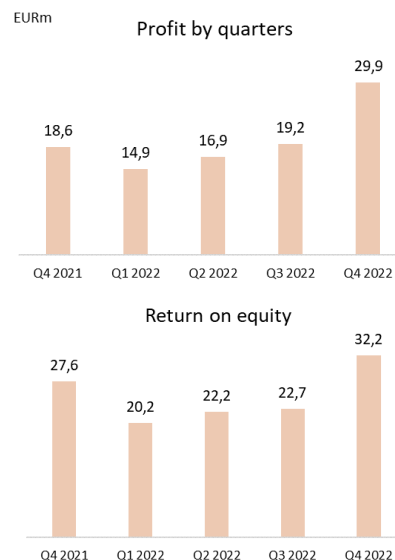


Interim Report January – December 2022

Summary of Results

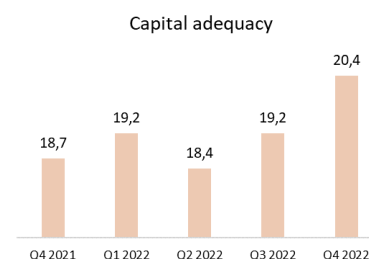
Q4 2022 in comparison with Q3 2022

- Net profit EUR 29.9 m (19.2 m eurot), of which EUR 29.5 m (EUR 18.6 m) is attributable to owners of the parent
- Net income EUR 53.4 m (EUR 40.9 m)
- Operating expenses EUR 18.1 m (EUR 16.4 m)
- Loan and bond provisions EUR 0.4 m (EUR 2.2 m)
- Income tax expenses EUR 5.0 m (EUR 3.2 m)
- Return on equity 32.2% (22.7%)
- Capital adequacy 20.4% (19.2%)



Q4 2022 in comparison with Q4 2021

- Net profit EUR 29.9 m (EUR 18.6 m), of which EUR 29.5 m (EUR 18.1 m) is attributable to owners of the parent
- Net income EUR 53.4 m (EUR 37.7 m)
- Operating expenses EUR 18.1 m (14.3 m)
- Loan and bond provisions EUR 0.4 m (EUR 1.7 m)
- Income tax expenses EUR 5.0 m (EUR 3.3 m)
- Return on equity 32.2% (27.6%)
- Capital adequacy 20.4% (18.7%)



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

Table of Contents

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

Business activities

During the quarter, the number of the bank's clients grew by 13 400. The activity of the bank's clients remained high. Deposits decreased by EUR 266 million over the quarter; loans increased by EUR 92 million.

Deposits of ordinary clients decreased by EUR 25 million and deposits of financial intermediaries decreased by EUR 241 million. The inflationary economic environment has significantly changed the dynamics governing deposits. Ordinary clients' deposits did decrease somewhat but the contraction was proportionally less than for the market in general. The deposit buffers of both individuals' and companies have started decreasing, but the downturn is milder than for the market as a whole, thanks to active additions of new clients. Financial intermediaries with larger deposits have been impacted by the more conservative activity on the market, volatility is down, but clients do diversify their holdings between different banks.

Loans to companies grew by EUR 34 million and retail loans increased by EUR 58 million. The growth in the loan portfolio was more modest than in past quarters, but larger than planned in terms of the year as a whole – corporate loans had already met the annual target by the end of Q3, and the growth of the retail loan portfolio is driven by home loans, which fulfilled the goal with room to spare. As of the end of the year, the loan portfolio grew EUR 90 million more than planned. Since the autumn, high inflation and energy prices have dented consumer confidence, which had a significant effect on loan demand in the last quarter of the year. The uncertainty has resulted in companies putting investment projects on hold and individuals doing the same with real estate purchases.

Net profit for the quarter was EUR 30 million. The strong result for Q4 was influenced by interest income growing due to greater loan volumes, but a significant influence also came from interest income earned on deposits held at the central bank due to higher central bank rates as well as on loan agreements due to the rise in the Euribor. Due to higher interest income and lower impairment, net profit outstripped the planned target by EUR 10.5 million by year's end. Income from service fees fell short of the plan, the reason being more modest increases in business volumes in payment services and currency exchange.

