

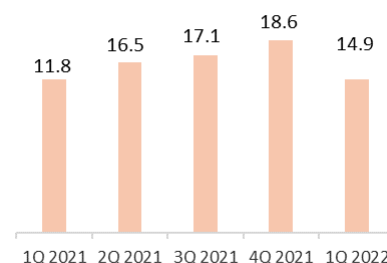
Interim Report January – March 2022

Summary of Results

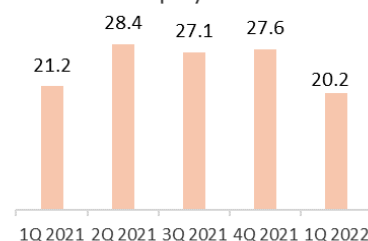
Q1 2022 in comparison with Q4 2021

- Net profit EUR 14.9 m (18.6 m eurot), of which EUR 14.2 m (EUR 18.1 m) is attributable to owners of the parent
- Net income EUR 32.3 m (EUR 37.7 m)
- Operating expenses EUR 14.4 m (EUR 14.3 m)
- Loan provisions EUR 0.7 m (EUR 1.7 m)
- Income tax expenses EUR 2.3 m (EUR 3.3 m)
- Return on equity 20.2% (27.6%)
- Capital adequacy 18.43% (17.51%)

Profit by quarters



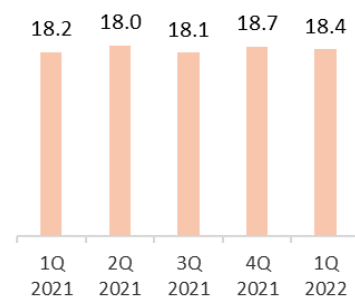
Return on equity



Q1 2022 in comparison with Q1 2021

- Net profit EUR 14.9 m (EUR 11.8 m), of which EUR 14.2 m (EUR 11.3 m) is attributable to owners of the parent
- Net income EUR 32.3 m (EUR 26.6 m)
- Operating expenses EUR 14.4 m (11.5 m)
- Loan provisions EUR 0.7 m (EUR 1.6 m)
- Income tax expenses EUR 2.3 m (EUR 1.9 m)
- Return on equity 20.2% (21.8%)
- Capital adequacy 18.43% (18.2%)

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 the bank's customers grew by over 16,000. The level of activity of the customers and business volumes in Q1 were impacted by the uncertainty related to the war that started in Ukraine on 24 February; however, in the second half of March, a normal level of activity returned to some extent. Deposits decreased by EUR 410 million over the quarter and loans grew by EUR 75 million.

Ordinary clients' deposits stayed at the same level for the quarter as a whole, and financial intermediaries' deposits decreased by EUR 397 euros. We have stabilized our financial intermediaries deposits portfolio and we aim to keep it at the optimal 2-billion-euro level. As at the end of March, the financial intermediaries deposits balance was EUR 1.85 billion. Deposits raised through deposit platforms are decreasing as an organic process, and as of the end of March, the balance is EUR 5.6 million.

Corporate loans grew by EUR 32 million and retail loans by EUR 43 million. The growth in the corporate loan portfolio has been more modest, but is still according to plan. In Q1, uncertainty related to the war in Ukraine impacted the retail loan portfolio, affecting demand for all loan products in late February and the first half of March. Demand recovered somewhat by the end of March but was off the pace seen in the same period last year. The growth in the retail loan portfolio is being driven by home loans.

The net profit for the quarter was EUR 14.9 million. Compared to last year, profit grew by 26%, but this result is middling and 2 million euros lower than planned. Lower income from service charges was responsible for the shortfall, and in turn related to lower client activity and uncertainty. Loan impairments increased during the quarter by EUR 0.7 million, which is less than originally planned. Compared to last quarter, the higher impairments were due to both the expectation of poorer economic growth, which meant higher model-based impairments; and also a downturn in the ratings of individual clients. As a whole, the quality of the

bank's loan portfolio has remained strong and the share of overdue loans continues to be very low.

