

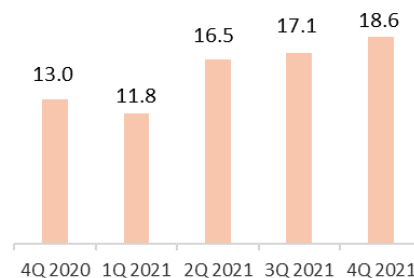
Interim Report January – December 2021

Summary of Results

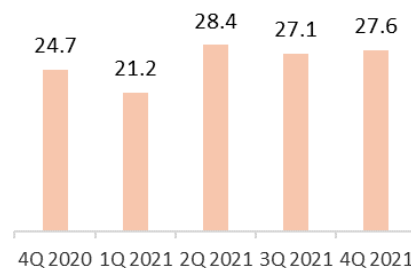
Q4 2021 in comparison with Q3 2021

- Net profit EUR 18.6 m (17.1 m eurot), of which EUR 18.1 m (EUR 16.4 m) is attributable to owners of the parent
- Net income EUR 37.7 m (EUR 32.7 m)
- Operating expenses EUR 14.3 m (EUR 11.7 m)
- Loan provisions EUR 1.7 m (EUR 1.4 m)
- Income tax expenses EUR 3.3 m (EUR 2.7 m)
- Return on equity 27.6% (27.1%)
- Capital adequacy 17.51% (17.39%)

Profit by quarters



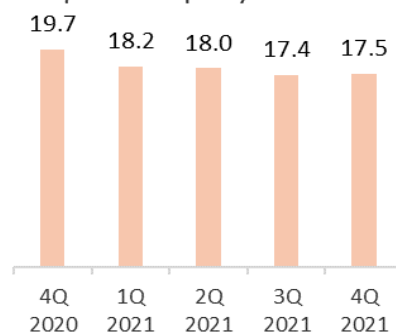
Return on equity



Q4 2021 in comparison with Q4 2020

- Net profit EUR 18.6 m (EUR 13.0 m), of which EUR 18.1 m (EUR 12.3 m) is attributable to owners of the parent
- Net income EUR 37.7 m (EUR 27.1 m)
- Operating expenses EUR 14.3 m (9.3 m)
- Loan provisions EUR 1.7 m (EUR 2.24 m)
- Income tax expenses EUR 3.3 m (EUR 2.7 m)
- Return on equity 27.6% (24.7%)
- Capital adequacy 17.51% (19.7%)

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.

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Business activities

During the quarter, the number of bank customers grew by 19,500 and record levels in customers' activity level and business volumes were achieved. Deposits grew by EUR 370 million during the quarter and loans by EUR 128 million.

Ordinary customers' deposits grew by EUR 320 million and financial intermediaries' deposits by EUR 61 million. During the last quarter, we have stabilized the financial intermediaries' deposits portfolio and the main growth has come from high-quality ordinary clients' deposits. Deposits raised through deposit platforms decreased by EUR 11 million and by year's end there were EUR 7 million left in platform deposits.

Corporate loans grew by EUR 63 million and retail loans by EUR 65 million. The growth in corporate loan portfolio in the last quarter was a little more modest than before, although we still control a good share of new sales on the market. According to figures from the Bank of Estonia, LHV Pank's market share of new loans issued to companies was 36%. The corporate loan portfolio outperformed the financial plan by EUR 70 million. The second-pillar disbursements to clients had an impact on the retail loans portfolio in Q3. Repayment of loans mainly impacted the consumer loan portfolio and the impact was no longer felt in Q4. Demand recovered quickly. The retail loan portfolio is powered by home loans, which posted record results in Q4 in new sales and portfolio growth.

The net profit for the quarter was EUR 18.6 million. The improvement was due to the higher growth of loan volumes, larger service fee income related to higher investment activity levels and lower than planned impairments of loans. The loan impairments increased during the quarter by EUR 0.3 million. Compared to the last quarter, the faster growth of the portfolio and the downturn in the rating of one client impacted by the pandemic crisis was

responsible for the higher impairments. As a whole, the quality of the bank's loan portfolio has remained strong and the share of loans that are in arrears continue to be very low.

