating income	28.73	35.39	-19%	22.44	28%	28.63	22.44	28%
Other income	0.04	0.03	33%	0.04	0%	0.04	0.04	0%
Operating expenses	-13.76	-11.40	21%	11.18	23%	-13.76	-11.18	23%
Loan losses	-1.60	-2.24	-29%	-1.01	58%	-1.60	-1.01	58%
Income tax expenses	-1.99	-3.74	-47%	-2.81	-29%	-1.99	-2.81	-29%
Net profit	11.42	18.04	-37%	7.48	53%	11.42	7.48	53%
Including attributable to owners of the parent	11.04	17.84	-38%	7.08	56%	11.04	7.08	56%

Ratios EUR million	Quarter over quarter				Year over year		Year over year	
	Q1 2021	Q4 2020	Q1 2020	Q1 2020	3M 2021	3M 2020	3M 2021	3M 2020
Average equity (attributable to owners of the parent)	242.6	228.1	14.5	201.9	40.7	242.6	201.9	40.7
Return on equity (ROE), %	18.2	30.6	-13.1	14.0	4.2	18.2	14.0	4.2
Return on assets (ROA), %	0.9	1.6	-0.7	1.0	-0.1	0.9	1.0	-0.1
Interest-bearing assets, average	5 294.8	4 490.4	804.4	3121.1	2 173.7	5 294.8	3121.1	2 173.7
Net interest margin (NIM) %	1.50	1.80	-0.30	2.09	-0.59	1.50	2.09	-0.59
Price spread (SPREAD) %	1.50	1.70	-0.20	2.05	-0.55	1.50	2.05	-0.55
Cost/income ratio %	47.8	32.2	15.6	49.7	-1.9	47.8	49.7	-1.9
Profit attributable to owners before income tax	12.83	21.07	-8.24	9.60	3.23	12.83	9.60	3.23

**Explanations to ratios** (quarterly ratios have been expressed on an annualised basis)

Average equity (attributable to owners of the parent) = (equity as at the end of the reporting period + equity as at the end of the previous reporting period) / 2

Return on equity (ROE) = net profit for the quarter (share of owners of the parent) / average equity (attributable to owners of the parent) \*100

Return on assets (ROA) = net profit for the quarter (share of owners of the parent) / average assets\*100

Net interest margin (NIM) = net interest income / interest-bearing assets, average \*100

Price spread (SPREAD) = interest yield from interest-bearing assets – cost of external capital

Interest yield from interest-bearing assets = interest income / interest-bearing assets, average \*100

Cost of external capital = interest expenses / interest-bearing liabilities, average \*100

Cost/income ratio = total operating cost / total income \*100

## Operating Environment

The coronavirus pandemic that erupted in early 2020 is still reshaping the global political and economic agenda. Total global output shrank last year by a historic 3.3%, according to IMF estimates. The setback was greater in the industrialized world (-4.7%) than in developing nations (-2.2%). China, where the coronavirus originated, managed to avoid a contraction altogether, according to official statistics, and closed the year with 2.3% growth.

In Europe, economies shrank more than elsewhere in the world, but there was wide variation between individual countries in the region. The contraction was as much as 10% in major Mediterranean nations and the UK, while the decline was two or three times less in northern Europe. Both Estonia and Estonia's key trading partners on the Baltic Sea were among those relatively spared by the crisis, as due to the milder spread of the virus in the region, the restrictions were also not as severe as elsewhere in Europe and economic activity levels stayed higher. The fact that tourism accounts for a lower share of GDP in the Baltic Sea region's economies than in southern Europe also undoubtedly played a role.

Unemployment stabilized in the second half of 2020 at 7.5% for Europe as a whole and remains more or less at the same level currently. In the European Union, 2.5 million more people were unemployed in February than at the start of the crisis. If the UK is added to the tally, the increase in the unemployed population would be 3 million. As the brunt has been borne by companies operating in the service sphere (tourism, hospitality, restaurants and catering, and transport), where the share of unregistered workforce has been greater, the actual situation may be even more serious. But many of terminations of employment relationships do not show up in the official statistics.

Compared to the same period last year, the standard consumer basket saw a consistent drop in price by a few base points in H2 2020. In January, inflation suddenly jumped to 0.9% and accelerated to 1.3% in March. The suddenly rising prices were due to a combination of simultaneous extraordinary events. A temporary lowering of the VAT rate in Germany expired, and major discount campaigns ended in various places, the price of crude oil started impacting the extremely low comparison base and on top of it all, the weights assigned to the goods in the consumer basket were changed more than usual at the beginning of the year. As the year went on, inflation may accelerate further, pressured by rising energy prices. Still, the influence of economic indicators thrown out of kilter by the pandemic and temporary relief measures will keep inflation volatile for months to come.

At the European Central Bank Governing Council meetings in January and March, it was decided to leave the current monetary policy track largely unchanged and continue implementing the solutions developed. Through various relief measures, an additional EUR 2.3 trillion was injected into the economy in 2020. Of this, EUR 1 trillion was used to for asset purchases under the pandemic emergency purchase programme (PEPP), mainly in the public sector and approximately EUR 1.2 trillion was commercial banks as part of the TLTRO-III refinancing programme. The six-month Euribor and the euro short-term rate €STR adopted as a new comparison interest rate have remained consistently below -0.5% from the beginning of the year to the present.

Bolstered by the central bank's dovish monetary policy, the Eurozone governments have confidently increased their debt burden and supported the economy with fiscal stimulus. Eurozone government debt increased by about EUR 900 billion in 2020, rising to 97% of GDP. During the next three years, debt is forecasted to increase by another EUR 1.5 trillion. The Eurozone governments' efforts pale in comparison to the US, though, where the new presidential administration spearheaded a 1.9 trillion dollar relief bill introduced in March. Previously during the pandemic, the US had pumped 3.5 trillion dollars into the economy. The mammoth stimulus measures have not gone unnoticed on money markets – the long-term government bond interest rate has risen around the world, based on the sentiment that the positive influence of the massive US fiscal stimulus will carry over to the whole world.

The Estonian economy saw a 2.9% contraction in 2020, and the figure puts the country among the least hard-hit countries in Europe. Where the infection rates in central and southern Europe soared during the second wave of the virus in the closing months of 2020, the wave reached Estonia early in 2021. Because of that, the Estonian economy shrank only 1.2% in Q4, which is a superb result given that the GDP during the comparison period of Q4 2019 had been at a record high (over EUR 6.6 billion).

Both in Q4 and for 2020 overall, IT and communications fared best, where value-added grew throughout the crisis. Surprisingly, the construction sector posted a similar result, although construction volumes did decrease suddenly when the crisis flared up. Tourism, transport and entertainment related fields suffered worst, and the first months of this year have not brought relief.

The industrial sector was a positive surprise throughout the year. In spite of weaker demand, and complications in supply chains, it withstood the crisis well. In the last months of the year, export growth also recovered and better numbers carried over to this



year, although the dynamism in this field reflects the weak comparison base of the year before and good performance in individual areas of activity, not so much a general export boom. While at the end of the year, the export growth was based on export of electrical equipment, in recent months, export of mineral fuels has grown in leaps and bounds. Core exports – i.e., export of products with at least 50% domestic value-added – has become a bit more volatile than it is usual, but gives reason for optimism thanks to a resurgence of the timber and metal sector. The main source of the volatility is trading of agricultural products.

At the end of the year, a megainvestment by Volkswagen Group in Estonia was announced, raising the level of companies' investments in Q4 to EUR 2.2 billion. Investments of that magnitude have not been seen in Estonia before. The fact that the investment was into computer software and databases, as opposed to brick and mortar, adds a positive note. An investment into intellectual property related products has greater profit potential in future and suggests that the Estonian economy is quietly but consistently moving toward activities that generate greater value added, even if the trend is being driven by only a few companies right now

Inflation has sped up at the beginning of this year and reached 1.1% in March. The main reasons behind rising prices lie in the same factors that led to deflation last year. Crude oil prices have doubled year-over-year and the price of electricity on exchanges is likewise significantly higher than it was last year. While the recovery of demand and decisions within the cartel to limit production are pushing oil prices upward, electricity prices have

been impacted by a more trivial reason – weather. As wage pressure is lower this year than it has been in recent years, volatile exogenous factors will continue to be the primary ones impacting inflation in the months ahead.

Similarly to the rest of the world last year, the Estonian government also provided the economy with support in the form of inexpensive loan capital. Government debt increased by a total of about EUR 2.6 billion to 18% of GDP. This year, debt burden should increase by more than EUR 1 billion. The government sent a supplementary budget to parliament in 2021, which in the months ahead will channel EUR 640 million of support to the sectors hardest hit by the crisis.

Confidence in the economy improved in the last few months of the year due to the optimistic sentiment in the industrial sector. After the new restrictions were announced, retail and service sector have become slightly more pessimistic, but this should be a temporary phenomenon. In the longer perspective, all sectors should see a growth in orders and improved total employment. The pace of the economic recovery everywhere depends on the speed of the vaccine rollout, and in spite of minor setbacks, Estonia is toward the front of the pack in this regard. With cheap loan capital plentiful, companies must find enough courage to invest into a better future, as it is hard to imagine more favourable financing conditions than the ones now.

## Financial Results of the Group

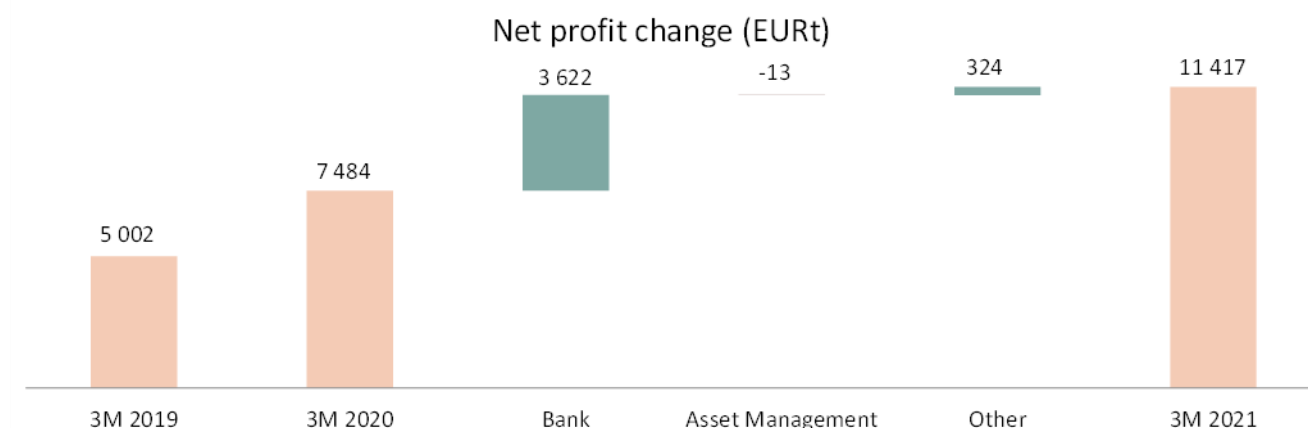
Compared to Q4, the Group's net interest income increased in Q1 2021 by 2%, standing at EUR 20.4 (Q4: 19.9) million.

At the consolidated level, income tax on future dividend payments by subsidiaries was EUR 0.4 million in the fourth quarter.

Net fee and commission income decreased in Q1 by 39% and stood at EUR 8.6 (Q4: 14.2) million. In total, the net income of the Group decreased by 19% in Q1, compared to Q4, amounting to EUR 28.6 (Q4: 35.4) million, with expenses increasing 21% and amounting to EUR 13.8 (Q4: 11.4) million. The Group's operating

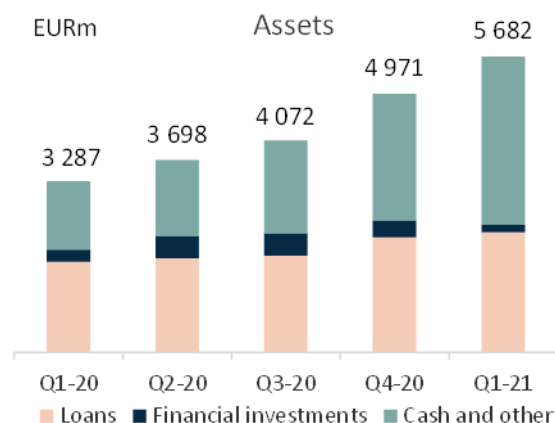
profit for Q1 amounted to EUR 14.9 (Q4: 24.0) million. The expenses from loan impairments amounted to EUR 1.6 million in Q1 (Q4: loss 2.24). The Group's total profit for Q1 amounted to EUR 11.4 million (Q4: 18.0). Compared to Q1 2020, the Group's net interest income increased by 25% and net fee and commission income increased by 33%.