The war in Ukraine that started on 24 February has impacted the whole world, Estonia and LHV's activities included. Although Estonia has few direct connections to the economies of Russia, Belarus and Ukraine, the ultimate extent of the indirect impacts is still hard to evaluate. Primarily due to the increasing need for resources, the bank's operations are impacted directly by the comprehensive sanctions on Russia and Belarus. LHV Pank and other companies in the LHV Group have supported their clients and Ukraine through different channels – e.g., a 0.5-million-euro financing assistance to the refugee non-profit MTÜ Pagulasabi, and the fact that service fees have been waived on all payments to and from Ukraine since the war began. In addition, the bank is opening bank accounts for refugees – as of the end of March, over 1000 people from Ukraine have opened accounts.

For the bank, the year started in an industrious manner. As to new services, we introduced a virtual card to the market. We started offering overdrafts to merchants who use our card and bank link systems for charging customers. We have added speed and convenience through automation both in the Baltic securities dividend transfer process and leasing application process. On the last day of March, the grand opening was held for the Pärnu office of LHV Pank at Lai 15a, in the Graf Zeppelin building.

We participated in the auction of Estonian government bonds. LHV Pank received EUR 386 million of the 400-million-euro issue.

A survey conducted by Dive found that LHV Pank was, for the sixth time, the bank with the best customer service in Estonia, with an extremely high score – 99.5%. In addition, LHV Pank was picked by CV-Online job site as the top employer in Estonia.

Financial Summary

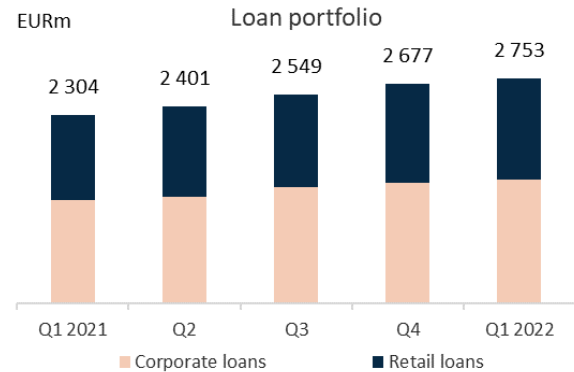
Q1 was average in terms of business volumes. LHV Pank generated EUR 25.9 million in net interest income and EUR 7.8 million in net fee and commission income. In total, the bank's net income amounted to EUR 32.3 million and expenditure to EUR 14.4 million. Net operating income increased by 21% year-on-year, while expenses increased by 26%. Loan provisions amounted to EUR 0.7 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 expenses were 1.4 million in Q1 due to revaluation of liquidity portfolio. LHV Pank is accounting 14% advance income tax, which generated corporate income tax in amount of EUR 2.0 million in Q1. 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 14.8 million in Q1. This constitutes a 20% decrease from Q4 2021 (18.6) and a 26% increase from Q1 2021 (11.8).

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 Q1, the total volume of the bank's loan portfolios amounted to EUR 2 753 million (Q4 2021: EUR 2 677 million). The volume of portfolios grew 3% over the quarter. Loan portfolio increased by EUR 75 million in Q1 (Q4 2021: EUR 128 million). Retail loans portfolio grow 4% within quarter and has reached EUR 1 190 million (Q4 2021: EUR 1 149 million). Corporate loans portfolio grow 2% within quarter and has reached EUR 1 581 million (Q4 2021: EUR 1 547 million).



Banks deposits decreased 7% within a quarter and reached EUR 5 437 million by end of quarter (Q4 2021: EUR 5 847 million). Financial intermediates deposits decreased by EUR 475 million. EUR 5 274 million were demand deposits and EUR 163 million were term deposits. Private individuals deposits reached EUR 1 097 million increasing 4.9% q-t-q.

The bank's cost/income ratio was 44.6% in the first quarter, being 5.5 percentage points lower than in the first quarter of 2021 (50.1%).