Q4 was very active on the Baltic stock exchange, a number of new companies were listed. LHV Pank helped Estonian companies Hepsor and TextMagic and the Latvian fuel and alternative energy trader Virši organise IPOs. As a sales agent, we helped Enefit Green get investors for their IPO. A record number of new retail investors, a large number of whom made their first transactions through LHV Pank.

In October, the 300,000th client joined LHV Pank. This fulfilled a goal set for 2021.

Of new services, access to cryptocurrency trading was opened in November for clients. The service allows around the clock trading via mobile app through one of the largest licensed cryptocurrency exchanges, Bitstamp. There are 10 major cryptocurrencies represented. The new solution also offers individuals pre-filled tax forms for declaring crypto trades accurately and rapidly.

In November, LHV Pank became a direct member of the European direct debit scheme, which means that LHV can accept and send out direct debit payments between all banks in SEPA area who have joined the system. The direct debit system will specifically benefit users who make cross-border euro payments. The service will be opened for clients in 2022.

The Financial Times' magazine The Banker picked LHV Pank as the best bank in Estonia for a third straight year. A partnership was launched with the Estonian Biathlon Federation – LHV Pank became the major sponsor of biathlon in Estonia.

Financial Summary

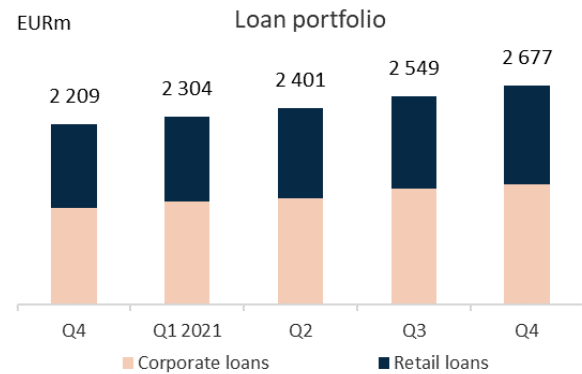
Q4 was successful in terms of business volumes. LHV Pank generated EUR 28.3 million in net interest income and EUR 10.5 million in net fee and commission income. In total, the bank's net income amounted to EUR 37.7 million and expenditure to EUR 14.3 million. Net operating income increased by 39% year-on-year, while expenses increased by 54%. Loan provisions amounted to EUR 1.7 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 1.2 million in Q4. LHV Pank is accounting 14% advance income tax, which generated corporate income tax in amount of EUR 3.0 million in Q4. At the consolidated level, income tax on future dividend payments by subsidiaries was EUR 0.3 million in the fourth quarter.

The net profit of LHV Pank amounted to EUR 18.6 million in Q4. This constitutes a 9% increase from Q3 2021 (17.1) and a 43% increase from Q4 2020 (13.0).

Securities brokerage fees, transaction fees and fees from cards are greatest contributors to fee and amounted commission income.

The increase in net interest income stems from the growth in business volumes. By the end of Q4, the total volume of the bank's loan portfolios amounted to EUR 2 677 million (Q3 2021: EUR 2 549 million). The volume of portfolios grew 5% over the quarter. Loan portfolio increased by EUR 128 million in Q4 (Q3 2021: EUR 148 million). Retail loans portfolio grow 5% within quarter and has reached EUR 1 149 million (Q3 2021: EUR 1 091 million). Corporate loans portfolio grow 5% within quarter and has reached EUR 1 547 million (Q3 2021: EUR 1 476 million).



Banks deposits increased 7% within a quarter and reached EUR 5 847million by end of quarter (Q3 2021: EUR 5 476 million). Financial intermediates deposits decreased by EUR 1 035 million. EUR 5 687 million were demand deposits and EUR 159 million were term deposits. Private individuals deposits reached EUR 1 045 million increasing 0.5% q-t-q.

The bank earned 18.6 million euros in profit in the quarter, which is 43% more than in the fourth quarter of the previous year. The bank's cost/income ratio was 37.7% in the fourth quarter, being 2.5 percentage points lower than in the fourth quarter of 2020 (35.2%).