In terms of business entities, AS LHV Pank posted in Q1 a consolidated profit of EUR 11.8 million and AS LHV Varahaldus a profit of EUR 0.6 million. LHV Kindlustus posted a loss of EUR 0.3 million. The AS LHV Group on solo bases posted a profit of EUR 9.9 million due to dividends received from subsidiaries.



The Group's volume of deposits as at the end of Q1 amounted to EUR 4 734 (Q4: 4 120) million, of which demand deposits formed EUR 4 273 (Q4: 3 636) million and term deposits EUR 461 (Q4: 484) million.

As at the end of Q1, the volume of loans granted by the Group amounted to EUR 2 304 (Q4: 2 209) million, increasing in Q1 by 4%. Compared to Q1 2020, the volume of the Group's deposits has increased by 60% and the volume of loans by 33%.



## The Group's Liquidity, Capitalisation and Asset Quality

As at 31 March 2021, the Group's own funds stood at EUR 310.6 million (31 December 2020: EUR 311.3 million). LHV Group own funds are calculated based on regulative requirements. In Q1 the level of own funds changed by including the Q4 profit into own funds.

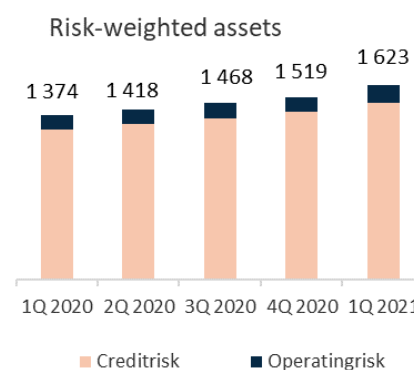
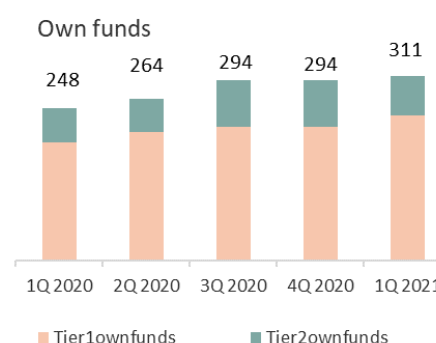
Compared to Group's internal capital adequacy ratio target 16.0%, the Group is capitalised good enough as at the end of the reporting period, with the capital adequacy ratio amounting to 19.13% (31 December 2020: 20.50%). In addition to total capital adequacy targets the Group has also set internal targets for the core Tier 1 capital adequacy ratio to 10.63% and Tier 1 capital adequacy ratio to 12.46%. The internal targets were approved in December 2020 by the Group's Supervisory Board, after the completion of the annual supervisory assessment by the Financial Supervision Authority.

The minimum requirement for own funds and eligible liabilities (MREL) is valid from the 1st of January 2018. This ratio is included into resolution plan and LHV has to keep enough own funds and qualifying liabilities which can be used to cover losses in resolution planning. Minimum requirement was set at 5.79% and will be reviewed annually by Estonian Financial Supervision Authority. Group has set internal MREL minimal target at 6.08%. As of 31 March the MREL ratio was 6.57% (31st of December 2020 6.71%). Estonian FSA informed LHV in January 2020 that MREL requirement will change from the end of Q2 2021 to the level of 10.15%, as LHV is treated as systematic bank and bank has to keep sizable amount of suitable liabilities which could be converted to own funds in case of resolution process. Q2 2021 MREL calculation formula will change, according to which total assets based of calculation will be replaced with total risk weighted assets based calculation making the ratio controllable. At same time the liimits set by FSA will change together with timing. New MREL requirement will probably be valid from end of 2021."

The Group's liquidity coverage ratio (LCR), as defined by the Basel Committee, stood at 139.9 as at the end of March (31 December 2020: 147.9%). Financial intermediates' deposits in Bank are covered 100% with liquid assets. Excluding the financial intermediates deposits the Groups LCR is 314.7% (31.12.2020: 269.3%). The Group recognises cash and bond portfolios as

liquidity buffers. These accounted for 59% of the balance sheet (31 December 2020: 55%). The ratio of loans to deposits stood at 45% as at the end of the first quarter (31 December 2020: 49%). Group's maturity structure is presented in Note 5.

The Group's credit quality was good. As at the end of March, provisions for estimated loan losses amounted to EUR 18.1 million in the balance sheet, i.e. approximately 0.8% of the loan portfolio (31 December 2020: EUR 16.9 million, 0.8%). Estimated loan losses make up 426.5% (31 December 2020: 459.2%) of the portfolio of loans overdue for more than 90 days.

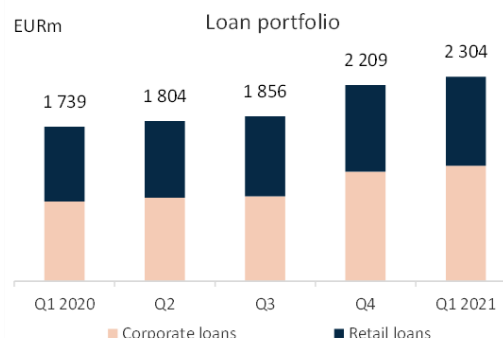


EUR thousand	31.03.2021	Proportion	31.12.2020	Proportion
Loans to customers	2 322 518		2 225 681	
including overdue loans:	25 593	1.1%	24 809	1.1%
1-30 days	18 479	0.8%	17 728	0.8%
31-60 days	2 157	0.1%	2 559	0.1%
61-90 days	696	0.0%	850	0.0%
91 and more days	4 261	0.2%	3 671	0.2%
Impairment of loans	-18 170	-0.8%	-16 858	-0.8%
Impairment % of loans overdue for more than 90 days	426.5%		459.2%	

Capital base	31.03.2021	31.12.2020	31.12.2019
Paid-in share capital	28 819	28 819	28 454
Share premium	71 468	71 468	70 136
Statutory reserves transferred from net profit	4 713	4 713	4 713
Other reserves	58	0	212
Retained earnings	128 384	90 434	69 452
Intangible assets (subtracted)	-18 188	-18 528	-18 319
Net profit for the reporting period (COREP)	0	37 950	12 186
Other adjustments	-143	-323	-33
CET1 capital elements or deductions	-9 895	-8 358	0
CET1 instruments of financial sector entities where the institution has a significant investment	-4 665	-4 842	0
<b>Tier 1 capital</b>	<b>200 551</b>	<b>201 333</b>	<b>166 801</b>
Additional Tier 1 capital	35 000	35 000	20 000
<b>Total Tier 1 capital</b>	<b>235 551</b>	<b>236 333</b>	<b>186 801</b>
Subordinated debt	75 000	75 000	55 000
<b>Total Tier 2 capital</b>	<b>75 000</b>	<b>75 000</b>	<b>55 000</b>
<b>Net own funds for capital adequacy</b>	<b>310 551</b>	<b>311 333</b>	<b>241 801</b>
<b>Capital requirements</b>			
Central governments and central bank under standard method	363	363	920
Credit institutions and investment companies under standard method	8 728	8 060	4 183
Companies under standard method	937 915	865 624	818 918
Retail claims under standard method	200 524	197 849	167 276
Public sector under standard method	2 913	3 250	2
Housing real estate under standard method	250 833	243 971	208 693
Overdue claims under standard methods	14 729	13 362	5 242
Investment funds' shares under standard method	7 270	7 145	8 052
Other assets under standard method	41 975	49 321	17 875
<b>Total capital requirements for covering the credit risk and counterparty credit risk</b>	<b>1 465 250</b>	<b>1 388 945</b>	<b>1 231 161</b>
Capital requirement against foreign currency risk under standard method	4 252	3 950	4 211
Capital requirement against interest position risk under standard method	0	0	0
Capital requirement against equity portfolio risks under standard method	961	972	959
Capital requirement against credit valuation adjustment risks under standard method	225	82	22
Capital requirement for operational risk under base method	152 778	124 638	109 546
<b>Total capital requirements for adequacy calculation</b>	<b>1 623 466</b>	<b>1 518 587</b>	<b>1 345 899</b>
<b>Capital adequacy (%)</b>	<b>19.13</b>	<b>20.50</b>	<b>17.97</b>
<b>Tier 1 capital ratio (%)</b>	<b>14.51</b>	<b>15.56</b>	<b>13.88</b>
<b>Core Tier 1 capital ratio (%)</b>	<b>12.35</b>	<b>13.26</b>	<b>12.39</b>

## Overview of AS LHV Pank Consolidation Group

- (Net) growth in loan volume EUR 96 million
- Net profit EUR 11.8 million
- (Net) growth in deposits EUR 614 million



EUR million	Q1 2021	Q4 2020	Change %	Q1 2020	Change %	From the beginning of 2021	From the beginning of 2020	Change %
Net interest income	20.76	20.42	2%	16.25	28%	20.76	16.25	2%
Net fee and commission income	6.37	5.72	11%	4.33	47%	6.37	4.33	11%
Other financial income	-0.50	1.00	NA	-0.09	456%	-0.50	-0.09	NA
Total net operating income	26.63	27.14	-2%	20.49	30%	26.63	20.49	-2%
Other income	0.06	0.08	-25%	0.06	0%	0.06	0.06	-25%
Operating expenses	-11.45	-9.26	24%	-9.43	21%	-11.45	-9.43	24%
Loan losses	-1.60	-2.24	-29%	-1.01	58%	-1.60	-1.01	-29%
Income tax expenses	-1.88	-2.71	-31%	-1.97	-5%	-1.88	-1.97	-31%
<b>Net profit</b>	<b>11.76</b>	<b>13.01</b>	<b>-10%</b>	<b>8.14</b>	<b>44%</b>	<b>11.76</b>	<b>8.14</b>	<b>-10%</b>
Loan portfolio	2 304	2 209	4%	1 739	32%			
Financial investments	143	323	-56%	223	35%			
Deposits of customers incl. deposits of financial intermediates	4 766	4 141	15%	2 958	61%			
Subordinated liabilities	86	86	0%	71	21%			
Equity	221	215	28%	181	22%			

Q1 was successful in terms of business volumes. LHV Bank generated EUR 20.8 million in net interest income and EUR 6.4 million in net fee and commission income. In total, the bank's net income amounted to EUR 26.6 million, expenditure to EUR 11.5 million and loan provisions to EUR 1.6 million. The net profit of LHV Pank amounted to EUR 11.8 million in Q1. This constitutes a 1% decrease from Q4 (13.0) and a 44% increase from Q1 2020 (8.1). Net interest income increased 2% compared to previous quarter. Net fee and commission income increased 11% compared to Q4. Net operating income decreased by 2% compared to previous quarter. In Q1 other financial expenses amounted to EUR 0.5 million (Q4 financial income 1.0 million). Securities brokerage fees, transaction fees and fees from cards are the greatest contributor to fee and commission income. The quarterly profit before taxes was EUR 13.6 million and net profit EUR 11.8 million. As at the end of the quarter, net profit exceeded the financial plan by EUR 1.2 million.

The increase in net interest income stems from the growth in business volumes. By the end of Q1, the total volume of the bank's loan portfolios amounted to EUR 2 304 million (Q4: EUR 2 209 million). The volume of portfolios grew 4% over the quarter. The corporate credit portfolio, consisting of loans and guarantees, grew by EUR 446.2 million year-over-year (+48%) and by EUR 75.4 million quarter-over-quarter (+6%). The acquisition of Danske Bank's Estonian business and public sector credit portfolio – finalised last October – played a key role in the very strong growth. Loans for real estate activity were the biggest source of the growth: this field, traditionally the one financed the most by commercial banks, grew by EUR 128.9 million (+38%). The principal growth came from financing of commercial real estate projects with a strong income stream from leases. It was followed by loans issued to the public sector (public administration, national defence and social services), which grew by EUR 121.2 million year-over-year. The acquisition of the

aforementioned Danske Bank portfolio had the greatest impact on the growth in this field. Loans issued to wholesale and retail trade, and the motor vehicle and motorcycle repair sector grew by EUR 52.0 million year-over-year (+106%).

Compared to Q4 2020, the growth of the portfolio was influenced most by loans and guarantees issued for real estate activity (EUR 40.3 million; +9%), followed by wholesale and retail trade, motor vehicle and motorcycle repair sector (EUR 29.9 million; +42%) and the construction sector (EUR 14.3 million; +72%).