Income statement EUR million	Q1	Q4	Quarter over quarter	Q1	Year over year
	2022	2021		2021	
Net interest income	25.88	28.32	-9%	20.76	25%
Net fee and commission income	7.79	10.53	-26%	6.37	22%
Other financial income	-1.42	-1.15	23%	-0.50	184%
Total net operating income	32.25	37.70	-14%	26.63	21%
Other income	-0.02	0.19	NA	0.06	NA
Operating expenses	-14.37	-14.27	1%	-11.45	26%
Loan losses	-0.74	-1.69	-56%	-1.60	-54%
Income tax expenses	-2.27	-3.29	-31%	-1.88	21%
Net profit	14.85	18.64	-20%	11.76	26%

Business volumes

EUR million	31.03.2022	31.12.2021	Change
Loan portfolio	2 752.5	2 677.2	3%
Financial investments	467.1	127.7	266%
Deposits of customers	5 436.6	5 846.6	-7%
incl. deposits of financial institutions	2 052.5	2 527.1	-19%
Equity (including minority interest)	293.4	280.0	5%
Assets managed by bank	337 542	321 424	5%

Ratios	Q1	Q4	Quarter over quarter	Q1	Year over year
EUR million	2022	2021		2021	
Net profit	14.9	18.6	-3.8	11.8	3.1
Net profit attributable to owners of the parent	14.2	18.1	-3.9	11.6	2.9
Average equity	281.3	262.0	19.3	212.7	68.6
Return on equity (ROE), %	20.2	27.6	-7.4	21.8	-1.6
Return on assets (ROA), %	0.89	1.12	-0.23	0.88	0.01
Net interest income	25.9	28.3	-2.4	20.8	5.1
Interest-bearing assets, average	6 642.8	6 633.2	9.6	5 294.2	1 348.6
Net interest margin (NIM) %	1.56	1.71	-0.15	1.57	-0.01
Price spread (SPREAD) %	1.53	1.68	-0.15	1.54	-0.01
Cost/income ratio %	44.6	37.7	6.9	42.0	2.6

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 144.8% as at the end of March (31 December 2021: 140.6%). In the first quarter, the bank continued reducing high-interest deposits from deposit platforms among funding sources with deposits amounting EUR 5.6 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 248.8% (31.12.2021: 245.8%). The Bank recognises cash and bond portfolios as liquidity buffers. These accounted for 57% of the balance sheet (31.12.2021: 60%). The ratio of loans to deposits stood at 51% as at the end of the fourth quarter (31.12.2021: 46%).

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 March were EUR 366.1 million (31.12.2021: 352.8 mln eurot).

Bank is adequately capitalized at end of the reporting period, capital adequacy was 18.43% (31.12.2021: 18.66%), calculated according to CRR IV directive. Banks capital adequacy exceeds internal capital targets, which is 16%.

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)	31.03.2022	31.12.2021
Paid-in share capital	111 500	111 500
Statutory reserves paid in from net profit	5 648	5 648
Accumulated profit/deficit	152 888	91 126
Intangible assets (subtracted)	-1 736	-1 243
Net profit for the reporting period (COREP)	0	61 761
Other adjustments	-5 036	-4 028
Total Tier 1 capital	263 264	264 764
Subordinated debt	38 000	38 000
Total Tier 1 capital	301 264	302 764
Subordinated debt	64 826	50 072
Total Tier 2 capital	64 826	50 072
Net own funds for capital adequacy	366 090	352 836
Capital requirements		
Central governments and central bank under standard method	0	0
Credit institutions and investment companies under standard method	8 956	10 390
Companies under standard method	1 178 825	1 141 853
Retail claims under standard method	220 289	221 860
Public sector under standard method	3	6
Housing real estate under standard method	304 933	291 338
Overdue claims under standard methods	14 965	19 331

Particularly high risk exposures	46 652	46 494
Other assets under standard method	32 815	36 016
Total capital requirements for covering the credit risk and counterparty credit risk	1 807 438	1 758 288
Capital requirement against foreign currency risk under standard method	1 513	3 489
Capital requirement against interest position risk under standard method	0	0
Capital requirement against equity portfolio risks under standard method	2 160	2 079
Capital requirement against credit valuation adjustment risks under standard method	1 663	1 211
Capital requirement for operational risk under base method	173 469	125 728
Total capital requirements for adequacy calculation	1 986 243	1 890 796
Capital adequacy (%)	18.43	18.66
Tier 1 capital ratio (%)	15.17	16.01