Loan impairments amounted to EUR 0.4 million in Q4. As the macroeconomic environment has significantly changed compared to plans made at the start of the year, in Q4 we made both forward-looking model-based write-downs and ones in connection with specific clients. As a whole, the quality of the bank's loan portfolio has remained strong and the share of loans in arrears is still very low. For that reason, impairments were much lower than planned.

Although the rise in the Euribor rate has a positive influence on the bank's revenue base, caution is in order in the new macroeconomic environment. The very high and rapid price rise in the autumn has slowed but the price level is expected to remain high. In addition, higher Euribor levels have shown up in loan agreements and this has increased clients' loan payments. In aggregate, the business community and consumers must factor in significantly higher costs, which have an influence on consumers' financial security and the health of companies. The business community are adapting but the planned energy performance investments will not bring quick relief and the greater expense in the form of input prices cannot always be passed on in whole to clients. The industrial sector is impacted the most, and layoffs have taken place here. At the moment, unemployment remains acceptable, and this is the best protection for individuals' loan portfolio.

The international banking periodical *The Banker* chose LHV as the best bank in Estonia for the fourth time. And in a study conducted by the CVKeskus.ee online job site for the 11th consecutive year, employees and contractors chose LHV Pank as the most appealing employer in Estonia for 2022.

In early 2023, a new investment banking unit aimed at serving corporate clients launched operations in LHV companies' banking business area. The department will be headed by Mihkel Torim and Maire Gustavson, Sten Hans Jakobsoo and Hermann Eensaar also joined the LHV team. Before coming to LHV, Torim headed investment banking at Swedbank Baltic and before that also was the director of the corresponding unit in Finland. The team has broad-based experience in M&A advisory, strategic advisory and capital market transactions.

Financial Summary

Q4 was successful in terms of business volumes, income and net profit. In Q4, LHV Pank earned net interest income of EUR 44.4 million and EUR 8.3 million in net service fee income. Financial income amounted to EUR 0.7 million in Q4. In total, the Bank's income was EUR 53.4 million and expenses were EUR 18.1 million. Net income rose by 41% and expenses increased by 27% over the year. Provisions for loans and bonds were EUR 0.4 million. The share of arrears in the loan portfolio continues to be low, but we made forward-looking and customer-specific allowances. We are keeping a very close eye on developments in the credit portfolio.

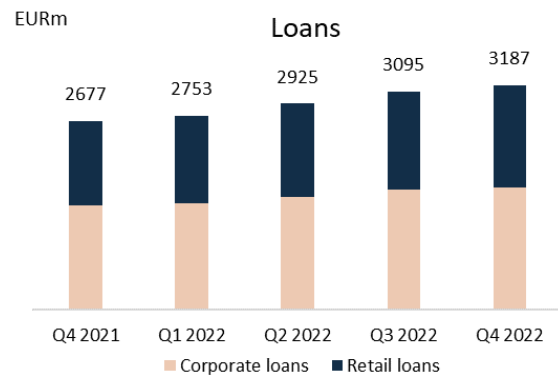
LHV Pank calculates a 14% advance income tax, the tax expense on which was EUR 4.7 million in Q4. Income tax expense on future disbursements of dividends by subsidiaries at the consolidated level was EUR 0.3 million in Q3.

The Bank's Q4 profit was EUR 29.9 million, which is 56% more than in the previous quarter (EUR 19.2 million) and 60% more than in Q4 2021 (EUR 18.6 million).

Of the various categories of service fee income, income from settlements and currency exchange along with income from cards and payment acceptance contributed the largest amount.

