Interim Report January – September 2022 Summary of Results

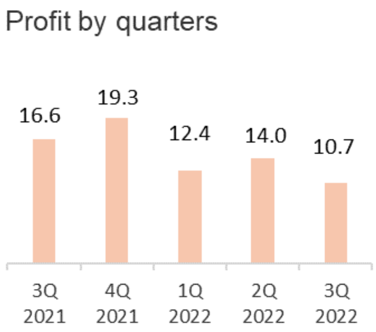
Q3 2022 in comparison with Q2 2022

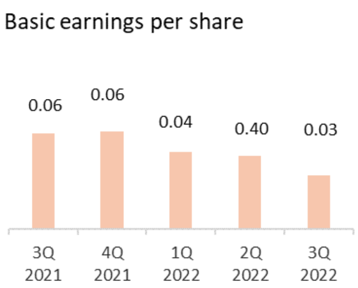
- Net profit EUR 10.7 m (EUR 14.0 m), of which EUR 10.3 m (EUR 13.5 m) is attributable to owners of the parent
- Earnings per share EUR 0.03 (EUR 0.04)
- Net income EUR 44.3 m (EUR 37.8 m)
- Operating expenses EUR 22.8 m (EUR 21.1 m)
- Loan and bond provisions EUR 7.4 m (EUR -0.3 m)
- Income tax expenses EUR 3.3 m (EUR 3.2 m)
- Return on equity 10.8% (15.3%)
- Capital adequacy 19.2% (20.0%)

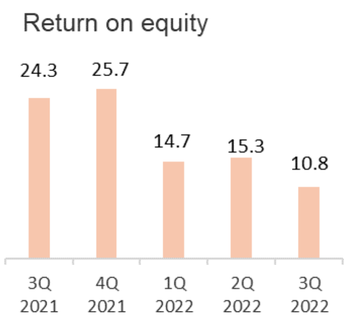
Q3 2022 in comparison with Q3 2021

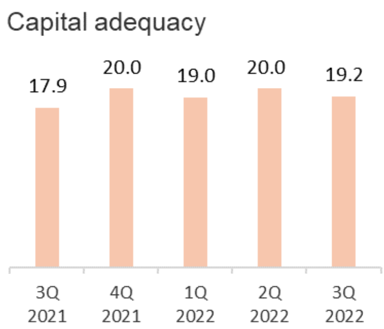
- Net profit EUR 10.7 m (EUR 16.6 m), of which EUR 10.3 m (EUR 16.0 m) is attributable to owners of the parent
- Earnings per share EUR 0.03 (EUR 0.06)
- Net income EUR 44.3 m (EUR 35.9 m)
- Operating expenses EUR 22.8 m (EUR 15.3 m)
- Loan and bond provisions EUR 7.4 m (EUR 1.44 m)
- Income tax expenses EUR 3.3 m (EUR 2.8 m)
- Return on equity 10.8% (24.3%)
- Capital adequacy 19.2% (17.9%)

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.









Managing Director's Statement

Dear investor in LHV,

As a consequence of the rapidly rising prices, the Estonian economy is probably already in recession. The Eurozone and the UK are also having to contend with the risk of recession. All across Europe, people are facing the same problems. All major categories of daily expenses are rising, from food, electricity and heating to fuel and interest rates. Estonia's inflation is the highest in Europe, which means that the 50% tapering of wage growth also means a decline in purchasing power. These types of developments radiate out into lowered confidence in various sectors of the economy.

For banks, all this means higher risks in loan portfolios and higher expenses on deposits. Naturally, this is not a one-way street, as a rise in interest rates also means higher income from interest rates. A majority of the loan portfolio is pegged to the Euribor and changes in the rate also show up in revenue. Likewise, commercial banks no longer have to bear costs for their funds held in the central bank. The decisions by the Bank of England to raise interest rates will increase gains earned on the funds held with our financial intermediaries.

Despite the inclement economic weather, LHV remains open for clients. The smartest decisions for business are made by businesses themselves. As a source of financing, we can weigh in on making business ideas better aligned to the changing environment. Sometimes it's smarter to take a step back and then later take two longer steps ahead. For LHV, it comes down to prioritizing the capital allocated by investors, avoidance of excessive risks and considering the economic situation.

A number of our business areas are in a unique situation. Today, our insurance business and our UK operations are in the same place as when we started out in 1999 as an investment firm in an environment where the average wage was 200 euros, or as a bank in 2009 amidst the global financial crisis. Although our insurance line of business has far outstripped expectations, in the long term the bulk of the growth is still yet to be realized. Here there is no need to deal with risks to a portfolio we built in the past and revaluation, we can continue in a forward-looking manner without significant baggage.

The same is true of the UK business. So far we have focused on financial intermediaries, which the current economic environment has influenced through the short-term contraction of business volumes. Above all, volumes shrank with regard to companies related to virtual currencies, while volumes in the case of other, strategically more important financial intermediaries, volumes have grown and we are past the short-term trough for this business area. More important than the above is the desire to launch lending activity to companies after receiving our banking licence.

Just before the quarterly results were released, we announced that the LHV Group subsidiary LHV UK acquired the UK credit institution Bank North's SME lending business. Before that, LHV Group held a 9.3% holding in Bank North as a financial investment. Bank North was "Authorised with Restrictions" by the UK financial supervision authorities and it entered the mobilisation period in Q3 2021. This phase usually lasts 12 months. During mobilization, new banks can complete building their organization and capitalize in full. Despite loan queries of more than 250 million pounds sterling, slumping capital markets kept Bank North from raising enough capital during the required time, so the company decided in September to initiate a liquidation process (solvent wind-down). For LHV, this means a complete write-off in Q3 of the financial investment made thus far.

Instead of a written-down financial investment, we get a lending arm that is tested, started and completely ready for the market. The acquisition of the business encompassed a loan portfolio of approximately 17.9 million GBP, 20 employees, an information system for appraisal and servicing of loans and strategic partnerships with loan brokers. The price of the transaction was 110% of the value of the loan portfolio.

There is reason to write about the transaction at length, for after the application for a banking licence – a process that spans several years – it will give LHV the possibility of launching lending in conditions where we have a definite strategy, controlled demand, talented staff, brokerage contracts, technology and an additional office in Manchester. Despite the original plan having changed, we are very pleased with the outcome. One concern persists – for a bank the size of LHV, the question is not about demand for loans but rather whether there is enough capital to meet the demand. We will have to address this going forward.

The next plans for LHV UK are based on three areas – banking services for financial intermediaries, loans to companies and services to e-merchants. At the moment, LHV UK has been concentrating on obtaining its banking licence.

To sum up, things went well for LHV in Q3. Business volumes grew, the number of clients and their activity level increased and the results posted by major business units were good. True, the quarter did bring a write-off of Bank North in the amount of 5.2 million euros, but we see this as work done in advance.

Having entered the home loan market only in autumn 2016, the LHV home loan portfolio crossed the 1 billion euro mark in the first week of September and the loan portfolio as a whole is past 3 billion euros. The bank's long-term goal is that one in every four homes are purchased with the help of LHV. We have improved our service over the years with this in mind. For example, for a few years now it has been possible to buy a home with LHV financing in through a contact-free channel – the process is digital from application to notarization.

In mid-August, we unveiled the updated conditions for student loans. The new interest rate on student loans at LHV is only 1.95% + 6-month Euribor instead of the previous 5%. Instead of two sureties, one is now sufficient and the maximum loan amount was raised to 3 000 euros per academic year.

During the quarter, leading international financial magazine Euromoney named LHV Pank the best bank in Estonia for the fifth straight year. This year it was the 2021’s strong results, ambitious activity and noteworthy growth in market share in Estonian banking market that clinched the honour. LHV’s technological innovation and consistent progress toward the company’s sustainability goals were also praised.

Madis Toomsalu

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Summary of financial results

The Group's Q3 2022 consolidated net profit was EUR 10.7 million, decreasing by EUR 3.2 million compared to Q2 of 2022 and by EUR 5.8 million compared to Q3 of 2021. The profit for the Group's shareholders was EUR 3.2 million less in Q3 2022 than it was in Q2 2022.

The Group's Q3 2022 consolidated net income was EUR 44.3 million, increasing by EUR 6.4 million compared to Q2 of 2022 and by EUR 8.2 million compared to Q3 of 2021. Operating expenses were EUR 22.8 million in Q3, increasing by EUR 1.7 million compared to Q2 of 2022 and by EUR 7.6 million compared to Q3 of 2021. Loan portfolio and financial investments write-downs were EUR 7.4 million in Q3. Income tax expenses on dividends disbursements made by subsidiaries in future at the consolidated level were EUR 0.4 million in Q3.

Return on equity owned by LHV shareholders in Q3 of 2022 was 10.8%, decreasing by 4.6 percentage points from Q2 (15.3%) and decreasing by 13.5 percentage points compared to Q3 of 2021 (24.3%).

The Group's consolidated net loan portfolio grew by EUR 170 million during the quarter (EUR 172 million in Q2 2022) and consolidated deposits shrank by EUR 198 million (EUR 44 million decrease in Q2 of 2022). Deposits associated with payment intermediaries decreased by EUR 233 million (EUR 94 million contraction in Q2 of 2022).

The bank's net profit at the consolidated level in Q3 2022 was EUR 19.2 million, which is EUR 2.2 million more than the result in the previous quarter (EUR 16.9 million in Q2 of 2022) and EUR 2.1 million more than net profit in Q3 2021. The number of bank clients grew by 13,800 clients during the quarter (13,100 in Q2 of 2022) and the total number of bank clients was 364,000.

The bank's loan portfolio grew EUR 170 million in Q3 (EUR 172 million in Q2 of 2022), reaching EUR 3,095 million. Corporate investment loans and housing loans saw the most growth.

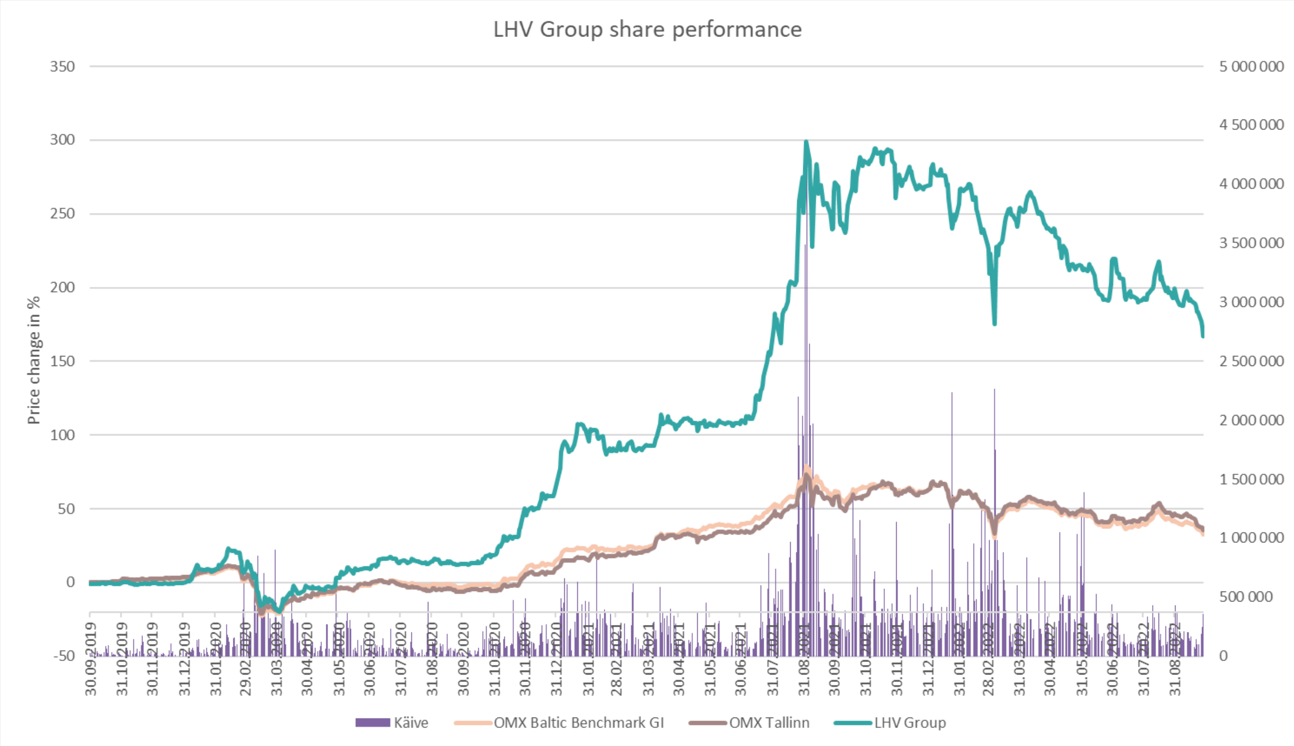
The bank's clients' deposits decreased by EUR 202 million in Q3, with payment intermediaries' deposit balance dropping EUR 233 million, while the rest of the clients' deposits grew by EUR 31 million. The total volume of deposits was EUR 5,223 million as of the end of Q3.