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 2022	3M 2022	Q1 2021	3M 2021
Interest income		32 850	32 850	27 036	27 036
Interest expense		-6 975	-6 975	-6 280	-6 280
Net interest income	7	25 875	25 875	20 756	20 756
Fee and commission income		13 068	13 068	10 725	10 725
Fee and commission expense		-5 278	-5 278	-4 359	-4 359
Net fee and commission income	8	7 790	7 790	6 366	6 366
Net gains/losses from financial assets measured at fair value		-1 570	-1 570	-552	-552
Foreign exchange gains/losses		154	154	52	52
Net gains from financial assets		-1 416	-1 416	-500	-500
Other income/ Other expense		-18	-18	62	62
Total other income		-18	-18	62	62
Staff costs		-8 453	-8 453	-6 378	-6 378
Administrative and other operating expenses		-5 924	-5 924	-5 070	-5 070
Total expenses	9	-14 337	-14 337	-11 448	-11 448
Profit before impairment losses on loans and advances		17 854	17 854	15 236	15 236
Income tax expense		-2 269	-2 269	-1 601	-1 601
Impairment losses on loans and advances		-735	-735	-1 875	-1 875
Net profit for the reporting period		14 850	14 850	11 760	11 760
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		14 850	14 850	11 760	11 760
Total profit of the reporting period attributable to:					
Owners of the parent		14 173	14 173	11 291	11 291
Non-controlling interest		677	677	469	469
Total profit for the reporting period		14 850	14 850	11 760	11 760
Total comprehensive income attributable to:					
Owners of the parent		14 173	14 173	11 291	11 291
Non-controlling interest		677	677	469	469
Total comprehensive income for the reporting period		14 850	14 850	11 760	11 760

Condensed Consolidated Interim Statement of Financial Position

<i>(in thousands of euros)</i>	Note	31.03.2022	31.12.2021
Assets			
Due from central bank	10	3 161 210	3 874 284
Due from credit institutions	10	77 270	106 461
Due from investment companies	10	8 508	6 188
Financial assets at fair value through profit or loss	6	467 077	127 720
Loans and advances to customers	5	2 752 523	2 677 160
Receivables from customers		3 326	2 970
Other financial assets		124	2 236
Other assets		2 143	2 446
Tangible assets		8 706	8 139
Intangible assets		1 736	1 243
Total assets		6 482 623	6 808 847
Liabilities			
Loans received from Central Banks (TRTLO)	11	196 961	197 461
Deposits of customers	11	5 436 591	5 846 602
Loans received and debt securities in issue	11	349 477	349 063
Financial liabilities at fair value through profit or loss		33	157
Accounts payable and other liabilities		102 113	46 616
Subordinated debt		104 064	88 989
Total liabilities		6 189 239	6 528 888
Owner's equity			
Share capital		111 500	111 500
Statutory reserve capital		5 648	5 648
Retained earnings		171 593	156 745
Total equity attributable to owners of the parent		288 741	273 893
Non-controlling interest		4 643	6 066
Total equity		293 384	279 959
Total liabilities and equity		6 482 623	6 808 847