The greatest number of corporate loans was granted to the real estate sector, which makes up 35% of the bank's corporate loan portfolio. The principal share of real estate loans was issued to projects with high-quality income streams from leases, and a significantly smaller share is made up by real estate developments. Most of the real estate developments financed are located in Tallinn, while projects in other larger Estonian towns and in the vicinity of Tallinn make up 31% of the development projects. LHV's market share in terms of financing new developments in Tallinn was less than one-fifth at the end of Q1 2021. LHV's real estate development portfolio is well-positioned should market trends shift – the developments financed are in good locations and the ratio of the project risk to planned sale price is an average of approximately 56%.

After the real estate sector, the greatest amount of credit has been issued to companies in the processing industry (10%) and the public sector (public administration, national defence and social services; 9%). Of sectors that generally run a higher credit risk, HoReCa makes up 3%, construction is also 3% and transport and warehousing comprises 1% of the portfolio.

Over the quarter, the number of bank customers grew by around 15,800. Customers remained on an active footing, and business volumes saw healthy growth. Due to tighter pandemic restrictions established in Estonia in March, the number of card transactions decreased, but the average transaction amount grew – the total influence on activity was minor. Deposits grew by EUR 625 million over the quarter and loans, EUR 96 million.

Deposits of ordinary customers grew by EUR 67 million, and those of financial intermediaries, by EUR 594 million. Significant changes took place among deposits of ordinary customers – retail customers' deposits grew by EUR 186 million, while corporate deposits decreased by EUR 127 million. The rise in virtual currency prices – and customers' interest in investing in these currencies – continues to propel the growth in financial intermediaries' deposits. By the end of Q1, the latter had stabilized. Deposits raised through deposit platforms shrank by EUR 36 million, as the bank does not continue to be active raising the deposits on the platforms.

Loans grew in Q1 by EUR 96 million, including an increase of EUR 68 million in corporate loans and EUR 28 million in retail loans. Competition on the loan market is currently very fierce and there

is a greater supply than ever before. Loan demand has also increased substantially among retail customers. While the beginning of the year tended to be modest in retail loans, new sales of all products were very strong in March. Companies' confidence in investing is modest; which fosters an unusual situation given the increased supply. Nevertheless, we posted a decent result in the first three months.

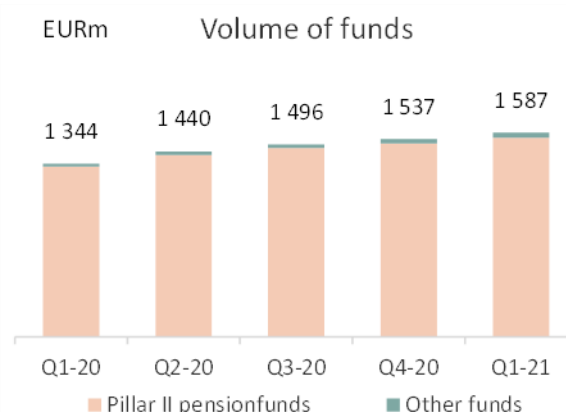
Net profit for Q1 proved to be EUR 11.8 million. Loan impairments increased by EUR 1.6 million over the quarter. In connection with additional restrictions being established in Estonia, customers were again offered payment moratoria under more lenient terms, similarly to last spring. However, customers have not had a keen interest in the moratoria this time – in March, 4.4 million euros' worth of moratoria were granted. Although the credit rating of some corporate banking loan customers directly impacted by the crisis has worsened, leading to additional impairment, the overall quality of the bank's loan portfolio has remained strong and the share of loans past due continues to be very low. On 19 March 2021, the supervisory board of SA KredEx approved updated terms and conditions for extraordinary services, which will come into force on 29 March 2021. Customers impacted by the crisis can now be offered enhanced services.

Starting in January, maintenance and trading fees for foreign securities were decreased, and further adjustments were made to the price list in February. In connection with the Funded Pensions Act coming into force, the pension investment account (PIA) was introduced to the market from January, applications began to be received and a broader marketing campaign started. Starting in early April, a pension investment account can be opened via the Pension Centre; SEB, Swedbank and Luminor also introduced a pension investment account product in addition to LHV. LHV Pank has risen to become market leader in investing services and the volume of assets managed by the bank has reached EUR 1.9 billion.

New solutions rolled out include a digital PIN code (digipin) and no longer do customers who order a new card receive a PIN code in a physical sealed envelope. This has both environmental benefits and increased convenience for customers – should a PIN code be forgotten, it can be looked up online via the internet or mobile bank. In February, the option of seamless charity was added to private customers' debit cards, which helps to support the culture of giving in Estonia and allows customers to do some good every day, consistently, with small amounts. The permanent donation feature can be enabled and disabled via the mobile app or internet bank and the donations take place automatically every time the card is used for payment. The donations are accumulated and once a year, the total is paid out to the selected charity organisation.

## Overview of AS LHV Varahaldus

- Q1 pre-tax profit amounted to EUR 0.7 million
- Net profit was EUR 0.6 million, largely due to the EUR 1.2 million in income tax expenses paid on the 6.5-million-euro dividend payment
- There were 177 thousand active second-pillar customers by the end of the quarter
- The volume of assets in second-pillar funds was more than EUR 1.5 billion; growth of EUR 45 million over the quarter
- Continuing growth of net assets in third pillar of the pension system
- Fewer customers than expected exercised the option of leaving the second pillar



EUR million	Q1 2021	Q4 2020	Change %	Q1 2020	Change %	3M 2021	3M 2020	Change %
Net fee and commission income	2.3	8.5	-73%	2.17	6%	2.3	2.17	6%
Net financial income	0.11	0.3	-63%	-0.32	NA	0.11	-0.32	NA
Operating expenses	-1.25	-1.23	2%	-1.09	15%	-1.25	-1.09	15%
Depreciation of non-current assets	-0.49	-0.49	0%	-0.48	2%	-0.49	-0.48	2%
<b>Profit</b>	<b>0.67</b>	<b>7.08</b>	<b>-91%</b>	<b>0.28</b>	<b>139%</b>	<b>0.67</b>	<b>0.28</b>	<b>139%</b>
Financial investments	6.9	6.8	1%	7.9	-13%			
Subordinated liabilities	0.6	0.6	0%	1.6	-63%			
Equity	26.0	33.0	-21%	24.0	8%			
Assets under management	1 587.0	1 537.1	3%	1 344.0	18%			

In Q1, the operating income of LHV Varahaldus was EUR 2.3 million, financial income was EUR 0.1 million, and pre-tax profit was EUR 0.7 million. Net profit was impacted by the dividend payment made in March and the associated income tax expense. The results correspond largely to the financial plan; the major difference compared to the last quarter of 2020 is due to a performance fee taken in December.

Q1 was volatile on stock markets, but thanks to a very strong March, the largest of the developed markets posted good growth figures. Measured in euros, quarterly growth was 9.2% for MSCI World, 10.0% for S&P500, and 7.9% for Euro Stoxx 50.

The values of the units in LHV's largest actively managed pension funds, M, L and XL, grew by 1.0%, 2.1% and 2.6%, respectively, in the quarter. High risk broad-based equity funds had the best yield of any of the pension funds. The LHV pension fund index rose 9.3% in a month. Green, the pension fund that had performed best of all the funds on the market over the last year, declined by 0.4% in the quarter, despite a strong January. The increase in social tax revenue, which serves as a comparison base for

actively managed funds, has been less than 2% year-over-year in each month in the Q1.

In Q1, we made additional disbursements for developing Aiandi rental apartments and Sunly solar parks, increased positions in precious metals and financial sector stock, and made new equity investments on the Scandinavian market.

The number of LHV's active second-pillar customers decreased by 3000 investors over the three months, standing at a little more than 177,000 at the end of the quarter. Due to the restrictions related to the coronavirus in January and March, in-person sales were all but suspended, and competitors have been doing telephone sales more actively than in the past. The number of customers was also decreased by the new option made possible by pension reform – people who are nearing or have reached retirement age can withdraw their accumulated pension investment from the second pillar with one month's advance notice.

The volume of assets administered by LHV Varahaldus was close to EUR 1.6 billion at the end of the quarter. The volume of second-pillar assets grew by EUR 45 million over the quarter, and the

growth of third-pillar assets that started in the second half of last year continued. A more significant drop in the asset volume is expected in September, when disbursements will be made to those who have filed for withdrawal from the second pillar of the pension system or are migrating their pension to an investment account.

By the end of March – i.e., the first window for leaving the second pillar – fewer than 36 thousand people filed for withdrawal of funds from the second pillar, and the volume of the funds dropped 21%.

Compared to larger competitors and the financial plan released in February, the number of people exiting the second pillar and the decrease in the volume of funds was more positive than expected. About 80% of active clients who make contributions to the second pillar decided to continue in LHV pension funds. As fund manager, LHV sees its role as continuing to offer attractive pension funds with a good return.



## Overview of AS LHV Kindlustus

AS LHV Kindlustus started sales activity in January 2021 and achieved in the first quarter of the year an insurance premium volume of EUR 2.1 million, which mainly consists of premiums paid on equipment insurance, extended

warranty insurance and home insurance contracts. The insurance premiums earned totalled EUR 91 thousand in Q1. One loss event was registered

EURt	Q2-Q4 2020	Q1 2021
Gross insurance premiums	0	2136
Net earned insurance premiums	0	91
Net losses incurred	0	1
Total net operating expenses	-550	-365
Underwriting results	-550	-276
Net profit	-550	-276
Actuarial reserves	0	2 036
Equity	7452	7 176

As a brand-new insurance company, LHV Kindlustus is still developing its products and sales channels. In Q2, LHV Kindlustus plans to introduce auto and motor TPL insurance products. Cooperation agreements have been concluded with AS

LHV Pank and companies operating under the Euronics trade mark to offer insurance services to customers of those companies.

As of the end of Q1, LHV Kindlustus employed 15 people.

# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

<i>(in thousands of euros)</i>	Note	Q1 2021	3M 2021	Q1 2020	3M 2020
Interest income		27 036	27 036	20 979	20 979
Interest expense		-6 665	-6 665	-4 655	-4 655
<b>Net interest income</b>	9	<b>20 371</b>	<b>20 371</b>	<b>16 324</b>	<b>16 324</b>
Fee and commission income		13 000	13 000	9 463	9 463
Fee and commission expense		-4 359	-4 359	-2 955	-2 955
<b>Net fee and commission income</b>	10	<b>8 641</b>	<b>8 641</b>	<b>6 508</b>	<b>6 508</b>
<b>Income from insurance services</b>		<b>89</b>	<b>89</b>	<b>0</b>	<b>0</b>
Net gains from financial assets measured at fair value		-427	-427	-366	-366
Foreign exchange rate gains/losses		52	52	-23	-23
<b>Net gains from financial assets</b>		<b>-375</b>	<b>-375</b>	<b>-389</b>	<b>-389</b>
Other income		39	39	44	44
Other expense		0	0	-8	-8
<b>Total other income</b>		<b>39</b>	<b>39</b>	<b>36</b>	<b>36</b>
Staff costs		-7 253	-7 253	-5 769	-5 769
Administrative and other operating expenses		-6 507	-6 507	-5 407	-5 407
<b>Total expenses</b>	11	<b>-13 760</b>	<b>-13 760</b>	<b>-11 176</b>	<b>-11 176</b>
<b>Profit before impairment losses on loans and advances</b>		<b>15 005</b>	<b>15 005</b>	<b>11 303</b>	<b>11 303</b>
Impairment losses on loans and advances	21	-1 601	-1 601	-1 011	-1 011
<b>Profit before income tax</b>		<b>13 404</b>	<b>13 404</b>	<b>10 292</b>	<b>10 292</b>
Income tax expense		-1 988	-1 988	-2 809	-2 809
<b>Net profit for the reporting period</b>	2	<b>11 416</b>	<b>11 416</b>	<b>7 483</b>	<b>7 483</b>
<b>Other comprehensive income/loss:</b>					
Items that may be reclassified subsequently to profit or loss:					
Changes in the fair value of debt instruments measured at FVOCI		0	0	0	0
Unrealized exchange differences arising on the translation of the financial statements of foreign operations		58	58	0	0
<b>Total profit and other comprehensive income for the reporting period</b>		<b>11 474</b>	<b>11 474</b>	<b>7 483</b>	<b>7 483</b>
<b>Total profit of the reporting period attributable to:</b>					
Owners of the parent		11 043	11 043	7 079	7 079
Non-controlling interest		373	373	404	404
<b>Total profit for the reporting period</b>	2	<b>11 416</b>	<b>11 416</b>	<b>7 483</b>	<b>7 483</b>
<b>Total profit and other comprehensive income attributable to:</b>					
Owners of the parent		11 101	11 101	7 079	7 079
Non-controlling interest		373	373	404	404
<b>Total profit and other comprehensive income for the reporting period</b>		<b>11 474</b>	<b>11 474</b>	<b>7 483</b>	<b>7 483</b>
Basic earnings per share (in euros)	16	0.38	0.38	0.25	0.25
Diluted earnings per share (in euros)	16	0.37	0.37	0.24	0.24

The Notes on pages 22 to 36 are an integral part of the condensed consolidated interim financial statements.