Net profit at Varahaldus was EUR 0.2 million in Q3 of 2022 (Q2 of 2022: loss of EUR 0.2 million). Varahaldus service charge income was EUR 2.0 million, which is at the same level as the previous quarter. Operating expenses at Varahaldus were EUR 1.3 million in Q3 of 2022 (Q2 of 2022: loss of EUR 1.3 million). Expenses related to non-current assets (including depreciation on client agreements) were EUR 0.4 million in Q3, which is EUR 0.1 million less than in the previous quarter.

The total volume of funds managed by LHV dropped by EUR 7 million in the quarter (Q2 of 2022: decrease of EUR 103 million). The number of active clients in the second pillar of the pension system dropped by 1400 during the quarter (drop of 4200 in Q2 of 2022).

Net loss at LHV Kindlustus was EUR 0.4 million in Q3 of 2022 (Q2 2022: loss of EUR 0.2 million). The volume of gross premiums increased by EUR 0.1 million over the quarter, reaching EUR 4.8 million. Income from insurance activities at LHV Kindlustus increased by EUR 0.2 million over the quarter.

LHV UK Ltd made a loss of EUR 2.8 million in Q3 2022.



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 banchmark index. LHV Group share has outperformed both indexes and has raised 167%, when comparison indexes have increased by 33% and 36% respectively.

LHV Group share price has been 3.12 euros in the end of Q3 and based on the stock price, LHV's market value was EUR 984 million. In early Q3 the share split with 1/10 ratio was carried out.

Business volumes EUR million	**Q3 2022**	**Q2 2022**	**Quarter over quarter**	**Q3 2021**	**Year over year**
Loan portfolio	3 094.7	2 924.5	6%	2 548.9	21%
Financial investments	373.7	498.8	-25%	138.8	169%
Deposits of customers	5 168.2	5 366.6	-4%	5 456.6	-5%
incl. deposits of financial intermediates	1 782.0	1 986.7	-10%	2 174.7	-18%
Equity (including minority interest)	395.7	384.8	3%	279.3	42%
Equity (owners' share)	388.1	377.6	3%	271.4	43%
Volume of funds managed	1 266.2	1 258.7	1%	1 284.0	-1%
Assets managed by bank	3 164.0	3 294.0	-4%	3 198.0	-1%

Income statement EUR million	**Q3 2022**	**Q2 2022**	**Quarter over quarter**	**Q3 2021**	**Year over year**	**9M 2022**	**9M 2021**	**Year over year**
Net interest income	32.04	27.18	18%	25.86	24%	85.01	69.16	23%
Net fee and commission income	12.00	11.00	9%	9.98	20%	33.35	28.23	18%
Other financial income	0.23	-0.34	NA	0.05	360%	-1.42	-0.03	4 633%
Total net operating income	44.27	37.84	17%	35.89	23%	116.94	97.36	20%
Other income	0.03	0.06	-50%	0.27	-89%	0.05	0.35	-86%
Operating expenses	-22.81	-21.08	8%	-15.30	49%	-62.76	-46.93	34%
Loan and bond portfolio gains/(-losses)	-7.41	0.34	NA	-1.44	419%	-7.81	-2.25	247%
Income tax expenses	-3.33	-3.18	5%	-2.82	18%	-9.31	-7.60	23%
Net profit	10.75	13.98	-23%	16.60	-35%	37.11	40.93	-9%
Including attributable to owners of the parent	10.31	13.54	-24%	15.95	-35%	35.73	39.40	-9%

Ratios EUR million	**Q3 2022**	**Q2 2022**	**Quarter over quarter**	**Q3 2021**	**Year over year**	**9M 2022**	**9M 2021**	**Year over year**
Average equity (attributable to owners of the parent)	382.8	353.4	294.0	263.1	119.7	352.2	254.1	98.1
Return on equity (ROE), %	10.8	15.3	-4.5	24.3	-13.5	13.5	20.7	-7.2
Return on assets (ROA), %	0.7	0.9	-0.2	1.1	-0.4	0.8	1.0	-0.2
Interest-bearing assets, average	6 344.0	6 480.0	-136.0	6 147.9	196.1	6 508.2	5 699.5	808.7
Net interest margin (NIM) %	2.02	1.68	0.34	1.70	0.32	1.74	1.62	0.12
Price spread (SPREAD) %	2.00	1.65	0.35	1.70	0.30	1.72	1.59	0.13
Cost/income ratio %	51.5	55.6	-4.1	42.2	9.3	53.6	48.0	5.6
Profit attributable to owners before income tax	13.6	16.6	-3.0	18.6	-5.0	44.8	46.7	-1.9

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 problems plaguing the global economy have deepened in recent months and the outlook for the economy has become murkier and more pessimistic. Concerns caused by Russia's war and rapid inflation have been countered by consistent steps by central banks on the monetary policy front, attempting to regain control of rising prices. The stricter monetary policy and higher interest rates are significantly cooling economic activity and there is a real danger of recession in many regions. Due to weaker demand, prices of industrial commodities have dropped from their top levels, but prices of commodities and energy media are still very volatile and higher than usual. In April the IMF downgraded the growth forecast for the world economy by 0.4 percentage points to 3.2% for this year and by 0.7 percentage points to 2.9% for 2023. It is likely the forecast will be downgraded even lower in October.

The Eurozone withstood Q2 well and compared to the start of the year, economic growth actually accelerated. Positive news mainly came from the tourism sector, because as the pandemic receded, people again returned to international travel. At certain times, the interest in travel swelled so much that Europe's major airports could not keep up, with queues of several hours at check-in and security. The main gainers were Southern European countries on the Mediterranean, where tourism is a major income source. Major problems persist in relation to Germany, a perennial engine of Europe's economy. With Russian gas cut off, there is a real possibility that there will not be enough gas for all usual activities during the winter ahead and a number of companies will have to halt their activity for some period.

Inflation has gradually accelerated in Europe, reaching 10% in September. The rates have been very different from one country to the next - Estonia leads the pack with 24% while prices in Finland and France have only risen 6-7%. There have been no major changes in the factors driving rising prices. About 45% of inflation still stems from rising energy goods; 25% is the contribution of food prices. Differences between countries result from different support measures and the structure of the consumer basket as well as the fuel used for energy in a given country. Although natural gas has halved in price during September and electricity is slightly lower as a result, there is no hope in banking on a general easing of prices. The first cold spell may suddenly change sentiment among market participants and once again cause market prices to shoot up.

For the first time in more than 10 years, the European Central Bank in July began interest rate hikes. First, all three monetary policy interest rates were raised by 0.5% and in September, by an additional 0.75%. By doing so, the European Central Bank joined other leading central banks around the world in combating rapid inflation. In addition to raising interest rates a transmission protection instrument (TPI) was set up to ensure balanced monetary policy across Europe. In order to control liquidity and reduce volatility in government bonds, the flexible reinvestment of PEPP portfolio repayments will continue. It is hoped that these two instruments will help Southern European countries whose debt burden is very high and who may have difficulty refinancing their debt as interest rates rise.

Euribor rates, which reflect the price of interbank loan transactions, soared to the highest level in years - the 6–month Euribor on which most loan agreements are predicated had reached 1.9% by mid-October. Looking ahead, it is expected that the European Central Bank will continue interest rate hikes until the end of this year and bring its interest rates to at least a 2.5% to 3% level. Considering that the central bank's goal is to keep inflation in the Eurozone close to 2%, this interest rate level will mean up to 1% positive real interest, which is a completely normal level for the economy.

The Estonian economy has cooled significantly this year. In Q1, the economic volume remained unchanged quarter-over-quarter; Q2 brought a 1.3% contraction. Year over year, the growth figures are still positive. As to largest sectors, the information and communication area of activity managed to expand its activity – here the price rise has not dented momentum. Moreover, other professional activities, the construction sector and services related to tourism – which as noted roared back to life this summer – provided support. In the processing industry, the bedrock of the Estonian economy, there are still clear warning signs, as value-added generated by the sector shrank by one-tenth compared to the same time a year ago.

The lion's share of the economic growth in Q2 should be attributed to our neighbouring countries, because good export conditions counterbalanced weaker internal demand and fewer investments. There is no particular reason to mention export of goods, which tends to be contracting due to the sanctions-era economy and industry that is languishing as a result. Growth was driven this quarter by the export of IT services and the flourishing of travel and transport services in connection with the resurgence of tourism. The successful sales of services was further amplified by the fact that the volume of outsourced IT services this spring was clearly below last year's figure, since VW Group, which has made major investment into Estonia, changed its business plan and no longer continued investments at the same pace in the second half of last year.

Growth of Estonian consumer prices continues to be Europe's highest. The average price growth in Q3 amounted to 24% year-over-year and 6% quarter over quarter. The major share of the price rise stemmed from energy and food prices, which was also the case in the rest of Europe. Eating out became 20% more expensive, motor fuels, 40%. At the end of the quarter in September, inflation did slow, as prices rose only 0.3% compared to the previous month, not 2%. In the months ahead, inflation should also slow due to the significantly higher comparison base last year and the government's support measures will make the higher price of energy more tolerable for consumers.

High input prices for energy and several industrial inputs will continue to trouble the Estonian economy for some time. This is bound to suppress economic development, because companies cannot pass on the entirety of the price rises to consumers, which will result in lower profitability and, most likely, investments into the future. In the broader view, it will be expressed in the continuing decline in economic activity, meaning that we are very likely to see recession in H2. The business community has become more pessimistic about the months ahead – the volume of new orders is clearly down, all expansion plans have been put on hold and little by little, downsizing workforce is being contemplated. Much will depend on whether the government will step in and the type of intervention in the late autumn and early winter for companies. So far there has been talk of providing support for households but probably a step further will have to be taken to spare local companies' competitiveness in the international context. From the standpoint of public finances, this is naturally a big setback, but perhaps it will be wiser to absorb the blow given the extraordinary conditions.

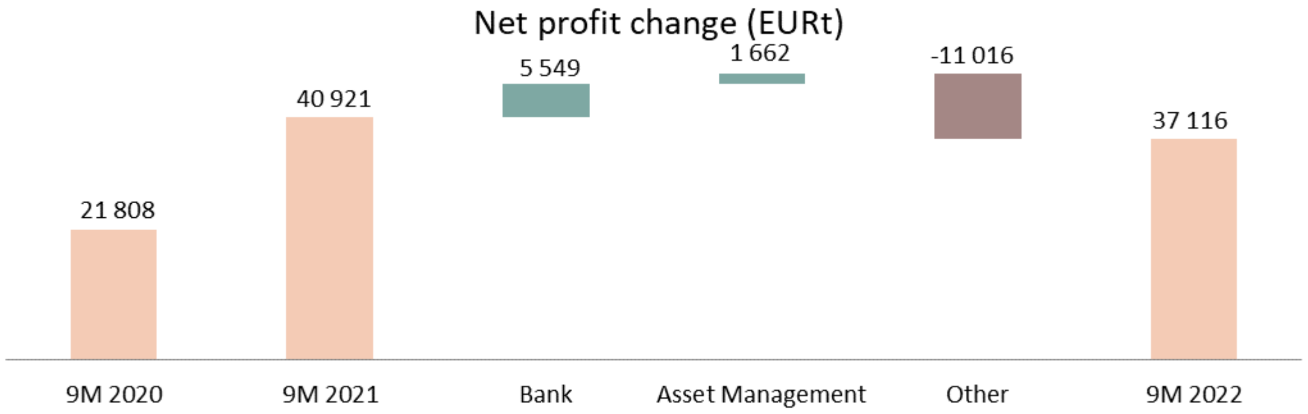
Financial Results of the Group

Compared to Q2, the Group's net interest income increased in Q3 2022 by 18%, standing at EUR 32.0 (Q2: 27.2) million.