Condensed Consolidated Interim Statement of Cash Flows

<i>(in thousands of euros)</i>	Note	Q1 2022	3M 2022	Q1 2021	3M 2021
Cash flow from operating activities					
Interest received		32 755	32 755	26 550	26 550
Interest paid		-6 203	-6 203	-5 934	-5 934
Fees and commissions received		13 068	13 068	10 725	10 725
Fees and commissions paid		-5 278	-5 278	-4 359	-4 359
Other income		-18	-18	62	62
Staff costs paid		-7 160	-7 160	-5 553	-5 553
Administrative and other operating expenses paid		-4 882	-4 882	-4 476	-4 476
Income tax		-4 066	-4 066	-3 177	-3 177
Cash flow from operating activities before change in operating assets and liabilities		18 216	18 216	13 838	13 838
Net increase/decrease in operating assets:					
Net acquisition/disposal of trading portfolio		-109	-109	-368	-368
Loans and advances to customers		-76 369	-76 369	-97 099	-97 099
Mandatory reserve at central bank		3 576	3 576	-6 520	-6 520
Security deposits		2 112	2 112	-90	-90
Other assets		3 397	3 397	845	845
Net increase/decrease in operating liabilities:					
Demand deposits of customers		-414 334	-414 334	648 224	648 224
Term deposits of customers		3 695	3 695	-23 435	-23 435
Repayments of loans received		-221	-221	0	0
Non-preferred senior bonds		0	0	40 000	40 000
Financial liabilities held for trading at fair value through profit and loss		-124	-124	-215	-215
Other liabilities		53 658	53 658	44 586	44 586
Net cash generated from/used in operating activities		-406 503	-406 503	619 766	619 766
Cash flow from investing activities					
Purchase of current and non-current assets		-1 738	-1 738	-795	-795
Net change of investments at fair value through profit or loss		-340 818	-340 818	180 257	180 257
Net cash flow from investing activities		-342 556	-342 556	179 462	179 462
Cash flow from financing activities					
Subordinated loan received		15 000	15 000	0	0
Dividends paid		-2 100	-2 100	-6 000	-6 000
Repayment of principal of lease liabilities		-364	-364	-155	-155
Net cash from financing activities		12 536	12 536	-6 155	-6 155
Effect of exchange rate changes on cash and cash equivalents		154	154	52	52
Net decrease/increase in cash and cash equivalents		-736 369	-736 369	793 125	793 125
Cash and cash equivalents at the beginning of the period		3 929 635	3 929 635	2 352 005	2 352 005
Cash and cash equivalents at the end of the period	10	3 193 266	3 193 266	3 145 130	3 145 130

Condensed Consolidated Interim Statement of Changes in Equity

<i>(in thousands of euros)</i>	Share capital	Statutory reserve capital	Accumulated deficit/ retained earnings	Total equity attributable to owners	Non-controlling interest	Total equity
Balance as at 01.01.2021	106 500	4 022	98 285	208 807	5 875	214 682
Paid in share capital	5 000	0	0	5 000	0	5 000
Transfer to statutory reserve capital	0	1 626	-1 626	0	0	0
Dividends paid	0	0	-3 900	-3 900	-2 100	-6 000
Share options	0	0	2 227	2 227	0	2 227
<i>Profit for the year</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>
Total profit and other comprehensive income for the reporting period	0	0	61 759	61 759	2 291	64 050
Balance as at 31.12.2021	111 500	5 648	156 745	273 893	6 066	279 959
Balance as at 01.01.2022	111 500	5 648	156 745	273 893	6 066	279 959
Dividends paid	0	0	0	0	-2 100	-2 100
Share options	0	0	675	675	0	675
<i>Profit for the year</i>	<i>0</i>	<i>0</i>	<i>14 173</i>	<i>14 173</i>	<i>677</i>	<i>14 850</i>
<i>Other comprehensive loss</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	14 173	14 173	677	14 850
Balance as at 31.03.2022	111 500	5 648	171 593	288 741	4 643	293 384

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 2021. 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

31.03.2022	Estonia	Germany	Other EU	USA	UK	Other	Total
Due from banks and investment companies	3 091 354	0	76 010	26 279	53 248	97	3 246 988
Financial assets at fair value	388 851	8	78 192	21	2	3	467 077
Loans and advances to customers	2 729 483	565	16 645	869	810	4 151	2 752 523
Receivables from customers	3 326	0	0	0	0	0	3 326
Other financial assets	24	0	0	100	0	0	124
Total financial assets	6 213 038	573	170 847	27 269	54 060	4 251	6 470 038
Loans received from Central Banks (TRTLO)	196 961	0	0	0	0	0	196 961
Deposits of customers	3 527 126	54 606	1 101 303	94 706	612 538	46 312	5 436 591
Loans received and debt securities in issue	349 477	0	0	0	0	0	349 477
Subordinated debt	104 064	0	0	0	0	0	104 064
Financial liabilities at fair value	102 113	0	0	0	0	0	102 113
Accounts payable and other financial liabilities	33	0	0	0	0	0	33
Total financial liabilities	4 279 774	54 606	1 101 303	94 706	612 538	46 312	6 189 239

Unused loan commitments in the amount of EUR 605 666 thousand are for the residents of Estonia.

