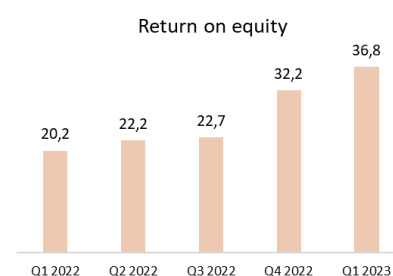
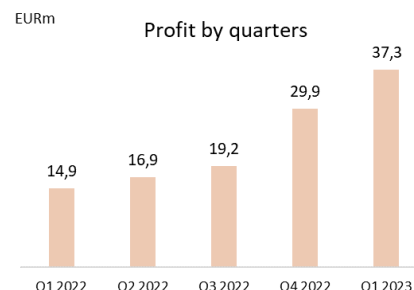


Interim Report January – March 2023

Summary of Results

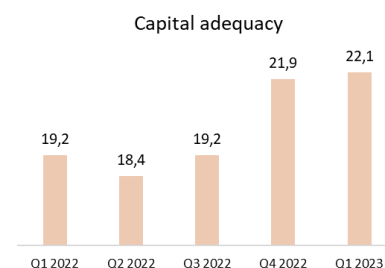
Q1 2023 in comparison with Q4 2022

- Net profit EUR 37.3 m (29.9 m eurot), of which EUR 36.8 m (EUR 29.5 m) is attributable to owners of the parent
- Net income EUR 61.7 m (EUR 53.4 m)
- Operating expenses EUR 20.8 m (EUR 18.1 m)
- Loan and bond provisions EUR -1.6 m (EUR 0.4 m)
- Income tax expenses EUR 5.1 m (EUR 5.0 m)
- Return on equity 36.8% (32.2%)
- Capital adequacy 22.11% (21.9%)



Q1 2023 in comparison with Q1 2022

- Net profit EUR 37.3 m (EUR 14.9 m), of which EUR 36.8 m (EUR 14.2 m) is attributable to owners of the parent
- Net income EUR 61.7 m (EUR 32.3 m)
- Operating expenses EUR 20.8 m (14.4 m)
- Loan and bond provisions EUR -1.6 m (EUR 0.7 m)
- Income tax expenses EUR 5.1 m (EUR 2.3m)
- Return on equity 36.8% (20.2%)
- Capital adequacy 22.11% (18.43%)



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 customers grew by over 13,000. Client activity remained at a good level. Deposits decreased by EUR 38 million over the quarter and loans grew by EUR 60 million.

Ordinary clients' deposits grew by EUR 60 million during the quarter and financial intermediaries' deposits decreased by EUR 98 million. The high inflation economic environment has significantly changed the dynamics of deposits, but growth can again be noticed after the period of decline. The buffers of both individuals' and companies' deposits have started growing, and active engagement of new clients supports the more positive trend compared to the market. The active provision of interest on term deposits is changing the long-term trend in the direction of more stable deposits balance – over one quarter, the balance of term deposits has doubled and reached 14% of the ordinary clients' deposits base. Financial intermediaries with larger deposits are impacted by the more modest activity on the market, volatility has decreased but clients are diversifying their deposits among different banks.

Loans to companies grew by EUR 70 million and retail loans by EUR 10 million. The decrease in the loan portfolio is affected by the unstable economic environment and consumers' low confidence. The growth in the loan portfolio planned this year was modest and essentially meets Q1 expectations. We see that companies' interest in making investments is however increasing once again and individuals will follow through more often on home buying plans once interest rate levels stabilize. In late March, the Green Home Loan interest rate campaign began, during which a 0% + EUR6 interest rate will apply to loan agreements concluded for buying A energy class real estate for the first year and from that point on, the ordinary Green Home Loan interest rate of 1.7%+EUR6. The campaign will run until late May and we hope that the offer will encourage clients to make sustainable decisions in today's unstable environment.

Net profit for the quarter was EUR 37 million. The strong result for Q1 was influenced mainly by the higher interest income. Due to the higher interest income and lower write-downs, net profit for the Q1 outstripped planned target by EUR 11.5 million. Service fee income and expenses were as planned.

