

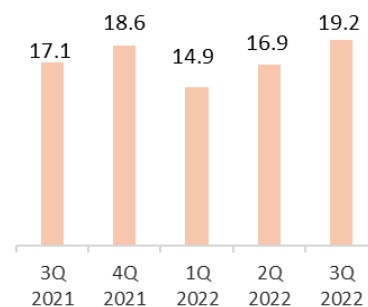
Interim Report January – September 2022

Summary of Results

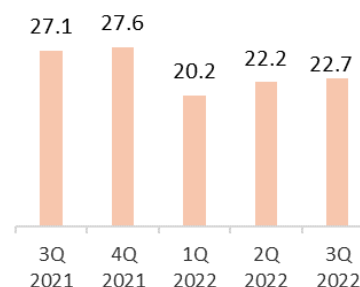
Q3 2022 in comparison with Q2 2022

- Net profit EUR 19.2 m (16.9 m eurot), of which EUR 18.6 m (EUR 16.4 m) is attributable to owners of the parent
- Net income EUR 40.9 m (EUR 35.0 m)
- Operating expenses EUR 16.4 m (EUR 15.6 m)
- Loan and bond provisions EUR 2.2 m (EUR -0.3 m)
- Income tax expenses EUR 3.2 m (EUR 2.8 m)
- Return on equity 22.7% (22.2%)
- Capital adequacy 18.40% (17.78%)

Profit by quarters



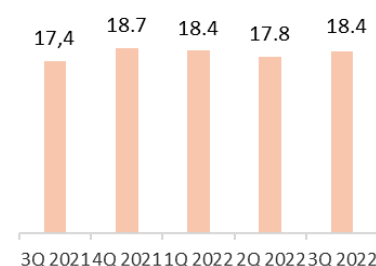
Return on equity



Q3 2022 in comparison with Q3 2021

- Net profit EUR 19.2 m (EUR 17.1 m), of which EUR 18.6 m (EUR 16.4 m) is attributable to owners of the parent
- Net income EUR 40.9 m (EUR 32.7 m)
- Operating expenses EUR 16.4 m (11.7 m)
- Loan and bond provisions EUR 2.2 m (EUR 1.4 m)
- Income tax expenses EUR 3.2 m (EUR 2.7 m)
- Return on equity 22.7% (27.1%)
- Capital adequacy 18.40% (17.39%)

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 clients grew by over 13 800. Client activity levels were at a good level. Deposits decreased by EUR 202 million over the quarter and loans grew by EUR 170 million.

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

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

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

Impairment of loans and bonds amounted to EUR 2.2 million in Q3. Since the macroeconomic environment has changed a great deal since the plans drawn up at the beginning of the year, we made forward-looking model-based and client-specific allowances in September. As a whole, the quality of the bank's

loan portfolio has remained strong and the share of loans past due continues to be low. Impairment provisions therefore also remain much lower than planned.

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

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

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

Financial Summary

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

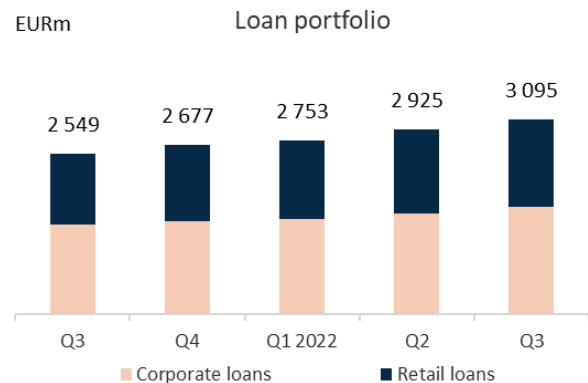
Financial income in Q3 was EUR 0.2 million. LHV Pank assesses 14% advance income tax, the income tax expense on which in Q3 was EUR 3.0 million. Income tax expense on future disbursements of dividends by subsidiaries at the consolidated level was EUR 0.3 million in Q3.