## Condensed Consolidated Interim Statement of Financial Position

<i>(in thousands of euros)</i>	Note	31.03.2021	31.12.2020
<b>Assets</b>			
Due from central bank	4, 5, 6, 12	2 943 911	2 213 211
Due from credit institutions	4, 5, 6, 12	243 027	170 341
Due from investment companies	4, 6, 12	6 208	9 985
Financial assets at fair value through profit or loss	4, 6, 7	149 739	330 055
Loans and advances to customers	4, 6, 8, 21	2 304 348	2 208 823
Receivables from customers		5 186	9 391
Other financial assets		2 162	2 073
Other assets		2 157	2 182
Tangible assets	19	7 095	6 585
Intangible assets	19	14 976	15 147
Goodwill		3 614	3 614
<b>Total assets</b>	<b>2</b>	<b>5 682 423</b>	<b>4 971 407</b>
<b>Liabilities</b>			
Deposits of customers and loans received	13	5 202 584	4 588 355
Financial liabilities at fair value through profit or loss	7	6	221
Accounts payable and other liabilities	14	74 598	27 555
Non-preferred senior bonds		40 000	0
Subordinated debt	6, 20	110 000	110 000
<b>Total liabilities</b>	<b>2</b>	<b>5 427 188</b>	<b>4 726 131</b>
<b>Owner's equity</b>			
Share capital		28 819	28 819
Share premium		71 468	71 468
Statutory reserve capital		4 713	4 713
Other reserves		4 052	3 409
Retained earnings		139 428	128 385
<b>Total equity attributable to owners of the parent</b>		<b>248 480</b>	<b>236 794</b>
Non-controlling interest		6 755	8 482
<b>Total equity</b>		<b>255 235</b>	<b>245 276</b>
<b>Total liabilities and equity</b>		<b>5 682 423</b>	<b>4 971 407</b>

The Notes on pages 22 to 36 are an integral part of the condensed consolidated interim financial statements.

## Condensed Consolidated Interim Statement of Cash Flows

<i>(in thousands of euros)</i>	Note	Q1 2021	3M 2021	Q1 2020	3M 2020
<b>Cash flows from operating activities</b>					
Interest received		26 550	26 550	20 889	20 889
Interest paid		-6 319	-6 319	-3 161	-3 161
Fees and commissions received		13 000	13 000	9 463	9 463
Fees and commissions paid		-4 359	-4 359	-2 955	-2 955
Other income received		120	120	-32	-32
Staff costs paid		-6 326	-6 326	-4 961	-4 961
Administrative and other operating expenses paid		-5 386	-5 386	-4 100	-4 100
Income tax		-4 418	-4 418	-2 255	-2 255
<b>Cash flows from operating activities before change in operating assets and liabilities</b>		<b>12 862</b>	<b>12 862</b>	<b>12 888</b>	<b>12 888</b>
<b>Net increase/decrease in operating assets:</b>					
Net increase/(decrease) in financial assets at fair value through profit or loss		-368	-368	51	51
Loans and advances to customers		-97 099	-97 099	-52 145	-52 145
Mandatory reserve at central bank		-6 520	-6 520	-3 061	-3 061
Security deposits		-90	-90	54	54
Other assets		5 413	5 413	-854	-854
<b>Net increase/decrease in operating liabilities:</b>					
Demand deposits of customers		637 308	637 308	181 724	181 724
Term deposits of customers		-23 435	-23 435	83 398	83 398
Loans received		73	73	0	0
Financial liabilities held for trading at fair value through profit and loss		-215	-215	47	47
Other liabilities		48 345	48 345	697	697
<b>Net cash generated from/used in operating activities</b>		<b>576 274</b>	<b>576 274</b>	<b>222 589</b>	<b>222 589</b>
<b>Cash flows from investing activities</b>					
Purchase of non-current assets		-1 297	-1 297	-1 115	-1 115
Net changes of investment securities at fair value through profit or loss		180 257	180 257	-190 673	-190 673
<b>Net cash flows from/used in investing activities</b>		<b>178 960</b>	<b>178 960</b>	<b>-191 788</b>	<b>-191 788</b>
<b>Cash flows from financing activities</b>					
Dividends paid		-2 100	-2 100	-6 383	-6 383
Loans received (non-preferred bonds)		40 000	40 000	0	0
Repayments of the principal of lease liabilities		-155	-155	-233	-233
<b>Net cash flows from/used in financing activities</b>		<b>37 745</b>	<b>37 745</b>	<b>-7 071</b>	<b>-7 071</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	6	<b>111</b>	<b>111</b>	<b>-23</b>	<b>-23</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>793 089</b>	<b>793 089</b>	<b>23 707</b>	<b>23 707</b>
Cash and cash equivalents at the beginning of the period		2 352 284	2 352 284	1 230 987	1 230 987
<b>Cash and cash equivalents at the end of the period</b>	12	<b>3 145 373</b>	<b>3 145 373</b>	<b>1 254 694</b>	<b>1 254 694</b>

The Notes on pages 22 to 36 are an integral part of the condensed consolidated interim financial statements

## Condensed Consolidated Interim Statement of Changes in Equity

<i>(in thousands of euros)</i>	Share capital	Share premium	Statutory reserve capital	Other reserves	Retained earnings	Total equity attributable to owners of LHV Group	Non-controlling interest	Total equity
<b>Balance as at 01.01.2020</b>	<b>28 454</b>	<b>70 136</b>	<b>4 713</b>	<b>3 280</b>	<b>94 228</b>	<b>200 811</b>	<b>5 217</b>	<b>206 028</b>
Dividends paid	0	0	0	0	-5 406	-5 406	-1 431	-6 837
Share options	0	0	0	476	0	476	0	476
<i>Profit for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>7 079</i>	<i>7 079</i>	<i>404</i>	<i>7 483</i>
<i>Other comprehensive income/loss</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total profit and other comprehensive income for the reporting period	0	0	0	0	7 079	7 079	404	7 483
<b>Balance as at 31.03.2020</b>	<b>28 454</b>	<b>70 136</b>	<b>4 713</b>	<b>3 756</b>	<b>95 901</b>	<b>202 960</b>	<b>4 190</b>	<b>207 150</b>
<b>Balance as at 01.01.2021</b>	<b>28 819</b>	<b>71 468</b>	<b>4 713</b>	<b>3 409</b>	<b>128 385</b>	<b>236 794</b>	<b>8 482</b>	<b>245 276</b>
Dividends paid	0	0	0	0	0	0	-2 100	-2 100
Share options	0	0	0	585	0	585	0	585
<i>Profit for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>11 043</i>	<i>11 043</i>	<i>373</i>	<i>11 416</i>
<i>Other comprehensive income/loss</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>58</i>	<i>0</i>	<i>58</i>	<i>0</i>	<i>58</i>
Total profit and other comprehensive income for the reporting period	0	0	0	58	11 043	11 101	373	11 474
<b>Balance as at 31.03.2021</b>	<b>28 819</b>	<b>71 468</b>	<b>4 713</b>	<b>4 052</b>	<b>139 428</b>	<b>248 480</b>	<b>6 755</b>	<b>255 235</b>

The Notes on pages 22 to 36 are an integral part of the condensed consolidated interim financial statements

## Notes to the Condensed Consolidated Interim Financial Statements

### NOTE 1 Accounting Policies

The condensed consolidated interim financial statements have been prepared in accordance with the international financial reporting standard IAS 34 "Interim Financial Reporting", as adopted by the European Union, and consists of condensed consolidated financial statements and selected explanatory notes.

The accounting policies and methods of computation used in the preparation of the interim report are the same as the accounting policies and methods of computation used in the annual report for the year ended 31 December 2020, which comply with the International Financial Reporting Standards, as adopted by the European Union (IFRS EU).

These condensed consolidated interim financial statements have been reviewed, not audited and do not contain the entire range of information required for the preparation of complete financial statements. The condensed consolidated interim financial

statements should be read in conjunction with the Annual Report prepared for the year ended 31 December 2020, which has been prepared in accordance with the International Financial Reporting Standards (IFRS EU).

The applicable accounting policies have not changed compared to the previous financial year, except for the financial reporting standards, which are set out in Note 22 at the end of this report.

The financial figures of the condensed consolidated interim financial statements have been presented in thousands of euros, unless otherwise indicated. The interim financial statements have been consolidated and include the results of AS LHV Group and its subsidiaries AS LHV Varahaldus (100% interest), AS LHV Pank (100% interest), OÜ Cuber Tehnology (100% interest) and AS LHV Finance (65% interest) and AS LHV Kindlustus (65% interest).

### NOTE 2 Business Segments

The Group divides its business activities into segments according to its legal structure, except LHV Pank divides its business activities by 3 main business segments: retail banking, corporate banking and financial intermediates. The business segments form a part of the Group, with a separate access to financial data and which are subject to regular monitoring of operating profit by the Group's decision-maker. The Management Board of AS LHV Group has been designated as the decision-maker responsible for allocation of funds and assessment of the profitability of the business activities. The result posted by a segment includes revenue and expenditure directly related to the segment.

The revenue of a reported segment includes gains from transactions between the segments, i.e. loans granted by AS LHV Pank to other group companies. The division of interest income and fee and commission income by customer location has been presented in Notes 9 and 10. The breakdown of interest income by customer location does not include the income from current accounts, deposits and investments in securities. The Group does not have any customers, whose income would account for more than 10% of the corresponding type of revenue.

	Retail banking	Corporate banking	Asset management	Hire-purchase and consumer finance in Estonia	Financial intermediates	Insurance	Other activities	Intra-segment eliminations	Total
<b>Q1 2021</b>									
Interest income	8 290	13 628	0	2 957	305	0	4 404	-2 548	27 036
Interest expense	-433	-2 469	-12	-433	-2	0	-5 864	2 548	-6 665
<b>Net interest income</b>	<b>7 857</b>	<b>11 159</b>	<b>-12</b>	<b>2 524</b>	<b>303</b>	<b>0</b>	<b>-1 460</b>	<b>0</b>	<b>20 371</b>
Fee and commission income	2 835	316	2 307	189	7 385	0	0	-32	13 000
Fee and commission expense	-489	-6	0	-166	-3 695	0	-3	0	-4 359
<b>Net fee and commission income</b>	<b>2 346</b>	<b>310</b>	<b>2 307</b>	<b>23</b>	<b>3 690</b>	<b>0</b>	<b>-3</b>	<b>-32</b>	<b>8 641</b>

<b>Income from insurance services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>89</b>	<b>0</b>	<b>0</b>	<b>89</b>
<b>Other income</b>	<b>-6</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>38</b>	<b>0</b>	<b>10 400</b>	<b>-10 400</b>	<b>39</b>
<b>Net income</b>	<b>10 197</b>	<b>11 476</b>	<b>2 295</b>	<b>2 547</b>	<b>4 031</b>	<b>89</b>	<b>8 937</b>	<b>-10 432</b>	<b>29 140</b>
Net gains from financial assets	-25	0	125	0	0	0	-475	0	-375
Administrative and other operating expenses, staff costs	-3 983	-2 403	-1 755	-419	-3 218	-363	-1 682	63	-13 760
<b>Operating profit</b>	<b>6 189</b>	<b>9 073</b>	<b>665</b>	<b>2 128</b>	<b>813</b>	<b>-274</b>	<b>6 780</b>	<b>-10 369</b>	<b>15 005</b>
Impairment losses on loans and advances	-216	-860	0	-490	-8	0	-27	0	-1 601
Income tax	-560	-792	-1 241	-1 184	-226	0	0	2 015	-1 988
<b>Net profit</b>	<b>5 413</b>	<b>7 421</b>	<b>-576</b>	<b>454</b>	<b>579</b>	<b>-274</b>	<b>6 753</b>	<b>-8 354</b>	<b>11 416</b>