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 3 187 million by Q4 end (Q3 2022: EUR 3 095 million). The volume of the portfolio grew by 3% during the quarter. The total growth of loan volume in Q4 was EUR 92 million (Q3 2022: EUR 170 million). The net retail loan portfolio

grew by 4% during the quarter, reaching EUR 1 456 million (Q3 2022: EUR 1 398 million). The net corporate loan portfolio grew by 2% during the quarter, reaching EUR 1 731 million (Q3 2022: EUR 1 697 million).



The volume of deposits at the Bank decreased by EUR 266 million from the previous quarter and stood at EUR 4 957 million (Q3 2022: EUR 5 223 million) at the end of the quarter. The volume of payment intermediaries' deposits dropped by EUR 241 million during the quarter. Of the deposits, EUR 4 699 million were demand deposits and EUR 257 million were term deposits. The volume of individuals' deposits was EUR 1 129 million as at the end of the quarter, having decreased by 0,5% since the previous quarter.

The Bank's expense-income ratio in Q4 was 33.9%, decreasing by 3.8 percentage points from Q4 2021 (37.7%).

Income statement	Q4	Q3	Quarter	Q4	Year
EUR million	2022	2022	over	2021	over
			quarter		year
Net interest income	44.39	31.99	39%	28.32	57%
Net fee and commission income	8.26	8.72	-5%	10.53	-22%
Other financial income	0.69	0.23	203%	-1.15	NA
Total net operating income	53.34	40.94	30%	37.70	41%
Other income	0.10	0.05	122%	0.19	-47%
Operating expenses	-18.10	-16.43	10%	-14.27	27%
Loan losses	-0.43	-2.17	-80%	-1.69	-75%
Income tax expenses	-4.99	-3.21	56%	-3.29	52%
Net profit	29.92	19.17	56%	18.64	61%

Business volumes

EUR million	31.12.2022	31.12.2021	Change
Loan portfolio	3 187.0	2 677.2	19%
Financial investments	364.6	127.7	185%
Deposits of customers	4 956.9	5 846.6	-15%
incl. deposits of financial institutions	1 556.8	2 527.1	-38%
Equity (including minority interest)	388.2	280.0	39%
Number of bank customers	377 949	321 424	18%

Ratios	Q4	Q3	Quarter over quarter	Q4	Year over year
EUR million	2022	2022		2021	
Net profit	29.9	19.2	10.7	18.6	11.3
Net profit attributable to owners of the parent	29.5	18.6	10.9	18.1	11.4
Average equity	366.9	327.0	39.9	262.0	104.9
Return on equity (ROE), %	32.2	22.7	9.5	27.6	4.6
Return on assets (ROA), %	1.95	1.21	0.74	1.12	0.83
Net interest income	44.4	32.0	12.4	28.3	16.1
Interest-bearing assets, average	6 125.4	6 342.0	-216.6	6 633.2	-507.8
Net interest margin (NIM) %	2.9	2.02	0.88	1.71	1.19
Price spread (SPREAD) %	2.9	2.00	0.9	1.68	1.22
Cost/income ratio %	33.9	40.1	-6.2	37.7	-3.8

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 135.6% as at the end of December (31 December 2021: 140.6%). In the fourth quarter, the bank continued reducing high-interest deposits from deposit platforms among funding sources with deposits amounting EUR 0.5 million by the end of quarter. In the fourth quarter, the bank issued bonds in the total amount of 80 thousand euros.

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 219.3% (31.12.2021: 245.8%). The Bank recognises cash and bond portfolios as liquidity buffers. These accounted for 47% of the balance sheet (31.12.2021: 60%). The ratio of loans to deposits stood at 64% 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 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 December were EUR 451.7 million (31.12.2021: 352.8 mln eurot).

Bank is adequately capitalized at end of the reporting period, capital adequacy was 20.38% (31.12.2021: 18.66%), calculated according to CRR IV directive. Banks capital adequacy exceeds internal capital targets, which is 18.9%.