Income statement	Q4	Q3	Quarter	Q4	Year
EUR million	2021	2021	over	2020	over
			quarter		year
Net interest income	28.32	25.27	12%	20.42	39%
Net fee and commission income	10.53	7.46	41%	5.72	84%
Other financial income	-1.15	0.00	NA%	1.00	NA%
Total net operating income	37.70	32.73	15%	27.14	39%
Other income	0.19	0.23	-17%	0.08	138%
Operating expenses	-14.27	-11.69	22%	-9.26	54%
Loan losses	-1.69	-1.44	17%	-2.24	-25%
Income tax expenses	-3.29	-2.71	21%	-2.71	21%
Net profit	18.64	17.11	9%	13.01	43%

Business volumes

EUR million	31.12.2021	31.12.2020	Change
Loan portfolio	2 677.2	2 208.8	21%
Financial investments	127.7	322.9	-60%
Deposits of customers	5 846.6	4 141.0	41%
incl. deposits of financial intermediates	2 527.1	1 053.6	140%
Equity (including minority interest)	280.0	214.7	30%
Assets managed by bank	321 424	258 221	24%

Ratios	Q4	Q3	Quarter over	Q4	Year
EUR million	2021	2021	quarter	2020	over year
Net profit	18.6	17.1	1.5	13.0	5.6
Net profit attributable to owners of the parent	18.1	16.4	1.7	12.3	5.8
Average equity	262.0	241.7	20.3	199.3	62.7
Return on equity (ROE), %	27.6	27.1	0.5	24.7	2.9
Return on assets (ROA), %	1.12	1.11	0.01	1.10	0.02
Net interest income	28.3	25.3	3.0	20.4	7.9
Interest-bearing assets, average	6 633.2	6 147.0	486.2	4 488.6	2 144.9
Net interest margin (NIM) %	1.71	1.64	0.07	1.82	-0.11
Price spread (SPREAD) %	1.68	1.62	0.06	1.79	-0.11
Cost/income ratio %	37.7	35.5	2.2	34.0	3.6

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 140.6% as at the end of December (31 December 2020: 146.5%). In the fourth quarter, the bank continued reducing high-interest deposits from deposit platforms among funding sources with deposits amounting EUR 7 million by the end of quarter.

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 245.8% (31.12.2020: 265.4%). The Bank recognises cash and bond portfolios as liquidity buffers. These accounted for 60% of the balance sheet (31.12.2020: 55%). The ratio of loans to deposits stood at 46% as at the end of the fourth quarter (31.12.2020: 48%).

Bank runs every year internal liquidity assesment process (ILAAP), which is done both on stational 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 December were EUR 331.0 million (31.12.2020: 289.5 mln euro).

Bank is adequately capitalized at end of the reporting period, capital adequacy was 17.51% (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)	31.12.2021	31.12.2020
Paid-in share capital	111 500	106 500
Statutory reserves paid in from net profit	5 648	4 022
Accumulated profit/deficit	91 126	62 972
Intangible assets (subtracted)	-1 243	-807
Net profit for the reporting period (COREP)	37 249	32 514
Other adjustments	-1 317	-4 223
Total Tier 1 capital	242 963	200 978
Subordinated debt	38 000	38 000
Total Tier 1 capital	280 963	238 978
Subordinated debt	50 072	50 500
Total Tier 2 capital	50 072	50 500
Net own funds for capital adequacy	331 035	289 478
Capital requirements		
Central governments and central bank under standard method	0	363
Credit institutions and investment companies under standard method	10 390	8 004
Companies under standard method	1 141 853	865 772
Retail claims under standard method	221 860	197 592
Public sector under standard method	6	3 250
Housing real estate under standard method	291 338	243 971
Overdue claims under standard methods	19 331	13 668

