

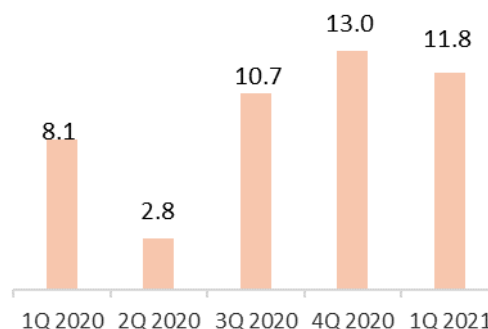
Interim Report January – March 2021

Summary of Results

Q1 2021 in comparison with Q4 2020

- Net profit EUR 11.8 m (13.0 m eurot), of which EUR 11.6 m (EUR 12.3 m) is attributable to owners of the parent
- Net income EUR 26.6 m (EUR 27.1 m)
- Operating expenses EUR 11.5 m (EUR 9.3 m)
- Loan provisions EUR 1.6 m (EUR 2.24 m)
- Income tax expenses EUR 1.9 m (EUR 2.7 m)
- Return on equity 21.8% (24.7%)
- Capital adequacy 18.2% (19.7%)

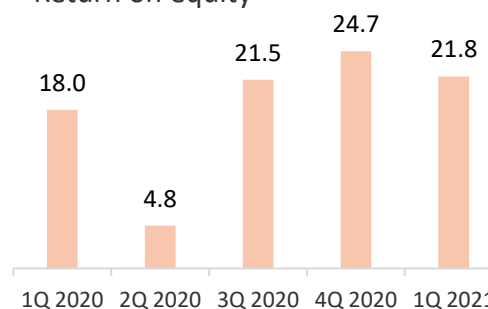
Profit by quarters



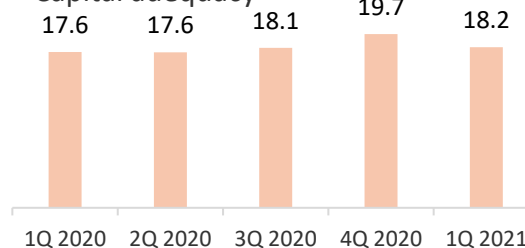
Q1 2021 in comparison with Q1 2020

- Net profit EUR 11.8 m (EUR 8.1 m), of which EUR 11.6 m (EUR 7.7 m) is attributable to owners of the parent
- Net income EUR 26.6 m (EUR 20.6 m)
- Operating expenses EUR 11.5 m (9.4 m)
- Loan provisions EUR 1.6 m (EUR 1.0 m)
- Income tax expenses EUR 1.9 m (EUR 1.97 m)
- Return on equity 21.8% (18.0%)
- Capital adequacy 18.2% (17.6%)

Return on equity



Capital adequacy



The return on equity ratio is based on the profit and equity attributed to the owners of AS LHV Pank and do not include any non-controlling interest.

Table of Contents

Business activities	3
Financial Summary	4
Liquidity and capitalisation	6
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	8
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income.....	8
Condensed Consolidated Interim Statement of Financial Position	9
Condensed Consolidated Interim Statement of Cash Flows	10
Condensed Consolidated Interim Statement of Changes in Equity.....	11
Notes to the Condensed Consolidated Interim Financial Statements.....	12
NOTE 1 Accounting Policies.....	12
NOTE 2 Breakdown of Financial Assets and Liabilities by Countries.....	12
NOTE 3 Breakdown of Assets and Liabilities by Contractual Maturity Dates.....	13
NOTE 4 Open Foreign Currency Positions.....	14
NOTE 5 Breakdown of Loan Portfolio by Economic Sectors.....	15
NOTE 6 Fair Value of Financial Assets and Liabilities.....	16
NOTE 7 Net Interest Income.....	17
NOTE 8 Net Fee and Commission Income.....	18
NOTE 9 Operating Expenses.....	18
NOTE 10 Balances with the Central Bank, Credit Institutions and Investment Companies.....	19
NOTE 11 Deposits of Customers and Loans Received.....	19
NOTE 12 Assets Under management.....	20
NOTE 13 Contingent Liabilities.....	20
General information	21

Business activities

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

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

Loans grew in Q1 by EUR 96 million, including an increase of EUR 68 million in corporate loans and EUR 28 million in retail loans. Competition on the loan market is currently very fierce and there is a greater supply than ever before. Loan demand has also increased substantially among retail customers. While the beginning of the year tended to be modest in retail loans, new sales of all products were very strong in March. Companies' confidence in investing is modest; which fosters an unusual situation given the increased supply. Nevertheless, we posted a decent result in the first three months.

Net profit for Q1 proved to be EUR 11.8 million. Loan impairments increased by EUR 1.6 million over the quarter. In connection with additional restrictions being established in Estonia, customers were again offered payment moratoria under more lenient terms, similarly to last spring. However, customers have not had a keen interest in the moratoria this time – in March, 4.4 million euros' worth of moratoria were granted. Although the credit rating of

some corporate banking loan customers directly impacted by the crisis has worsened, leading to additional impairment, the overall quality of the bank's loan portfolio has remained strong and the share of loans past due continues to be very low. On 19 March 2021, the supervisory board of SA KredEx approved updated terms and conditions for extraordinary services, which will come into force on 29 March 2021. Customers impacted by the crisis can now be offered enhanced services.