31.12.2021	Estonia	Germany	Other EU	USA	UK	Other	Total
Due from banks and investment companies	3 611 388	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.

NOTE 3 Breakdown of Assets and Liabilities by Contractual Maturity Dates

31.03.2022	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	5 273 581	44 124	116 104	2 810	0	5 436 619
Loans received and debt securities in issue	0	253	887	352 538	0	353 678
Subordinated debt	0	7 063	5 723	112 797	0	125 583
Accounts payable and other financial liabilities	0	94 687	0	0	0	94 687
Unused loan commitments	0	605 666	0	0	0	605 666
Financial guarantees by contractual amounts	0	53 334	0	0	0	53 334
Foreign exchange derivatives (gross settled)	0	125 581	0	0	0	125 581
Financial liabilities at fair value	0	33	0	0	0	33
Total liabilities	5 273 581	930 488	122 714	665 145	0	6 992 181
Financial assets by contractual maturity dates						
Due from banks and investment companies	3 246 988	0	0	0	0	3 246 988
Financial assets at fair value (debt securities)	0	305	389 946	76 346		466 597
Loans and advances to customers	0	191 875	407 497	1 776 363	1 021 664	3 397 399
Receivables from customers	0	3 326	0	0	0	3 326
Foreign exchange derivatives (gross settled)	0	125 581	0	0	0	125 581
Other financial assets	124	0	0	0	0	124
Total financial assets	3 247 112	321 087	797 443	1 852 709	1 021 664	7 240 015
Maturity gap from financial assets and liabilities	-2 026 469	-609 401	674 729	1 187 564	1 021 664	247 834

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	5 687 287	55 271	101 784	2 288	0	5 846 630
Loans received	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

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

31.03.2022	EUR	CHF	GBP	SEK	USD	Other	Total
Assets bearing currency risk							
Due from banks and investment companies	2 976 060	1 303	242 168	1 928	18 557	6 971	3 246 988
Financial assets at fair value	466 933	0	2	1	27	114	467 077
Loans and advances to customers	2 744 639	66	371	602	6 542	303	2 752 523
Receivables from customers	2 613	1	285	278	173	-23	3 326
Other financial assets	124	0	0	0	0	0	124
Total assets bearing currency risk	6 190 369	1 370	242 825	2 809	25 299	7 365	6 470 038
Liabilities bearing currency risk							
Loans received from Central Banks (TRTLO)	196 961	0	0	0	0	0	196 961
Deposits from customers	5 067 153	5 489	218 936	7 778	126 548	10 686	5 436 591
Loans received and debt securities in issue	349 477	0	0	0	0	0	349 477
Interest rate swaps	0	0	0	1	27	5	33
Accounts payable and other financial liabilities	72 411	62	15 382	436	5 564	833	94 687
Subordinated debt	104 064	0	0	0	0	0	104 064
Total liabilities bearing currency risk	5 593 105	5 551	234 318	8 215	132 139	11 524	5 984 852
Open gross position derivative assets at contractual value	0	4 187	0	5 322	112 305	3 767	125 571
Open gross position derivative liabilities at contractual value	125 581	0	0	0	0	0	125 581
Open foreign currency position	471 684	6	8 507	-84	5 464	-392	485 186

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	349 063	0	0	0	0	0	349 063
Accounts payable and other financial liabilities	0	0	0	16	123	18	157
Interest rate swaps	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