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

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

The growth of net interest income stems from growth of business volumes and the rise in interest rates. The total volume of the bank's loan portfolio reached EUR 3 095 million by quarter's end (Q2 2022: EUR 2 925 million). The volume of the portfolio grew by 6% during the quarter. Total growth of loan volume in Q3 was EUR 170 million (Q2 of 2022: EUR 172 million). The net retail loan

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



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

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

Income statement	Q3	Q2	Quarter	Q3	Year
EUR million	2022	2022	over	2021	over
			quarter		year
Net interest income	31.99	27.23	17%	25.27	27%
Net fee and commission income	8.72	7.64	14%	7.46	17%
Other financial income	0.23	0.08	204%	0.00	NA
Total net operating income	40.94	34.95	17%	32.73	25%
Other income	0.05	0.07	-39%	0.23	-80%
Operating expenses	-16.43	-15.64	5%	-11.69	41%
Loan losses	-2.17	0.34	NA	-1.44	51%
Income tax expenses	-3.21	-2.79	15%	-2.71	18%
Net profit	19.17	16.94	13%	17.11	12%

Business volumes

EUR million	30.09.2022	31.12.2021	Change
Loan portfolio	3 095.0	2 677.2	16%
Financial investments	365.1	127.7	186%
Deposits of customers	5 222.6	5 846.6	-11%
incl. deposits of financial institutions	1 782.0	2 527.1	-29%
Equity (including minority interest)	357.5	280.0	28%
Assets managed by bank	364 484	321 424	13%

Ratios	Q3	Q2	Quarter over quarter	Q3	Year over year
EUR million	2022	2022		2021	
Net profit	19.2	16.9	2.3	17.1	2.1
Net profit attributable to owners of the parent	18.6	16.4	2.2	16.4	2.2
Average equity	327.0	295.5	31.5	241.7	85.3
Return on equity (ROE), %	22.7	22.2	0.5	27.1	-4.4
Return on assets (ROA), %	1.21	1.05	0.16	1.07	0.14
Net interest income	32.0	27.2	4.8	25.3	6.7
Interest-bearing assets, average	6 342.0	6 478.2	-136.2	5 835.3	506.7
Net interest margin (NIM) %	2.02	1.68	0.34	1.64	0.38
Price spread (SPREAD) %	2.00	1.65	0.35	1.62	0.38
Cost/income ratio %	40.1	44.6	-4.5	35.5	4.6

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 138.4% as at the end of September (31 December 2021: 140.6%). In the third quarter, the bank continued reducing high-interest deposits from deposit platforms among funding sources with deposits amounting EUR 0.8 million by the end of quarter. The bank prematurely repaid the loan received from the parent company LHV Group in the amount of EUR 30 million, and LHV Group AS increased the share capital of the bank by the same amount.

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 197.7% (31.12.2021: 245.8%). The Bank recognises cash and bond portfolios as liquidity buffers. These accounted for 50% of the balance sheet (31.12.2021: 60%). The ratio of loans to deposits stood at 59% as at the end of the third quarter (31.12.2021: 46%).

Bank runs every year internal liquidity assessment 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 September were EUR 419.7 million (31.12.2021: 352.8 mln euro).

Bank is adequately capitalized at end of the reporting period, capital adequacy was 18.4% (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 <i>(in thousands of euros)</i>	30.09.2022	31.12.2021
Paid-in share capital	141 500	111 500
Statutory reserves paid in from net profit	8 736	5 648
Accumulated profit/deficit	147 685	91 126
Intangible assets (subtracted)	-2 519	-1 243
Net profit for the reporting period (COREP)	28 144	61 761
Other adjustments	-2 329	-4 028
Total Tier 1 capital	321 217	264 764
Subordinated debt	38 000	38 000
Total Tier 1 capital	359 217	302 764
Subordinated debt	60 500	50 072
Total Tier 2 capital	60 500	50 072
Net own funds for capital adequacy	419 717	352 836
Capital requirements		
Central governments and central bank under standard method	0	0
Credit institutions and investment companies under standard method	13 179	10 390
Companies under standard method	1 408 197	1 141 853
Retail claims under standard method	242 729	221 860
Public sector under standard method	0	6
Housing real estate under standard method	348 133	291 338