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

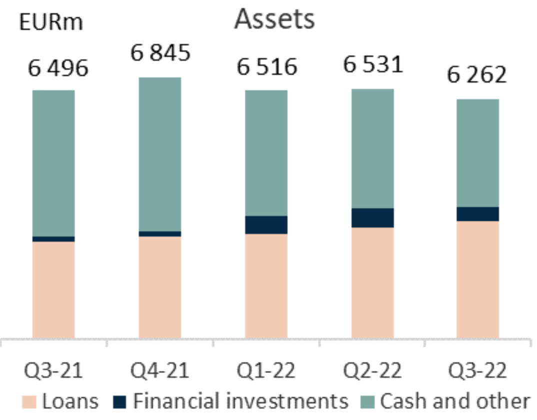
Net fee and commission income increased in Q3 by 9% and stood at EUR 12.0 (Q2: 11.0) million. In total, the net income of the Group increased by 17% in Q3, compared to Q2, amounting to EUR 44.3 (Q2: 37.8) million, with expenses increasing 8% and amounting to EUR 22.8 (Q2: 21.1) million. The Group's operating profit for Q3 amounted to EUR 21.5 (Q2: 16.8) million. The expenses from loan and bond portfolio impairments amounted to EUR 2.2 million in Q2 (Q2: -0.3). The Group's total profit for Q3 amounted to EUR 16.0 million (Q2: 14.0). Compared to Q3 2021, the Group's net interest income increased by 24% and net fee and commission income increased by 26%.

In terms of business entities, AS LHV Pank posted in Q3 a consolidated profit of EUR 19.2 million and AS LHV Varahaldus a profit of EUR 0.24 million. LHV Kindlustus posted a loss of EUR 0.4 million. The AS LHV Group on solo bases posted a loss of EUR 5.1 million thanks to the revaluation of financial investment. The investment to Bank North was revalued to zero. In Q3 LHV UK Ltd posted a loss of EUR 2.8 million.



The Group's volume of deposits as at the end of Q3 amounted to EUR 5 168 (Q2: 5 367) million, of which demand deposits formed EUR 5 054 (Q2: 5 219) million and term deposits EUR 114 (Q2: 148) million.

As at the end of Q3, the volume of loans granted by the Group amounted to EUR 3 095 (Q2: 2 925) million, increasing in Q3 by 6%. Compared to Q3 2021, the volume of the Group's deposits has decreased by 5% and the volume of loans has increased by 21%.



The Group's Liquidity, Capitalisation and Asset Quality

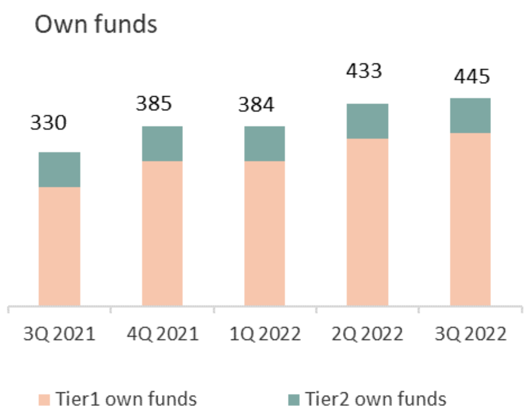
As at 30 September 2022, the Group's own funds stood at EUR 444.9 million (31 December 2021: EUR 367.0 million). LHV Group own funds are calculated based on regulative requirements.

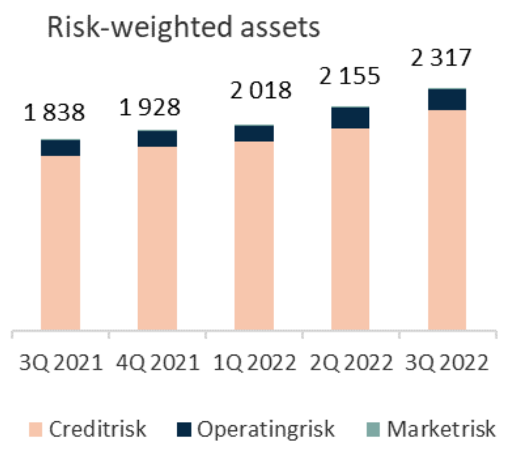
Compared to Group's internal capital adequacy ratio target 16.0%, the Group is capitalised good enough as at the end of the reporting period, with the capital adequacy ratio amounting to 19.2% (31 December 2021: 19.0%). In addition to total capital adequacy targets the Group has also set internal targets 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 2021 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 a building block of the resolution plan and LHV has to maintain sufficient own funds and qualifying liabilities which can be used to cover losses in resolution planning. On 21st of June 2021 Estonian FSA set two separate MREL ratios on the consolidation group level for LHV Group. MREL-TREA is calculated based on total risk weighted assets. MREL-LRE is calculated based on total assets. On 26th of June 2022 the Estonian FSA applied new MREL target levels that are applicable for LHV Group. The final targets for the MREL ratios have been applied with a transitional period until 1st of January 2024. The final target levels of the ratios have been set at 24.22% for MREL-TREA and 5.91% for MREL-LRE. The interim targets have been set at 19.08% for MREL-TREA and 5.91% for MREL-LRE which became effetive on 1st January 2022. LHV Group issued EUR 100 milion of MREL eligible bonds in September 2021 in order to fulfil the MREL target ratios. LHV Group is making preparations for a potential additional issue of MREL eligible senior unsecured bonds, in order to fulfil the MREL targets that have been set for the Group. The issue of the bonds is expected to take place in Q4 of 2022, subject to market conditions.

The Group's liquidity coverage ratio (LCR), as defined by the Basel Committee, stood at 143.0% as at the end of September (31 December 2021: 142.7%). Financial intermediates' deposits in Bank are covered 100% with liquid assets. Excluding the financial intermediates deposits the Groups LCR is 210.3% (31.12.2021: 253.3%). The Group recognises cash and bond portfolios as liquidity buffers. These accounted for 50% of the balance sheet (31 December 2021: 60%). The ratio of loans to deposits stood at 56% as at the end of the third quarter (31 December 2021: 43%). Group's maturity structure is presented in Note 5.

The Group's credit quality was good. As at the end of September, provisions for estimated loan losses amounted to EUR 20.5 million in the balance sheet, i.e. approximately 0.7% of the loan portfolio (31 December 2021: EUR 19.0 million, 0.7%). Estimated loan losses make up 1 124.7% (31 December 2021: 1 693.6%) of the portfolio of loans overdue for more than 90 days.





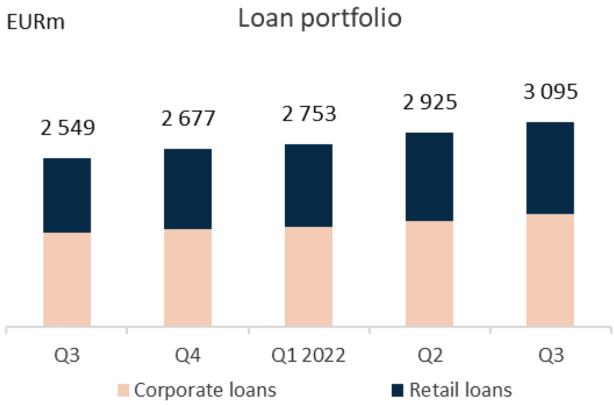
EUR thousand	30.09.2022	Proportion	31.12.2021	Proportion
Loans to customers	3 115 239		2 696 210	
including overdue loans:	26 439	0.8%	16 802	0.6%
1-30 days	21 200	0.7%	13 417	0.5%
31-60 days	1 730	0.1%	1 971	0.1%
61-90 days	1 682	0.1%	289	0.0%
91 and more days	1 826	0.1%	1 125	0.0%
Impairment of loans	-20 537	-0.7%	-19 049	-0.7%
Impairment % of loans overdue for more than 90 days	1 124.7%		1 693.6%	

Capital base	**30.09.2022**	**31.12.2021**	**31.12.2020**
Paid-in share capital	31 542	29 864	28 819
Share premium	141 186	97 361	71 468
Statutory reserves transferred from net profit	-1 330	4 713	4 713
Other reserves	4 713	47	0
Retained earnings	170 010	179 746	90 434
Intangible assets (subtracted)	-23 037	-14 473	-18 528
Net profit for the reporting period (COREP)	18 334	0	37 950
Other adjustments	-363	-128	-323
CET1 capital elements or deductions	-1 967	-12 209	-8 358
CET1 instruments of financial sector entities where the institution has a significant investment	-3 683	-4 328	-4 842
CET1 instruments of financial sector entities where the institution has not a significant investment	0	-5 236	0
Tier 1 capital	**335 405**	**275 357**	**201 333**
Additional Tier 1 capital	35 000	35 000	35 000
Total Tier 1 capital	**370 405**	**310 357**	**236 333**
Subordinated debt	75 000	75 000	75 000
Total Tier 2 capital	**75 000**	**75 000**	**75 000**
Net own funds for capital adequacy	**444 918**	**385 357**	**311 333**
Capital requirements			
Central governments and central bank under standard method	0	0	363
Credit institutions and investment companies under standard method	13 247	10 465	8 060
Companies under standard method	1 408 197	1 141 853	865 624
Retail claims under standard method	242 729	212 860	197 849
Public sector under standard method	0	6	3 250
Housing real estate under standard method	348 133	291 338	243 971
Overdue claims under standard methods	9 673	19 332	13 362
Investment funds' shares under standard method	186	190	7 145
Other assets under standard method	93 844	93 939	49 321
Total capital requirements for covering the credit risk and counterparty credit risk	**2 116 009**	**1 769 983**	**1 388 945**
Capital requirement against foreign currency risk under standard method	993	3 489	3 950
Capital requirement against interest position risk under standard method	0	0	0
Capital requirement against equity portfolio risks under standard method	2 281	2 079	972
Capital requirement against credit valuation adjustment risks under standard method	2 888	1 211	82
Capital requirement for operational risk under base method	197 920	152 778	124 638
Total capital requirements for adequacy calculation	**2 320 091**	**1 929 540**	**1 518 587**

Capital adequacy (%)	**19.18**	**19.97**	**20.50**
Tier 1 capital ratio (%)	**15.97**	**16.08**	**15.56**
Core Tier 1 capital ratio (%)	**14.46**	**14.27**	**13.26**

Overview of AS LHV Pank Consolidation Group

- (Net) growth in loan volume EUR 170 million
- Net profit EUR 19.2 million



EUR million	Q3 2022	Q2 2022	Change %	Q3 2021	Change %	From the beginning of 2022	From the beginning of 2021	Change %
Net interest income	31.99	27.23	17%	25.27	27%	85.11	69.35	23%
Net fee and commission income	8.72	7.64	14%	7.46	17%	24.15	20.65	17%
Other financial income	0.23	0.08	204%	0.00	NA	-1.12	-0.39	184%
Total net operating income	40.94	34.95	17%	32.73	25%	108.14	89.60	21%
Other income	0.05	0.07	-39%	0.23	-80%	0.10	0.41	-76%
Operating expenses	-16.43	-15.64	5%	-11.69	41%	-46.44	-35.07	32%
Loan and bond portfolio gains/(-losses)	-2.17	0.34	NA	-1.44	51%	-2.57	-2.25	14%
Income tax expenses	-3.21	-2.79	15%	-2.71	18%	-8.27	-7.27	14%
Net profit	19.17	16.94	13%	17.11	12%	50.96	45.41	12%
Loan portfolio	3 095	2 925	6%	2 549	21%			
Financial investments	365	484	-25%	131	178%			
Deposits of customers	5 223	5 425	-4%	5 476	-5%			
incl. deposits of financial intermediates	1 522	1 756	-13%	1 050	45%			
Subordinated liabilities	70	99	-22%	89	21%			
Equity	358	307	16%	256	40%			

Q3 was successful in terms of business volumes, income and net profit. In Q3, LHV Pank earned net interest income of EUR 32.0 million and EUR 7.6 million in net service fee income. In total, the bank's income was EUR 41.0 million and expenses were EUR 16.4 million. Net operating income rose over the year by 24%, while expenses grew by 41%. Provisions for loans and bonds were EUR 2.2 million. The share of arrears in the loan portfolio continues to be low, but we made forward-looking and client-specific allowances. We keep a very close eye on developments in the credit portfolio.

Financial income in Q3 was EUR 0.2 million. LHV Pank assesses 14% advance income tax, the income tax expense on which in Q3 was EUR 3.0 million. Income tax expense on future disbursements of dividends by subsidiaries at the consolidated level was EUR 0.3 million in Q3.

The Bank's Q3 profit was EUR 19.2 million, which is 13% more than the previous quarter (16.9 million) and 12% more than Q3 of 2021 (17.1 million).

Of the various categories of service fee income, income from settlements and cards and income from currency exchange and payment acceptance continued to make the greatest contribution.

The growth of net interest income stems from growth of business volumes and the rise in interest rates. The total volume of the bank's loan portfolio reached EUR 3,095 million by quarter's end (Q2 2022: EUR 2,925 million). The volume of the portfolio grew by 6% during the quarter. Total growth of loan volume in Q3 was

EUR 170 million (Q2 of 2022: EUR 172 million). The net retail loan portfolio grew by 6% during the quarter, reaching EUR 1,398 million (Q2 2022: EUR 1,321 million). The net corporate loan portfolio grew by 6% during the quarter, reaching EUR 1,697 million (Q2 2022: EUR 1,604 million).