NOTE 5 Breakdown of Loan Portfolio by Economic Sectors and by Stages

	Stage 1	Stage 2	Stage 3	Provision	31.03.2022	%
Individuals	937 617	108 004	8 696	-2 036	1 052 281	38.2%
Agriculture	40 665	4 866	19	-145	45 405	1.6%
Mining and Quarrying	532	1 299	0	-29	1 802	0.1%
Manufacturing	118 813	33 957	221	-881	152 110	5.5%
Energy	34 689	1 077	0	-220	35 546	1.3%
Water and Utilities	25 504	452	0	-254	25 702	0.9%
Construction	91 565	4 606	445	-1 825	94 791	3.4%
Wholesale and retail	116 273	25 023	803	-1 447	140 652	5.1%
Transport and logistics	13 421	10 845	96	-676	23 686	0.9%
Hotels and Restaurants	4 927	25 571	49	-1 730	28 817	1.0%
Information and communication	10 896	821	2	-23	11 696	0.4%
Financial services	119 362	371	0	-354	119 379	4.3%
Real estate	603 523	81 954	2 012	-3 038	684 451	24.9%
Professional, scientific and technical activities	41 996	6 891	302	-205	48 984	1.8%
Administrative activities	109 034	3 859	134	-3 140	109 887	4.0%
Public management	92 776	306	0	0	93 082	3.4%
Education	4 492	259	0	-88	4 663	0.2%
Health	8 678	3 236	0	-92	11 822	0.4%
Art and entertainment	28 458	24 889	52	-2 995	50 404	1.8%
Other servicing activities	16 189	1 205	32	-66	17 363	0.6%
Total	2 419 410	336 491	12 866	-19 244		
Provision	-9 036	-8 148	-2 060			
Total loan portfolio	2 410 374	331 343	10 806		2 752 523	100%

	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%

Loans to related parties were 31.03.2022 EUR 5 789 thousand (31.12.2021: 6 047). 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	31.12.2021
Financial assets at fair value through profit and loss								
Shares and fund units	367	0	0	367	367	0	0	367
Available-for-sale bonds and shares	0	0	0	0	0	0	0	0
Bonds at fair value through profit and loss	466 597	0	0	466 597	127 349	0	0	127 349
Interest rate swaps and foreign exchange forwards	0	113	0	113	0	4	0	4
Total financial assets	466 964	113	0	467 077	127 716	4	0	127 720
Financial liabilities at fair value through profit and loss								
Interest rate swaps and foreign exchange forwards	0	33	0	33	0	157	0	157
Total financial liabilities	0	33	0	33	0	157	0	157

Hierarchy levels:

- Level 1 – the price quoted on active market
- Level 2 – a technique which uses market information as input (rates and interest curves of arms-length transactions)
- 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 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.

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 2022	3M 2022	Q1 2021	3M 2021
Business loans	17 328	17 328	14 069	14 069
including loans between related parties	17	17	10	10
Hire purchase	808	808	911	911
Leasing	1 440	1 440	1 446	1 446
including loans between related parties	2	2	2	2
Leverage loans and lending of securities	435	435	355	355
Bonds	-99	-99	-116	-116
Creditcard loans	195	195	235	235
Consumer loans	2 058	2 058	2 046	2 046
Mortgage loans	5 531	5 531	4 787	4 787
including loans between related parties	10	10	9	9
Balances with credit institutions and investment companies	263	263	87	87
Balances with the central bank	500	500	250	250
Private loans	554	554	554	554
Other loans	3 827	3 827	2 412	2 412
including loans between related parties	2	2	2	2
Total	32 850	32 850	27 036	27 036
Interest expense				
Deposits of customers and loans received	-1 100	-1 100	-1 571	-1 571
Balances with the central bank	-3 786	-3 786	-2 913	-2 913
Subordinated liabilities	-2 089	-2 089	-1 796	-1 796
Total	-6 975	-6 975	-6 280	-6 280
Net interest income	25 875	25 875	20 756	20 756

Interest income on loans by customer location

(interest on bank balances and bonds excluded):	Q1 2022	3M 2022	Q1 2021	3M 2021
Estonia	32 186	32 186	26 815	26 815
Total	32 186	32 186	26 815	26 815