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

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

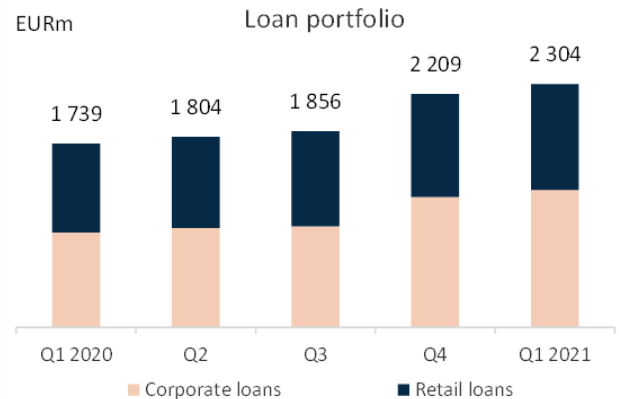
Financial Summary

Q1 was successful in terms of business volumes. LHV Pank generated EUR 20.8 million in net interest income and EUR 6.4 million in net fee and commission income. In total, the bank's net income amounted to EUR 26.6 million and expenditure to EUR 11.5 million. Net operating income increased by 30% year-on-year, while expenses increased by 21%. Loan provisions amounted to EUR 1.6 million. The share of indebtedness in the loan portfolio is very low. However, we monitor developments in the credit portfolio very closely and, if possible, use the mitigation measures offered by the state to reduce credit risk.

Financial income was -0.5 million in Q1. LHV Pank is accounting from Q1 14% advance income tax, which generated corporate income tax in amount of EUR 1.6 million. At the consolidated level, income tax on future dividend payments by subsidiaries was EUR 0.3 million in the first quarter.

The net profit of LHV Pank amounted to EUR 11.8 million in Q1. This constitutes a 10% decrease from Q4 (13.0) and a 44% increase from Q1 2020 (8.1).

Securities brokerage fees, transaction fees and fees from cards are greatest contributors to fee and commission income. The increase in net interest income stems from the growth in business volumes. By the end of Q1, the total volume of the bank's loan portfolios amounted to EUR 2 304 million (Q4 2020: EUR 2 209 million). The volume of portfolios grew 4% over the quarter. Retail loans portfolio grew 3% within quarter and has reached EUR 1 009 million (Q4 2020: EUR 982 million). Loan portfolio increased by EUR 96 million in Q1 (Q4 2020: EUR 353 million).



Banks deposits increased 21% within a quarter and reached EUR 4 995 million by end of quarter (Q4 2020: EUR 4 141 million). Financial intermediates deposits increased by EUR 594.7 million. EUR 4 269 million were demand deposits and EUR 726 million were term deposits. Private individuals deposits reached EUR 1 039 million increasing 4% q-t-q.

The bank earned 11.8 million euros in profit in the quarter, which is 44% more than in the first quarter of the previous year. The bank's cost/income ratio was 42.9% in the first quarter, being 3 percentage points lower than in the first quarter of 2020 (45.9%).

Income statement	Q1	Q4	Quarter	Q1	Year
EUR million	2021	2020	over quarter	2020	over year
Net interest income	20.76	20.42	2%	16.25	28%
Net fee and commission income	6.37	5.72	11%	4.33	47%
Other financial income	-0.50	1.00	NA	-0.09	456%
Total net operating income	26.63	27.14	-2%	20.49	30%
Other income	0.06	0.08	-25%	0.06	0%
Operating expenses	-11.45	-9.26	24%	-9.43	21%
Loan losses	-1.60	-2.24	-29%	-1.01	58%
Income tax expenses	-1.88	-2.71	-31%	-1.97	-5%
Net profit	11.76	13.01	-10%	8.14	44%

Business volumes

EUR million	31.03.2021	31.12.2020	Change
Loan portfolio	2 304.3	2 208.8	4%
Financial investments	142.5	322.9	-56%
Deposits of customers	4 995.0	4 141.0	21%
incl. deposits of financial intermediates	1 648.3	1 053.6	56%
Equity (including minority interest)	220.9	214.7	3%
Assets managed by bank	273 994	258 221	6%

Ratios	Q1	Q4	Quarter over quarter	Q1	Year over year
EUR million	2021	2020		2020	
Net profit	11.8	13.0	-1.2	8.1	3.7
Net profit attributable to owners of the parent	11.6	12.3	-0.7	7.7	3.9
Average equity	212.7	199.3	13.4	171.8	40.9
Return on equity (ROE), %	21.8	24.7	-2.9	18.0	3.8
Return on assets (ROA), %	0.88	1.10	-0.22	0.99	-0.11
Net interest income	20.8	20.4	0.4	16.2	4.6
Interest-bearing assets, average	5 294.2	4 488.6	805.9	2 992.4	2 174.1
Net interest margin (NIM) %	1.57	1.82	-0.25	2.08	-0.51
Price spread (SPREAD) %	1.54	1.79	-0.25	2.04	-0.50
Cost/income ratio %	42.0	35.2	6.8	45.7	-3.7

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

Liquidity and capitalisation

The Bank's liquidity coverage ratio (LCR), as defined by the Basel Committee, stood at 136.7% as at the end of March (31 December 2020: 146.5%). In the first quarter, the bank continued reducing high-interest deposits from deposit platforms among funding sources.