The volume of deposits at the Bank decreased by EUR 202 million from the previous quarter and stood at EUR 5,223 million (Q2 2022: EUR 5,425 million). The volume of payment intermediaries' deposits dropped by EUR 233 million during the quarter. Of the deposits, EUR 5,109 million were demand deposits and EUR 114 million were term deposits. The volume of individuals' deposits was EUR 1 134 million as of the end of the quarter, having grown by 2% since the last quarter.

The Bank's expense-income ratio in Q3 was 40.1%, increasing by 4.5 percentage points from Q3 2021 (35.5%).

The corporate credit portfolio, which includes loans and guarantees, grew EUR 311.2 million in the year (+20%) with quarter-over-quarter growth of EUR 98.2 million (+6%). The greatest source of the growth was loans for real estate activities, which traditionally is the field that receives the most financing from commercial banks, growing EUR 172.8 million during the year (+30%). The bulk of the growth came from financing of business real estate projects with a strong income stream. Next came loans to the wholesale and retail trade and motor vehicle repair sector, which grew EUR 58.3 million from the year before (+56%) and loans issued to the power, gas and conditioned air sector, which grew EUR 41.1 million (+58%) over the year.

Compared to Q2 of 2022, portfolio growth was most influenced by the power, gas, steam and conditioned air sector (EUR 52.1 million; +86%), followed by loans and guarantees issued for real estate activities (quarterly growth of EUR 33.5 million; +5%), followed by processing industry (EUR 13.4 million; +9%).

The most corporate loans were granted to the real estate sector, which makes up 41% of the bank's corporate loan portfolio. Of real estate loans, the principal part was issued to projects with high-quality rental streams, with real estate developments making up a much smaller share. Most real estate developments financed are located in Tallinn, while projects located in other major Estonian cities and in the vicinity of Tallinn made up 40% of developments. LHV's market share of new development financing in Tallinn made up about one-quarter of the whole at the end of Q3 2022. The LHV real estate development portfolio is well–positioned in case market trends should change – the financed developments are in good locations and the risk to planned sales price ratio averages 53%.

After the real estate sector, the most credit was issued to wholesale and retail trade, motor vehicle repair sector (9%) and processing industry companies (9%). Of sectors with ordinarily a higher credit risk, horeca made up 3%, construction 2% and transport and warehousing 1% of the total volume of the portfolio.

During the quarter, the number of the bank's clients grew by over 13,800. Client activity levels were at a good level. Deposits decreased by EUR 202 million over the quarter and loans grew by EUR 170 million.

Deposits of ordinary clients grew by EUR 31 million during the quarter and those of financial intermediaries, decreased by EUR 233 million. Starting in the beginning of the year, significant changes have taken place in the dynamics of deposits. Ordinary clients' deposits have grown, but at lower than the planned rate. Both individuals' and companies' deposit buffers have started decreasing; active involvement of new clients supports a positive growth trend. Financial intermediaries with larger deposits are impacted by the more modest level of activity on the market, volatility has abated but clients are diversifying their clients' deposits at different banks.

Corporate loans grew by EUR 93 million and retail loans by EUR 77 million. The growth in the loan portfolio was greater than planned – by the end of Q3, loans to companies had fulfilled the goal set for the year, and the growth of the retail loan portfolio is driven by home loans and we are ahead of schedule. We also crossed two symbolic thresholds – the home loan portfolio exceeded EUR 1 billion and the loan portfolio is now upwards of EUR 3 billion. In Q3, loan demand recovered to pre-war levels, but starting in September, high inflation and energy prices have cratered the level of consumer confidence, which is expressed in significantly lower demand for loans.

Net profit for the quarter was EUR 19.2 million. The strong result posted in the quarter was influenced by higher interest income due to larger loan volumes, the lower personnel expenses typical of the summer, and expenses on deposits held with the central bank becoming income instead. The influence of the last factor is not yet noteworthy but it is increasing. Furthermore, interest income is increasing due to the new Euribor gradually showing up in loan agreements. We have closed the shortfall in net profit compared to our targets and now it is lagging only EUR 0.3 million behind. Service fee income will fall short of targets this year, the reason being the more modest increase in business volumes in the payment services and currency exchange field.

Impairment of loans and bonds amounted to EUR 2.2 million in Q3. Since the macroeconomic environment has changed a great deal since the plans drawn up at the beginning of the year, we made forward-looking model-based and client-specific allowances in September. As a whole, the quality of the bank's loan portfolio has remained strong and the share of loans past due continues to be low. Impairment provisions therefore also remain much lower than planned.

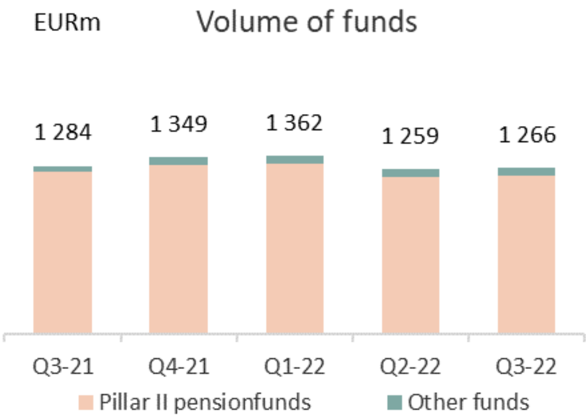
Although the rising Euribor has a positive influence on the bank's revenue base, the macroeconomic environment still calls for conservatism. It is highly likely that the soaring prices of the past year will ease off this autumn, but energy or food prices will not fall in the near future and the price level will continue to be high. Businesses and consumers should budget for significantly higher spending in the heating period about to begin and rising prices of food and other commodities will also have a significant influence. This will undoubtedly affect consumers' ability to cope as well as the financial health of companies. Government support measures for energy prices will have a positive influence on consumers. The business community has become more pessimistic about the months ahead – the volume of new orders is clearly down, all expansion plans have been put on hold and little by little, downsizing workforce is being contemplated. Much will depend on whether the government will step in and the type of measures it will introduce for companies in the late autumn and early winter.

This school year, the conditions for student loans were changed – now one co-signer, not two, is enough, and the maximum amount that can be borrowed per year is 3000 euros instead of 2500, the interest rate is now floating to increase competition. Youth is a client segment with particular importance for us and a student loan is very important factor when it comes to younger people choosing their home bank. Our offer is 1.95% + EUR6, which is the best on the market. The quick application process, most favourable conditions and user experience have increased client interest by several times over, and during September, we issued more student loans than we did in the previous academic year.

For the first time, we launched a new investor basic training course – made up of six seminars, it ends with an exam and diplomas for those who are successful. More than 2000 people registered for the course. In late August, the brand campaign "Simply the Best" began, which has had a positive effect on bringing in new clients. A job expectation and employer reputation survey conducted by the employer branding agency Instar for the 13th year found that LHV Pank was seen as the most attractive employer by Estonian economics students and experienced employees.

Overview of AS LHV Varahaldus

- Profit before income tax in Q3 – 0.2 million EUR
- Number of active second-pillar clients at the end of the quarter – 130 000
- Volume of assets in second-pillar funds by the end of the quarter – more than 1.2 billion EUR



EUR million	Q3 2022	Q2 2022	Change %	Q3 2021	Change %	9M 2022	9M 2021	Change %
Net fee and commission income	2.0	2.0	0%	2.2	-10%	5.94	6.8	-13%
Net financial income	0.03	-0.41	NA	0.05	NA	-0.28	0.29	NA
Operating expenses	-1.34	-1.33	1%	-1.16	13%	-4.02	-2.43	12%
Depreciation of non-current assets	-0.43	-0.49	-12%	-0.54	-86%	-1.45	-4.09	-69%
Profit	0.24	-0.23	NA	0.57	-90%	0.19	-1.63	NA
Financial investments	8	9	0%	7.7	13%			
Equity	22,0	22.0	0%	25.0	-8%			
Assets under management	1 266.0	1 259.0	1%	1 284.0	-22%			

In Q3, LHV Varahaldus had operating income of EUR 2.0 million, operating expenses of EUR 1.8 million, and operating profit of EUR 0.2 million. The drop in the value of own units, which negatively impacted profitability in Q2, had a neutral influence in the last three months. While July was a very strong month and close to EUR 0.3 million in financial income was earned from the rise in the value of own funds, August and September again brought a decline in the value of fund units on the backdrop of a general declining markets.

Q3 was again a volatile one for equity markets. The quarter started with a decent rise in July, but by the end of September, stock markets were even lower than the previous lows hit in June. The quarter was also characterized by a noteworthy weakening of the euro against the US dollar, due to which, despite the bear market, major US indexes actually gained when measured in euros. The USD appreciated 7% against the EUR over the three months: measured in euros, the quarterly result on MSCI World, SP500 and Euro Stoxx were 0.1%, 1.4% and -3.7%, respectively. In spite of the broader decline of the markets, LHV Varahaldus's larger actively managed funds closed out the quarter with a positive result. The values of units in actively managed funds M, L and XL rose by 0.7%, 1.2% and 1.2%, respectively. It was a more negative quarter for index funds and the higher equity-risk pension fund Green – the LHV Pension Fund Index shed 0.8% of its value and LHV Pension Fund Green 3.2%. The conservative funds S and XS fell 1.3% and 1.8%, respectively. The year as a whole, with interest rates rising, has been particularly challenging for the cooperative funds, where despite the decline LHV funds S and XS have preserved their value better than the competitors' analogous products. The growth of social tax revenue – which serves as a comparison index – continued rapid growth in Q3, being more than 10% higher than the same period in the previous year.

In Q3, the focus in choosing stock market investments in the largest funds was on companies and sectors that would be capable of generating value and offering a return even in an inflationary environment. The largest positions were related to precious metals and commodities, plus blue-chip Scandinavian companies more broadly. In addition, positions related to banks were increased and bonds were subscribed to in connection with the Kalamaja real estate development.

LHV's number of active second-pillar clients at quarter's end was slightly less than 130,000, having dropped by around 1,000 over the three months. The drop was caused by the clients who left the second pillar in early September. Market share in terms of clients increased marginally, being slightly more than 25% in late September. Q3 was the second in a row since the pension reform came into force when the number of clients leaving the second pillar in LHV pension funds was lower than the number of new clients joining the pillar. The volume of assets managed by LHV Varahaldus was more than EUR 1.2 billion by the end of the quarter, The volume of second-pillar assets grew by close to EUR 6 million during the quarter, the lower-than-expected growth being caused by the disbursements related to clients leaving the second pillar totalling almost EUR 32 million; the quarter also had a negative result for most funds. The number of third-pillar clients and monthly contributions are still seeing stable growth.

The portfolio of all actively managed funds and distribution of asset classes largely correspond to the long-term goal, where M, L and XL portfolio are mainly invested in unlisted asset classes less dependent on stock markets. We keep a close eye on developments on the stock market and are prepared to quickly adjust our positions depending on the conditions. We also devote extra attention to liquidity to ensure capability for more aggressively investing and, naturally, making disbursements to clients if they change or exit funds. Q3 also brought a piece of positive news on the regulatory front: the Cabinet decided to compensate contributions to the second pillar that had been suspended in the interim, along with yields, in one instalment in January 2023. Compared to the previous plan to pay out equal instalments in January 2023 and 2024, for LHV pension funds the single instalment will mean more than EUR 50 million additional volume that can be invested as of early 2023.

Overview of AS LHV Kindlustus

Q3 2022 was a period of active growth for AS LHV Kindlustus. More than 40 000 new policies were taken out with premiums totalling EUR 6.2 million, of which EUR 1.4 million in premiums for policies that will come into force in future. The number of insurance policies concluded and the volume of insurance premiums garnered are growing across all insurance product sales channels, particularly rapidly in the brokerage channel and the LHV web portal. The company is significantly exceeding the goals for growth set in the financial plan.

The selection of insurance products offered became fuller with the addition of a health insurance solution developed with Confido. This solution is offered to corporate clients through a partner. The development of new claims adjusting software was launched to make the process even more convenient for clients.

As of 30 September 2022, LHV Kindlustus had 219 000 valid insurance policies and 151 000 clients.

The volume of gross insurance premiums in Q3 was EUR 4 750.1 thousand and the net earned insurance premiums totalled EUR 2 336.1 thousand. As of the nine-month mark of the year, auto and motor TPL insurance made up 64.2% of the insurance premium volume. Travel insurance, home insurance and loan payment insurance were other insurance products with a significant share of the total.