Particularly high risk exposures	46 494	0
Other assets under standard method	36 016	42 915
Total capital requirements for covering the credit risk and counterparty credit risk	1 758 288	1 375 535
Capital requirement against foreign currency risk under standard method	3 489	618
Capital requirement against interest position risk under standard method	0	0
Capital requirement against equity portfolio risks under standard method	2 079	972
Capital requirement against credit valuation adjustment risks under standard method	1 211	82
Capital requirement for operational risk under base method	125 728	95 104
Total capital requirements for adequacy calculation	1 890 796	1 472 311
Capital adequacy (%)	17.51	19.66
Tier 1 capital ratio (%)	14.86	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	Q4 2021	12M 2021	Q4 2020	12M 2020
Interest income		35 839	124 637	25 570	88 374
Interest expense		-7 517	-26 973	-5 150	-19 327
Net interest income	7	28 322	97 664	20 420	69 047
Fee and commission income		14 809	48 711	9 094	31 152
Fee and commission expense		-4 279	-17 538	-3 376	-12 769
Net fee and commission income	8	10 530	31 173	5 718	18 383
Net gains/losses from financial assets measured at fair value		-1 012	-1 515	940	834
Foreign exchange gains/losses		-135	-26	59	43
Net gains from financial assets		-1 147	-1 541	999	877
Other income/ Other expense		192	599	79	208
Total other income		192	599	79	208
Staff costs		-7 259	-26 721	-5 598	-21 115
Administrative and other operating expenses		-7 009	-22 619	-3 661	-15 150
Total expenses	9	-14 268	-49 340	-9 259	-36 265
Profit before impairment losses on loans and advances		23 629	78 555	17 957	52 250
Income tax expense		-3 289	-10 557	-2 709	-6 749
Impairment losses on loans and advances		-1 694	-3 948	-2 243	-10 898
Net profit for the reporting period		18 646	64 050	13 005	34 603
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		18 646	64 050	13 005	34 603
Total profit of the reporting period attributable to:					
Owners of the parent		18 086	61 759	12 300	32 514
Non-controlling interest		560	2 291	705	2 089
Total profit for the reporting period		18 646	64 050	13 005	34 603
Total comprehensive income attributable to:					
Owners of the parent		18 086	61 759	12 300	32 514
Non-controlling interest		560	2 291	705	2 089
Total comprehensive income for the reporting period		18 646	64 050	13 005	34 603

Condensed Consolidated Interim Statement of Financial Position

<i>(in thousands of euros)</i>	Note	31.12.2021	31.12.2020
Assets			
Due from central bank	10	3 874 284	2 213 211
Due from credit institutions	10	106 461	170 062
Due from investment companies	10	6 188	9 985
Financial assets at fair value through profit or loss	6	127 720	322 930
Loans and advances to customers	5	2 677 160	2 208 823
Receivables from customers		2 970	2 454
Other financial assets		2 236	2 073
Other assets		2 446	1 943
Tangible assets		8 139	6 571
Intangible assets		1 243	807
Total assets		6 808 847	4 938 859
Liabilities			
Loans received from Central Banks (TRTLO)	11	197 461	200 000
Deposits of customers	11	5 846 602	4 141 431
Loans received and debt securities in issue	11	349 063	268 584
Financial liabilities at fair value through profit or loss		157	221
Accounts payable and other liabilities		46 616	24 452
Subordinated debt		88 989	88 989
Total liabilities		6 528 888	4 724 177
Owner's equity			
Share capital		111 500	106 500
Statutory reserve capital		5 648	4 022
Retained earnings		156 745	98 285
Total equity attributable to owners of the parent		273 893	208 807
Non-controlling interest		6 066	5 875
Total equity		279 959	214 682
Total liabilities and equity		6 808 847	4 938 859