The bank has a significant amount of financial intermediary deposits, which are fully covered by liquid assets and result in 100% in the LCR calculation. Thus, such deposits bring the LCR arithmetically lower without changing the actual liquidity situation.

Excluding the financial intermediates' deposits the LCR is 292.8% (31.12.2020: 265.4%). The Bank recognises cash and bond portfolios as liquidity buffers. These accounted for 59% of the balance sheet (31.12.2020: 55%). The ratio of loans to deposits stood at 44% as at the end of the first quarter (31.12.2020: 48%).

Bank runs every year internal liquidity assesment process (ILAAP), which is done both on statical and dynamical balance sheet modelling.

In assessment bank follows both regulative and internal liquidity ratios dynamics and fulfillment of limits. In dynamic assessment bank is following its own risk scenario.

Banks own funds based on CAD calculations at the end of March were EUR 288.1 million (31.12.2020: 289.5 mln eurot).

Bank is adequately capitalized at end of the reporting period, capital adequacy was 18.18% (31.12.2020: 19.66%), calculated according to CRR IV directive. Banks capital adequacy exceeds internal capital targets, which is 16.0%.

Both AS LHV Pank and its subsidiary AS LHV Finance are included into capital adequacy calculation.

Bank uses standard methodology for calculating credit and market risk capital charges and basic indicator approach calculating operational risk capital requirement. Bank has fulfilled all capital requirements in current reporting period.

Each year, an internal capital adequacy assessment process (ICAAP) is performed, the goal of which is to identify potential capital needs in addition to regulatory capital requirements.

Capital base (in thousands of euros)	31.03.2021	31.12.2020
Paid-in share capital	106 500	106 500
Statutory reserves paid in from net profit	4 022	4 022
Accumulated profit/deficit	91 586	62 972
Intangible assets (subtracted)	-856	-807
Net profit for the reporting period (COREP)	0	32 514
Other adjustments	-1 679	-4 223
Total Tier 1 capital	199 573	200 978
Subordinated debt	38 000	38 000
Total Tier 1 capital	237 573	238 978
Subordinated debt	50 500	50 500
Total Tier 2 capital	50 500	50 500
Net own funds for capital adequacy	288 073	289 478
Capital requirements		
Central governments and central bank under standard method	363	363
Credit institutions and investment companies under standard method	8 679	8 004
Companies under standard method	937 915	865 772
Retail claims under standard method	200 524	197 592
Public sector under standard method	2 913	3 250
Housing real estate under standard method	250 833	243 971
Overdue claims under standard methods	14 728	13 668

Other assets under standard method	41 023	42 915
Total capital requirements for covering the credit risk and counterparty credit risk	1 456 978	1 375 535
Capital requirement against foreign currency risk under standard method	703	618
Capital requirement against interest position risk under standard method	0	0
Capital requirement against equity portfolio risks under standard method	1 008	972
Capital requirement against credit valuation adjustment risks under standard method	225	82
Capital requirement for operational risk under base method	125 728	95 104
Total capital requirements for adequacy calculation	1 584 642	1 472 311
Capital adequacy (%)	18.18	19.66
Tier 1 capital ratio (%)	14.99	16.23

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

<i>(in thousands of euros)</i>	Note	Q1 2021	3M 2021	Q1 2020	3M 2020
Interest income		27 036	27 036	20 979	20 979
Interest expense		-6 280	-6 280	-4 730	-4 730
Net interest income	7	20 756	20 756	16 249	16 249
Fee and commission income		10 725	10 725	7 289	7 289
Fee and commission expense		-4 359	-4 359	-2 955	-2 955
Net fee and commission income	8	6 366	6 366	4 334	4 334
Net gains/losses from financial assets measured at fair value		-552	-552	-70	-70
Foreign exchange gains/losses		52	52	-23	-23
Net gains from financial assets		-500	-500	-93	-93
Other income/ Other expense		62	62	57	57
Total other income		62	62	57	57
Staff costs		-6 378	-6 378	-5 158	-5 158
Administrative and other operating expenses		-5 070	-5 070	-4 274	-4 274
Total expenses	9	-11 448	-11 448	-9 432	-9 432
Profit before impairment losses on loans and advances		15 236	15 236	11 115	11 115
Income tax expense		-1 601	-1 601	-1 965	-1 965
Impairment losses on loans and advances		-1 875	-1 875	-1 011	-1 011
Net profit for the reporting period		11 760	11 760	8 139	8 139
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale investments:					
Revaluation of available-for-sale financial assets		0	0	0	0
Total profit and other comprehensive income for the reporting period		11 760	11 760	8 139	8 139
Total profit of the reporting period attributable to:					
Owners of the parent		11 291	11 291	7 735	7 735
Non-controlling interest		469	469	404	404
Total profit for the reporting period		11 760	11 760	8 139	8 139
Total comprehensive income attributable to:					
Owners of the parent		11 291	11 291	7 735	7 735
Non-controlling interest		469	469	404	404
Total comprehensive income for the reporting period		11 760	11 760	8 139	8 139