Overdue claims under standard methods	9 673	19 331
Particularly high risk exposures	46 618	46 494
Other assets under standard method	32 375	36 016
Total capital requirements for covering the credit risk and counterparty credit risk	2 100 904	1 758 288
Capital requirement against foreign currency risk under standard method	993	3 489
Capital requirement against interest position risk under standard method	0	0
Capital requirement against equity portfolio risks under standard method	2 281	2 079
Capital requirement against credit valuation adjustment risks under standard method	2 888	1 211
Capital requirement for operational risk under base method	173 468	125 728
Total capital requirements for adequacy calculation	2 280 534	1 890 796
Capital adequacy (%)	18.40	18.66
Tier 1 capital ratio (%)	15.75	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	Q3 2022	9M 2022	Q3 2021	9M 2021
Interest income		36 290	102 633	32 014	88 798
Interest expense		-4 296	-17 532	-6 742	-19 456
Net interest income	7	31 994	85 101	25 272	69 342
Fee and commission income		13 228	39 361	12 233	33 902
Fee and commission expense		-4 512	-15 212	-4 771	-13 259
Net fee and commission income	8	8 716	24 149	7 462	20 643
Net gains/losses from financial assets measured at fair value		-84	-1 588	-3	-533
Foreign exchange gains/losses		312	475	-1	139
Net gains from financial assets		228	-1 113	-4	-394
Other income/ Other expense		45	101	230	407
Total other income		45	101	230	470
Staff costs		-8 688	-26 326	-6 245	-19 462
Administrative and other operating expenses		-7 746	-20 121	-5 448	-15 610
Total expenses	9	-16 434	-46 447	-11 693	-35 072
Profit before impairment losses on loans and advances		24 549	61 791	21 267	54 926
Income tax expense		-3 209	-8 270	-2 713	-7 268
Impairment losses on loans and advances		-2 172	-2 566	-1 444	-2 254
Net profit for the reporting period		19 168	50 955	50 955	45 404
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		19 168	50 955	17 110	45 404
Total profit of the reporting period attributable to:					
Owners of the parent		18 576	49 161	16 396	43 674
Non-controlling interest		592	1 795	714	1 730
Total profit for the reporting period		19 168	50 955	17 110	45 404
Total comprehensive income attributable to:					
Owners of the parent		18 576	49 161	16 396	43 674
Non-controlling interest		592	1 795	714	1 730
Total comprehensive income for the reporting period		19 168	50 955	17 110	45 404

Condensed Consolidated Interim Statement of Financial Position

<i>(in thousands of euros)</i>	Note	30.09.2022	31.12.2021
Assets			
Due from central bank	10	2 612 356	3 874 284
Due from credit institutions	10	116 937	106 461
Due from investment companies	10	4 581	6 188
Financial assets at fair value through profit or loss	6	3 236	127 720
Financial assets at amortized cost		361 847	0
Loans and advances to customers	5	3 095 018	2 677 160
Receivables from customers		3 474	2 970
Other financial assets		124	2 236
Other assets		2 293	2 446
Tangible assets		10 659	8 139
Intangible assets		2 519	1 243
Total assets		6 213 044	6 808 847
Liabilities			
Loans received from Central Banks (TRTLO)	11	147 348	197 461
Deposits of customers	11	5 222 558	5 846 602
Loans received and debt securities in issue	11	319 044	349 063
Financial liabilities at fair value through profit or loss		7	157
Accounts payable and other liabilities		67 868	46 616
Subordinated debt		99 008	88 989
Total liabilities		5 855 538	6 528 888
Owner's equity			
Share capital		141 500	111 500
Statutory reserve capital		8 736	5 648
Retained earnings		201 510	156 745
Total equity attributable to owners of the parent		351 746	273 893
Non-controlling interest		5 760	6 066
Total equity		357 506	279 959
Total liabilities and equity		6 213 044	6 808 847