Condensed Consolidated Interim Statement of Cash Flows

<i>(in thousands of euros)</i>	Note	Q4 2021	12M 2021	Q4 2020	12M 2020
Cash flow from operating activities					
Interest received		36 214	124 688	24 588	87 145
Interest paid		-9 189	-29 539	-4 804	-20 733
Fees and commissions received		14 809	48 711	9 094	31 152
Fees and commissions paid		-4 279	-17 538	-3 376	-12 769
Other income		192	599	-133	-4
Staff costs paid		-6 487	-24 181	-5 029	-19 079
Administrative and other operating expenses paid		-5 751	-19 186	-2 440	-11 455
Income tax		-2 417	-9 556	-1 448	-4 158
Cash flow from operating activities before change in operating assets and liabilities		23 092	73 998	16 452	50 099
Net increase/decrease in operating assets:					
Net acquisition/disposal of trading portfolio		822	-140	-55	-64
Loans and advances to customers		-132 555	-475 118	-355 793	-531 929
Mandatory reserve at central bank		-3 237	-16 045	-8 801	-14 827
Security deposits		-47	-164	93	173
Other assets		1 499	2 586	860	730
Net increase/decrease in operating liabilities:					
Demand deposits of customers		470 069	2 031 748	858 797	1 455 310
Term deposits of customers		-98 171	-324 019	25 159	-25 248
Loans received		0	0	-45	448 685
Repayments of loans received		-16 941	-21 764	-2 943	-5 886
Non-preferred senior bonds		0	40 000	0	0
Non-preferred senior bonds redeemed		0	-40 000	0	0
Bonds issued		33	99 633	0	0
Financial liabilities held for trading at fair value through profit and loss		150	-64	144	212
Other liabilities		-33 166	20 097	-10 007	-1 420
Net cash generated from/used in operating activities		211 548	1 390 748	523 861	1 375 835
Cash flow from investing activities					
Purchase of current and non-current assets		-2 715	-4 673	-908	-2 430
Proceeds from disposal and redemption of investment securities at fair value through other comprehensive income		0	0	652	432
Net change of investments at fair value through profit or loss		1 573	193 835	101 565	-289 533
Net cash flow from investing activities		-1 142	189 162	101 309	-291 531
Cash flow from financing activities					
Contribution in share capital		5 000	5 000	6 000	11 000
Subordinated loan received		0	0	10 000	25 000
Repayments of subordinated loans received		0	0	-7 000	-7 000
Dividends paid		0	-6 000	0	-4 091
Repayment of principal of lease liabilities		-563	-1 254	-355	-1 278
Net cash from financing activities		4 437	-2 254	8 645	23 631
Effect of exchange rate changes on cash and cash equivalents		-165	-26	59	43
Net decrease/increase in cash and cash equivalents		214 678	1 577 630	633 874	1 107 978
Cash and cash equivalents at the beginning of the period		3 714 957	2 352 005	1 718 131	1 244 027
Cash and cash equivalents at the end of the period	10	3 929 635	3 929 635	2 352 005	2 352 005

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
Paid in share capital	5 000	0	0	0	5 000	0	5 000
Transfer to statutory reserve capital	0	1 626	0	-1 626	0	0	0
Dividends paid	0	0	0	-3 900	-3 900	-2 100	-6 000
Share options	0	0	0	2 227	2 227	0	2 227
<i>Profit for the year</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>61 759</i>	<i>61 759</i>	<i>2 291</i>	<i>64 050</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	61 759	61 759	2 291	64 050
Balance as at 31.12.2021	111 500	5 648	0	156 745	273 893	6 066	279 959

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.

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

31.12.2021	Estonia	Germany	Other EU	USA	UK	Other	Total
Due from banks and investment companies	3 611 388	0	76 010	29 900	269 593	42	3 986 933
Financial assets at fair value	47 814	6	79 709	30	2	159	127 720
Loans and advances to customers	2 652 960	781	17 292	903	849	4 375	2 677 160
Receivables from customers	2 970	0	0	0	0	0	2 970
Other financial assets	117	0	0	2 119	0	0	2 236
Total financial assets	6 315 249	787	173 011	32 952	270 444	4 576	6 797 019
Loans received from Central Banks (TRTLO)	197 461	0	0	0	0	0	197 461
Deposits of customers	3 488 788	113 798	1 484 106	62 541	631 356	66 013	5 846 602
Loans received and debt securities in issue	349 063	0	0	0	0	0	349 063
Subordinated debt	88 989	0	0	0	0	0	88 989
Financial liabilities at fair value	157	0	0	0	0	0	157
Accounts payable and other financial liabilities	41 155	0	0	0	0	0	41 155
Total financial liabilities	4 165 613	113 798	1 484 106	62 541	631 356	66 013	6 523 427

Unused loan commitments in the amount of EUR 679 579 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
Loans received from Central Banks (TRTLO)	200 000	0	0	0	0	0	200 000
Deposits of customers	2 819 726	216 261	685 447	1 633	375 657	42 707	4 141 431
Loans received	248 825	0	19 759	0	0	0	268 584
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