	Retail banking	Corporate banking	Asset management	Hire-purchase and consumer finance in Estonia	Financial intermediates	Insurance	Other activities	Intra-segment eliminations	Total
<b>Q1 2021</b>									
Interest income	8 290	13 628	0	2 957	305	0	4 404	-2 548	27 036
Interest expense	-433	-2 469	-12	-433	-2	0	-5 864	2 548	-6 665
<b>Net interest income</b>	<b>7 857</b>	<b>11 159</b>	<b>-12</b>	<b>2 524</b>	<b>303</b>	<b>0</b>	<b>-1 460</b>	<b>0</b>	<b>20 371</b>
Fee and commission income	2 835	316	2 307	189	7 385	0	0	-32	13 000
Fee and commission expense	-489	-6	0	-166	-3 695	0	-3	0	-4 359
<b>Net fee and commission income</b>	<b>2 346</b>	<b>310</b>	<b>2 307</b>	<b>23</b>	<b>3 690</b>	<b>0</b>	<b>-3</b>	<b>-32</b>	<b>8 641</b>
<b>Income from insurance services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>89</b>	<b>0</b>	<b>0</b>	<b>89</b>
<b>Other income</b>	<b>-6</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>38</b>	<b>0</b>	<b>10 400</b>	<b>-10 400</b>	<b>39</b>
<b>Net income</b>	<b>10 197</b>	<b>11 476</b>	<b>2 295</b>	<b>2 547</b>	<b>4 031</b>	<b>89</b>	<b>8 937</b>	<b>-10 432</b>	<b>29 140</b>
Net gains from financial assets	-25	0	125	0	0	0	-475	0	-375
Administrative and other operating expenses, staff costs	-3 983	-2 403	-1 755	-419	-3 218	-363	-1 682	63	-13 760
<b>Operating profit</b>	<b>6 189</b>	<b>9 073</b>	<b>665</b>	<b>2 128</b>	<b>813</b>	<b>-274</b>	<b>6 780</b>	<b>-10 369</b>	<b>15 005</b>
Impairment losses on loans and advances	-216	-860	0	-490	-8	0	-27	0	-1 601
Income tax	-560	-792	-1 241	-1 184	-226	0	0	2 015	-1 988
<b>Net profit</b>	<b>5 413</b>	<b>7 421</b>	<b>-576</b>	<b>454</b>	<b>579</b>	<b>-274</b>	<b>6 753</b>	<b>-8 354</b>	<b>11 416</b>
<b>Total assets 31.03.2021</b>	<b>1 974 165</b>	<b>3 497 092</b>	<b>28 674</b>	<b>66 562</b>	<b>169 214</b>	<b>9 542</b>	<b>272 421</b>	<b>-335 247</b>	<b>5 682 423</b>
<b>Total liabilities 31.03.2021</b>	<b>2 498 474</b>	<b>1 466 496</b>	<b>2 460</b>	<b>54 021</b>	<b>1 466 496</b>	<b>2 365</b>	<b>150 998</b>	<b>-214 122</b>	<b>5 427 188</b>

	Retail banking	Corporate banking	Asset management	Hire-purchase and consumer finance in Estonia	Financial intermediates	Other activities	Intra-segment eliminations	Total
<b>Q1 2020</b>								
Interest income	8 452	10 452	0	3 087	285	2 545	-3 842	20 979
Interest expense	-2 662	-1 481	-31	-494	0	-3 829	3 842	-4 655
<b>Net interest income</b>	<b>5 790</b>	<b>8 971</b>	<b>-31</b>	<b>2 593</b>	<b>285</b>	<b>-1 284</b>	<b>0</b>	<b>16 324</b>
Fee and commission income	1 984	375	2 174	173	4 757	0	0	9 463
Fee and commission expense	-271	-5	0	-154	-2 523	-2	0	-2 955
<b>Net fee and commission income</b>	<b>1 713</b>	<b>370</b>	<b>2 174</b>	<b>19</b>	<b>2 234</b>	<b>-2</b>	<b>0</b>	<b>6 508</b>
<b>Net income</b>	<b>7 503</b>	<b>9 341</b>	<b>2 143</b>	<b>2 612</b>	<b>2 519</b>	<b>-1 286</b>	<b>0</b>	<b>22 832</b>
Net gains from financial assets	-26	-1	-296	0	-1	6 994	-7 059	-389
Administrative and other operating expenses, staff costs	-3 506	-2 096	-1 565	-457	-2 532	-984	0	-11 140
<b>Operating profit</b>	<b>3 971</b>	<b>7 244</b>	<b>282</b>	<b>2 155</b>	<b>-14</b>	<b>4724</b>	<b>-7059</b>	<b>11 303</b>
Impairment losses on loans and advances	-77	-748	0	-174	-12	0	0	-1 011
Income tax	-376	-634	-844	-826	-129	0	0	-2 809
<b>Net profit</b>	<b>3 518</b>	<b>5 862</b>	<b>-562</b>	<b>1 155</b>	<b>-155</b>	<b>4 724</b>	<b>-7 059</b>	<b>7 483</b>

	Retail banking	Corporate banking	Asset management	Hire-purchase and consumer finance in Estonia	Financial intermediates	Other activities	Intra-segment eliminations	Total
<b>3M 2020</b>								
Interest income	8 452	10 452	0	3 087	285	2 545	-3 842	20 979
Interest expense	-2 662	-1 481	-31	-494	0	-3 829	3 842	-4 655
<b>Net interest income</b>	<b>5 790</b>	<b>8 971</b>	<b>-31</b>	<b>2 593</b>	<b>285</b>	<b>-1 284</b>	<b>0</b>	<b>16 324</b>
Fee and commission income	1 984	375	2 174	173	4 757	0	0	9 463
Fee and commission expense	-271	-5	0	-154	-2 523	-2	0	-2 955
<b>Net fee and commission income</b>	<b>1 713</b>	<b>370</b>	<b>2 174</b>	<b>19</b>	<b>2 234</b>	<b>-2</b>	<b>0</b>	<b>6 508</b>
<b>Net income</b>	<b>7 503</b>	<b>9 341</b>	<b>2 143</b>	<b>2 612</b>	<b>2 519</b>	<b>-1 286</b>	<b>0</b>	<b>22 832</b>
Net gains from financial assets	-26	-1	-296	0	-1	6 994	-7 059	-389
Administrative and other operating expenses, staff costs	-3 506	-2 096	-1 565	-457	-2 532	-984	0	-11 140
<b>Operating profit</b>	<b>3 971</b>	<b>7 244</b>	<b>282</b>	<b>2 155</b>	<b>-14</b>	<b>4724</b>	<b>-7059</b>	<b>11 303</b>
Impairment losses on loans and advances	-77	-748	0	-174	-12	0	0	-1 011
Income tax	-376	-634	-844	-826	-129	0	0	-2 809
<b>Net profit from continued operations</b>	<b>3 518</b>	<b>5 862</b>	<b>-562</b>	<b>1 155</b>	<b>-155</b>	<b>4 724</b>	<b>-7 059</b>	<b>7 483</b>
<b>Total assets 31.03.2020</b>	<b>1 168 651</b>	<b>1 752 976</b>	<b>27 289</b>	<b>65 412</b>	<b>324 624</b>	<b>181 730</b>	<b>-233 341</b>	<b>3 287 341</b>
<b>Total liabilities 31.03.2020</b>	<b>2 165 571</b>	<b>489 173</b>	<b>3 070</b>	<b>53 380</b>	<b>422 037</b>	<b>75 584</b>	<b>-128 624</b>	<b>3 080 191</b>



## NOTE 3 Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2020. There have been no major changes in the risk management department or in any risk management policies since the year end.

The impact of COVID-19 on the Group's operations needs to be reported separately. The crisis mainly affects three risks: personnel risk, liquidity risk and credit risk.

Fortunately, the impact on personnel risk has been minimal, LHV was ready to work in home offices and almost all employees worked for two months from home offices. This reduced social interaction and the chances of being exposed to the virus.

The liquidity risk was primarily caused by the planned mortgage bond issuance plan. The bank had already reduced other sources of funding before crises. When the crisis hit, we responded accordingly by attracting large amounts of new deposits and thus reducing the need to issue mortgage bonds. Following a successful issue at the beginning of June, the bank is overliquid.

In terms of credit risk, in 2020 LHV joined in granting payment holidays to customers' loan payments agreed under the auspices of the Banking Association. In total, we provided 6 and 12 month payment payment holidays in the amount of 350 million euros. By the end of March, the volume of the loan portfolio on payment holidays has decreased by 290 EUR 180 million and clients have moved back to original payment schedules. Only few customers require special attention. Starting from February, there are additional restrictions set because of Covid, but this doesn't appear in portfolio, only EUR 11 million of payment holidays applications have been received from customers.

## NOTE 4 Breakdown of Financial Assets and Liabilities by Countries

<b>31.03.2021</b>	<b>Estonia</b>	<b>Germany</b>	<b>Other EU</b>	<b>USA</b>	<b>UK</b>	<b>Other</b>	<b>Total</b>
Due from banks and investment companies	2 911 321	0	120 368	11 243	149 934	280	<b>3 193 146</b>
Financial assets at fair value	119 536	1	30 187	14	0	1	<b>149 739</b>
Loans and advances to customers	2 283 596	758	14 538	376	936	4 144	<b>2 304 348</b>
Receivables from customers	5 186	0	0	0	0	0	<b>5 186</b>
Other financial assets	115	0	0	2 047	0	0	<b>2 162</b>
<b>Total financial assets</b>	<b>5 319 754</b>	<b>759</b>	<b>165 093</b>	<b>13 680</b>	<b>150 870</b>	<b>4 425</b>	<b>5 654 581</b>
Deposits of customers and loans received	3 272 681	181 917	1 238 919	51 662	416 505	40 900	<b>5 202 584</b>
Non-preferred senior bonds	40 000	0	0	0	0	0	<b>40 000</b>
Subordinated debt	110 000	0	0	0	0	0	<b>110 000</b>
Financial liabilities at fair value	6	0	0	0	0	0	<b>6</b>
Accounts payable and other financial liabilities	66 645	0	0	0	0	0	<b>66 645</b>
<b>Total financial liabilities</b>	<b>3 489 332</b>	<b>181 917</b>	<b>1 238 919</b>	<b>51 662</b>	<b>416 505</b>	<b>40 900</b>	<b>5 419 235</b>

Unused loan commitments in the amount of EUR 475 292 thousand are for the residents of Estonia.

<b>31.12.2020</b>	<b>Estonia</b>	<b>Germany</b>	<b>Other EU</b>	<b>USA</b>	<b>UK</b>	<b>Other</b>	<b>Total</b>
Due from banks and investment companies	2 175 286	0	84 264	17 566	116 222	199	<b>2 393 537</b>
Financial assets at fair value	319 828	2	10 219	5	0	1	<b>330 055</b>
Loans and advances to customers	2 180 999	823	14 577	360	7 954	4 110	<b>2 208 823</b>
Receivables from customers	9 391	0	0	0	0	0	<b>9 391</b>
Other financial assets	122	0	0	1 951	0	0	<b>2 073</b>
<b>Total financial assets</b>	<b>4 685 626</b>	<b>825</b>	<b>109 060</b>	<b>19 882</b>	<b>124 176</b>	<b>4 310</b>	<b>4 943 879</b>
Deposits of customers and loans received	3 246 891	216 261	705 206	1 633	375 657	42 707	<b>4 588 355</b>

Subordinated debt	110 000	0	0	0	0	0	<b>110 000</b>
Financial liabilities at fair value	221	0	0	0	0	0	<b>221</b>
Accounts payable and other financial liabilities	22 995	0	0	0	0	0	<b>22 995</b>
<b>Total financial liabilities</b>	<b>3 380 107</b>	<b>216 261</b>	<b>705 206</b>	<b>1 633</b>	<b>375 657</b>	<b>42 707</b>	<b>4 721 571</b>

Unused loan commitments in the amount of EUR 413 818 thousand are for the residents of Estonia.