Condensed Consolidated Interim Statement of Financial Position

<i>(in thousands of euros)</i>	Note	31.03.2021	31.12.2020
Assets			
Due from central bank	10	2 943 911	2 213 211
Due from credit institutions	10	242 784	170 062
Due from investment companies	10	6 208	9 985
Financial assets at fair value through profit or loss	6	142 489	322 930
Loans and advances to customers	5	2 304 348	2 208 823
Receivables from customers		2 909	2 454
Other financial assets		2 162	2 073
Other assets		1 933	1 943
Tangible assets		6 878	6 571
Intangible assets		856	807
Total assets		5 654 478	4 938 859
Liabilities			
Deposits of customers and loans received	11	5 235 160	4 610 015
Financial liabilities at fair value through profit or loss		6	221
Accounts payable and other liabilities		69 887	25 441
Non-preferred senior bonds		40 000	0
Subordinated debt		88 500	88 500
Total liabilities		5 433 553	4 724 177
Owner's equity			
Share capital		106 500	106 500
Statutory reserve capital		4 022	4 022
Retained earnings / accumulated deficit		106 159	98 285
Total equity attributable to owners of the parent		216 681	208 807
Non-controlling interest		4 244	5 875
Total equity		220 925	214 682
Total liabilities and equity		5 654 478	4 938 859

Condensed Consolidated Interim Statement of Cash Flows

<i>(in thousands of euros)</i>	Note	Q1 2021	3M 2021	Q1 2020	3M 2020
Cash flow from operating activities					
Interest received		26 550	26 550	20 889	20 889
Interest paid		-5 934	-5 934	-3 236	-3 236
Fees and commissions received		10 725	10 725	7 289	7 289
Fees and commissions paid		-4 359	-4 359	-2 955	-2 955
Other income		62	62	57	57
Staff costs paid		-5 553	-5 553	-4 443	-4 443
Administrative and other operating expenses paid		-4 476	-4 476	-3 517	-3 517
Income tax		-3 177	-3 177	-1 411	-1 411
Cash flow from operating activities before change in operating assets and liabilities		13 838	13 838	12 673	12 673
Net increase/decrease in operating assets:					
Net acquisition/disposal of trading portfolio		-368	-368	-51	-51
Loans and advances to customers		-97 099	-97 099	-52 145	-52 145
Mandatory reserve at central bank		-6 520	-6 520	-3 061	-3 061
Security deposits		-90	-90	-54	-54
Other assets		845	845	-689	-689
Net increase/decrease in operating liabilities:					
Demand deposits of customers		648 224	648 224	160 418	160 418
Term deposits of customers		-23 435	-23 435	83 398	83 398
Non-preferred senior bonds		40 000	40 000	0	0
Financial liabilities held for trading at fair value through profit and loss		-215	-215	47	47
Other liabilities		44 586	44 586	-277	-277
Net cash generated from/used in operating activities		619 766	619 766	200 259	200 259
Cash flow from investing activities					
Purchase of current and non-current assets		-795	-795	- 685	- 685
Net change of investments at fair value through profit or loss		180 257	180 257	-190 173	-190 173
Net cash flow from investing activities		179 462	179 462	-190 858	-190 858
Cash flow from financing activities					
Contribution in share capital		0	0	5 000	5 000
Dividends paid		-6 000	-6 000	-4 091	-4 091
Repayments of the subordinated loans received		-155	-155	-233	-233
Net cash from financing activities		-6 155	-6 155	676	676
Effect of exchange rate changes on cash and cash equivalents					
		52	52	-23	-23
Net decrease/increase in cash and cash equivalents		793 125	793 125	10 054	10 054
Cash and cash equivalents at the beginning of the period		2 352 005	2 352 005	1 244 027	1 244 027
Cash and cash equivalents at the end of the period	10	3 145 130	3 145 130	1 254 081	1 254 081