Loan impairments dropped by EUR 1.6 million during Q1. Since the macroeconomic environment has changed somewhat

compared to the last quarter, we made model-based forward-looking write-downs in Q1, but these were offset by the stronger position of clients in the portfolio and the on-time repayment of several larger loans. 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. We see some growth in consumer loans and loans issues to small enterprises.

Although the Euribor has a positive impact on the bank's revenue base, we must curb our expectations in the changed macroeconomic environment. The very rapid and high inflation in the autumn has slackened, but the price level is expected to remain high. In addition, higher Euribor levels are now being reflected in loan agreements, and this has increased the size of clients' loan payments. Overall, both business people and consumers must factor in significantly higher expenditures, which will impact consumers' ability to make ends meet as well as the well-being of companies. Companies will adjust, but planned investments into energy performance will not give quick relief and expense on input prices cannot always be passed on fully to clients. The industrial sector is most impacted, and lay-offs have taken place. For now, unemployment remains at a reasonable level, and this is the best protection for individuals' loan portfolio.

Based on a cooperation agreement signed in early March between LHV UK Ltd and the Estonian bank, approximately 50 employees were transferred under the UK company and they will be engaged in providing daily service to clients in the Banking Services business area. This is the planned first step to move the Banking Services area to the incipient UK bank, with which we will share the income earned in this area.

LHV Pank was selected a Dream Employer and as a result of the annual assessment of customer service in the banking sector conducted by Dive Group, the bank with the best customer service. A recommendation index survey conducted each year by Kantar Emor resulted in LHV placing fifth overall (an improvement from 6th last year). In the banks category, we maintain a strong leader position with an NPS score of 47. With a recommendation index of 49 among internet banks, we placed first. In open comments, LHV was praised for good functioning, convenience and expertise.

Financial Summary

Q1 was successful in terms of income and net profit. In Q1, LHV Pank earned net interest income of EUR 52.9 million and EUR 7.5 million in net service fee income. Financial income amounted to EUR 1.2 million in Q1. In total, the Bank's income was EUR 61.7 million and expenses were EUR 20.8 million. Net income rose by 91% and expenses increased by 45% over the year. The discounts of loans and bonds decreased by EUR 1.6 million. We made forward-looking discounts, although their impact was reduced by a decrease in the volume of the portfolio and the strong position of customers, as the share of arrears in the loan portfolio continues to be low. We are keeping a very close eye on developments in the credit portfolio.

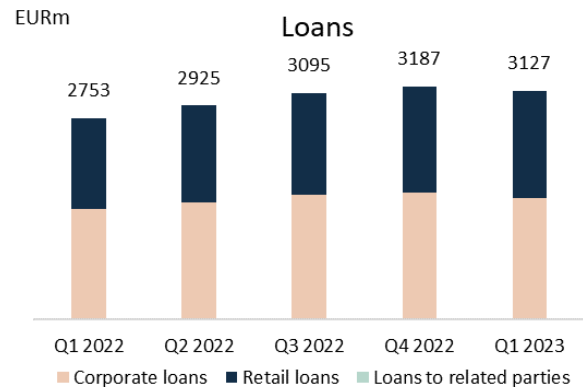
LHV Pank calculates a 14% advance income tax, the tax expense on which was EUR 5.5 million in Q1. Income tax expense on future disbursements of dividends by subsidiaries at the consolidated level was EUR 0.1 million in Q1.

The Bank's Q1 profit amounted to EUR 37.3 million, which is 25% more than in Q4 2022 (29.9) and 151% more than in Q1 2022 (14.9).

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

The growth of net interest income stems from the rise in interest rates. The total volume of the Bank's loan portfolio reached EUR 3 127 million by Q1 end (Q4 2022: EUR 3 187 million). The volume of the portfolio grew by 2% during the quarter. The volume of loans grew by EUR 60 million in Q1 (EUR 92 million in Q4 2022). The net retail loan portfolio grew by 1% during the quarter,

reaching EUR 1 466 million (Q4 2022: EUR 1 456 million). The net corporate loan portfolio decreased by 4% during the quarter, amounting to EUR 1 661 million (Q4 2022: EUR 1 731 million).