## NOTE 5 Breakdown of Assets and Liabilities by Contractual Maturity Dates

<b>31.03.2021</b>	<b>On demand</b>	<b>0-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Liabilities by contractual maturity dates</b>						
Deposits from customers and loans received	4 272 740	250 396	212 501	465 236	1 451	<b>5 202 327</b>
Subordinated debt	0	1 881	5 644	30 100	126 050	<b>163 675</b>
Non-peferred senior bond	0	266	40 436	0	0	<b>40 702</b>
Accounts payable and other financial liabilities	0	66 645	0	0	0	<b>66 645</b>
Unused loan commitments	0	475 292	0	0	0	<b>475 292</b>
Financial guarantees by contractual amounts	0	40 311	0	0	0	<b>40 311</b>
Foreign exchange derivatives (gross settled)	0	78 818	0	0	0	<b>78 818</b>
Financial liabilities at fair value	0	6	0	0	0	<b>6</b>
<b>Total liabilities</b>	<b>4 272 740</b>	<b>913 618</b>	<b>258 581</b>	<b>495 336</b>	<b>127 501</b>	<b>6 067 776</b>
<b>Financial assets by contractual maturity dates</b>						
Due from banks and investment companies	3 193 146	0	0	0	0	<b>3 193 146</b>
Financial assets at fair value (debt securities)	0	110 067	7 440	24 382	0	<b>141 889</b>
Loans and advances to customers	0	140 199	342 861	1 439 585	768 359	<b>2 691 004</b>
Receivables from customers	0	5 186	0	0	0	<b>5 186</b>
Other financial assets	0	78 818	0	0	0	<b>78 818</b>
Foreign exchange derivatives (gross settled)	2 162	0	0	0	0	<b>2 162</b>
<b>Total financial assets</b>	<b>3 195 308</b>	<b>334 270</b>	<b>350 301</b>	<b>1 463 967</b>	<b>768 359</b>	<b>6 112 205</b>
<b>Maturity gap from financial assets and liabilities</b>	<b>-1 077 432</b>	<b>-579 348</b>	<b>91 720</b>	<b>968 631</b>	<b>640 858</b>	<b>44 429</b>

<b>31.12.2020</b>	<b>On demand</b>	<b>0-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Liabilities by contractual maturity dates</b>						
Deposits from customers and loans received	3 635 403	99 647	386 654	465 776	1 473	<b>4 588 953</b>
Subordinated debt	0	1 881	5 644	29 744	127 175	<b>164 444</b>
Accounts payable and other financial liabilities	0	22 995	0	0	0	<b>22 995</b>
Unused loan commitments	0	413 818	0	0	0	<b>413 818</b>
Financial guarantees by contractual amounts	0	36 492	0	0	0	<b>36 492</b>
Foreign exchange derivatives (gross settled)	0	81 789	0	0	0	<b>81 789</b>
Financial liabilities at fair value	0	89	0	0	0	<b>89</b>
<b>Total liabilities</b>	<b>3 635 403</b>	<b>656 711</b>	<b>392 298</b>	<b>495 520</b>	<b>128 648</b>	<b>5 308 580</b>
<b>Financial assets by contractual maturity dates</b>						
Due from banks and investment companies	2 393 537	0	0	0	0	<b>2 393 537</b>
Financial assets at fair value (debt securities)	0	200 448	117 716	4 534	0	<b>322 698</b>
Loans and advances to customers	0	146 192	329 310	1 375 417	741 393	<b>2 592 312</b>
Receivables from customers	0	9 391	0	0	0	<b>9 391</b>
Other financial assets	0	81 789	0	0	0	<b>81 789</b>

Foreign exchange derivatives (gross settled)	2 073	0	0	0	0	2 073
<b>Total financial assets</b>	<b>2 395 610</b>	<b>437 820</b>	<b>447 026</b>	<b>1 379 951</b>	<b>741 393</b>	<b>5 401 800</b>
<b>Maturity gap from financial assets and liabilities</b>	<b>-1 239 793</b>	<b>-218 891</b>	<b>54 728</b>	<b>884 431</b>	<b>612 745</b>	<b>93 220</b>

It is possible to take a short-term loan from the central bank against the security of the majority of instruments in the bond portfolio. All cashflows from financial assets and –liabilities except derivatives include all contractual cash flows.

## NOTE 6 Open Foreign Currency Positions

31.03.2021	EUR	CHF	GBP	SEK	USD	Other	Total
<b>Assets bearing currency risk</b>							
Due from banks and investment companies	3 007 407	1 362	157 633	2 345	15 533	8 866	3 193 146
Financial assets at fair value	149 434	7	0	8	62	228	149 739
Loans and advances to customers	2 297 147	68	48	202	6 601	281	2 304 348
Receivables from customers	3 438	1	423	22	599	703	5 186
Other financial assets	115	0	0	0	2 047	0	2 162
<b>Total assets bearing currency risk</b>	<b>5 457 542</b>	<b>1 438</b>	<b>158 104</b>	<b>2 577</b>	<b>24 842</b>	<b>10 078</b>	<b>5 654 581</b>
<b>Liabilities bearing currency risk</b>							
Deposits from customers and loans received	4 932 146	4 169	157 315	7 111	86 762	15 081	5 202 584
Financial liabilities at fair value	6	0	0	0	0	0	6
Accounts payable and other financial liabilities	60 967	234	1 342	131	1 880	2 091	66 645
Non-preferred senior bonds	40 000	0	0	0	0	0	40 000
Subordinated debt	110 000	0	0	0	0	0	110 000
<b>Total liabilities bearing currency risk</b>	<b>5 143 119</b>	<b>4 403</b>	<b>158 657</b>	<b>7 242</b>	<b>88 642</b>	<b>17 172</b>	<b>5 419 235</b>
Open gross position derivative assets at contractual value	0	2 981	0	4 693	64 048	7 096	78 818
Open gross position derivative liabilities at contractual value	78 818	0	0	0	0	0	78 818
<b>Open foreign currency position</b>	<b>235 605</b>	<b>16</b>	<b>-553</b>	<b>28</b>	<b>248</b>	<b>2</b>	<b>235 346</b>

31.12.2020	EUR	CHF	GBP	SEK	USD	Other	Total
<b>Assets bearing currency risk</b>							
Due from banks and investment companies	2 251 556	1 164	119 368	1 944	12 295	7 212	2 393 537
Financial assets at fair value	329 959	7	0	8	52	28	330 055
Loans and advances to customers	2 195 132	24	7 016	484	5 997	169	2 208 823
Receivables from customers	7 779	0	350	10	464	788	9 391
Other financial assets	117	0	0	0	1 956	0	2 073
<b>Total assets bearing currency risk</b>	<b>4 784 544</b>	<b>1 194</b>	<b>126 734</b>	<b>2 445</b>	<b>20 764</b>	<b>8 197</b>	<b>4 943 879</b>
<b>Liabilities bearing currency risk</b>							
Deposits from customers and loans received	4 354 633	3 951	125 267	7 292	85 616	11 597	4 588 355
Financial liabilities at fair value	221	0	0	0	0	0	221
Accounts payable and other financial liabilities	14 723	21	1 610	661	4 343	1 637	22 995
Subordinated debt	110 000	0	0	0	0	0	110 000
<b>Total liabilities bearing currency risk</b>	<b>4 479 577</b>	<b>3 971</b>	<b>126 877</b>	<b>7 953</b>	<b>89 959</b>	<b>13 234</b>	<b>4 721 571</b>
Open gross position derivative assets at contractual value	0	2 778	0	5 581	69 080	4 350	81 789
Open gross position derivative liabilities at contractual value	81 789	0	0	0	0	0	81 789
<b>Open foreign currency position</b>	<b>223 178</b>	<b>1</b>	<b>-143</b>	<b>74</b>	<b>-114</b>	<b>-687</b>	<b>222 308</b>

## NOTE 7 Fair Value of Financial Assets and Liabilities

The Management Board of the Group has determined the fair value of assets and liabilities recognised at amortised cost in the balance sheet. 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:

	Level 1	Level 2	Level 3	31.03.2021	Level 1	Level 2	Level 3	31.12.2020
<b>Financial assets at fair value through profit and loss</b>								
Shares and fund units*	654	6 908	0	<b>7 562</b>	479	6 788	0	<b>7 267</b>
Bonds at fair value through profit and loss	141 889	0	0	<b>141 889</b>	322 699	0	0	<b>322 699</b>
Interest rate swaps and foreign exchange forwards	0	288	0	<b>288</b>	0	89	0	<b>89</b>
<b>Total financial assets</b>	<b>142 543</b>	<b>7 196</b>	<b>0</b>	<b>149 739</b>	<b>323 178</b>	<b>6 877</b>	<b>0</b>	<b>330 055</b>
<b>Financial liabilities at fair value through profit and loss</b>								
Interest rate swaps and foreign exchange	0	6	0	<b>6</b>	0	221	0	<b>221</b>
<b>Total financial liabilities</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>221</b>	<b>0</b>	<b>221</b>

\*Shares and fund units include the Group companies' AS LHV Varahaldus investment into pension fund units in the amount of EUR 6 908 (31.12.2020: 6 788) thousand. Pursuant to the Investment Funds Act, the mandatory shares of LHV Varahaldus as the management company is 0.5% of the number of units in each of the mandatory pension fund managed by it.

Hierarchy levels:

1. Level 1 – the price quoted on active market
2. Level 2 – a technique which uses market information as input (rates and interest curves of arms-length transactions)
3. Level 3 – other methods (e.g. discounted cash flow method) with estimations as input

Interest rate swaps are instruments, where the fair value is determined via the model-based approach by using the inputs available on the active market. The fair value of such non-market derivatives is calculated as a theoretical net present value (NPV), by using independent market parameters and without assuming the presence of any risks or uncertainties. The NPV is discounted by using the risk-free profitability rate available on the market.

As at 31.03.2021 the fair value of corporate loans and overdraft is EUR 1 290 thousand (0,10%) higher than their carrying amount (31.12.2020: 1 412 thousand, 0,11% higher). Loans are issued in the bank's business segments on market conditions. Therefore, the fair value of retail loans does not materially differ from their carrying amount as at 31 March 2021 and 31 December 2020. In determining the fair value of loans, considerable management judgements are used (discounted cash flow method with current market interest is used for the valuation). Loans issued are thus categorised under hierarchy level 3.

Lease interest rates offered to customers generally correspond to interest rates prevailing in the market for such products. Considering that the interest rate environment has been relatively stable since the Group started to provide leasing, consequently the fair value of lease agreements does not materially differ from their carrying amount. As significant management judgment is required to determine fair value, leases are classified as level 3 in the fair value hierarchy.

Leveraged loans, hire-purchase and credit cards granted to customers are of sufficiently short-term nature and they have been issued at market terms, therefore the fair market rate of interest and also the fair value of loans do not change significantly during the loan term. The fair value level of leveraged loans, hirepurchase, credit cards and consumer loans is 3 as significant judgmental assumptions are used for the valuation process.

Other receivables from customers, along with accrued expenses and other current receivables have been generated in the course of ordinary business and are subject to payment over a short period of time. Their fair value does not thus differ from the carrying amount. These receivables and payables do not bear any interest. The fair value of accounts payable, accrued expenses and other payables is determined based on hierarchy level 3.

Customer deposits with fixed interest rates are mostly short-term with the deposits priced pursuant to market conditions. The majority of the customer deposits include demand deposits. The fair value of the deposits determined via discounting future cash flows does not thus materially differ from the carrying amount. In determining the fair value of customer deposits, considerable management judgements are used. Customer deposits are thus categorised under hierarchy level 3.

Subordinated loans in the amount of EUR 50 000 thousand were received in 2020, subordinated loans in the amount of EUR 40 000 thousand were received in 2019 and EUR 20 000 thousand were received in 2018. Subordinated loans were issued on market terms and considering the movements in loan and interest market, we can say that the market conditions are similar as they were when issuing the subordinated loans so that the fair value of the loans does not materially differ from their carrying value. In determining the fair value of loans, considerable management judgements are used. Subordinated debt are thus categorised under hierarchy level 3.