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)	31.12.2022	31.12.2021
Paid-in share capital	141 500	111 500
Legal reserves transferred from net profit	8 736	5 648
Accumulated profit	147 685	91 126
Intangible assets (subtracted)	-2 881	-1 243
Net profit for the reporting period (COREP)	43 966	61 761
Deductions	-759	-4 028
Total Tier 1 capital	338 247	264 764
Subordinated debt	53 000	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	451 747	352 836
Capital requirements		
Central governments and central bank under standard method	0	0
Credit institutions and investment companies under standard method	11 355	10 390
Companies under standard method	1 202 058	1 141 853
Retail claims under standard method	218 342	221 860
Public sector under standard method	0	6
Housing real estate under standard method	506 767	291 338
Overdue claims under standard methods	8 004	19 331

Particularly high risk exposures	47 032	46 494
Other assets under standard method	39 247	36 016
Total capital requirements for covering the credit risk and counterparty credit risk	2 032 805	1 758 288
Capital requirement against foreign currency risk under standard method	7 167	3 489
Capital requirement against interest position risk under standard method	0	0
Capital requirement against equity portfolio risks under standard method	740	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	2 216 408	1 890 796
Capital adequacy (%)	20.38	18.66
Tier 1 capital ratio (%)	17.65	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	Q4 2022	12M 2022	Q4 2021	12M 2021
Interest income		49 535	152 168	35 839	124 637
Interest expense		-5 147	-22 679	-7 517	-26 973
Net interest income	7	44 388	129 489	28 322	97 664
Fee and commission income		13 528	52 889	14 809	48 711
Fee and commission expense		-5 269	-20 481	-4 279	-17 538
Net fee and commission income	8	8 259	32 408	10 530	31 173
Net gains/losses from financial assets measured at fair value		-241	-1 829	-1 012	-1 515
Foreign exchange gains/losses		932	1 407	-135	-26
Net gains from financial assets		691	-422	-1 147	-1 541
Other income		98	199	192	599
Total other income		98	199	192	599
Staff costs		-9 803	-36 129	-7 259	-26 721
Administrative and other operating expenses		-8 295	-28 416	-7 009	-22 619
Total expenses	9	-18 098	-64 545	-14 268	-49 340
Profit before impairment losses on loans and advances		35 338	97 129	23 629	78 555
Income tax expense		-4 990	-13 260	-3 289	-10 557
Impairment losses on loans and bonds		-430	-2 996	-1 694	-3 948
Net profit for the reporting period		29 918	80 873	80 873	64 050
Total profit and other comprehensive income for the reporting period		29 918	80 873	18 646	64 050
Total profit of the reporting period attributable to:					
Owners of the parent		29 497	78 658	18 086	61 759
Non-controlling interest		421	2 215	560	2 291
Total profit for the reporting period		29 918	80 873	18 646	64 050
Total comprehensive income attributable to:					
Owners of the parent		29 497	78 658	18 086	61 759
Non-controlling interest		421	2 215	560	2 291
Total comprehensive income for the reporting period		29 918	80 873	18 646	64 050

Condensed Consolidated Interim Statement of Financial Position

<i>(in thousands of euros)</i>	Note	31.12.2022	31.12.2021
Assets			
Due from central bank	10	2 390 964	3 874 284
Due from credit institutions	10	84 885	106 461
Due from investment companies	10	3 391	6 188
Financial assets at fair value through profit or loss	6	407	127 720
Financial assets measured at amortised cost	6	364 230	0
Loans and advances to customers	5	3 186 989	2 677 160
Receivables from customers		9 253	2 970
Other financial assets		124	2 236
Other assets		2 866	2 446
Tangible assets		10 960	8 139
Intangible assets		2 881	1 243
Total assets		6 056 950	6 808 847
Liabilities			
Loans received from Central Banks (TLTRO)	11	147 841	197 461
Deposits of customers	11	4 956 931	5 846 602
Loans received and debt securities in issue	11	384 149	349 063
Financial liabilities at fair value through profit or loss	6	3 850	157
Accounts payable and other liabilities		61 901	46 616
Subordinated debt		114 056	88 989
Total liabilities		5 668 728	6 528 888
Owner's equity			
Share capital		141 500	111 500
Statutory reserve capital		8 736	5 648
Retained earnings		231 805	156 745
Total equity attributable to owners of the parent		382 041	273 893
Non-controlling interest		6 181	6 066
Total equity		388 222	279 959
Total liabilities and equity		6 056 950	6 808 847