The volume of deposits at the Bank decreased by EUR 38 million from the previous quarter and stood at EUR 4 919 million (Q4 2022: EUR 4 957 million). The volume of payment intermediaries' deposits dropped by EUR 98 million during the quarter. Of the deposits, EUR 4,390 million were call deposits and EUR 527 million term deposits. The volume of individuals' deposits was EUR 1 148 million as at the end of the quarter, having grown by 1,7% since the previous quarter.

The Bank's expense-income ratio was 33.7% in Q1, decreasing by 10.9 percentage points from Q1 2022 (44.6%).

Income statement EUR million	Q1	Q4	Quarter over quarter	Q1	Year over year
	2023	2022		2022	
Net interest income	52.90	44.39	19%	25.88	104%
Net fee and commission income	7.55	8.26	-9%	7.79	-3%
Other financial income	1.18	0.69	71%	-1.42	NA
Total net operating income	61.63	53.34	16%	32.25	91%
Other income	0.03	0.10	-70%	-0.02	NA
Operating expenses	-20.78	-18.10	15%	-14.37	45%
Loan losses	1.59	-0.43	NA	-0.74	NA
Income tax expenses	-5.15	-4.99	3%	-2.27	127%
Net profit	37.32	29.92	25%	14.85	151%

Business volumes

EUR million	31.03.2023	31.12.2022	Change
Loan portfolio	3 126.9	3 187.0	-2%
Financial investments	280.9	364.6	-23%
Deposits of customers	4 919.1	4 956.9	-1%
incl. deposits of financial institutions	1 487.8	1 556.8	-4%
Equity (including minority interest)	422.9	388.2	9%
Number of bank customers	391 018	377 949	3%

Ratios	Q1	Q4	Quarter over quarter	Q1	Year over year
EUR million	2023	2022		2022	
Net profit	37.3	29.9	7.4	14.9	22.4
Net profit attributable to owners of the parent	36.8	29.5	7.3	14.2	22.6
Average equity	399.7	366.9	32.8	281.3	118.4
Return on equity (ROE), %	36.8	32.2	4.6	20.2	16.6
Return on assets (ROA), %	2.48	1.95	0.53	0.89	1.59
Net interest income	52.9	44.4	8.5	25.9	27.0
Interest-bearing assets, average	6 015.0	6 125.4	-110.4	6 642.8	-627.8
Net interest margin (NIM) %	3.5	2.9	0.6	1.56	1.9
Price spread (SPREAD) %	3.5	2.9	0.6	1.53	2.0
Cost/income ratio %	33.7	33.9	-0.2	44.6	-10.9

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 142.5% as at the end of March (31 December 2022: 135.6%). In the first quarter, the bank continued reducing high-interest deposits from deposit platforms. In the first quarter LHV Pank repaid the loan from ECB in the amount of EUR 50 000 thousand.

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 249.9% (31.12.2022: 219.3%). The Bank recognises cash and bond portfolios as liquidity buffers. These accounted for 48% of the balance sheet (31.12.2022: 47%). The ratio of loans to deposits stood at 64% as at the end of the first quarter (31.12.2022: 64%).

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 March were EUR 482.1 million (31.12.2022: 451.7 mln eurot).

Bank is adequately capitalized at end of the reporting period, capital adequacy was 22.11% (31.12.2022: 21.86%), 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)	31.03.2023	31.12.2022
Paid-in share capital	141 500	141 500
Legal reserves transferred from net profit	12 669	8 736
Accumulated profit	220 133	147 685
Intangible assets (subtracted)	-3 112	-2 881
Net profit for the reporting period (COREP)	0	78 656
Deductions	-2 558	-2 643
Total Tier 1 capital	368 632	371 053
Subordinated debt	53 000	53 000
Total Tier 1 capital	421 632	424 053
Subordinated debt	60 500	60 500
Total Tier 2 capital	60 500	60 500
Net own funds for capital adequacy	482 132	484 553
Capital requirements		
Central governments and central bank under standard method	0	0
Credit institutions and investment companies under standard method	8 643	11 355
Companies under standard method	1 081 458	1 202 058
Retail claims under standard method	238 235	218 342
Public sector under standard method	0	0
Housing real estate under standard method	524 694	506 767
Overdue claims under standard methods	8 242	8 004