Condensed Consolidated Interim Statement of Cash Flows

<i>(in thousands of euros)</i>	Note	Q3 2022	9M 2022	Q3 2021	9M 2021
Cash flow from operating activities					
Interest received		35 436	101 450	32 070	88 474
Interest paid		-3 184	-15 776	-6 924	-20 350
Fees and commissions received		13 228	39 361	12 233	33 902
Fees and commissions paid		-4 512	-15 212	-4 771	-13 259
Other income		45	101	230	407
Staff costs paid		-8 306	-23 369	-6 152	-17 694
Administrative and other operating expenses paid		-6 683	-16 847	-4 489	-13 435
Income tax		-4 622	-8 688	-2 384	-7 139
Cash flow from operating activities before change in operating assets and liabilities		21 402	61 020	19 813	50 906
Net increase/decrease in operating assets:					
Net acquisition/disposal of trading portfolio		599	-2 865	18	-962
Loans and advances to customers		-172 576	-419 864	-149 129	-342 563
Mandatory reserve at central bank		2 282	6 217	-4 763	-12 808
Security deposits		0	2 112	-55	-117
Other assets		-410	3 265	-197	1 087
Net increase/decrease in operating liabilities:					
Demand deposits of customers		-168 922	-580 174	534 285	1 561 679
Term deposits of customers		-33 862	-45 325	-4 985	-225 848
Repayments of loans received		479	-50 000	-1 989	-4 823
Non-preferred senior bonds		0	0	-40 000	0
Bonds issued		0	0	99 600	99 600
Financial liabilities held for trading at fair value through profit and loss		-284	-150	2	-214
Other liabilities		-83 367	14 704	23 420	53 263
Net cash generated from/used in operating activities		-434 659	-1 011 060	476 020	1 179 200
Cash flow from investing activities					
Purchase of current and non-current assets		-1 746	-6 063	-405	-1 958
Net change of investments at fair value through profit or loss		0	-340 818	-51 912	192 262
Net change of investments at amortized cost		118 310	108 632	0	0
Net cash flow from investing activities		116 564	-238 249	-52 317	190 304
Cash flow from financing activities					
Contribution in share capital		30 000	30 000	0	0
Subordinated loan received		0	15 000	0	0
Repayment of subordinated loan		-30 000	-36 000	0	0
Dividends paid		0	-6 000	0	-6 000
Repayment of principal of lease liabilities		-263	1 007	-425	-691
Net cash from financing activities		-263	1 993	-425	-6 691
Effect of exchange rate changes on cash and cash equivalents		312	475	-1	139
Net decrease/increase in cash and cash equivalents		-318 046	-1 246 841	423 277	1 362 952
Cash and cash equivalents at the beginning of the period		3 000 840	3 929 635	3 291 680	2 352 005
Cash and cash equivalents at the end of the period	10	2 682 794	2 682 794	3 714 957	3 714 957

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
Paid in share capital	30 000	0	0	30 000	0	30 000
Transfer to statutory reserve capital	0	3 088	-3 088	0	0	0
Dividends paid	0	0	-3 900	-3 900	-2 100	-6 000
Share options	0	0	2 592	2 592	0	2 592
<i>Profit for the year</i>	<i>0</i>	<i>0</i>	<i>49 161</i>	<i>49 161</i>	<i>1 795</i>	<i>50 955</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	49 161	49 161	1 795	50 955
Balance as at 30.09.2022	141 500	8 736	201 510	351 746	5 760	357 506

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

30.09.2022	Estonia	Germany	Other EU	USA	UK	Other	Total
Due from banks and investment companies	2 470 155	0	19 656	30 568	213 120	375	2 733 874
Financial assets at fair value	3 236	0	0	0	0	0	3 236
Financial assets at amortized cost	237 535	5 007	119 263	30	4	8	361 847
Loans and advances to customers	3 068 750	573	19 890	696	909	4 200	3 095 018
Receivables from customers	3 474	0	0	0	0	0	3 474
Other financial assets	100	0	0	24	0	0	124
Total financial assets	5 783 250	5 580	158 809	31 318	214 033	4 583	6 197 573
Loans received from Central Banks (TRTLO)	147 348	0	0	0	0	0	147 348
Deposits of customers	3 647 283	43 559	854 536	32 742	603 358	41 080	5 222 558
Loans received and debt securities in issue	319 044	0	0	0	0	0	319 044
Subordinated debt	99 008	0	0	0	0	0	99 008
Financial liabilities at fair value	7	0	0	0	0	0	7
Accounts payable and other financial liabilities	60 742	0	0	0	0	0	60 742
Total financial liabilities	4 273 432	43 559	854 536	32 742	603 358	41 080	5 848 707