## NOTE 8 Breakdown of Loan Portfolio by Economic Sectors

	31.03.2021	%	31.12.2020	%
Individuals	885 482	38.1%	858 141	38.6%
Real estate activities	537 283	23.1%	498 927	22.4%
Manufacturing	156 342	6.7%	152 968	6.9%
Arts and entertainment	59 165	2.5%	59 184	2.7%
Financial activities	73 790	3.2%	69 694	3.1%
Wholesale and retail trade	105 333	4.5%	88 642	4.0%
Administrative and support service activities	73 683	3.2%	74 466	3.3%
Transportation and storage	27 180	1.2%	27 534	1.2%
Agriculture	74 213	3.2%	72 398	3.3%
Other service activities	7 963	0.3%	8 012	0.4%
Construction	55 400	2.4%	45 314	2.0%
Information and communication	11 399	0.5%	12 705	0.6%
Professional, scientific and technical activities	44 092	1.9%	41 678	1.9%
Education	17 704	0.8%	16 403	0.7%
Local municipalities	116 355	5.0%	120 805	5.4%
Other sectors	77 134	3.3%	78 810	3.5%
<b>Total</b>	<b>2 322 518</b>	<b>100%</b>	<b>2 225 681</b>	<b>100%</b>
Impairment	-18 170		-16 858	
<b>Total loan portfolio</b>	<b>2 304 348</b>	<b>100%</b>	<b>2 208 823</b>	<b>100%</b>

## NOTE 9 Net Interest Income

Interest income	Q1 2021	3M 2021	Q1 2020	3M 2020
From balances with credit institutions and investment	87	87	29	29
From central bank	250	250	0	0
From debt securities	-116	-116	83	83
Leasing	1 446	1 446	918	918
Leverage loans and lending of securities	355	355	151	151
Consumer loans	2 046	2 046	2 103	2 103
Hire purchase	911	911	983	983
Corporate loans	14 069	14 069	10 995	10 995
Credit card loans	235	235	213	213
Mortgage loans	4 787	4 787	4 409	4 409
Private loans	554	554	494	494
Other loans	2 412	2 412	601	601
<b>Total</b>	<b>27 036</b>	<b>27 036</b>	<b>20 979</b>	<b>20 979</b>
<b>Interest expense</b>				
Deposits of customers and loans received	-1 571	-1 571	-1 565	-1 565
Balances with the central bank	-2 913	-2 913	-1 846	-1 846
Subordinated liabilities	-2 181	-2 181	-1 244	-1 244
including loans between related parties	-80	-80	-90	-90
<b>Total</b>	<b>-6 665</b>	<b>-6 665</b>	<b>-4 655</b>	<b>-4 655</b>
<b>Net interest income</b>	<b>20 371</b>	<b>20 371</b>	<b>16 324</b>	<b>16 324</b>
<b>Interest income on loans by customer location (interest on bank balances and bonds excluded):</b>				
	<b>Q1 2021</b>	<b>3M 2021</b>	<b>Q1 2020</b>	<b>3M 2020</b>

Estonia	26 815	26 815	20 799	20 799
<b>Total</b>	<b>26 815</b>	<b>26 815</b>	<b>20 799</b>	<b>20 799</b>

## NOTE 10 Net Fee and Commission Income

<b>Fee and commission income</b>	<b>Q1 2021</b>	<b>3M 2021</b>	<b>Q1 2020</b>	<b>3M 2020</b>
Security brokerage and commissions paid	1 612	1 612	1 252	1 252
Asset management and similar fees	3 320	3 320	3 034	3 034
Currency exchange fees conversion revenues	1 892	1 892	736	736
Fees from cards and payments	4 918	4 918	3 329	3 329
Other fee and commission income	1 258	1 258	1 112	1 112
<b>Total</b>	<b>13 000</b>	<b>13 000</b>	<b>9 463</b>	<b>9 463</b>
<b>Fee and commission expense</b>				
Security brokerage and commissions paid	-486	-486	-271	-271
Expenses related to cards	-1 587	-1 587	-1 177	-1 177
Expenses related to acquiring	-1 626	-1 626	-924	-924
Other fee and commission expense	-660	-660	-583	-583
<b>Total</b>	<b>-4 359</b>	<b>-4 359</b>	<b>-2 955</b>	<b>-2 955</b>
<b>Net fee and commission income</b>	<b>8 641</b>	<b>8 641</b>	<b>8 641</b>	<b>6 508</b>
<b>Fee and commission income by customer location:</b>	<b>Q1 2021</b>	<b>3M 2021</b>	<b>Q1 2020</b>	<b>3M 2020</b>
Estonia	12 709	12 709	9 463	9 463
Great Britain	291	291	0	0
<b>Total</b>	<b>13 000</b>	<b>13 000</b>	<b>9 463</b>	<b>9 463</b>

## NOTE 11 Operating Expenses

	<b>Q1 2021</b>	<b>3M 2021</b>	<b>Q1 2020</b>	<b>3M 2020</b>
Wages, salaries and bonuses	5 586	5 586	4 489	4 489
Social security and other taxes*	1 667	1 667	1 280	1 280
<b>Total personnel expenses</b>	<b>7 253</b>	<b>7 253</b>	<b>5 769</b>	<b>5 769</b>
IT expenses	1 020	1 020	744	744
Information services and bank services	352	352	273	273
Marketing expenses	532	532	476	476
Office expenses	191	191	195	195
Transportation and communication expenses	60	60	81	81
Staff training and business trip expenses	35	35	124	124
Other outsourced services	1 212	1 212	851	851
Other administrative expenses	1 779	1 779	1 502	1 502
Depreciation of non-current assets	958	958	1 005	1 005
Operational lease payments	272	272	82	82
Other operating expenses	96	96	74	74
<b>Total other operating expenses</b>	<b>6 507</b>	<b>6 507</b>	<b>5 407</b>	<b>5 407</b>
<b>Total operating expenses</b>	<b>13 760</b>	<b>13 760</b>	<b>13 760</b>	<b>11 176</b>

\*lump-sum payment of social, health and other insurances

## NOTE 12 Balances with the Central Bank, Credit Institutions and Investment Companies

	31.03.2021	31.12.2020
Demand and term deposits with maturity less than 3 months*	249 235	180 326
Statutory reserve capital with the central bank	47 773	41 253
Demand deposit from central bank*	2 896 138	2 171 958
<b>Total</b>	<b>3 193 146</b>	<b>2 393 537</b>
*Cash and cash equivalents in the Statement of Cash Flows	3 145 373	2 352 284

The breakdown of receivables by countries has been presented in Note 4. Demand deposits include receivables from investment companies in the total amount of EUR 6 208 thousand (31 December 2020: EUR 9 985 thousand). All other demand and term deposits are held with credit institutions and the central bank.

The minimum reserve requirement as at 31 March 2021 was 1% (31 December 2020: 1%) of all financial resources (customer deposits and loans received). The reserve requirement is to be fulfilled as a monthly average in euros or in the foreign financial assets approved by the central bank.

## NOTE 13 Deposits of Customers and Loans Received

Deposits/loans by type	Financial				31.03.2021
	Individuals	intermediates	Legal entities	Public sector	
Demand deposits	817 886	1 638 148	1 537 972	278 470	4 272 476
Term deposits	220 140	10 118	189 341	40 267	459 866
Loans received	0	0	268 514	200 000	468 514
Accrued interest liability	1 427	1	291	9	1 728
<b>Total</b>	<b>1 039 453</b>	<b>1 648 267</b>	<b>1 996 118</b>	<b>518 746</b>	<b>5 202 584</b>

Deposits/loans by type	Financial				31.12.2020
	Individuals	intermediates	Legal entities	Public sector	
Demand deposits	745 304	1 043 509	1 425 894	420 460	3 635 167
Term deposits	256 764	10 118	194 403	22 017	483 302
Loans received	0	0	268 442	200 000	468 442
Accrued interest liability	1 208	0	230	6	1 444
<b>Total</b>	<b>1 003 276</b>	<b>1 053 627</b>	<b>1 888 969</b>	<b>642 483</b>	<b>4 588 355</b>

LHV Pank has signed an unsecured 10-year loan agreement with the European Investment Fund (EIF) in the amount of EUR 12.5 million to increase the borrowing possibilities of small and medium-sized enterprises. As at 31.03.2021, the Bank had utilized 12 250 thousand euros of the loan amount and repaid the principal in the amount of EUR 3 604 thousand euros. From Nordic Investment Bank possible 20 000 thousand euro loan the Bank had utilized 20 000 thousand euros as of 31.03.2021 and repaid the principal in the amount of EUR 8 889 thousand euros. The nominal interest rate of the deposits of customers and loans granted equals to their effective interest rate, as no other significant fees have been implemented.

In June 2020, LHV Bank made a successful debut issue of EUR 250 million in covered bonds to international investors. 31 institutional investors participated in the 5-year issue and the interest rate was 0.12%. The issue by LHV Pank was the first debut issue since the beginning of the COVID-19 crisis. The issue received an Aa1 rating from Moodys and was listed on the Dublin Stock Exchange.

In 2020, the Bank raised EUR 200 million in negative interest funds through the TLTRO III program offered by the European Central Bank.



## NOTE 14 Accounts payable and other liabilities

<b>Financial liabilities</b>	<b>31.03.2021</b>	<b>31.12.2020</b>
Trade payables and payables to merchants	463	2 058
Other short-term financial liabilities	9 649	5 591
Lease liabilities	3 239	3 394
Accrued interest on subordinated loans	876	603
Payments in transit	49 482	10 952
Financial guarantee contracts issued	786	397
Liabilities from insurance services	2 150	0
<b>Subtotal</b>	<b>66 645</b>	<b>22 995</b>
Performance guarantee contracts issued	337	299
Tax liabilities	4 404	1 820
Payables to employees	2 562	2 202
Other short-term liabilities	650	239
<b>Subtotal</b>	<b>7 953</b>	<b>4 560</b>
<b>Total</b>	<b>74 598</b>	<b>27 555</b>

Payables to employees consist of unpaid salaries; bonus accruals and vacation pay accrual for the reporting period and the increase in liabilities is caused by the increase in the number of employees during the year. Payments in transit consist of foreign payments

and payables to customers related to intermediation of securities transactions. All liabilities, except for financial guarantees, are payable within 12 months and are therefore recognised as current liabilities.

## NOTE 15 Contingent Liabilities

<b>Irrevocable transactions</b>	<b>Performance guarantees</b>	<b>Financial guarantees</b>	<b>Letter of credit</b>	<b>Unused loan commitments</b>	<b>Total</b>
Liability in the contractual amount as at 31 March 2021	16 567	40 311	2	475 292	<b>532 172</b>
Liability in the contractual amount as at 31 December 2020	15 217	36 492	8	413 818	<b>465 535</b>

## NOTE 16 Basic Earnings and Diluted Earnings Per Share

In order to calculate basic earnings per share, net profit attributable to owners of the parent has been divided by the weighted average number of shares issued. The dilution effect when calculating the Diluted earnings per share comes from the share options granted to management and key employees.

	<b>Q1 2021</b>	<b>3M 2021</b>	<b>Q1 2020</b>	<b>3M 2020</b>
Total profit (incl. discontinued operations) attributable to owners of the parent (EUR thousand)	11 043	11 043	7 079	7 079
Weighted average number of shares (in thousands of units)	28 819	28 819	28 454	28 454
Basic earnings per share (EUR)	0.38	0.38	0.25	0.25
Weighted average number of shares used for calculating the diluted earnings per shares (in thousands of units)	29 556	29 556	29 160	29 160
Diluted earnings per share (EUR)	0.37	0.37	0.24	0.24



## NOTE 17 Capital Management

The goal of the Group's capital management is to:

- ✓ ensure continuity of the Group's business and ability to generate return for its shareholders;
- ✓ maintain a strong capital base supporting the development of business;
- ✓ comply with capital requirements as established by supervision authorities.

The amount of capital that the Group managed as of 31.03.2021 was 310 551 thousand euros (31.12.2020: 311 333 thousand euros). The goals of the Group's capital management are set based on both the regulative requirements and additional internal buffer.

The Group follows the general principles in its capital management:

- The Group must be adequately capitalized at all times, ensuring the necessary capital to ensure economic preservation in all situations;
- The main focus of the capital management is on tier 1 own funds, because only tier 1 own funds can absorb losses. All other capital layers in use are dependent of tier 1 own funds volume;
- Capital of the Group can be divided in two: 1) regulative minimum capital and 2) capital buffer held by the Group. In order to reach its long-term economic goals the Group must on one hand strive towards proportional lowering of the regulative minimum capital (through minimizing risks and high transparency). On the other hand, the Group must strive towards sufficient and conservative capital reserve, which will ensure economic preservation even in the event of severe negative risk scenario;
- The risk appetite set by the Group is an important input to capital management planning and capital goal setting. Higher risk appetite requires maintaining higher capital buffer.

<b>Capital base</b>	<b>31.03.2021</b>	<b>31.12.2020</b>
Paid-in share capital	28 819	28 819
Share premium	71 468	71 468
Reserves	4 713	4 713
Other reserves	58	0
Accumulated loss	128 384	90 434
Intangible assets (subtracted)	-18 188	-18 528
Profit for the reporting period (COREP)	0	37 950
Other adjustments	-143	-323
CET1 capital elements or deductions	-9 895	-8 358
CET1 instruments of financial sector entities where the institution has a significant investment	-4 665	-4 842
<b>Total Core Tier 1 capital</b>	<b>200 551</b>	<b>201 333</b>
Additional Tier 1 capital	35 000	35 000
<b>Total Tier 1 capital</b>	<b>235 551</b>	<b>236 333</b>
Subordinated liabilities	75 000	75 000
<b>Total Tier 2 capital</b>	<b>75 000</b>	<b>75 000</b>
<b>Total net own funds</b>	<b>310 551</b>	<b>311 333</b>

The Group has complied with all regulative capital requirements during the financial year and in previous year.