Particularly high risk exposures	42 583	47 032
Other assets under standard method	35 367	39 247
Total capital requirements for covering the credit risk and counterparty credit risk	1 939 222	2 032 805
Capital requirement against foreign currency risk under standard method	1 226	7 167
Capital requirement against interest position risk under standard method	0	0
Capital requirement against equity portfolio risks under standard method	1 383	740
Capital requirement against credit valuation adjustment risks under standard method	2 203	2 888
Capital requirement for operational risk under base method	236 381	173 468
Total capital requirements for adequacy calculation	2 180 415	2 216 408
Capital adequacy (%)	22.11	21.86
Tier 1 capital ratio (%)	19.34	19.13

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 2023	3M 2023	Q1 2022	3M 2022
Interest income		61 648	61 648	32 850	32 850
Interest expense		-8 748	-8 748	-6 975	-6 975
Net interest income	7	52 900	52 900	25 875	25 875
Fee and commission income		12 480	12 480	13 068	13 068
Fee and commission expense		-4 932	-4 932	-5 278	-5 278
Net fee and commission income	8	7 548	7 548	7 790	7 790
Net gains/losses from financial assets measured at fair value		-320	-320	-1 570	-1 570
Foreign exchange gains/losses		1 501	1 501	154	154
Net gains from financial assets		1 181	1 181	-1 416	-1 416
Other income		30	30	-18	-18
Total other income		30	30	-18	-18
Staff costs		-11 297	-11 297	-8 453	-8 453
Administrative and other operating expenses		-9 489	-9 489	-5 924	-5 924
Total expenses	9	-20 786	-20 786	-14 337	-14 337
Profit before impairment losses on loans and advances		40 873	40 873	17 854	17 854
Income tax expense		-5 147	-5 147	-2 269	-2 269
Impairment losses on loans and bonds		1 592	1 592	-735	-735
Net profit for the reporting period		37 318	37 318	14 850	14 850
Total profit and other comprehensive income for the reporting period		37 318	37 318	14 850	14 850
Total profit of the reporting period attributable to:					
Owners of the parent		36 751	36 751	14 173	14 173
Non-controlling interest		567	567	677	677
Total profit for the reporting period		37 318	37 318	14 850	14 850
Total comprehensive income attributable to:					
Owners of the parent		36 751	36 751	14 173	14 173
Non-controlling interest		567	567	677	677
Total comprehensive income for the reporting period		37 318	37 318	14 850	14 850

Condensed Consolidated Interim Statement of Financial Position

(in thousands of euros)

	Note	31.03.2023	31.12.2022
Assets			
Due from central bank	10	2 464 384	2 390 964
Due from credit institutions	10	102 531	84 885
Due from investment companies	10	4 348	3 391
Financial assets at fair value through profit or loss	6	2 808	407
Financial assets measured at amortised cost	6	278 100	364 230
Loans and advances to customers	5	3 126 929	3 186 989
Receivables from customers		7 029	9 253
Other financial assets		124	124
Other assets		2 980	2 866
Tangible assets		10 718	10 960
Intangible assets		3 112	2 881
Total assets		6 003 063	6 056 950
Liabilities			
Loans received from Central Banks (TLTRO)	11	99 144	147 841
Deposits of customers	11	4 919 103	4 956 931
Loans received and debt securities in issue	11	385 929	384 149
Financial liabilities at fair value through profit or loss	6	3 701	3 850
Accounts payable and other liabilities		58 217	61 901
Subordinated debt		114 045	114 056
Total liabilities		5 580 193	5 668 728
Owner's equity			
Share capital		141 500	141 500
Statutory reserve capital		12 669	8 736
Retained earnings		263 178	231 805
Total equity attributable to owners of the parent		417 347	382 041
Non-controlling interest		5 523	6 181
Total equity		422 870	388 222
Total liabilities and equity		6 003 063	6 056 950