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

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

30.09.2022	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities by contractual maturity dates						
Loans received from Central Banks (TRTLO)	0	0	0	150 000	0	150 000
Deposits from customers and loans received	5 108 577	49 603	58 579	5 826	0	5 222 585
Loans received and debt securities in issue	0	0	953	320 209	0	321 162
Subordinated debt	0	1 908	5 714	108 978	0	116 600
Accounts payable and other financial liabilities	0	60 742	0	0	0	60 742
Unused loan commitments	0	674 711	0	0	0	674 711
Financial guarantees by contractual amounts	0	53 334	0	0	0	53 334
Foreign exchange derivatives (gross settled)	0	158 410	0	0	0	158 410
Financial liabilities at fair value	0	7	0	0	0	7
Total liabilities	5 108 577	840 305	65 246	585 013	0	6 757 551
Financial assets by contractual maturity dates						
Due from banks and investment companies	2 733 874	0	0	0	0	2 733 874
Financial assets at fair value (debt securities)	0	95	236 267	125 575		361 937
Loans and advances to customers	0	212 867	469 611	1 933 565	1 170 746	3 786 789
Receivables from customers	0	3 474	0	0	0	3 474
Foreign exchange derivatives (gross settled)	0	158 410	0	0	0	158 410
Other financial assets	124	0	0	0	0	124
Total financial assets	2 733 998	374 846	705 878	2 059 140	1 170 746	7 044 608
Maturity gap from financial assets and liabilities	-2 374 579	-465 459	640 632	1 474 127	1 170 746	287 057

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

30.09.2022	EUR	CHF	GBP	SEK	USD	Other	Total
Assets bearing currency risk							
Due from banks and investment companies	2 478 656	1 786	222 980	4 531	18 477	7 444	2 733 874
Financial assets at fair value and amortized cost	362 210	0	3	1	37	2 832	365 083
Loans and advances to customers	3 086 383	75	193	515	7 600	251	3 095 018
Receivables from customers	-476	4	-1 123	55	4 011	1 001	3 474
Other financial assets	124	0	0	0	0	0	124
Total assets bearing currency risk	5 926 898	1 866	222 054	5 102	30 125	11 528	6 197 573
Liabilities bearing currency risk							
Loans received from Central Banks (TRTLO)	147 348	0	0	0	0	0	147 348
Deposits from customers	4 808 530	5 889	219 364	12 841	165 226	10 708	5 222 558
Loans received and debt securities in issue	319 044	0	0	0	0	0	319 044
Swaps	7	0	0	0	0	0	7
Accounts payable and other financial liabilities	43 625	56	2 770	774	12 113	1 404	60 742
Subordinated debt	99 008	0	0	0	0	0	99 008
Total liabilities bearing currency risk	5 417 562	5 945	222 134	13 615	177 339	12 111	5 848 707
Open gross position derivative assets at contractual value	0	4 183	0	8 742	143 557	1 928	158 410
Open gross position derivative liabilities at contractual value	158 410	0	0	0	0	0	158 410
Open foreign currency position	350 926	103	-80	230	-3 657	1 345	348 866

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
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