Condensed Consolidated Interim Statement of Cash Flows

<i>(in thousands of euros)</i>	Note	Q4 2022	12M 2022	Q4 2021	12M 2021
Cash flow from operating activities					
Interest received		47 542	148 992	36 214	124 688
Interest paid		-4 769	-20 545	-9 189	-29 539
Fees and commissions received		13 528	52 889	14 809	48 711
Fees and commissions paid		-5 269	-20 481	-4 279	-17 538
Other income		98	199	192	599
Staff costs paid		-8 711	-32 080	-6 487	-24 181
Administrative and other operating expenses paid		-7 055	-23 902	-5 751	-19 186
Income tax		-2 951	-11 639	-2 417	-9 556
Cash flow from operating activities before change in operating assets and liabilities		32 413	93 433	23 092	73 998
Net increase/decrease in operating assets:					
Net acquisition/disposal of trading portfolio		2 830	-35	822	-140
Loans and advances to customers		-98 390	-518 254	-132 555	-475 118
Mandatory reserve at central bank		2 392	8 609	-3 237	-16 045
Security deposits		0	2 112	-47	-164
Other assets		1 609	4 874	1 499	2 586
Net increase/decrease in operating liabilities:					
Demand deposits of customers		-409 144	-989 318	470 069	2 031 748
Term deposits of customers		143 020	97 695	-98 171	-324 019
Repayments of loans received		784	-49 216	-16 941	-21 764
Non-preferred senior bonds		0	0	0	40 000
Non-preferred senior bonds redeemed		0	0	0	-40 000
Bonds issued		65 000	65 000	33	99 633
Bonds redeemed		0	-31 000	0	0
Financial liabilities at fair value through profit and loss		3 843	3 693	150	-64
Other liabilities		-8 007	6 697	-33 166	20 097
Net cash generated from/used in operating activities		-263 650	-1 305 710	211 548	1 390 748
Cash flow from investing activities					
Purchase of current and non-current assets		-1 485	-7 548	-2 715	-4 673
Net change of investments		-2 624	-234 810	1 573	193 835
Net cash flow from investing activities		-4 109	-242 358	-1 142	189 162
Cash flow from financing activities					
Contribution in share capital		0	30 000	5 000	5 000
Subordinated loan received		15 000	30 000	0	0
Repayment of subordinated loan		0	-5 000	0	0
Dividends paid		0	-6 000	0	-6 000
Repayment of principal of lease liabilities		-416	-1 423	-563	-1 254
Net cash from financing activities		14 584	47 577	4 437	-2 254
Effect of exchange rate changes on cash and cash equivalents		932	1 407	-165	-26
Net decrease/increase in cash and cash equivalents		-252 243	-1 499 084	214 678	1 577 630
Cash and cash equivalents at the beginning of the period		2 682 794	3 929 635	3 714 957	2 352 005
Cash and cash equivalents at the end of the period	10	2 430 551	2 430 551	3 929 635	3 929 635

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>
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	3 390	3 390	0	3 390
<i>Profit for the year</i>	<i>0</i>	<i>0</i>	<i>78 658</i>	<i>78 658</i>	<i>2 215</i>	<i>80 873</i>
Total profit and other comprehensive income for the reporting period	0	0	78 658	78 658	2 215	80 873
Balance as at 31.12.2022	141 500	8 736	231 805	382 041	6 181	388 222

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 in 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