Condensed Consolidated Interim Statement of Changes in Equity

<i>(in thousands of euros)</i>	Share capital	Statutory reserve capital	Other reserves	Accumulated deficit/ retained earnings	Total equity attributable to owners	Non-controlling interest	Total equity
Balance as at 01.01.2020	95 500	3 025	212	67 793	166 530	5 218	171 748
Paid in share capital	11 000	0	0	0	11 000	0	11 000
Transfer to statutory reserve capital	0	997	0	-997	0	0	0
Dividends paid	0	0	0	-2 658	-2 658	-1 432	-4 090
Share options	0	0	0	1 633	1 633	0	1 633
<i>Profit for the year</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>32 514</i>	<i>32 514</i>	<i>2 089</i>	<i>34 603</i>
<i>Other comprehensive loss</i>	<i>0</i>	<i>0</i>	<i>-212</i>	<i>0</i>	<i>-212</i>	<i>0</i>	<i>-212</i>
Total profit and other comprehensive income for the reporting period	0	0	-212	32 514	32 302	2 089	34 391
Balance as at 31.12.2020	106 500	4 022	0	98 285	208 807	5 875	214 682
Balance as at 01.01.2021	106 500	4 022	0	98 285	208 807	5 875	214 682
Dividends paid	0	0	0	-3 900	-3 900	-2 100	- 6 000
Share options	0	0	0	483	483	0	483
<i>Profit for the year</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>11 291</i>	<i>11 291</i>	<i>469</i>	<i>11 760</i>
<i>Other comprehensive loss</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total profit and other comprehensive income for the reporting period	0	0	0	11 291	11 291	469	11 760
Balance as at 31.03.2021	106 500	4 022	0	106 159	216 681	4 244	220 925

Notes to the Condensed Consolidated Interim Financial Statements

NOTE 1 Accounting Policies

The interim financial statements have been prepared in accordance with the international financial reporting standard IAS 34 "Interim Financial Reporting", as adopted in the European Union and accordance with International Financial Reporting Standards as adopted by European Union. The interim financial statements should be read in conjunction with the group's annual financial statements as at 31 December 2020. The accounting policies adopted are consistent with those of the previous

financial year except for the financial reporting standards that are presented at the end of this report in Note 14.

The financial figures of the 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 Pank and its subsidiaries AS LHV Finance (65% interest).

NOTE 2 Breakdown of Financial Assets and Liabilities by Countries

31.03.2021	Estonia	Germany	Other EU	USA	UK	Other	Total
Due from banks and investment companies	2 911 078	0	120 368	11 243	149 934	280	3 192 903
Financial assets at fair value	112 286	1	30 187	14	0	1	142 489
Loans and advances to customers	2 283 596	758	14 538	376	936	4 144	2 304 348
Receivables from customers	2 909	0	0	0	0	0	2 909
Other financial assets	115	0	0	2 047	0	0	2 162
Total financial assets	5 309 984	759	165 093	13 680	150 870	4 425	5 644 811
Deposits of customers and loans received	3 305 257	181 917	1 238 919	51 662	416 505	40 900	5 235 160
Subordinated debt	88 500	0	0	0	0	0	88 500
Non-preferred senior bonds	40 000	0	0	0	0	0	40 000
Financial liabilities at fair value	6	0	0	0	0	0	6
Accounts payable and other financial liabilities	63 738	0	0	0	0	0	63 738
Total financial liabilities	3 497 501	181 917	1 238 919	51 662	416 505	40 900	5 427 404

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

31.12.2020	Estonia	Germany	Other EU	USA	UK	Other	Total
Due from banks and investment companies	2 175 007	0	84 264	17 566	116 222	199	2 393 258
Financial assets at fair value	312 703	2	10 219	5	0	1	322 930
Loans and advances to customers	2 180 999	823	14 577	360	7 954	4 110	2 208 823
Receivables from customers	2 454	0	0	0	0	0	2 454
Other financial assets	122	0	0	1 951	0	0	2 073
Total financial assets	4 671 285	825	109 060	19 882	124 176	4 310	4 929 538
Deposits of customers and loans received	3 268 551	216 261	705 206	1 633	375 657	42 707	4 610 015
Subordinated debt	88 500	0	0	0	0	0	88 500
Financial liabilities at fair value	221	0	0	0	0	0	221
Accounts payable and other financial liabilities	21 398	0	0	0	0	0	21 398
Total financial liabilities	3 378 670	216 261	705 206	1 633	375 657	42 707	4 720 134

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

NOTE 3 Breakdown of Assets and Liabilities by Contractual Maturity Dates

31.03.2021	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities by contractual maturity dates						
Deposits from customers and loans received	4 305 316	250 396	212 501	465 236	1 451	5 234 900
Subordinated debt	0	1 736	5 207	27 651	97 731	132 325
Non-preferred senior bonds	0	266	40 436	0	0	40 702
Accounts payable and other financial liabilities	0	63 738	0	0	0	63 738
Unused loan commitments	0	475 292	0	0	0	475 292
Financial guarantees by contractual amounts	0	40 311	0	0	0	40 311
Foreign exchange derivatives (gross settled)	0	78 818	0	0	0	78 818
Financial liabilities at fair value	0	6	0	0	0	6
Total liabilities	4 305 316	910 563	258 144	492 887	99 182	6 066 092
Financial assets by contractual maturity dates						
Due from banks and investment companies	3 192 903	0	0	0	0	3 192 903
Financial assets at fair value (debt securities)	0	110 067	7 440	24 382	0	141 889
Loans and advances to customers	0	140 199	342 861	1 439 585	768 359	2 691 004
Receivables from customers	0	2 909	0	0	0	2 909
Foreign exchange derivatives (gross settled)	0	78 818	0	0	0	78 818
Other financial assets	2 162	0	0	0	0	2 162
Total financial assets	3 195 065	331 993	350 301	1 463 967	768 359	6 109 685
Maturity gap from financial assets and liabilities	-1 110 251	-578 570	92 157	971 080	669 177	43 593