30.09.2022	Stage 1	Stage 2	Stage 3	Provision	Total	%
Individuals	1 080 269	108 060	5 557	-2 209	1 191 678	38,5%
Agriculture	64 096	3 554	0	-185	67 465	2,2%
Mining and Quarrying	1 141	584	135	-54	1 806	0,1%
Manufacturing	130 283	22 547	204	-1 831	151 203	4,9%
Energy	89 493	1 446	0	-528	90 411	2,9%
Water and Utilities	29 678	116	0	-302	29 492	1,0%
Construction	95 666	5 400	118	-1 707	99 478	3,2%
Wholesale and retail	147 538	8 364	681	-875	155 709	5,0%
Transport and logistics	14 100	9 627	2	-693	23 036	0,7%
Hotels and Restaurants	7 242	24 893	188	-1 821	30 502	1,0%
Information and communication	12 547	1 086	1	-28	13 606	0,4%
Financial services	121 488	210	0	-622	121 076	3,9%
Real estate	722 811	47 552	1 617	-3 065	768 915	24,8%
Professional, scientific and technical activities	74 683	8 126	45	-197	82 657	2,7%
Administrative activities	112 352	4 118	35	-3 317	113 187	3,7%
Public management	79 649	0	0	-129	79 520	2,6%
Education	5 154	614	0	-313	5 455	0,2%
Health	11 120	623	0	-74	11 669	0,4%
Art and entertainment	28 692	23 667	15	-2 553	49 821	1,6%
Other servicing activities	7 091	1 262	12	-35	8 331	0,3%
Total	2 835 093	271 852	8 610	-20 537		
Provision	-11 109	-7 862	-1 566			
Total loan portfolio	2 823 984	263 990	7 044		3 095 018	100%

31.12.2021	Stage 1	Stage 2	Stage 3	Provision	Total	%
Individuals	886 127	114 863	11 328	-2 392	1 009 926	37,7%
Agriculture	63 843	4 809	21	-214	68 459	3,1%
Mining and Quarrying	923	1 114	0	-18	2 019	0,1%
Manufacturing	125 985	26 328	255	-930	151 638	6,9%
Energy	57 403	1 729	0	-627	58 505	2,6%
Water and 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 30.09.2022 EUR 5 824 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	30.09.2021	Level 1	Level 2	Level 3	31.12.2021
Financial assets at fair value through profit and loss								
Shares and fund units	406	0	0	406	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	0	0	0	0	127 349	0	0	127 349
Interest rate swaps and foreign exchange forwards	0	2 830	0	2 830	0	4	0	4
Total financial assets	406	2 830	0	3 236	127 716	4	0	127 720
Financial liabilities at fair value through profit and loss								
Interest rate swaps and foreign exchange forwards	0	7	0	7	0	157	0	157
Total financial liabilities	0	7	0	7	0	157	0	157

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 30 September 2022 and 31 December 2021. In determining the fair value of loans, considerable management judgements are used (discounted cash flow method with current market interest is used for the valuation). Loans issued are thus categorised under hierarchy level 3.

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 2017-2022. 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	Q3 2022	9M 2022	Q3 2021	9M 2021
Business loans	19 503	54 684	15 580	44 263
including loans between related parties	17	51	15	39
Hire purchase	852	2 467	864	2 613
Leasing	1 563	4 444	1 558	4 493
including loans between related parties	2	7	1	4
Leverage loans and lending of securities	401	1 264	482	1 266
Bonds	-112	-460	-53	-248
Creditcard loans	214	608	207	644
Consumer loans	2 551	6 854	2 084	6 176
Mortgage loans	6 956	18 673	5 230	15 251
including loans between related parties	12	34	9	26
Balances with credit institutions and investment companies	1 146	2 080	78	195
Balances with the central bank	778	1 766	1 289	1 772
Private loans	607	1 729	588	1 711
Other loans	1 831	8 524	4 107	10 662
including loans between related parties	2	5	2	6
Total	36 290	102 633	32 014	88 798
Interest expense				
Deposits of customers and loans received	-1 202	-3 425	-1 268	-4 057
Balances with the central bank	-929	-7 661	-3 577	-9 862
Subordinated liabilities	-2 165	-6 446	-1 897	-5 537
Total	-4 296	-17 532	-6 742	-19 456
Net interest income	31 994	85 101	25 272	69 342

Interest income on loans by customer location

(interest on bank balances and bonds excluded):	Q3 2022	9M 2022	Q3 2021	9M 2021
Estonia	34 478	99 247	30 700	87 079
Total	34 478	99 247	30 700	87 079