31.12.2021	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities by contractual maturity dates						
Loans received from Central Banks (TRTLO)	0	0	0	197 000	0	197 000
Deposits from customers and loans received	5 687 287	55 271	101 784	2 288	0	5 846 630
Loans received and debt securities in issue	0	0	1 140	352 538	0	353 678
Subordinated debt	0	1 748	10 208	95 810	0	107 766
Accounts payable and other financial liabilities	0	41 155	0	0	0	41 155
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	5 687 287	929 167	113 132	647 636	0	7 377 222
Financial assets by contractual maturity dates						
Due from banks and investment companies	3 986 933	0	0	0	0	3 986 933
Financial assets at fair value (debt securities)	0	46 047	3 387	77 915		127 349
Loans and advances to customers	0	173 534	431 582	1 661 341	924 419	3 190 876
Receivables from customers	0	2 970	0	0	0	2 970
Foreign exchange derivatives (gross settled)	0	101 848	0	0	0	101 848
Other financial assets	2 236	0	0	0	0	2 236
Total financial assets	3 989 169	324 399	434 969	1 739 256	924 419	7 412 212
Maturity gap from financial assets and liabilities	-1 698 118	-604 767	321 837	1 091 620	924 419	34 990

31.12.2020	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities by contractual maturity dates						
Loans received from Central Banks (TRTLO)	0	0	0	197 000	0	197 000
Deposits from customers	3 657 063	99 647	380 442	4 993	28	4 142 173
Loans received	0	0	6 212	263 783	1 445	271 440
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	654 492	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	-223 609	55 165	885 796	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

31.12.2021	EUR	CHF	GBP	SEK	USD	Other	Total
Assets bearing currency risk							
Due from banks and investment companies	3 686 878	1 367	277 043	1 075	18 433	2 137	3 986 933
Financial assets at fair value	127 677	0	1	0	37	4	127 720
Loans and advances to customers	2 669 321	18	463	396	6 616	346	2 677 160
Receivables from customers	1 036	0	491	226	167	1 050	2 970
Other financial assets	117	0	0	0	2 119	0	2 236
Total assets bearing currency risk	6 485 029	1 385	277 998	1 697	27 372	3 538	6 797 019
Liabilities bearing currency risk							
Loans received from Central Banks (TRTLO)	197 461	0	0	0	0	0	197 461
Deposits from customers	5 448 088	5 037	271 784	7 837	101 149	12 708	5 846 602
Loans received and debt securities in issue	349 063	0	0	0	0	0	349 063
Interest rate swaps	0	0	0	16	123	18	157
Accounts payable and other financial liabilities	28 269	218	6 456	217	5 676	319	41 155
Subordinated debt	88 989	0	0	0	0	0	88 989
Total liabilities bearing currency risk	6 111 870	5 254	278 240	8 070	106 948	13 045	6 523 427
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	271 311	3	-242	81	2 920	-481	273 592

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							
Loans received from Central Banks (TRTLO)	200 000	0	0	0	0	0	200 000
Deposits from customers	3 907 709	3 950	125 267	7 292	85 616	11 597	4 141 431
Loans received	268 584	0	0	0	0	0	268 584
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 and by Stages

	Stage 1	Stage 2	Stage 3	Provision	31.12.2021	%
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 Utilities	23 172	573	0	-240	23 505	1,1%
Construction	80 323	3 990	477	-1 778	83 012	3,8%
Wholesale and retail	126 082	5 186	848	-486	131 630	6,0%
Transport and logistics	25 730	3 057	101	-136	28 752	1,3%
Hotels and Restaurants	5 526	25 036	159	-2 041	28 680	1,3%
Information and communication	10 600	294	8	-24	10 878	0,5%
Financial services	85 481	327	0	-303	85 505	3,9%
Real estate	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 activities	113 860	3 698	155	-3 268	114 445	5,2%
Public management	97 307	315	0	0	97 622	4,4%
Education	4 035	275	31	-14	4 327	0,2%
Health	9 766	3 441	3	-71	13 139	0,6%
Art and entertainment	24 155	27 576	64	-2 963	48 832	2,2%
Other servicing 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%