During Q3, 1 736 new loss events were registered, and claims adjustment was completed in the case of 1 259 incidents. As of the end of the quarter, 1176 loss files were open. The net losses incurred in the period together with indirect claims adjustment costs were EUR 1 673.5 thousand. Loss provisions stood at EUR 1.47 million as of the end of the period.

The losses that occurred the most frequently in Q3 were water damage covered by home insurance, and there were also several losses caused by thunderstorms and one higher-value vehicle was stolen. The company's Q3 result was influenced by several expenses of a non-recurring nature. The loss in Q3 totalled EUR 432.2 thousand. The result falls short of the forecast above all due to the higher indemnities paid out. The company's volume of operating costs met expectations.

EUR thousand	Q3 2022	Q2 2022	Change %	Q3 2021	Change %
Gross insurance premiums	4 750	4 612	3%	1 412	236%
Net earned insurance premiums	2 336	1 648	42%	706	231%
Net losses incurred	1 673	1 045	60%	329	409%
Total net operating expenses	1 069	838	28%	598	79%
Underwriting result	-407	-235	73%	-221	84%
Net profit	-432	-237	82%	-222	95%
Actuarial reserves at the end of the period	9 880	6 947	42%	3 931	151%
Equity at the end of the period	5 594	5 996	-7%	6 854	-18%

Chairman of the management board Jaanus Seppa left the company. The contract with the new management board member will be signed during Q4. As of the end of Q3, LHV Kindlustus employed 32 people.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

(in thousands of euros)	Note	Q3 2022	9M 2022	Q3 2021	9M 2021
Interest income		36 295	102 643	32 015	88 798
Interest expense		-4 253	-17 630	-6 158	-19 642
Net interest income	9	**32 042**	**85 013**	**25 857**	**69 156**
Fee and commission income		15 501	45 761	14 831	41 567
Fee and commission expense		-3 501	-12 410	-4 852	-13 340
Net fee and commission income	10	**12 000**	**33 351**	**9 979**	**28 227**
Net gains from financial assets measured at fair value		-89	-1 907	46	-178
Foreign exchange rate gains/losses		316	477	4	145
Net gains from financial assets		**227**	**-1 430**	**50**	**-33**
Other income		36	148	270	353
Other expense		-7	-97	0	0
Total other income		**29**	**51**	**270**	**353**
Staff costs		-11 630	-33 625	-7 424	-22 684
Administrative and other operating expenses		-11 182	-29 132	-7 880	-24 253
Total expenses	11	**-22 812**	**-62 757**	**-15 304**	**-46 937**
Profit before impairment losses on loans and advances		**21 486**	**54 228**	**20 852**	**50 766**
Revaluation of the financial asset		-5 236	-5 236	0	0
Impairment losses on loans and bonds	21	-2 172	-2 566	-1 444	-2 254
Profit before income tax		**14 078**	**46 426**	**19 408**	**48 512**
Income tax expense		-3 331	-9 309	-2 818	-7 591
Net profit for the reporting period	2	**10 747**	**37 117**	**16 590**	**40 921**
Other comprehensive income/loss:					
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		-1 243	-1 366	37	37
Total profit and other comprehensive income for the reporting period		**9 504**	**35 751**	**16 627**	**40 958**
Total profit of the reporting period attributable to:					
Owners of the parent		10 307	35 730	15 954	39 406
Non-controlling interest		440	1 387	635	1 515
Total profit for the reporting period	2	**10 747**	**35 751**	**16 590**	**40 921**
Total profit and other comprehensive income attributable to:					
Owners of the parent		9 064	34 364	15 991	39 443
Non-controlling interest		440	1 387	635	1 515
Total profit and other comprehensive income for the reporting period		**9 504**	**37 117**	**16 627**	**40 958**
Basic earnings per share (in euros)	16	0,03	0,12	0,06	0,14
Diluted earnings per share (in euros)	16	0,03	0,11	0,05	0,13

The Notes on pages 23 to 38 are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position

(in thousands of euros)	Note	30.09.2022	31.12.2021
Assets			
Due from central bank	4, 5, 6, 12	2 612 356	3 874 284
Due from credit institutions	4, 5, 6, 12	118 143	106 838
Due from investment companies	4, 6, 12	4 581	6 188
Financial assets at fair value through profit or loss	4, 6, 7	11 901	135 855
Financial assets at amortized cost		361 847	0
Loans and advances to customers	4, 6, 8, 21	3 094 702	2 677 160
Receivables from customers		12 785	9 752
Other financial assets		124	2 236
Other assets		4 693	3 471
Financial investment		1 000	5 236
Tangible assets	19	15 995	8 474
Intangible assets	19	13 539	11 825
Goodwill		10 748	3 614
Total assets	2	**6 262 414**	**6 844 933**
Liabilities			
Loans received from Central Banks (TRTLO)	13	147 348	197 461
Deposits of customers	13	5 168 153	5 807 617
Loans received and debt securities in issue	13	349 405	349 146
Financial liabilities at fair value through profit or loss	7	7	157
Accounts payable and other liabilities	14	91 105	55 373
Subordinated debt	6, 20	110 653	110 378
Total liabilities	2	**5 866 671**	**6 520 132**
Owner's equity			
Share capital		31 542	29 864
Share premium		141 186	97 361
Statutory reserve capital		4 713	4 713
Other reserves		4 892	4 733
Retained earnings		205 739	179 746
Total equity attributable to owners of the parent		**388 072**	**316 417**
Non-controlling interest		7 671	8 384
Total equity		**395 743**	**324 801**
Total liabilities and equity		**6 262 414**	**6 844 933**

The Notes on pages 23 to 38 are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows

(in thousands of euros)	Note	Q3 2022	9M 2022	Q3 2021	9M 2021
Cash flows from operating activities					
Interest received		35 441	101 460	32 071	88 474
Interest paid		-3 138	-15 870	-6 340	-20 536
Fees and commissions received		15 501	45 761	14 390	40 624
Fees and commissions paid		-3 501	-12 410	-4 852	-13 340
Other income received		21	55	703	1 271
Staff costs paid		-10 691	-29 433	-7 189	-20 547
Administrative and other operating expenses paid		-9 283	-22 890	-6 261	-17 239
Income tax		-4 622	-9 781	-2 384	-8 380
Cash flows from operating activities before change in operating assets and liabilities		**19 728**	**56 892**	**20 138**	**50 327**
Net increase/decrease in operating assets:					
Net increase/(decrease) in financial assets at fair value through profit or loss		599	-2 865	18	-962
Loans and advances to customers		-172 576	-419 864	-149 129	-342 563
Mandatory reserve at central bank		2 282	6 217	-4 763	-12 808
Security deposits		0	2 112	-55	-117
Other assets		24 680	26 366	-2 290	3 795
Net increase/decrease in operating liabilities:					
Demand deposits of customers		-165 265	-595 594	540 000	1 563 565
Term deposits of customers		-33 862	-45 325	-4 985	-225 848
Loans received		0	0	0	73
Prepayments of loans received		479	-50 000	-1 989	-4 896
Financial liabilities held for trading at fair value through profit and loss		-284	-150	2	-214
Other liabilities		-109 164	1 144	25 523	59 550
Net cash generated from/used in operating activities		**-433 383**	**-1 021 067**	**422 470**	**1 089 902**
Cash flows from investing activities					
Purchase of non-current assets		-2 389	-13 692	-1 001	-3 548
Acquisition of subsidiaries and affiliates		0	-8 966	-5 236	-5 236
Net changes of investment securities at fair value through profit or loss and of investment securities at amortized cost		118 106	-233 060	-52 158	192 016
Net cash flows from/used in investing activities		**115 717**	**-255 718**	**-58 395**	**183 232**
Cash flows from financing activities					
Paid in share capital (incl. share premium)		0	45 504	0	1 578
Dividends paid		0	-14 046	0	-10 458
Loans received		263	263	99 334	139 334
Prepayments of loans received		0	0	-40 000	-40 000
Repayments of the principal of lease liabilities		-263	-1 007	-425	-691
Net cash flows from/used in financing activities		**0**	**30 714**	**58 909**	**89 763**
Effect of exchange rate changes on cash and cash equivalents	6	**76**	**59**	**-10**	**189**
Net increase/decrease in cash and cash equivalents		**-317 590**	**-1 246 012**	**422 974**	**1 363 086**
Cash and cash equivalents at the beginning of the period		3 001 590	3 930 012	3 292 396	2 352 284
Cash and cash equivalents at the end of the period	12	**2 684 000**	**2 684 000**	**3 715 370**	**3 715 370**

The Notes on pages 23 to 38 are an integral part of the condensed consolidated interim financial statements

Condensed Consolidated Interim Statement of Changes in Equity

(in thousands of euros)	Share capital	Share premium	Statutory reserve capital	Other reserves	Retained earnings	**Total equity attributable to owners of LHV Group**	Non-controlling interest	**Total equity**
Balance as at 01.01.2021	**28 819**	**71 468**	**4 713**	**3 409**	**128 385**	**236 794**	**8 482**	**245 276**
Paid in share capital	300	1 298	0	0	0	1 598	0	**1 598**
Dividends paid	0	0	0	0	-8 358	-8 358	-2 100	**-10 458**
Share options	0	0	0	489	1 458	1 947	0	**1 947**
Profit for the reporting period	*0*	*0*	*0*	*0*	*39 406*	*39 406*	*1 516*	***40 922***
Other comprehensive income/loss	*0*	*0*	*0*	*37*	*0*	*37*	*0*	***37***
Total profit and other comprehensive income for the reporting period	0	0	0	37	39 406	39 443	1 516	**40 959**
Balance as at 30.09.2021	**29 119**	**72 766**	**4 713**	**3 935**	**160 891**	**271 424**	**7 898**	**279 322**
Balance as at 01.01.2022	**29 864**	**97 361**	**4 713**	**4 733**	**179 746**	**316 417**	**8 384**	**324 801**
Paid in share capital	1 678	43 825	0	0	0	45 503	0	**45 503**
Dividends paid	0	0	0	0	-11 946	-11 946	-2 100	**-14 046**
Share options	0	0	0	1 525	2 209	3 734	0	**3 734**
Profit for the reporting period	*0*	*0*	*0*	*0*	*35 730*	*35 730*	*1 387*	***37 117***
Other comprehensive income/loss	*0*	*0*	*0*	*-1 366*	*0*	*-1 366*	*0*	***-1 366***
Total profit and other comprehensive income for the reporting period	0	0	0	-1 366	35 730	34 364	1 387	**35 751**
Balance as at 30.09.2022	**31 542**	**141 186**	**4 713**	**4 892**	**205 739**	**388 072**	**7 671**	**395 743**

The Notes on pages 23 to 38 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 2021, 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 2021, 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 treatment of the liquidity portfolio treated at the market price. We reclassified this portfolio to accounting at amortized cost at the beginning of the second quarter. It was a fundamental change in the risk taken by the business line.

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), LHV UK Ltd (100% interest), AS EveryPay (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.