NOTE 8 Net Fee and Commission Income

Fee and commission income	Q3 2022	9M 2022	Q3 2021	9M 2021
Security brokerage and commissions paid	935	3 380	1 140	3 810
Asset management and similar fees	1 469	4 283	1 184	3 337
Currency conversion revenues	1 954	6 459	2 337	6 261
Fees from cards and payments	6 554	19 373	6 362	16 904
Other fee and commission income	2 316	5 866	1 210	3 590
Total	13 228	39 361	12 233	33 902
Fee and commission expense				
Security brokerage and commissions paid	-590	-1 827	-534	-1 353
Expenses related to cards	-972	-4 591	-1 614	-4 580
Expenses related to acquiring	-1 933	-5 413	-1 821	-5 187
Other fee and commission income	-1 017	-3 381	-802	-2 139
Total	-4 512	-15 212	-4 771	-13 259
Net fee and commission income	8 716	24 149	7 462	20 643

Fee and commission income by customer location:	Q3 2022	9M 2022	Q3 2021	9M 2021
Estonia	11 476	33 769	10 597	28 486
United Kingdom	1 752	5 592	1 636	5 416
Total	13 228	39 361	12 233	33 902

NOTE 9 Operating Expenses

	Q3 2022	9M 2022	Q3 2021	9M 2021
Wages, salaries and bonuses	6 502	20 126	4 633	14 797
Social security and other taxes*	2 186	6 200	1 612	4 665
Total personnel expenses	8 688	26 326	6 245	19 462
IT expenses	1 277	3 682	1 008	2 770
Information services and bank services	371	983	295	951
Marketing expenses	411	1 669	526	1 292
Office expenses	317	912	182	555
Transportation and communication expenses	117	358	75	196
Staff training and business trip expenses	261	765	124	217
Other outsourced services	1 274	3 997	853	2 400
Other administrative expenses	2 603	4 683	1 513	4 826
Depreciation of non-current assets	800	2 268	532	1 483
Operational lease payments	93	202	117	515
Other operating expenses	222	602	223	405
Total other operating expenses	7 746	20 121	5 448	15 610
Total operating expenses	16 434	46 447	11 693	35 072

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

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

	30.09.2022	31.12.2021
Term deposits with maturity less than 3 months*	121 518	112 649
Legal reserve with the central bank	51 080	57 298
Other receivables from central bank*	2 561 276	3 816 986
Total	2 733 874	3 986 933
*Cash and cash equivalents in the Statement of Cash Flows	2 682 794	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 4 581 thousand (31 December 2021: EUR 6 188 thousand). All other demand and term deposits are held with credit institutions and the central bank.

The minimum reserve requirement as at 30 September 2022 was 1% (31 December 2021: 1%) of all financial resources (customer deposits and loans received). The reserve requirement is to be fulfilled as a monthly average in euros or in the foreign financial assets approved by the central bank.

NOTE 11 Deposits of Customers, Loans Received and Debt Securities in issue

	Individuals	Financial entities	Non-financial		30.09.2022
			entities	Public sector	
Demand deposits	1 103 421	1 776 608	2 152 018	76 354	5 108 401
Term deposits	30 677	5 516	57 677	20 087	113 957
Accrued interest liability	300	-132	28	4	200
Total	1 134 398	1 781 992	2 209 723	96 445	5 222 558

	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

30.09.2022	TRTLO	Mortgage bonds	Preferred senior bonds	Total loans received and debt securities in issue
Loans received	150 000	249 201	68 736	317 937
Accrued interest liability	-2 652	327	780	1 107
Total	147 348	249 528	69 516	319 044
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

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. During the reporting period, LHV Bank returned the loan received from the European Central Bank in the amount of 50 000 thousand euros.

As of 30.09.2022 the amount of loan received from European Central Bank (TLTRO) was EUR 150 000 (31.12.2021: 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:	30.09.2022	31.12.2021
Cash balance of customers	12 864	3 806
Securities of customers	3 151 258	3 599 285
<i>Incl. parent company</i>	217 267	206 700
<i>Incl. shareholders of the parent company and related entities</i>	503 195	660 351
Total	3 164 122	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 30 September 2022	31 677	51 803	8 676	674 711	766 867
Liability in the contractual amount as at 31 December 2021	19 919	49 409	1 438	679 579	750 345

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