31.12.2020	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities by contractual maturity dates						
Deposits from customers and loans received	3 657 063	99 647	386 654	465 776	1 473	4 610 613
Subordinated debt	0	1 736	5 207	27 770	98 564	133 277
Accounts payable and other financial liabilities	0	21 398	0	0	0	21 398
Unused loan commitments	0	413 818	0	0	0	413 818
Financial guarantees by contractual amounts	0	36 492	0	0	0	36 492
Foreign exchange derivatives (gross settled)	0	81 180	0	609	0	81 789
Financial liabilities at fair value	0	221	0	0	0	221
Total liabilities	3 657 063	655 101	391 861	494 155	100 037	5 297 608
Financial assets by contractual maturity dates						
Due from banks and investment companies	2 393 258	0	0	0	0	2 393 258
Financial assets at fair value (debt securities)	0	200 448	117 716	4 534	0	322 698
Loans and advances to customers	0	146 192	329 310	1 375 417	741 393	2 592 312
Receivables from customers	0	2 454	0	0	0	2 454
Foreign exchange derivatives (gross settled)	0	81 789	0	0	0	81 789
Other financial assets	2 073	0	0	0	0	2 073
Total financial assets	2 395 331	430 883	447 026	1 379 951	741 393	5 394 584
Maturity gap from financial assets and liabilities	-1 261 732	-224 218	55 165	886 405	641 356	96 976

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 4 Open Foreign Currency Positions

31.03.2021	EUR	CHF	GBP	SEK	USD	Other	Total
Assets bearing currency risk							
Due from banks and investment companies	3 007 164	1 362	157 633	2 345	15 533	8 866	3 192 903
Financial assets at fair value	142 184	7	0	8	62	228	142 489
Loans and advances to customers	2 297 147	68	48	202	6 601	281	2 304 348
Receivables from customers	1 161	1	423	22	599	703	2 909
Other financial assets	115	0	0	0	2 047	0	2 162
Total assets bearing currency risk	5 447 772	1 438	158 104	2 577	24 842	10 078	5 644 811
Liabilities bearing currency risk							
Deposits from customers and loans received	4 964 722	4 169	157 315	7 111	86 762	15 081	5 235 160
Interest rate swaps	6	0	0	0	0	0	6
Accounts payable and other financial liabilities	58 060	234	1 342	131	1 880	2 091	63 738
Non-preferred senior bonds	40 000	0	0	0	0	0	40 000
Subordinated debt	88 500	0	0	0	0	0	88 500
Total liabilities bearing currency risk	5 151 288	4 403	158 657	7 242	88 642	17 172	5 427 404
Open gross position derivative assets at contractual value		0 2 981	0	4 693	64 048	7 096	78 818
Open gross position derivative liabilities at contractual value	78 818	0	0	0	0	0	78 818
Open foreign currency position	217 666	16	-553	28	248	2	217 407
31.12.2020							
	EUR	CHF	GBP	SEK	USD	Other	Total
Assets bearing currency risk							
Due from banks and investment companies	2 251 277	1 163	119 368	1 943	12 295	7 212	2 393 258
Financial assets at fair value	322 834	7	0	9	52	28	322 930
Loans and advances to customers	2 195 133	24	7 016	484	5 997	169	2 208 823
Receivables from customers	841	0	350	11	464	788	2 454
Other financial assets	117	0	0	0	1 956	0	2 073
Total assets bearing currency risk	4 770 202	1 194	126 734	2 447	20 764	8 197	4 929 538
Liabilities bearing currency risk							
Deposits from customers and loans received	4 376 293	3 950	125 267	7 292	85 616	11 597	4 610 015
Accounts payable and other financial liabilities	221	0	0	0	0	0	221
Interest rate swaps	13 126	21	1 610	661	4 343	1 637	21 398
Subordinated debt	88 500	0	0	0	0	0	88 500
Total liabilities bearing currency risk	4 478 140	3 971	126 877	7 953	89 959	13 234	4 720 134
Open gross position derivative assets at contractual value		0 2 778	0	5 581	69 080	4 350	81 789
Open gross position derivative liabilities at contractual value	81 789	0	0	0	0	0	81 789
Open foreign currency position	210 273	1	-143	74	-115	-687	209 404