Q3 2022	Retail banking	Corporate banking	Asset manage-ment	Hire-purchase and consumer finance in Estonia	Financial intermediates	Insura nce	UK LHV Ltd	Other activities	Total
Interest income	12 820	18 535	0	3 393	1 670	6	0	-129	36 295
Interest expense	-177	-3 710	0	-712	234	0	-35	147	-4 253
Net interest income	**12 643**	**14 825**	**0**	**2 681**	**1 904**	**6**	**-35**	**18**	**32 042**
Fee and commission income	1 965	702	1 977	219	9 954	464	0	220	15 501
Fee and commission expense	-571	-3	0	-210	-3 208	0	0	491	-3 501
Net fee and commission income	**1 394**	**699**	**1 977**	**9**	**6 746**	**464**	**0**	**711**	**12 000**
Other income	**5**	**8**	**0**	**0**	**12**	**0**	**0**	**4**	**29**
Net income	**14 042**	**15 532**	**1 977**	**2 690**	**8 662**	**470**	**-35**	**733**	**44 071**

Net gains from financial assets	-63	0	26	0	-20	-31	4	311	227
Administrative and other operating expenses, staff costs	-5 137	-3 121	-1 766	-564	-5 173	-871	-2 791	-3 389	-22 812
Operating profit	**8 842**	**12 411**	**237**	**2 126**	**3 469**	**-432**	**-2 822**	**-2 345**	**21 486**
Impairment losses on loans and advances	-164	-1 821	0	-177	-37	0	0	-5 209	-7 408
Income tax	-1 103	-1 323	0	0	-473	0	0	-432	-3 331
Net profit	**7 575**	**9 267**	**237**	**1 949**	**2 959**	**-432**	**-2 822**	**-7 986**	**10 747**

9M 2022	**Retail banking**	**Corporate banking**	**Asset manage-ment**	**Hire-purchase and consumer finance in Estonia**	**Financial intermediates**	**Insurance**	**UK LHV Ltd**	**Other activities**	**Total**
Interest income	32 289	51 990	0	9 311	7 688	12	0	1 353	102 643
Interest expense	-2 729	-8 587	0	-1 767	-4 044	0	-98	-405	-17 630
Net interest income	**29 560**	**43 403**	**0**	**7 544**	**3 644**	**12**	**-98**	**948**	**85 013**
Fee and commission income	7 131	1 888	5 936	617	29 132	1 090	0	-33	45 761
Fee and commission expense	-1 816	-47	0	-599	-10 962	0	0	1 014	-12 410
Net fee and commission income	**5 315**	**1 841**	**5 936**	**18**	**18 170**	**1 090**	**0**	**981**	**33 351**
Other income	**8**	**59**	**0**	**0**	**-40**	**0**	**0**	**24**	**51**
Net income	**34 883**	**45 303**	**5 936**	**7 562**	**21 774**	**1 102**	**-98**	**1 953**	**118 415**
Net gains from financial assets	-108	0	-283	0	-24	-36	2	-981	-1 430
Administrative and other operating expenses, staff costs	-15 161	-9 179	-5 466	-1 681	-15 086	-2 231	-6 471	-7 482	-62 757
Operating profit	**19 614**	**36 124**	**187**	**5 881**	**6 664**	**-1 165**	**-6 567**	**-6 510**	**54 228**
Impairment gains/(-losses) on loans and bond portfolio	-920	-1 451	0	-54	-47	0	0	-5 330	-7 802
Income tax	-1 999	-3 253	-830	-1 107	-886	0	0	-1 234	-9 309
Net profit	**16 695**	**31 420**	**-643**	**4 720**	**5 731**	**-1 165**	**-6 567**	**-13 074**	**37 117**
Total assets 30.09.2022	**2 633 104**	**3 563 893**	**23 156**	**88 010**	**0**	**25 186**	**40 511**	**-111 446**	**6 262 414**
Total liabilities 30.09.2022	**2 957 196**	**638 286**	**709**	**70 569**	**2 260 352**	**19 592**	**4 293**	**-84 296**	**5 866 671**

Q3 2021	Retail banking	Corporate banking	Asset manage-ment	Hire-purchase and consumer finance in Estonia	Financial inter-mediates	Insura nce	Other activities	LHV UK Ltd	Total
Interest income	8 999	14 826	0	2 948	1 284	0	3 958	0	32 015
Interest expense	-212	-2 544	0	-454	2	0	-2 950	0	-6 158
Net interest income	**8 787**	**12 282**	**0**	**2 494**	**1 286**	**0**	**1 008**	**0**	**25 857**
Fee and commission income	2 149	460	2 216	199	9 312	345	150	0	14 831
Fee and commission expense	-521	-41	0	-161	-4 041	0	-88	0	-4 852
Net fee and commission income	**1 628**	**419**	**2 216**	**38**	**5 271**	**345**	**62**	**0**	**9 979**
Other income	**0**	**185**	**0**	**0**	**25**	**0**	**60**	**0**	**270**
Net income	**10 415**	**12 886**	**2 216**	**2 532**	**6 582**	**345**	**1 130**	**0**	**36 106**
Net gains from financial assets	-10	0	49	0	-2	0	8	5	50
Administrative and other operating expenses, staff costs	-3 712	-2 222	-1 700	-482	-3 520	-567	-2 057	-1 044	-15 304
Operating profit	**6 693**	**10 664**	**565**	**2 050**	**3 060**	**-222**	**-919**	**-1 039**	**20 852**
Impairment gains/(-losses) on loans and bond portfolio	-579	-1 144	0	286	-7	0	0	0	-1 444
Income tax	-740	-1 165	0	0	-474	0	-439	0	-2 818
Net profit	**5 374**	**8 355**	**565**	**2 336**	**2 579**	**-222**	**-1 358**	**-1 039**	**16 590**

9M 2021	Retail banking	Corporate banking	Asset manage-ment	Hire-purchase and consu-mer finance in Estonia	Financial inter-mediates	Insurance	Other activities	LHV UK Ltd	Total
Interest income	26 147	42 494	0	8 789	2 948	0	8 420	0	88 798
Interest expense	-992	-7 478	-14	-1 374	0	0	-9 784	0	-19 642
Net interest income	**25 155**	**35 016**	**-14**	**7 415**	**2 948**	**0**	**-1 364**	**0**	**69 156**
Fee and commission income	7 125	1 169	6 832	580	24 916	851	94	0	41 567
Fee and commission expense	-1 340	-52	0	-493	-11 363	0	-92	0	-13 340
Net fee and commission income	**5 785**	**1117**	**6832**	**87**	**13 553**	**851**	**2**	**0**	**28 227**
Other income	**11**	**245**	**0**	**0**	**85**	**0**	**12**	**0**	**353**
Net income	**30 951**	**36 378**	**6 818**	**7 502**	**16 586**	**851**	**-1 350**	**0**	**97 736**

Net gains from financial assets	-45	0	355	0	-3	0	-346	6	-33
Administrative and other operating expenses, staff costs	-11 636	-7 034	-8 238	-1 386	-10 125	-1 461	-5 468	-1 589	-46 937
Operating profit	**19 270**	**29344**	**-1 065**	**6 116**	**6 458**	**-610**	**-7 164**	**-1 583**	**50 766**
Impairment gains/(-losses) on loans and bond portfolio	-1 180	0	-286	-22	0	0	-27	0	-2 254
Income tax	-3 192	-1 241	-1 184	-1 107	0	0	1 175	0	-7 591
Net profit	**16 489**	**24 972**	**-2 306**	**4 646**	**5 329**	**-610**	**-6 016**	**-1 583**	**40 921**
Total assets 30.09.2021	**2 256 260**	**3 996 803**	**25 352**	**65 835**	**193 394**	**13 054**	**-56 517**	**1 434**	**6 495 615**
Total liabilities 30.09.2021	**2 854 917**	**1 675 712**	**768**	**49 073**	**1 675 712**	**6 200**	**-46 137**	**48**	**6 216 293**

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 2021. 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.

To reduce liquidity risk, LHV Pank has issued mortgage bonds. They made it possible to reduce the share of expensive platform deposits in financing and, together with the increased funding from the TLTRO III program, to finance the purchase of Danske's portfolio of local governments and companies at the beginning of the fourth quarter.

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 june, the volume of the loan portfolio on payment holidays has decreased by 300 EUR, where clients have moved back to originaal payment schedules and remaining payment holidays end by end of 2021. Only few customers require special attention. Second wave of pandemia has affected the credit portfolio only very limited amount and total portfolio on payment holidays at the end of September was EUR 53 million. In second quarter the restrictions set because of Covid ended, which has positively impacted the GDP growth forecasts, high 8 percent area.

NOTE 4 Breakdown of Financial Assets and Liabilities by Countries

30.09.2022	**Estonia**	**Germany**	**Other EU**	**USA**	**UK**	**Other**	**Total**
Due from banks and investment companies	2 471 361	0	19 656	30 568	213 120	375	**2 735 080**
Financial assets at fair value	249 438	5 007	119 263	30	4	8	**373 749**
Loans and advances to customers	3 068 435	573	19 890	696	909	4 200	**3 094 702**
Receivables from customers	12 785	0	0	0	0	0	**12 785**

Other financial assets	100	0	0	24	0	0	**124**
Total financial assets	**5 802 120**	**5 579**	**158 809**	**31 318**	**214 033**	**4 582**	**6 216 440**
Loans received from Central Banks (TRTLO)	147 348	0	0	0	0	0	**147 348**
Deposits of customers and loans received	3 592 837	43 599	854 536	32 742	603 358	41 080	**5 168 153**
Loans received and bonds issued	349 405	0	0	0	0	0	**349 405**
Subordinated debt	110 653	0	0	0	0	0	**110 653**
Financial liabilities at fair value	7	0	0	0	0	0	**7**
Accounts payable and other financial liabilities	83 153	0	0	0	0	0	**83 153**
Total financial liabilities	**4 283 403**	**43 599**	**854 536**	**32 742**	**603 358**	**41 080**	**5 858 719**

Unused loan commitments in the amount of EUR 674 711 thousand are for the residents of Estonia.

31.12.2021	Estonia	Germany	Other EU	USA	UK	Other	Total
Due from banks and investment companies	3 611 765	0	76 010	29 900	269 593	42	**3 987 310**
Financial assets at fair value	55 949	6	79 709	30	2	159	**135 855**
Loans and advances to customers	2 652 960	781	17 292	903	849	4 375	**2 677 160**
Receivables from customers	9 752	0	0	0	0	0	**9 752**
Other financial assets	117	0	0	2 119	0	0	**2 236**
Total financial assets	**6 330 543**	**787**	**173 011**	**32 952**	**270 444**	**4 576**	**6 812 313**
Loans received from Central Banks (TRTLO)	197 461	0	0	0	0	0	**197 461**
Deposits of customers and loans received	3 449 803	113 798	1 484 106	62 541	631 356	66 013	**5 807 617**
Loans received and bonds issued	349 146	0	0	0	0	0	**349 146**
Subordinated debt	110 378	0	0	0	0	0	**110 378**
Financial liabilities at fair value	157	0	0	0	0	0	**157**
Accounts payable and other financial liabilities	49 262	0	0	0	0	0	**49 262**
Total financial liabilities	**4 156 207**	**113 798**	**1 484 106**	**62 541**	**631 356**	**66 013**	**6 514 021**

Unused loan commitments in the amount of EUR 679 579 thousand are for the residents of Estonia.

NOTE 5 Breakdown of Assets and Liabilities by Contractual Maturity Dates

30.09.2022	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities by contractual maturity dates						
Loans received from Centrral Banks (TLTRO)	0	0	0	150 000		**150 000**
Deposits from customers	5 054 172	49 603	58 579	5 826	0	**5 168 180**
Loans received and bonds issued	0	0	1 141	351 397	0	**352 538**
Subordinated debt	0	1 913	5 717	118 625	0	126 255
Accounts payable and other financial liabilities	0	83 153	0	0	0	**83 153**
Unused loan commitments	0	674 711	0	0	0	**674 711**
Financial guarantees by contractual amounts	0	53 334	0	0	0	**53 334**
Foreign exchange derivatives (gross settled)	0	158 410	0	0	0	**158 410**
Financial liabilities at fair value	0	7	0	0	0	**7**
Total liabilities	**5 054 172**	**1 021 131**	**65 437**	**625 848**	**0**	**6 766 588**

Financial assets by contractual maturity dates						
Due from banks and investment companies	2 734 919	0	0	0	0	**2 734 919**
Financial assets at fair value (debt securities)	0	95	236 267	125 575	626	**362 563**
Loans and advances to customers	0	212 867	469 611	1 933 565	1 170 746	**3 786 789**
Receivables from customers	0	12 785	0	0	0	**12 785**
Foreign exchange derivatives (gross settled)	0	158 410	0	0	0	**158 410**
Other financial assets	124	0	0	0	0	**124**
Total financial assets	**2 735 043**	**384 157**	**705 878**	**2 059 140**	**1 171 372**	**7 055 590**
Maturity gap from financial assets and liabilities	**-2 319 129**	**-636 974**	**640 441**	**1 433 292**	**1 171 372**	**289 002**

31.12.2021	**On demand**	**0-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Liabilities by contractual maturity dates						
Loans received from Centrral Banks (TLTRO)	0	0	0	197 000	0	**197 000**
Deposits from customers	5 648 302	55 271	101 784	2 288	0	**5 807 645**
Loans received and bonds issued	0	0	1 140	352 538	0	**353 678**
Subordinated debt	0	1 903	5 727	124 341	0	**131 971**
Accounts payable and other financial liabilities	0	49 262	0	0	0	**49 262**
Unused loan commitments	0	679 579	0	0	0	**679 579**
Financial guarantees by contractual amounts	0	49 409	0	0	0	**49 409**
Foreign exchange derivatives (gross settled)	0	101 848	0	0	0	**101 848**
Financial liabilities at fair value	0	157	0	0	0	**157**
Total liabilities	**5 648 302**	**937 429**	**108 651**	**676 167**	**0**	**7 370 549**
Financial assets by contractual maturity dates						
Due from banks and investment companies	3 987 341	0	0	0	0	**3 987 341**
Financial assets at fair value (debt securities)	0	46 047	3 387	77 915	155,481	**127 504**
Loans and advances to customers	0	173 534	431 582	1 661 341	924 419	**3 190 876**
Receivables from customers	0	9 752	0	0	0	**9 752**
Foreign exchange derivatives (gross settled)	2 236	0	0	0	0	**2 236**
Other financial assets)	0	101 848	0	0	0	**101 848**
Total financial assets	**3 989 577**	**331 181**	**434 969**	**1 739 256**	**924 574**	**7 419 557**
Maturity gap from financial assets and liabilities	**-1 658 725**	**-606 248**	**326 318**	**1 063 089**	**924 574**	**49 008**