Condensed Consolidated Interim Statement of Cash Flows

<i>(in thousands of euros)</i>	Note	Q1 2023	3M 2023	Q1 2022	3M 2022
Cash flow from operating activities					
Interest received		59 823	59 823	32 755	32 755
Interest paid		-5 111	-5 111	-6 203	-6 203
Fees and commissions received		12 480	12 480	13 068	13 068
Fees and commissions paid		-4 932	-4 932	-5 278	-5 278
Other income		30	30	-18	-18
Staff costs paid		-9 496	-9 496	-7 160	-7 160
Administrative and other operating expenses paid		-8 224	-8 555	-4 882	-4 882
Income tax		-5 301	-5 301	-4 066	-4 066
Cash flow from operating activities before change in operating assets and liabilities		39 268	39 268	18 216	18 216
Net increase/decrease in operating assets:					
Net acquisition/disposal of trading portfolio		-2 401	-2 401	-109	-109
Loans and advances to customers		70 920	70 920	-76 369	-76 369
Mandatory reserve at central bank		-251	-251	3 576	3 576
Security deposits		0	0	2 112	2 112
Other assets		-169	-169	3 397	3 397
Net increase/decrease in operating liabilities:					
Demand deposits of customers		-309 615	-309 615	-414 334	-414 334
Term deposits of customers		269 947	269 947	3 695	3 695
Repayments of loans received		-48 591	-48 591	-221	-221
Financial liabilities at fair value through profit and loss		-149	-149	0	0
Financial liabilities held for trading at fair value through profit and loss		0	0	-124	-124
Other liabilities		-9 742	-9 742	53 658	53 658
Net cash generated from/used in operating activities		9 217	9 217	-406 503	-406 503
Cash flow from investing activities					
Purchase of current and non-current assets		-837	-837	-1 738	-1 738
Net change of investments		85 810	85 810	-340 818	-340 818
Net cash flow from investing activities		84 973	84 973	-342 556	-342 556
Cash flow from financing activities					
Subordinated loan received		0	0	15 000	15 000
Dividends paid		-3 500	-3 500	-2 100	-2 100
Repayment of principal of lease liabilities		-419	-419	-364	-364
Net cash from financing activities		-3 919	-3 919	12 536	12 536
Effect of exchange rate changes on cash and cash equivalents		1 501	1 501	154	154
Net decrease/increase in cash and cash equivalents		91 772	91 772	-736 369	-736 369
Cash and cash equivalents at the beginning of the period		2 430 551	2 430 551	3 929 635	3 929 635
Cash and cash equivalents at the end of the period	10	2 522 323	2 522 323	3 193 266	3 193 266

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 01.01.2022	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>	80 873
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
Balance as at 01.01.2023	141 500	8 736	231 805	382 041	6 181	388 222
Paid in share capital	0	3 933	-3 933	0	0	0
Dividends paid	0	0	-2 275	-2 275	-1 225	-3 500
Share options	0	0	830	830	0	830
<i>Profit for the year</i>	<i>0</i>	<i>0</i>	<i>36 751</i>	<i>36 751</i>	<i>567</i>	37 318
Total profit and other comprehensive income for the reporting period	0	0	36 751	36 751	567	37 318
Balance as at 31.03.2023	141 500	12 669	263 178	417 347	5 523	422 870

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 2022. 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

31.03.2023	Estonia	Germany	Other EU	USA	UK	Other	Total
Due from banks and investment companies	2 053 572	0	314 711	15 112	187 752	116	2 571 263
Financial assets at fair value	2 808	0	0	0	0	0	2 808
Financial assets at amortized cost	130 386	9	147 657	39	2	7	278 100
Loans and advances to customers	3 098 446	812	21 322	593	985	4 771	3 126 929
Receivables from customers	7 029	0	0	0	0	0	7 029
Other financial assets	24	0	0	100	0	0	124
Total financial assets	5 292 265	821	483 690	15 844	188 739	4 894	5 986 253
Loans received from Central Banks (TLTRO)	99 144	0	0	0	0	0	99 144
Deposits of customers	3 719 031	5 149	768 994	73 747	326 019	26 163	4 919 103
Loans received and debt securities in issue	0	0	385 929	0	0	0	385 929
Subordinated debt	114 045	0	0	0	0	0	114 045
Financial liabilities at fair value	3 701	0	0	0	0	0	3 701
Accounts payable and other financial liabilities	48 612	0	0	0	0	0	48 612
Total financial liabilities	3 984 533	5 149	1 154 923	73 747	326 019	26 163	5 570 534

Unused loan commitments in the amount of EUR 597 886 thousand are for the residents of Estonia.