## NOTE 18 Transactions with related parties

In preparing the financial statements of the Group, the following entities have been considered related parties:

- owners that have significant impact on the Group and the entities related to them;
- members of the management board and legal entities controlled by them (together referred to as management);
- members of the supervisory board;
- close relatives of the persons mentioned above and the entities related to them.

<b>Transactions</b>	<b>Q1 2021</b>	<b>3M 2021</b>	<b>Q1 2020</b>	<b>3M 2020</b>
<b>Interest income</b>	<b>24</b>	<b>24</b>	<b>15</b>	<b>15</b>
incl. management	13	13	9	9
incl. shareholders that have significant influence	11	11	6	6
<b>Fee and commission income</b>	<b>4</b>	<b>4</b>	<b>10</b>	<b>10</b>
Incl. management	1	1	0	0
incl. shareholders that have significant influence	3	3	10	10
<b>Interest expenses from deposits</b>	<b>5</b>	<b>5</b>	<b>10</b>	<b>10</b>
incl. management	1	1	0	0
incl. shareholders that have significant influence	4	4	10	10
<b>Interest expenses from subordinated loans</b>	<b>80</b>	<b>80</b>	<b>90</b>	<b>90</b>
incl. management	3	3	2	2
incl. shareholders that have significant influence	77	77	88	88
<b>Balances</b>		<b>31.03.2021</b>		<b>31.12.2020</b>
<b>Loans and receivables as at the year-end</b>		<b>4 981</b>		<b>4 096</b>
incl. management		2 890		2 462
incl. shareholders that have significant influence		2 091		1 634
<b>Deposits as at the year-end</b>		<b>37 413</b>		<b>21 318</b>
incl. management		825		642
incl. shareholders that have significant influence		36 588		20 676
<b>Subordinated loans as at the year-end</b>		<b>4 134</b>		<b>4 134</b>
incl. management		148		148
incl. shareholders that have significant influence		3 986		3 986

The table provides an overview of the material balances and transactions involving related parties. All other transactions involving the close relatives and the entities related to members of the management board and supervisory board and the minority shareholders of the parent company AS LHV Group have occurred according to the overall price list. The management and shareholders with significant influence include also their related entities and persons.

Loans granted to related parties are issued at market conditions.

In Q1, salaries and other compensations paid to the management of the parent AS LHV Group and its subsidiaries totalled EUR 434 thousand (Q1 2020: EUR 413 thousand), including all taxes. As at 31.03.2021, remuneration for March and accrued holiday pay in the amount of EUR 109 thousand (31.12.2020: EUR 91 thousand) is reported as a payable to management. The Group

did not have any long-term payables or commitments to the members of the Management Board and the Supervisory Board as at 31.03.2021 and 31.12.2020 (pension liabilities, termination benefits, etc.). In Q1 2021, the remuneration paid to the members of the Group's Supervisory Board totalled EUR 32 thousand (Q1 2020: EUR 30 thousand).

Management is related to the share-based compensation plan. In Q1 2021 the share-based compensation to management amounted to EUR 244 thousand (Q1 2020: EUR 194 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. In any matters not regulated by the contract, the parties adhere to the procedure specified in the legislation of the Republic of Estonia.

## NOTE 19 Tangible and intangible assets

<i>(in thousands of euros)</i>	Tangible assets	Right of use assets	Total tangible assets	Intangible assets	Costs incurred for the acquisition of customer contracts	Total intangible assets
<b>Balance as at 31.12.2019</b>						
Cost	5 112	5 676	10 788	8 352	14 020	22 372
Accumulated depreciation and amortisation	-3 203	-899	-4 102	-4 775	-2 892	-7 667
<b>Carrying amount 31.12.2019</b>	<b>1 909</b>	<b>4 777</b>	<b>6 686</b>	<b>3 577</b>	<b>11 128</b>	<b>14 705</b>
Purchase of non-current assets	1 651	0	1 651	1 105	0	1 105
Depreciation/amortisation charge	-780	-972	-1 752	-804	-1 803	-2 607
Capitalised selling costs	0	0	0	0	1 944	1 944
Recalculation	0	-230	-230	0	0	0
Recalculation of the accumulated amortisation	0	230	230	0	0	0
<b>Balance as at 31.12.2020</b>						
Cost	6 763	5 446	12 209	9 457	15 964	25 421
Accumulated depreciation and amortisation	-3 983	-1 641	-5 624	-5 579	-4 695	-10 274
<b>Carrying amount 31.12.2020</b>	<b>2 780</b>	<b>3 805</b>	<b>6 585</b>	<b>3 878</b>	<b>11 269</b>	<b>15 147</b>
Purchase of non-current assets	844	68	912	353	0	353
Depreciation/amortisation charge	-208	-127	-335	-177	-446	-623
Recalculation of the accumulated amortisation	0	-67	-67	0	0	0
Capitalised selling costs	0	0	0	0	99	99
<b>Balance as at 31.03.2021</b>						
Cost	7 607	5 514	13 121	9 810	16 063	25 873
Accumulated depreciation and amortisation	-4 191	-1 835	-6 026	-5 756	-5 141	-10 897
<b>Carrying amount 31.03.2021</b>	<b>3 416</b>	<b>3 679</b>	<b>7 095</b>	<b>4 054</b>	<b>10 922</b>	<b>14 976</b>

## NOTE 20 Subordinated debts

Subordinated debts (in thousands of euros)

	Year of issue	Amount	Interest rate	Maturity date
Subordinated Tier 2 liabilities	2018	20 000	6.0%	November 28 2028
Subordinated Tier 2 liabilities	2019	20 000	6.0%	November 28 2028
Subordinated Tier 2 liabilities	2020	35 000	6.0%	September 30 2030
Additional subordinated Tier 2 liabilities	2019	20 000	8.0%	Perpetual
Additional subordinated Tier 2 liabilities	2020	15 000	9.5%	Perpetual
Subordinated debt as at 31.03.2020		75 000		
Subordinated debt as at 30.06.2020		90 000		
Subordinated debt as at 30.09.2020		125 000		
Subordinated debt as at 31.12.2020		110 000		
Subordinated debt as at 31.03.2021		110 000		

## NOTE 21 Loans and advances to customers

<i>(in thousands of euros)</i>	31.03.2021	31.12.2020
<b>Consumer financing</b>	<b>74 900</b>	<b>74 247</b>
incl. consumer loans	54 058	52 202
incl. hire-purchase	13 739	14 294
incl. credit card loans	7 103	7 751
<b>Corporate lending</b>	<b>1 329 845</b>	<b>1 259 173</b>
incl. corporate loans	1 250 828	1 192 803
incl. overdraft	33 960	30 338
incl. factoring	14 306	8 400
Incl. trade financing	23 790	20 497
incl. apartment association loans	6 961	7 135
<b>Investment financing</b>	<b>15 271</b>	<b>11 917</b>
incl. leverage loans	15 271	11 917
<b>Leasing</b>	<b>128 017</b>	<b>128 851</b>
incl. leasing	128 017	128 851
<b>Private lending</b>	<b>774 485</b>	<b>751 493</b>
Incl. mortgage loans	718 239	695 205
Incl. private loans	50 303	50 264
Incl. overdraft	20	23
Incl. real estate leasing	4 888	5 027
incl. study loans	1 035	974
<b>Total</b>	<b>2 322 518</b>	<b>2 225 681</b>
Impairment provisions	-18 170	-16 858
<b>Total</b>	<b>2 304 348</b>	<b>2 208 823</b>

Changes in impairments in 3M 2021	Corporate loans incl. overdraft, factoring, apartment association loans, trade financing	Consumer loans, incl credit cards, hirepurchase	Leveraged loans	Leasing	Private loans incl. mortgage, overdraft, study loan, real estate leasing	Total
Balance as at 1 January	-13 449	-1 178	-25	-1 385	-821	-16 858
Impairment provisions/reversals set up during the year	2 200	-110	1	-35	10	2 066
Written off during the reporting period	-2 893	-374	-4	-135	28	-3 378
<b>Balance as at 31 March 2021</b>	<b>-14 142</b>	<b>-1 662</b>	<b>-28</b>	<b>-1 555</b>	<b>-783</b>	<b>-18 170</b>

## Shareholders of AS LHV Group

AS LHV Group has a total of 28 819 092 ordinary shares, with a nominal value of 1 euro.

**As at 31 March 2021, AS LHV Group has 13 062 shareholders:**

- 13 908 669 shares (48.26%) were held by members of the Supervisory Board and Management Board, and related parties.
- 14 910 423 shares (51.74%) were held by Estonian entrepreneurs and investors, and related parties.

**Top ten shareholders as at 31 March 2021:**

Number of	Participation	Name of shareholder
3 618 920	12.6%	AS Lõhmus Holdings
2 538 367	8.8%	Rain Lõhmus
2 186 432	7.6%	Viisemann Investments AG
1 653 709	5.7%	Ambient Sound Investments OÜ
1 210 215	4.2%	Krenno OÜ
1 082 744	3.8%	AS Genteel
1 031 310	3.6%	AS Amalfi
688 199	2.4%	SIA Krugmans
653 330	2.3%	Kristobal OÜ
638 276	2.2%	Bonaares OÜ

### Shares held by members of the Management Board and Supervisory Board

Madis Toomsalu holds 53 509 shares.

Rain Lõhmus holds 2 538 367 shares, AS Lõhmus Holdings 3 618 920 shares and OÜ Merona Systems 581 718 shares.

Andres Viisemann holds 34 330 shares. Viisemann Holdings OÜ holds 570 000 shares and Viisemann Investment AG holds 2 186 432 shares.

Tauno Tats does not hold shares. Ambient Sound Investments OÜ holds 1 653 709 shares.

Tiina Mõis does not hold shares. AS Genteel holds 1 082 744 shares.

Heldur Meerits does not hold shares. AS Amalfi holds 1 031 310 shares.

Raivo Hein does not hold shares. OÜ Kakssada Kakskümmend Volti holds 508 109 shares, Astrum OÜ holds 371 shares and Lame Maakera OÜ holds 33 306 shares.

Sten Tamkivi holds 391 shares. OÜ Seikatsu holds 15 143 shares.

## Supervisory Boards and Management Boards of AS LHV Group and its Subsidiaries

### AS LHV Group

Supervisory board: Rain Lõhmus, Andres Viisemann, Tiina Mõis, Heldur Meerits, Raivo Hein, Tauno Tats, Sten Tamkivi

Management board: Madis Toomsalu

### AS LHV Varahaldus

Supervisory board: Madis Toomsalu, Andres Viisemann, Erki Kilu

Management board: Vahur Vallistu, Joel Kukemelk

### AS LHV Pank

Supervisory board: Madis Toomsalu, Rain Lõhmus, Andres Viisemann, Tiina Mõis, Heldur Meerits, Raivo Hein

Management board: Kadri Kiisel, Erki Kilu (until 19.01.2021), Jüri Heero, Andres Kitter, Meelis Paakspuu, Indrek Nuume, Martti Singi

### AS LHV Finance

Supervisory board: Kadri Kiisel (since 29.01.2021), Erki Kilu (until 28.01.2021), Madis Toomsalu, Veiko Poolgas, Jaan Koppel

Management board: Mari-Liis Stalde (since 29.01.2021), Kadri Kiisel (until 28.01.2021)

### AS LHV Kindlustus

Supervisory board: Madis Toomsalu, Erki Kilu, Veiko Poolgas, Jaan Koppel

Management board: Jaanus Seppa, Tarmo Koll

### OÜ Cuber Tehnology

Management board: Daniel Haab

## Signatures of the Management Board to the Condensed Consolidated Interim Report

The Management Board has prepared the summary of results for January to March 2021 period the condensed consolidated interim financial statements of AS LHV Group for the 3-months period ended 31 March 2021.

The management board confirms that according to their best knowledge the interim report presents a fair view of LHV Group AS's assets, liabilities, financial position and profit or loss of the issuer and the entities involved in the consolidation as a whole and contains a description of the main risks and doubts.

**19.04.2021**

**Madis Toomsalu**