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

30.09.2022	**EUR**	**CHF**	**GBP**	**SEK**	**USD**	**Other**	**Total**
Assets bearing currency risk							
Due from banks and investment companies	2 479 701	1 786	223 141	4 531	18 477	7 444	**2 735 080**
Financial assets at fair value	370 875	0	3	1	37	2 832	**373 748**
Loans and advances to customers	3 086 067	75	193	515	7 600	251	**3 094 702**
Receivables from customers	9 835	4	-1 123	55	4 011	1	**12 785**
Other financial assets	124	0	0	0	0	0	**124**
Total assets bearing currency risk	**5 946 603**	**1 866**	**222 215**	**5 102**	**30 125**	**10 528**	**6 216 439**

Liabilities bearing currency risk

Loans received from Central Banks (TRTLO)	147 348	0	0	0	0	0	**147 348**
Deposits from customers	4 754 125	5 889	219 364	12 841	165 226	10 708	**5 168 153**
Loans received and bonds issued	349 405	0	0	0	0	0	**349 405**
Financial liabilities at fair value	7	0	0	0	0	0	**7**
Accounts payable and other financial liabilities	66 022	56	2 784	774	12 113	1 404	**83 153**
Subordinated debt	110 653	0	0	0	0	0	**110 653**
Total liabilities bearing currency risk	**5 427 560**	**5 945**	**222 148**	**13 615**	**177 339**	**12 111**	**5 858 719**
Open gross position derivative assets at contractual value	0	4 183	0	8 742	143 557	1 928	**158 410**
Open gross position derivative liabilities at contractual value	158 410	0	0	0	0	0	**158 410**
Open foreign currency position	**360 633**	**103**	**67**	**230**	**-3 657**	**345**	**357 720**

31.12.2021	**EUR**	**CHF**	**GBP**	**SEK**	**USD**	**Other**	**Total**
Assets bearing currency risk							
Due from banks and investment companies	3 687 255	1 367	277 043	1 075	18 433	2 137	**3 987 310**
Financial assets at fair value	135 812	0	1	0	37	4	**135 855**
Loans and advances to customers	2 669 321	18	463	396	6 616	346	**2 677 160**
Receivables from customers	7 818	0	491	226	167	1 050	**9 752**
Other financial assets	117	0	0	0	2 119	0	**2 236**
Total assets bearing currency risk	**6 500 323**	**1 385**	**277 998**	**1 697**	**27 372**	**3 538**	**6 812 313**
Liabilities bearing currency risk							
Loans received from Central Banks (TRTLO)	197 461	0	0	0	0	0	**197 461**
Deposits from customers	5 409 103	5 037	271 784	7 837	101 149	12 708	**5 807 617**
Loans received and bond issued	349 146	0	0	0	0	0	**349 146**
Financial liabilities at fair value	0	0	0	16	123	18	**157**
Accounts payable and other financial liabilities	36 376	218	6 456	217	5 676	319	**49 262**
Subordinated debt	110 378	0	0	0	0	0	**110 378**
Total liabilities bearing currency risk	**6 102 464**	**5 254**	**278 240**	**8 070**	**106 948**	**13 045**	**6 514 021**
Open gross position derivative assets at contractual value	0	3 872	0	6 454	82 496	9 026	**101 848**
Open gross position derivative liabilities at contractual value	101 848	0	0	0	0	0	**101 848**
Open foreign currency position	**296 011**	**3**	**-242**	**81**	**2 920**	**-481**	**298 292**

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**	**30.09.2022**	**Level 1**	**Level 2**	**Level 3**	**31.12.2021**
Financial assets at fair value through profit and loss								
Shares and fund units*	788	7 345	0	**8 133**	727	7 620	0	**8 347**
Bonds at fair value through profit and loss	938	0	0	**938**	127 504	0	0	**127 504**
Interest rate swaps and foreign exchange forwards	0	2 830	0	**2 830**	0	4	0	**4**
Total financial assets	**1 726**	**10 175**	**0**	**11 901**	**128 231**	**7 624**	**0**	**135 855**
Financial liabilities at fair value through profit and loss								
Interest rate swaps and foreign exchange	0	7	0	**7**	0	157	0	**157**
Total financial liabilities	**0**	**7**	**0**	**7**	**0**	**157**	**0**	**157**

*Shares and fund units include the Group companies' AS LHV Varahaldus investment into pension fund units in the amount of EUR 7 345 (31.12.2021: 7 620) 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 30.09.2022 the fair value of corporate loans and overdraft is EUR 16 170 thousand (0.92%) higher than their carrying amount (31.12.2021: 5 795 thousand, 0.38% 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 30 September 2022 and 31 December 2021. 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 and by Stages

30.09.2022	Stage 1	Stage 2	Stage 3	Provision	Total	%
Individuals	1 079 953	108 060	5 557	-2 209	1 191 362	38,5%
Agriculture	64 096	3 554	0	-185	67 465	2,2%
Mining and Quarrying	1 141	584	135	-54	1 806	0,1%
Manufacturing	130 283	22 547	204	-1 831	151 203	4,9%
Energy	89 493	1 446	0	-528	90 411	2,9%
Water and sewerage	29 678	116	0	-302	29 492	1,0%
Construction	95 666	5 400	118	-1 707	99 478	3,2%
Wholesale and retail trade	147 538	8 364	681	-875	155 709	5,0%
Transportation and storage	14 100	9 627	2	-693	23 036	0,7%
Accommodation and catering	7 242	24 893	188	-1 821	30 502	1,0%
Information and communication	12 547	1 086	1	-28	13 606	0,4%
Financial activities	121 488	210	0	-622	121 076	3,9%
Real estate activities	722 811	47 552	1 617	-3 065	768 915	24,8%
Professional, scientific and technical activities	74 683	8 126	45	-197	82 657	2,7%

Administrative and support service activities	112 352	4 118	35	-3 317	113 187	3,7%
Local municipalities	79 649	0	0	-129	79 520	2,6%
Education	5 154	614	0	-313	5 455	0,2%
Health care	11 120	623	0	-74	11 669	0,4%
Arts and entertainment	28 692	23 667	15	-2 553	49 821	1,6%
Other service activities	7 091	1 262	12	-35	8 331	0,3%
Total	**2 834 777**	**271 852**	**8 610**	**-20 537**		
Provision	-11 109	-7 862	-1 566			
Total loan portfolio	**2 823 668**	**263 990**	**7 044**		**3 094 702**	**100%**

31.12.2021	Stage 1	Stage 2	Stage 3	Provision	Total	%
Individuals	886 127	114 863	11 328	-2 392	1 009 926	37.7%
Agriculture	63 843	4 809	21	-214	68 459	3.1%
Mining and Quarrying	923	1 114	0	-18	2 019	0.1%
Manufacturing	125 985	26 328	255	-930	151 638	6.9%
Energy	57 403	1 729	0	-627	58 505	2.6%
Water and sewerage	23 172	573	0	-240	23 505	1.1%
Construction	80 323	3 990	477	-1 778	83 012	3.8%
Wholesale and retail trade	126 082	5 186	848	-486	131 630	6.0%
Transportation and storage	25 730	3 057	101	-136	28 752	1.3%
Accommodation and catering	5 526	25 036	159	-2 041	28 680	1.3%
Information and communication	10 600	294	8	-24	10 878	0.5%
Financial activities	85 481	327	0	-303	85 505	3.9%
Real estate activities	569 902	85 688	1 995	-3 260	654 325	29.6%
Professional, scientific and technical activities	39 062	5 344	482	-219	44 669	2.0%
Administrative and support service activities	113 860	3 698	155	-3 268	114 445	5.2%
Local municipalities	97 307	315	0	0	97 622	4.4%
Education	4 035	275	31	-14	4 327	0.2%
Health care	9 766	3 441	3	-71	13 139	0.6%
Arts and entertainment	24 155	27 576	64	-2 963	48 832	2.2%
Other service activities	16 463	856	38	-65	17 292	0.8%
Total	**2 365 745**	**314 499**	**15 965**	**-19 049**		
Provision	-9 472	-7 444	-2 133			
Total loan portfolio	**2 356 273**	**307 055**	**13 832**		**2 677 160**	**100%**

NOTE 9 Net Interest Income

Interest income	Q3 2022	9M 2022	Q3 2021	9M 2021
From balances with credit institutions and investment	1 146	2 080	78	195
From central bank	778	1 766	1 289	1 772
From debt securities	-107	-449	-53	-248
Leasing	1 563	4 444	1 558	4 493
Leverage loans and lending of securities	401	1 264	482	1 266
Consumer loans	2 551	6 854	2 084	6 164
Hire purchase	852	2 467	864	2 613
Corporate loans	19 503	54 684	15 580	44 263
Credit card loans	214	608	207	644

Mortgage loans	6 956	18 673	5 230	15 251
Private loans	607	1 729	588	1 711
Other loans	1 831	8 523	4 108	10 674
Total	**36 295**	**102 643**	**32 015**	**88 798**
Interest expense				
Deposits of customers and loans received	-1 174	-3 586	-1 282	-4 071
Balances with the central bank	-929	-7 661	-3 577	-9 861
Subordinated liabilities	-2 150	-6 383	-1 299	-5 710
including loans between related parties	-82	-244	-81	-242
Total	**-4 253**	**-17 630**	**-6 158**	**-19 642**
Net interest income	**32 042**	**85 013**	**25 857**	**69 156**

Interest income on loans by customer location (interest on bank balances and bonds excluded):	**Q3 2022**	**9M 2022**	**Q3 2021**	**9M 2021**
Estonia	34 478	99 246	30 701	87 079
Total	**34 478**	**99 246**	**30 701**	**87 079**

NOTE 10 Net Fee and Commission Income

Fee and commission income	**Q3 2022**	**9M 2022**	**Q3 2021**	**9M 2021**
Security brokerage and commissions paid	935	3 380	1 140	3 810
Asset management and similar fees	3 402	10 085	3 341	10 052
Currency exchange fees conversion revenues	1 954	6 459	2 337	6 261
Fees from cards and payments	6 872	19 936	6 362	16 904
Other fee and commission income	2 338	5 901	1 651	4 540
Total	**15 501**	**45 761**	**14 831**	**41 567**
Fee and commission expense				
Security brokerage and commissions paid	-590	-1 827	-534	-1 353
Expenses related to cards	-972	-4 452	-1 614	-4 580
Expenses related to acquiring	-1 933	-5 413	-1 821	-5 187
Other fee and commission expense	-6	-718	-883	-2 220
Total	**-3 501**	**-12 410**	**-4 852**	**-13 340**
Net fee and commission income	**12 000**	**33 351**	**9 979**	**28 227**

Fee and commission income by customer location:	**Q3 2022**	**9M 2022**	**Q3 2021**	**9M 2021**
Estonia	13 749	40 178	13 195	36 050
Great Britain	1 752	5 583	1 636	5 417
Total	**15 501**	**45 761**	**14 831**	**41 567**

NOTE 11 Operating Expenses

	Q3 2022	**9M 2022**	**Q3 2021**	**9M 2021**
Wages, salaries and bonuses	8 596	25 367	5 490	17 236
Social security and other taxes*	3 034	8 258	1 934	5 448
Total personnel expenses	**11 630**	**33 625**	**7 424**	**22 684**
IT expenses	2 221	5 462	1 154	3 181
Information services and bank services	386	1 026	310	992
Marketing expenses	561	2 178	635	1 719
Office expenses	450	1 302	398	805

Transportation and communication expenses	130	398	86	214
Staff training and business trip expenses	323	917	142	245
Other outsourced services	1 774	5 969	1 740	4 217
Other administrative expenses	3 089	5 786	1 865	5 564
Depreciation of non-current assets	1 544	4 369	1 182	6 295
Operational lease payments	468	1 067	139	580
Other operating expenses	235	657	229	441
Total other operating expenses	**11 182**	**29 132**	**7 880**	**24 253**
Total operating expenses	**22 812**	**62 757**	**15 304**	**46 937**

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

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

	30.09.2022	**31.12.2021**
Demand and term deposits with maturity less than 3 months*	122 724	113 026
Statutory reserve capital with the central bank	51 080	57 298
Demand deposit from central bank*	2 561 276	3 816 986
Total	**2 735 000**	**3 987 310**
*Cash and cash equivalents in the Statement of Cash Flows	2 684 000	3 930 012

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 4 581 thousand (31 December 2021: EUR 6 188 thousand). All other demand and term deposits are held with credit institutions and the central bank.