31.12.2022	Estonia	Germany	Other EU	USA	UK	Other	Total
Due from banks and investment companies	1 935 474	0	329 496	24 727	189 442	101	2 479 240
Financial assets at fair value	62	7	308	21	3	6	407
Financial assets at amortized cost	236 130	4 966	123 134	0	0	0	364 230
Loans and advances to customers	3 162 295	612	17 867	622	900	4 693	3 186 989
Receivables from customers	9 253	0	0	0	0	0	9 253
Other financial assets	24	0	0	100	0	0	124
Total financial assets	5 343 238	5 585	470 805	25 470	190 345	4 800	6 040 243
Loans received from Central Banks (TLTRO)	147 841	0	0	0	0	0	147 841
Deposits of customers	3 656 847	5 292	794 101	14 891	452 415	33 385	4 956 931
Loans received and debt securities in issue	384 149	0	0	0	0	0	384 149
Subordinated debt	114 056	0	0	0	0	0	114 056
Financial liabilities at fair value	3 850	0	0	0	0	0	3 850
Accounts payable and other financial liabilities	54 838	0	0	0	0	0	54 838
Total financial liabilities	4 361 581	5 292	794 101	14 891	452 415	33 385	5 661 665

Unused loan commitments in the amount of EUR 601 093 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 (TLTRO)	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

31.12.2022	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 (TLTRO)	0	0	0	150 082	0	150 082
Deposits from customers and loans received	4 699 726	95 807	143 740	18 082	0	4 957 355
Loans received and debt securities in issue	0	0	6 790	396 890	0	403 680
Subordinated debt	0	2 311	16 932	118 843	0	138 086
Accounts payable and other financial liabilities	0	54 838	0	0	0	54 838
Unused loan commitments	0	601 093	0	0	0	601 093
Financial guarantees by contractual amounts	0	52 577	0	0	0	52 577
Foreign exchange derivatives (gross settled)	0	171 694	0	0	0	171 694
Financial liabilities at fair value	0	3 850	0	0	0	3 850
Total liabilities	4 699 726	810 476	167 462	683 897	0	6 533 255
Financial assets by contractual maturity dates						
Due from banks and investment companies	2 479 240	0	0	0	0	2 479 240
Financial assets at fair value (debt securities)	0	236 130	4 966	123 225		364 321
Loans and advances to customers	0	186 547	487 298	2 095 373	1 258 430	4 027 648
Receivables from customers	0	9 253	0	0	0	9 253
Foreign exchange derivatives (gross settled)	0	171 694	0	0	0	171 694
Other financial assets	124	0	0	0	0	124
Total financial assets	2 479 364	603 624	492 264	2 218 598	1 258 430	7 052 280
Maturity gap from financial assets and liabilities	-2 220 362	-206 852	324 802	1 534 701	1 258 430	519 025

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 (TLTRO)	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

31.12.2022	EUR	CHF	GBP	SEK	USD	Other	Total
Assets bearing currency risk							
Due from banks and investment companies	2 252 513	1 466	197 147	2 538	17 806	7 769	2 479 240
Financial assets at fair value and amortized cost	364 567	0	2	1	26	42	364 637
Loans and advances to customers	3 180 990	74	232	385	5 068	241	3 186 989
Receivables from customers	14 099	5	751	241	-4 512	-1 330	9 253
Other financial assets	124	0	0	0	0	0	124
Total assets bearing currency risk	5 812 293	1 545	198 132	3 164	18 388	6 721	6 040 243
Liabilities bearing currency risk							
Loans received from Central Banks (TLTRO)	147 841	0	0	0	0	0	147 841
Deposits from customers	4 590 049	5 323	193 442	10 968	148 058	9 089	4 956 931
Loans received and debt securities in issue	384 149	0	0	0	0	0	384 149
Swaps	0	0	0	0	3 849	1	3 850
Accounts payable and other financial liabilities	41 563	19	4 006	172	8 987	91	54 838
Subordinated debt	114 056	0	0	0	0	0	114 056
Total liabilities bearing currency risk	5 277 658	5 343	197 448	11 140	160 895	9 181	5 661 665
Open gross position derivative assets at contractual value	9 403	3 757	0	8 001	148 162	2 371	171 694
Open gross position derivative liabilities at contractual value	162 291	0	0	0	9 403	0	171 694
Open foreign currency position	381 747	-40	684	25	-3 748	-89	378 578