	Stage 1	Stage 2	Stage 3	Provision	31.12.2020	%
Individuals	761 422	92 491	4 228	-2 018	856 123	38,8%
Agriculture	65 985	6 339	74	-299	72 099	3,3%
Mining and Quarrying	2 082	420	0	-25	2 477	0,1%
Manufacturing	116 695	36 075	198	-1 300	151 668	6,9%
Energy	43 367	284	0	-522	43 129	2,0%
Water and Utilities	2 014	824	9	-6	2 841	0,1%
Construction	41 909	3 366	39	-303	45 011	2,0%
Wholesale and retail	73 652	14 280	711	-928	87 715	4,0%
Transport and logistics	24 844	2 679	11	-122	27 412	1,2%
Hotels and Restaurants	5 554	10 918	0	-2 377	14 095	0,6%
Information and communication	12 174	514	17	-49	12 656	0,6%
Financial services	61 919	7 775	0	-2 388	67 306	3,0%
Real estate	380 660	114 224	4 042	-2 974	495 952	22,5%
Professional, scientific and technical activities	30 025	11 205	448	-525	41 153	1,9%
Administrative activities	57 513	14 155	2 799	-1 343	73 124	3,3%
Public management	120 805	0	0	0	120 805	5,5%
Education	16 072	332	0	-67	16 337	0,7%
Health	7 037	6 298	1	-105	13 231	0,6%
Art and entertainment	18 637	40 480	67	-1 447	57 737	2,6%
Other servicing activities	7 535	450	27	-60	7 952	0,4%

Total	1 849 901	363 109	12 671	-16 858	
Provision	-4 830	-10 011	-2 017		
Total loan portfolio	1 845 071	353 098	10 654	2 208 823	100%

Loans to related parties were 31.12.2021 EUR 6 047 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	31.12.2021	Level 1	Level 2	Level 3	31.12.2020
Financial assets at fair value through profit and loss								
Shares and fund units	367	0	0	367	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	127 349	0	0	127 349	322 699	0	0	322 699
Interest rate swaps and foreign exchange forwards	0	4	0	4	0	89	0	89
Total financial assets	127 716	4	0	127 720	322 841	89	0	322 930
Financial liabilities at fair value through profit and loss								
Interest rate swaps and foreign exchange forwards	0	157	0	157	0	221	0	221
Total financial liabilities	0	157	0	157	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 December 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	Q4 2021	12M 2021	Q4 2020	12M 2020
Business loans	17 950	62 283	13 768	46 834
including loans between related parties	15	54	15	31
Hire purchase	796	3 409	911	3 708
Leasing	1 507	6 000	1 534	4 329
including loans between related parties	1	4	1	4
Leverage loans and lending of securities	476	1 742	243	753
Bonds	-105	-353	-164	-435
Creditcard loans	190	834	224	849
Consumer loans	1 992	8 168	2 087	8 314
Mortgage loans	6 190	21 349	4 894	18 170
including loans between related parties	10	36	8	32
Balances with credit institutions and investment companies	86	281	29	33
Balances with the central bank	511	2 283	0	0
Private loans	588	2 299	562	1 588
Other loans	5 658	16 342	1 482	5 819
including loans between related parties	1	7	2	7
Total	35 839	124 637	25 570	88 374
Interest expense				
Deposits of customers and loans received	-1 188	-5 245	-1 601	-7 569
Balances with the central bank	-4 309	-14 171	-1 878	-5 966
Subordinated liabilities	-2 020	-7 557	-1 671	-5 792
Total	-7 517	-26 973	-5 150	-19 327
Net interest income	28 322	97 664	20 420	69 047
Interest income on loans by customer location				
(interest on bank balances and bonds excluded):	Q4 2021	12M 2021	Q4 2020	12M 2020
Estonia	35 231	121 461	25 705	88 776
United Kingdom	116	965	0	0
Total	35 347	122 426	25 705	88 776