The minimum reserve requirement as at 30 September 2022 was 1% (31 December 2021: 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	**Individuals**	**Financial intermediates**	**Legal entities**	**Public sector**	**30.09.2022**
Demand deposits	1 103 421	1 722 203	2 152 018	76 354	5 053 996
Term deposits	30 677	5 516	57 677	20 087	113 957
Accrued interest liability	300	-132	28	4	200
Total	**1 134 398**	**1 727 587**	**2 209 723**	**96 445**	**5 168 153**

Deposits/loans by type	**Individuals**	**Financial intermediates**	**Legal entities**	**Public sector**	**31.12.2021**
Demand deposits	1 005 757	2 473 973	2 008 349	161 510	5 649 589
Term deposits	39 209	15 679	81 808	22 587	159 283
Accrued interest liability	285	-1 537	-5	2	-1 255
Total	**1 045 251**	**2 488 115**	**2 090 152**	**184 099**	**5 807 617**

Loans received 30.09.2022	**TRTLO**	**Covered bonds**	**Preferred senior bond**	**Total loans received and dept securities in issue**
Loans received	150 000	249 201	100 000	349 201
Accrued interest liability	-2 652	327	-123	204
Total	**147 348**	**249 528**	**99 877**	**349 405**

Loans received 31.12.2021	TRTLO	Covered bonds	Preferred senior bond	Total loans received and dept securities in issue
Loans received	200 000	248 980	100 000	348 980
Accrued interest liability	-2 539	140	26	166
Total	**197 461**	**249 120**	**100 026**	**349 146**

In June 2020, LHV Pank 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 September, LHV Group issued EUR 100 million of preferred bonds with a four-year maturity, which includes the option to call back the transaction after the third year. The issue received a Baa3 rating 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. In the second quarter, the Bank returned early loan of 50 million euros to the European Central Bank.

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.

NOTE 14 Accounts payable and other liabilities

Financial liabilities	**30.09.2022**	**31.12.2021**
Trade payables and payables to merchants	2 147	2 779
Other short-term financial liabilities	12 350	6 904
Lease liabilities	6 249	3 350
Payments in transit	42 521	27 202
Financial guarantee contracts issued	1 398	1 101
Liabilities from insurance services	18 488	7 926
Subtotal	**83 153**	**49 262**
Not financial liabilities		
Performance guarantee contracts issued	942	543
Tax liabilities	2 903	2 207
Payables to employees	3 099	2 545
Other short-term liabilities	1 009	816
Subtotal	**7 952**	**6 111**
Total	**91 105**	**55 373**

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

Irrevocable transactions	Performance guarantees	Financial guarantees	Letter of credit	Unused loan commitments	Total
Liability in the contractual amount as at 30 September 2022	31 677	51 803	8 676	674 711	**766 867**
Liability in the contractual amount as at 31 December 2021	19 919	49 409	1 438	679 579	**750 345**

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.

	Q3 2022	9M 2022	Q3 2021*	9M 2021*
Total profit (incl. discontinued operations) attributable to owners of the parent (EUR thousand)	10 307	35 730	15 954	39 406
Weighted average number of shares (in thousands of units)	315 425	309 830	291 190	290 190
Basic earnings per share (EUR)	0.03	0.12	0.06	0.14
Weighted average number of shares used for calculating the diluted earnings per shares (in thousands of units)	321 714	314 232	298 190	297 680
Diluted earnings per share (EUR)	0.03	0.11	0.05	0.13

* 2021 data is adjusted according to share split carried out in Q3.

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 30.09.2022 was 444 918 thousand euros (31.12.2021: 385 357 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 minimumcapital (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 marinating higher capital buffer.

Capital base	30.09.2022	31.12.2021
Paid-in share capital	31 542	29 864
Share premium	141 186	97 361
Reserves	-1 330	4 713
Other reserves	4 713	47
Accumulated loss	170 010	179 746
Intangible assets (subtracted)	-23 037	-14 473
Profit for the reporting period (COREP)	18 334	28 868
Other adjustments	-363	-128

CET1 capital elements or deductions	-1 967	-12 209
CET1 instruments of financial sector entities where the institution has a significant investment	-3 683	-4 328
CET1 instruments of financial sector entities where the institution has not a significant investment	0	-5 236
Total Core Tier 1 capital	**335 405**	**275 357**
Additional Tier 1 capital	35 000	35 000
Total Tier 1 capital	**370 405**	**310 357**
Subordinated liabilities	74 513	75 000
Total Tier 2 capital	**74 513**	**75 000**
Total net own funds	**444 918**	**385 357**

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.

Transactions	Q3 2022	9M 2022	Q3 2021	9M 2021
Interest income	**31**	**92**	**29**	**84**
incl. management	14	40	15	44
incl. shareholders that have significant influence	17	52	14	40
Fee and commission income	**7**	**14**	**4**	**12**
Incl. management	4	8	1	3
incl. shareholders that have significant influence	3	6	3	9
Interest expenses from deposits	**8**	**16**	**5**	**15**
incl. management	3	5	1	3
incl. shareholders that have significant influence	5	11	4	12
Interest expenses from subordinated loans	**82**	**244**	**81**	**242**
incl. management	3	9	2	6
incl. shareholders that have significant influence	79	235	79	236

Balances	30.09.2022	31.12.2021
Loans and receivables as at the year-end	**5 824**	**6 047**
incl. management	2 787	2 857
incl. shareholders that have significant influence	3 037	3 190
Deposits as at the year-end	**16 527**	**30 639**
incl. management	877	788
incl. shareholders that have significant influence	15 650	29 851
Subordinated loans as at the year-end	**4 134**	**4 134**
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 Q3, salaries and other compensations paid to the management of the parent AS LHV Group and its subsidiaries totalled EUR 781 thousand (Q3 2021: EUR 532 thousand), including all taxes. As at 30.09.2022, remuneration for September and accrued holiday pay in the amount of EUR 149 thousand (31.12.2021: EUR 107 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 30.09.2022 and 31.12.2021 (pension liabilities, termination benefits, etc.). In Q3 2022, the remuneration paid to the members of the Group's Supervisory Board totalled EUR 20 thousand (Q3 2021: EUR 21 thousand).

Management is related to the share-based compensation plan. In Q3 2022 the share-based compensation to management amounted to EUR 697 thousand (Q3 2021: EUR 291 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

(in thousands of euros)	**Tangible assets**	**Right of use assets**	**Total tangible assets**	**Intangible assets**	**Costs incurred for the acquisition of customer contracts**	**Total intangible assets**
Balance as at 31.12.2020						
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
Carrying amount 31.12.2020	**2 780**	**3 805**	**6 585**	**3 878**	**11 269**	**15 147**
Purchase of non-current assets	2 515	1 077	3 592	2 496	0	2 496
Depreciation/amortisation charge	-863	-773	-1 636	-2 610	-3 958	-6 568
Recalculation of the accumulated	0	-67	-67	0	0	0
Write-off of on-current assets	0	0	0	-807	0	-807
Capitalised selling costs	0	0	0	0	750	750
Balance as at 31.12.2021						
Cost	9 278	6 523	15 801	11 146	16 714	27 860
Accumulated depreciation and amortisation	-4 846	-2 481	-7 327	-7 382	-8 653	-16 035
Carrying amount 31.12.2021	**4 432**	**4 042**	**8 474**	**3 764**	**8 061**	**11 825**
Purchase of non-current assets	5 689	4 612	10 301	2 793	0	2 793
Depreciation/amortisation charge	-967	-829	-1 796	-1 411	-1 162	-2 573
Tangible and intangible assets added by the acquisition of a subsidiary	48	0	48	1 431	0	1 431
Accumulated depreciation added by the acquisition of a subsidiary	108	0	108	-534	0	-534
Recalculation of the accumulated amortisation	0	-1 140	-1 140	0	0	0
Write-off of on-current assets	0	0	0	-1	0	-1
Capitalised selling costs	0	0	0	0	598	598
Balance as at 30.09.2022						
Cost	15 015	11 135	26 150	15 369	17 312	32 681
Accumulated depreciation and amortisation	-5 705	-4 450	-10 155	-9 327	-9 815	-19 142
Carrying amount 30.09.2022	**9 310**	**6 685**	**15 995**	**6 042**	**7 497**	**13 539**

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 liabilites	2019	20 000	8.0%	Perpetual
Additional subordinated Tier 2 liabilites	2020	15 000	9.5%	Perpetual
Subordinated debt as at 30.09.2021		110 000		
Subordinated debt as at 31.12.2021		110 000		
Subordinated debt as at 31.03.2022		110 000		
Subordinated debt as at 30.06.2022		110 000		
Subordinated debt as at 30.09.2022		110 000		

NOTE 21 Changes in impairments

Changes in impairments	**Balance as at 01.01**	**Impairment provisions/reversals set up during the year**	**Written off during the reporting perion**	**Balance as at 30.09**
Corporate loans	-15 288	4 187	-5 327	-16 429
Consumer loans	-1 320	1 320	-1 227	-1 227
Investment financing	-130	130	-14	-14
Leasing	-1 250	1 233	-1 895	-1 912
Private loans	-1 061	570	-464	-955
Total 2022	**-19 049**	**7 440**	**-8 928**	**-20 537**

Changes in impairments	**Balance as at 01.01**	**Impairment provisions/reversals set up during the year**	**Written off during the reporting perion**	**Balance as at 31.12**
Corporate loans	-13 449	4 603	-6 442	-15 289
Consumer loans	-1 178	518	-659	-1 320
Investment financing	-25	15	-120	-130
Leasing	-1 385	747	-612	-1 250
Private loans	-821	-28	-212	-1 061
Total 2021	**-16 858**	**5 854**	**-8 045**	**-19 049**

Shareholders of AS LHV Group

AS LHV Group has a total of 315 424 530 ordinary shares, with a nominal value of 0.1 euro.

As at 30 September 2022, AS LHV Group has 30 462 shareholders:

- 144 147 780 shares (45.7%) were held by members of the Supervisory Board and Management Board, and related parties.
- 171 276 750 shares (54.3%) were held by Estonian entrepreneurs and investors, and related parties.

Top ten shareholders as at 30 September 2022:

Number of	Participation	Name of shareholder
37 162 070	11.8%	AS Lõhmus Holdings
33 910 370	10.8%	Viisemann Investments AG
25 449 470	8.1%	Rain Lõhmus
12 265 090	3.9%	Ambient Sound Investments OÜ
11 310 000	3.6%	Krenno OÜ
10 875 280	3.5%	AS Genteel
10 828 210	3.4%	AS Amalfi
7 188 990	2.3%	SIA Krugmans
6 691 020	2.1%	Bonaares OÜ
6 037 590	1.9%	OÜ Meroona Systems

Shares held by members of the Management Board and Supervisory Board

Madis Toomsalu holds 1 027 840 shares.
Rain Lõhmus holds 25 449 470 shares, AS Lõhmus Holdings 37 162 070 shares and OÜ Merona Systems 6 037 590 shares.
Andres Viisemann holds 545 840 shares. Viisemann Holdings OÜ holds 1 300 000 shares and Viisemann Investment AG holds 33 910 370 shares.
Tauno Tats does not hold shares. Ambient Sound Investments OÜ holds 10 828 210 shares.
Tiina Mõis holds 49 880 shares. AS Genteel holds 11 310 000 shares.
Heldur Meerits does not hold shares. AS Amalfi holds 10 875 280 shares.
Raivo Hein does not hold shares. OÜ Kakssada Kakskümmend Volti holds 5 000 370 shares, Astrum OÜ holds 3 890 shares and Lame Maakera OÜ holds 480 120 shares.
Sten Tamkivi holds 4 000 shares. OÜ Seikatsu holds 159 390 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, Jüri Heero, Andres Kitter, Meelis Paakspuu, Indrek Nuume, Martti Singi

AS LHV Finance
Supervisory board: Kadri Kiisel, Madis Toomsalu, Veiko Poolgas, Jaan Koppel
Management board: Mari-Liis Stalde

AS LHV Kindlustus
Supervisory board: Madis Toomsalu, Erki Kilu, Veiko Poolgas, Jaan Koppel
Management board: Tarmo Koll

LHV UK Limited
Board of Directors: Madis Toomsalu, Erki Kilu, Andres Kitter

AS EveryPay
Supervisory board: Kadri Kiisel, Madis Toomsalu, Erki Kilu, Andres Kitter
Management board: Lauri Teder

Signatures of the Management Board to the Condensed Consolidated Interim Report

The Management Board has prepared the summary of results for January to September 2022 period the condensed consolidated interim financial statements of AS LHV Group for the 9-months period ended 30 September 2022.

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.

18.10.2022

Madis Toomsalu