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 (TLTRO)	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

31.12.2022	Stage 1	Stage 2	Stage 3	Provision	Total	%
Individuals	1 127 635	115 433	5 446	-3 156	1 245 358	39.1%
Agriculture	76 817	2 743	0	-112	79 448	2.5%
Mining and Quarrying	1 039	519	122	-50	1 630	0.1%
Manufacturing	126 670	28 626	81	-1 308	154 069	4.8%
Energy	92 186	1 305	0	-321	93 170	2.9%
Water and Utilities	29 314	90	0	-275	29 129	0.9%
Construction	104 812	5 243	58	-1 712	108 401	3.4%
Wholesale and retail	142 811	6 599	69	-919	148 560	4.7%
Transport and logistics	15 198	10 323	1	-691	24 831	0.8%
Hotels and Restaurants	8 775	23 446	43	-1 522	30 742	1.0%
Information and communication	11 330	3 004	1	-34	14 301	0.4%
Financial services	119 435	9 337	0	-822	127 950	4.0%
Real estate	744 928	34 577	1 558	-3 233	777 830	24.4%
Professional, scientific and technical activities	68 002	7 313	30	-171	75 174	2.4%
Administrative activities	115 072	4 563	32	-3 116	116 551	3.7%
Public management	79 272	0	0	-127	79 145	2.5%
Education	5 151	596	0	-302	5 445	0.2%
Health	11 077	541	0	-76	11 542	0.4%
Art and entertainment	27 619	30 225	15	-2 588	55 271	1.7%
Other servicing activities	6 970	1 503	11	-42	8 442	0.3%
Total	2 914 113	285 986	7 467	-20 577		
Provision	-10 874	-7 632	-2 071			
Total loan portfolio	2 903 239	278 354	5 396		3 186 989	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 31.12.2022 EUR 7 570 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	31.12.2021	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
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	40	0	40	0	4	0	4
Total financial assets	367	40	0	407	127 716	4	0	127 720
Financial liabilities at fair value through profit and loss								
Interest rate swaps and foreign exchange forwards	0	3 850	0	3 850	0	157	0	157
Total financial liabilities	0	3 850	0	3 850	0	157	0	157

As of December 31, 2022, the liquidity portfolio in the amount of EUR 364 230 thousand is reflected in the amortised cost and the loss from the revaluation of the portfolio is reflected in the income statement in the line Impairment losses on loans and bonds in the amount of EUR 91 thousand.

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 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 2018-2022. 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	Q4 2022	12M 2022	Q4 2021	12M 2021
Business loans	24 200	78 909	17 950	62 283
including loans between related parties	27	78	15	54
Hire purchase	871	3 338	796	3 409
Leasing	1 963	6 407	1 507	6 000
including loans between related parties	2	9	1	4
Leverage loans and lending of securities	365	1 629	476	1 742
Bonds	229	-231	-105	-353
Creditcard loans	228	836	190	834
Consumer loans	2 763	9 607	1 992	8 168
Mortgage loans	9 471	28 144	6 190	21 349
including loans between related parties	8	42	10	36
Balances with credit institutions and investment companies	1 584	3 664	86	281
Balances with the central bank	6 828	8 594	511	2 283
Private loans	721	2 450	588	2 299
Other loans	312	8 821	5 658	16 342
including loans between related parties	2	7	1	7
Total	49 535	152 168	35 839	124 637
Interest expense				
Deposits of customers and loans received	-2 271	-5 696	-1 188	-5 245
Balances with the central bank	0	-7 661	-4 309	-14 171
Subordinated liabilities	-2 876	-9 322	-2 020	-7 557
Total	-5 147	-22 679	-7 517	-26 973
Net interest income	44 388	129 489	28 322	97 664