NOTE 8 Net Fee and Commission Income

Fee and commission income	Q1 2022	3M 2022	Q1 2021	3M 2021
Security brokerage and commissions paid	1 422	1 422	1 612	1 612
Asset management and similar fees	1 362	1 362	1 045	1 045
Currency conversion revenues	2 304	2 304	1 892	1 892
Fees from cards and payments	6 644	6 644	4 918	4 918
Other fee and commission income	1 336	1 336	1 258	1 258
Total	13 068	13 068	10 725	10 725
Fee and commission expense				
Security brokerage and commissions paid	-639	-639	-486	-486
Expenses related to cards	-1 712	-1 712	-1 587	-1 587
Expenses related to acquiring	-1 643	-1 643	-1 626	-1 626
Other fee and commission income	-1 284	-1 284	-660	-660
Total	-5 278	-5 278	-4 359	-4 359
Net fee and commission income	7 790	7 790	6 366	6 366

Fee and commission income by customer location:	Q1 2022	3M 2022	Q1 2021	3M 2021
Estonia	11 225	11 225	8 852	8 852
United Kingdom	1 843	1 843	1 873	1 873
Total	13 068	13 068	10 725	10 725

NOTE 9 Operating Expenses

	Q1 2022	3M 2022	Q1 2021	3M 2021
Wages, salaries and bonuses	6 521	6 521	4 901	4 901
Social security and other taxes*	1 932	1 932	1 477	1 477
Total personnel expenses	8 453	8 453	6 378	6 378
IT expenses	1 324	1 324	876	876
Information services and bank services	287	287	338	338
Marketing expenses	805	805	369	369
Office expenses	275	275	175	175
Transportation and communication expenses	122	122	57	57
Staff training and business trip expenses	225	225	35	35
Other outsourced services	1 329	1 329	832	832
Other administrative expenses	739	739	1 623	1 623
Depreciation of non-current assets	679	679	439	439
Operational lease payments	27	27	251	251
Other operating expenses	112	112	75	75
Total other operating expenses	5 924	5 924	5 070	5 070
Total operating expenses	14 377	14 377	11 448	11 448

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

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

	31.03.2022	31.12.2021
Term deposits with maturity less than 3 months*	85 778	112 649
Legal reserve with the central bank	53 722	57 298
Other receivables from central bank*	3 107 488	3 816 986
Total	3 246 988	3 986 933
*Cash and cash equivalents in the Statement of Cash Flows	3 193 266	3 929 635

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 8 508 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 31 March 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 11 Deposits of Customers, Loans Received and Debt Securities in issue

	Non-financial				31.03.2022
	Individuals	Financial entities	entities	Public sector	
Demand deposits	1 060 275	2 089 337	1 963 912	160 717	5 274 241
Term deposits	36 186	15 567	88 638	22 587	162 978
Accrued interest liability	295	-915	-9	1	-628
Total	1 096 756	2 103 989	2 052 541	183 305	5 436 591

	Non-financial				31.12.2021
	Individuals	Financial entities	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

31.03.2022	TRTLO	Mortgage bonds	Preferred senior bonds	Total loans received and debt securities in issue
Loans received	200 000	249 053	99 666	348 719
Accrued interest liability	-3 039	202	556	758
Total	196 961	249 255	100 222	349 477
31.12.2021	TRTLO	Mortgage bonds	EIF/NIB	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

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 31.03.2022 and 31.12.2021 the amount of loan

received from European Central Bank (TLTRO) was EUR 200 000 thousand.

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:	31.03.2022	31.12.2021
Cash balance of customers	8 186	3 806
Securities of customers	3 523 273	3 599 285
<i>Incl. parent company</i>	221 700	206 700
<i>Incl. shareholders of the parent company and related entities</i>	615 767	660 351
Total	3 531 459	3 603 091

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 2022	21 814	53 334	5 620	605 666	686 434
Liability in the contractual amount as at 31 December 2021	19 919	49 409	1 438	679 579	750 345

General information

Legal name	AS LHV Pank
Commercial Registry no	10539549
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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