NOTE 5 Breakdown of Loan Portfolio by Economic Sectors

	31.03.2021	%	31.12.2020	%
Individuals	885 482	38.1%	858 141	38.6%
Real estate activities	537 283	23.1%	498 927	22.4%
Financial activities	73 790	3.2%	69 694	6.9%
Manufacturing	156 342	6.7%	152 968	2.7%
Professional, scientific and technical activities	44 092	1.9%	41 678	3.1%
Wholesale and retail trade	105 333	4.5%	88 642	4.0%
Other service activities	7 963	0.3%	8 012	3.3%
Arts and entertainment	59 165	2.5%	59 184	1.2%
Transportation and storage	27 180	1.2%	27 534	3.3%
Agriculture	74 213	3.2%	72 398	0.4%
Administrative and support service activities	73 683	3.2%	74 466	2.0%
Construction	55 400	2.4%	45 314	0.6%
Education	17 704	0.8%	16 403	1.9%
Information and communication	11 399	0.5%	12 705	0.7%
Local municipalities	116 355	5.0%	120 805	5.4%
Other sectors	77 135	3.3%	78 810	3.5%
Total	2 322 518	100%	2 225 681	100%
Provision	-18 170		-16 858	
Total loan portfolio	2 304 348	100%	2 208 823	100%

Loans to related parties were 31.03.2021 EUR 4 981 thousand (31.12.2020: 4 096). Loans have been given out on market terms.

NOTE 6 Fair Value of Financial Assets and Liabilities

The Management Board of the Group has determined the fair value of assets and liabilities recognised at amortised cost in the balance sheet. To determine the fair value, future cash flows are discounted based on the market interest curve.

The below table provides an overview of the assessment techniques, which depend on the hierarchy of assets and liabilities measured at fair value:

	Level 1	Level 2	Level 3	31.03.2021	Level 1	Level 2	Level 3	31.12.2020
Financial assets at fair value through profit and loss								
Shares and fund units	312	0	0	312	142	0	0	142
Available-for-sale bonds and shares	0	0	0	0	0	0	0	0
Bonds at fair value through profit and loss	141 889	0	0	141 899	322 699	0	0	322 699
Interest rate swaps and foreign exchange forwards	0	288	0	288	0	89	0	89
Total financial assets	142 201	288	0	142 489	322 841	89	0	322 930
Financial liabilities at fair value through profit and loss								
Interest rate swaps and foreign exchange forwards	0	6	0	6	0	221	0	221
Total financial liabilities	0	6	0	6	0	221	0	221

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.

Loans are issued in the bank's business segments on market conditions. Therefore, the fair value of loans does not materially differ from their carrying amount as at 31 March 2021 and 31 December 2020. In determining the fair value of loans, considerable management judgements are used (discounted cash flow method with current market interest is used for the valuation). Loans issued are thus categorised under hierarchy level 3.

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 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.

All the subordinated loans are received in 2016-2020. 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 net book value. In determining the fair value of loans, considerable management judgements are used. Loans issued are thus categorised under hierarchy level 3.

NOTE 7 Net Interest Income

Interest income	Q1 2021	3M 2021	Q1 2020	3M 2020
Business loans	14 069	14 069	10 995	10 995
including loans between related parties	10	10	5	5
Hire purchase	911	911	983	983
Leasing	1 446	1 446	918	918
including loans between related parties	2	2	1	1
Leverage loans and lending of securities	355	355	151	151
Bonds	-116	-116	83	83
Creditcard loans	235	235	213	213
Consumer loans	2 046	2 046	2 103	2 103
Mortgage loans	4 787	4 787	4 409	4 409
including loans between related parties	9	9	8	8
Balances with credit institutions and investment companies	87	87	29	29
Balances with the central bank	250	250	0	0
Private loans	554	554	494	494
Other loans	2 412	2 412	601	601
including loans between related parties	2	2	2	2
Total	27 036	27 036	20 979	20 979
Interest expense				
Deposits of customers and loans received	-1 571	-1 571	-2 112	-2 112
Balances with the central bank	-2 913	-2 913	-1 300	-1 300
Subordinated liabilities	-1 796	-1 796	-1 318	-1 318
Total	-6 280	-6 280	-4 730	-4 730
Net interest income	20 756	20 756	16 249	16 249
Interest income on loans by customer location (interest on bank balances and bonds excluded):	Q1 2021	3M 2021	Q1 2020	3M 2020
Estonia	26 815	26 815	20 799	20 799
Total	26 815	26 815	20 799	20 799

NOTE 8 Net Fee and Commission Income

Fee and commission income	Q1 2021	3M 2021	Q1 2020	3M 2020
Security brokerage and commissions paid	1 612	1 612	1 252	1 252
Asset management and similar fees	1 045	1 045	860	860
Currency conversion revenues	1 892	1 892	736	736
Fees from cards and payments	4 918	4 918	3 329	3 329
Other fee and commission income	1 258	1 258	1 112	1 112
Total	10 725	10 725	7 289	7 289
Fee and commission expense				
Security brokerage and commissions paid	-486	-486	-271	-271
Expenses related to cards	-1 587	-1 587	-1 177	-1 177
Expenses related to acquiring	-1 626	-1 626	-924	-924
Other fee and commission income	-660	-660	-583	-583
Total	-4 359	-4 359	-2 955	-2 955
Net fee and commission income	6 366	6 366	4 334	4 334