NOTE 8 Net Fee and Commission Income

Fee and commission income	Q4 2021	12M 2021	Q4 2020	12M 2020
Security brokerage and commissions paid	2 349	6 159	1 397	4 825
Asset management and similar fees	2 017	5 354	998	3 662
Currency conversion revenues	2 356	8 617	1 138	3 418
Fees from cards and payments	6 731	23 635	4 487	15 226
Other fee and commission income	1 356	4 946	1 074	4 021
Total	14 809	48 711	9 094	31 152
Fee and commission expense				
Security brokerage and commissions paid	-503	-1 856	-214	-1 062
Expenses related to cards	-1 324	-5 904	-1 209	-4 722
Expenses related to acquiring	-1 917	-7 104	-1 330	-4 498
Other fee and commission income	-535	-2 674	-623	-2 487
Total	-4 279	-17 538	-3 376	-12 769
Net fee and commission income	10 530	31 173	5 718	18 383

Fee and commission income by customer location:	Q4 2021	12M 2021	Q4 2020	12M 2020
Estonia	12 903	41 414	9 094	31 152
United Kingdom	1 906	7 297	0	0
Total	14 809	48 711	9 094	31 152

NOTE 9 Operating Expenses

	Q4 2021	12M 2021	Q4 2020	12M 2020
Wages, salaries and bonuses	5 559	20 356	4 295	16 159
Social security and other taxes*	1 700	6 365	1 303	4 956
Total personnel expenses	7 259	26 721	5 598	21 115
IT expenses	1 120	3 890	852	2 986
Information services and bank services	337	1 288	250	961
Marketing expenses	644	1 936	310	1 434
Office expenses	260	815	195	638
Transportation and communication expenses	96	292	70	266
Staff training and business trip expenses	190	407	67	299
Other outsourced services	1 052	3 452	697	2 528
Other administrative expenses	1 923	6 749	228	3 263
Depreciation of non-current assets	1 185	2 668	867	2 417
Operational lease payments	11	526	16	41
Other operating expenses	191	596	109	317
Total other operating expenses	7 009	22 619	3 661	15 150
Total operating expenses	14 268	49 340	9 259	36 265

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

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

	31.12.2021	31.12.2020
Term deposits with maturity less than 3 months*	112 649	180 047
Legal reserve with the central bank	57 298	41 253
Other receivables from central bank*	3 816 986	2 171 958
Total	3 986 933	2 393 258
*Cash and cash equivalents in the Statement of Cash Flows	3 929 635	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 6 188 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 December 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, Loans Received and Debt Securities in issue

	Individuals	Financial entities	Non-financial		31.12.2021
			entities	Public sector	
Demand deposits	1 005 757	2 512 958	2 008 349	161 510	5 688 574
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	2 527 100	2 090 152	184 099	5 846 602

	Individuals	Financial entities	Non-financial		31.12.2020
			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
Accrued interest liability	1 208	24	68	2	1 302
Total	1 003 276	1 274 122	1 456 660	407 373	4 141 431

31.12.2021	TRTLO	Mortgage bonds	Preferred senior bonds	Total loans received and debt securities in issue
Loans received	200 000	248 980	99 633	348 613
Accrued interest liability	-2 539	140	310	450
Total	197 461	249 120	99 943	349 063

31.12.2020	TRTLO	Mortgage bonds	EIF/NIB	Total loans received and debt Securities in issue
Loans received	200 000	248 685	19 757	268 442
Accrued interest liability	0	140	2	142
Total	200 000	248 825	19 759	268 584

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. As of 31.12.2021 and 31.12.2020 the amount of loan received from European Central Bank (TLTRO) was EUR 200 000 thousand. As of 31.12.2020 the LHV Pank had 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 31.12.2021, the Bank has repaid the loan. As of 31.12.2021 the loan from Nordic Investment Bank in the amount of EUR 20 000 thousand is also repaid.

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:	31.12.2021	31.12.2020
Cash balance of customers	3 806	7 938
Securities of customers	3 599 285	2 058 404
<i>Incl. parent company</i>	206 700	202 300
<i>Incl. shareholders of the parent company and related entities</i>	660 351	306 625
Total	3 603 091	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 December 2021	19 919	49 409	1 438	679 579	750 345
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