Interest income on loans by customer location (interest on bank balances and bonds excluded):	Q4 2022	12M 2022	Q4 2021	12M 2021
Estonia	40 494	140 141	35 347	122 426
Total	40 494	140 141	35 347	122 426

NOTE 8 Net Fee and Commission Income

Fee and commission income	Q4 2022	12M 2022	Q4 2021	12M 2021
Security brokerage and commissions paid	949	4 329	2 349	6 159
Asset management and similar fees	1 524	5 807	2 017	5 354
Currency conversion revenues	2 003	8 462	2 356	8 617
Fees from cards and payments	7 281	27 498	6 731	23 635
Other fee and commission income	1 771	6 793	1 356	4 946
Total	13 528	52 889	14 809	48 711
Fee and commission expense				
Security brokerage and commissions paid	-559	-2 386	-503	-1 856
Expenses related to cards	-1 721	-6 312	-1 324	-5 904
Expenses related to acquiring	-1 931	-7 344	-1 917	-7 104
Other fee and commission income	-1 058	-4 439	-535	-2 674
Total	-5 269	-20 481	-4 279	-17 538
Net fee and commission income	8 259	32 408	10 530	31 173

Fee and commission income by customer location:	Q4 2022	12M 2022	Q4 2021	12M 2021
Estonia	11 768	45 537	12 903	41 414
United Kingdom	1 760	7 352	1 906	7 297
Total	13 528	52 889	14 809	48 711

NOTE 9 Operating Expenses

	Q4 2022	12M 2022	Q4 2021	12M 2021
Wages, salaries and bonuses	7 528	27 654	5 559	20 356
Social security and other taxes*	2 275	8 475	1 700	6 365
Total personnel expenses	9 803	36 129	7 259	26 721
IT expenses	1 261	4 943	1 120	3 890
Information services and bank services	310	1 297	337	1 288
Marketing expenses	914	2 583	644	1 936
Office expenses	446	1 358	260	815
Transportation and communication expenses	134	492	96	292
Staff training and business trip expenses	308	1 073	190	407
Other outsourced services	1 350	5 343	1 052	3 452
Other administrative expenses	2 281	6 964	1 923	6 749
Depreciation of non-current assets	823	3 091	1 185	2 668
Operational lease payments	91	293	11	526
Other operating expenses	377	979	191	596
Total other operating expenses	8 295	28 416	7 009	22 619
Total operating expenses	18 098	64 545	14 268	49 340

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

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

	31.12.2022	31.12.2021
Term deposits with maturity less than 3 months*	88 276	112 649
Legal reserve with the central bank	48 689	57 298
Other receivables from central bank*	2 342 275	3 816 986
Total	2 479 240	3 986 933
*Cash and cash equivalents in the Statement of Cash Flows	2 430 551	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 3 391 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 December 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		31.12.2022
	Individuals	Financial entities	entities	Public sector	
Demand deposits	1 065 135	1 533 598	2 042 117	58 406	4 699 256
Term deposits	63 208	23 046	146 137	24 587	256 978
Accrued interest liability	336	192	156	13	697
Total	1 128 679	1 556 836	2 188 410	83 006	4 956 931

			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

31.12.2022	TLTRO	Mortgage bonds	Preferred senior bonds	Total loans received and debt securities in issue
Loans received	150 000	249 284	133 771	383 055
Accrued interest liability	-2 159	141	953	1 094
Total	147 841	249 425	134 724	384 149
31.12.2021	TLTRO	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 fourth 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. In 2022, LHV Bank returned the loan received from the European Central Bank in the amount of 50 000 thousand euros.

As of 31.12.2022 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:	31.12.2022	31.12.2021
Cash balance of customers	13 609	3 806
Securities of customers	3 194 837	3 599 285
<i>Incl. parent company</i>	149 279	206 700
<i>Incl. shareholders of the parent company and related entities</i>	483 452	660 351
Total	3 208 446	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 December 2022	30 174	52 577	6 605	601 093	690 449
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, finance lease and other lending, security brokerage
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