Fee and commission income by customer location:	Q1 2021	3M 2021	Q1 2020	3M 2020
Estonia	10 434	10 434	7 289	7 289
United Kingdom	291	291	0	0
Total	10 725	10 725	7 289	7 289

NOTE 9 Operating Expenses

	Q1 2021	3M 2021	Q1 2020	3M 2020
Wages, salaries and bonuses	4 901	4 901	3 995	3 995
Social security and other taxes*	1 477	1 477	1 163	1 163
Total personnel expenses	6 378	6 378	5 158	5 158
IT expenses	876	876	672	672
Information services and bank services	338	338	262	262
Marketing expenses	369	369	399	399
Office expenses	175	175	186	186
Transportation and communication expenses	57	57	77	77
Staff training and business trip expenses	35	35	116	116
Other outsourced services	832	832	544	544
Other administrative expenses	1 623	1 623	1 362	1 362
Depreciation of non-current assets	439	439	524	524
Operational lease payments	251	251	61	61
Other operating expenses	75	75	71	71
Total other operating expenses	5 070	5 070	4 274	4 274
Total operating expenses	11 448	11 448	9 432	9 432

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

NOTE 10 Balances with the Central Bank, Credit Institutions and Investment Companies

	31.03.2021	31.12.2020
Term deposits with maturity less than 3 months*	248 992	180 047
Legal reserve with the central bank	47 773	41 253
Other receivables from central bank*	2 896 138	2 171 958
Total	3 192 903	2 393 258
*Cash and cash equivalents in the Statement of Cash Flows	3 145 130	2 352 005

The breakdown of receivables by countries has been presented in Note 2. Demand deposits include receivables from investment companies in the total amount of EUR 6 208 thousand (31 December 2020: EUR 9 985 thousand). All other demand and term deposits are held with credit institutions and the central bank.

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

NOTE 11 Deposits of Customers and Loans Received

	Financial				31.03.2021
	Individuals	intermediates	Legal entities	Public sector	
Demand deposits	817 886	1 638 148	1 570 548	278 470	4 305 052
Term deposits	220 140	10 118	189 341	40 267	459 866
Loans received	0	0	268 514	200 000	468 514
Accrued interest liability	1 427	1	291	9	1 728
Total	1 039 453	1 648 267	2 028 694	518 746	5 235 160

	Financial				31.12.2020
	Individuals	intermediates	Legal entities	Public sector	
Demand deposits	745 304	1 043 509	1 447 554	420 460	3 656 827
Term deposits	256 764	10 118	194 403	22 017	483 302
Loans received	0	0	268 442	200 000	468 442
Accrued interest liability	1 208	0	230	6	1 444
Total	1 003 276	1 053 627	1 910 629	642 483	4 610 015

In 2020, LHV Pank issued EUR 250 million in five-year mortgage bonds in June. In the third quarter, a self-directed issue of EUR 100 million was added, which was used as collateral by the European Central Bank to raise funds from the TLTRO III program.

LHV Pank has signed an unsecured 10-year loan agreement with the European Investment Fund (EIF) in the amount of EUR 12.5 million to increase the borrowing possibilities of small and medium-sized enterprises. As at 31.03.2021, the Bank had

utilized 12 250 thousand euros of the loan amount and repaid the principal in the amount of EUR 3 604 thousand euros. From Nordic Investment Bank possible 20 000 thousand euro loan as at 31.03.2021 the Bank had utilized 20 000 thousand euros repaid the principal in the amount of EUR 8 889 thousand euros.

The nominal interest rate of the deposits of customers and loans granted equals to their effective interest rate, as no other significant fees have been implemented.

NOTE 12 Assets Under management

AS LHV Pank, operating as an account manager for its customers, has custody of or intermediates the following customer assets:	31.03.2021	31.12.2020
Cash balance of customers	8 015	7 938
Securities of customers	2 361 315	2 058 404
<i>Incl. parent company</i>	202 300	202 300
<i>Incl. shareholders of the parent company and related entities</i>	278 144	306 625
Total	2 369 330	2 066 342

NOTE 13 Contingent Liabilities

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

General information

Legal name	AS LHV Pank
Commercial Registry no	10539549
Legal address	Tartu mnt. 2, 10145 Tallinn
Phone	(372) 6800400
Fax	(372) 6800410
BIC / Swift	LHVBEE22
E-mail	lhv@lhv.ee
Web page	www.lhv.ee
Main activities	banking, security brokerage, finance lease and other lending
Auditor	OÜ KPMG Baltics
Supervisory board	Madis Toomsalu, Raivo Hein, Rain Lõhmus, Heldur Meerits, Tiina Mõis, Andres Viisemann
Management board	Kadri Kiisel, Jüri Heero, Andres Kitter, Indrek Nuume, Martti Singi, Meelis Paakspuu