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.

NOTE 3 Breakdown of Assets and Liabilities by Contractual Maturity Dates

31.03.2023	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	100 635	0	100 635
Deposits from customers and loans received	4 390 589	231 214	261 657	41 113	0	4 924 573
Loans received and debt securities in issue	0	250	6 540	396 890	0	403 680
Subordinated debt	0	2 311	37 769	95 694	0	135 774
Accounts payable and other financial liabilities	0	48 612	0	0	0	48 612
Unused loan commitments	0	597 886	0	0	0	597 886
Financial guarantees by contractual amounts	0	46 808	0	0	0	46 808
Foreign exchange derivatives (gross settled)	0	166 526	0	0	0	166 526
Financial liabilities at fair value	0	3 701	0	0	0	3 701
Total liabilities	4 390 589	930 782	305 966	634 332	0	6 428 195
Financial assets by contractual maturity dates						
Due from banks and investment companies	2 571 263	0	0	0	0	2 571 263
Financial assets at fair value (debt securities)	0	0	139 932	138 250		278 182
Loans and advances to customers	0	160 885	462 404	2 173 779	1 374 798	4 171 866
Receivables from customers	0	9 253	0	0	0	9 253
Foreign exchange derivatives (gross settled)	0	166 526	0	0	0	166 526
Other financial assets	124	0	0	0	0	124
Total financial assets	2 571 387	336 664	602 336	2 312 029	1 374 798	7 197 214
Maturity gap from financial assets and liabilities	-1 819 202	-594 118	296 370	1 778 332	1 374 798	769 019

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	4 699 726	95 807	143 740	18 082	0	4 957 355
Loans received	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

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

31.03.2023	EUR	CHF	GBP	SEK	USD	Other	Total
Assets bearing currency risk							
Due from banks and investment companies	2 356 164	1 654	194 977	3 344	8 388	6 736	2 571 263
Financial assets at fair value and amortized cost	280 859	1	2	1	43	2	280 908
Loans and advances to customers	3 120 457	30	332	520	5 375	216	3 126 929
Receivables from customers	822	2	549	198	4 736	722	7 029
Other financial assets	124	0	0	0	0	0	124
Total assets bearing currency risk	5 758 426	1 687	195 860	4 063	18 543	7 675	5 986 253
Liabilities bearing currency risk							
Loans received from Central Banks (TLTRO)	99 144	0	0	0	0	0	99 144
Deposits from customers	4 537 187	6 596	190 929	9 400	166 248	8 742	4 919 103
Loans received and debt securities in issue	385 929	0	0	0	0	0	385 929
Swaps	3 701	0	0	0	0	0	3 701
Accounts payable and other financial liabilities	37 701	-3	4 651	648	5 408	207	48 612
Subordinated debt	114 045	0	0	0	0	0	114 045
Total liabilities bearing currency risk	5 177 707	6 593	195 580	10 048	171 656	8 950	5 570 534
Open gross position derivative assets at contractual value	0	4 916	0	5 984	154 272	1 354	166 526
Open gross position derivative liabilities at contractual value	166 526	0	0	0	0	0	166 526
Open foreign currency position	414 193	10	279	-1	1 159	79	415 719

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	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	384 149	0	0	0	0	0	384 149
Accounts payable and other financial liabilities	0	0	0	0	3 849	1	3 850
Swaps	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

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

31.03.2023	Stage 1	Stage 2	Stage 3	Provision	Total	%
Individuals	1 138 393	114 762	5 056	-3 596	1 254 615	40.1%
Agriculture	95 581	3 130	0	-234	98 477	3.1%
Mining and Quarrying	860	777	102	-58	1 681	0.1%
Manufacturing	117 700	40 475	37	-1 237	156 975	5.0%
Energy	49 021	1 373	0	-121	50 273	1.6%
Water and Utilities	28 440	313	0	-308	28 445	0.9%
Construction	115 379	4 984	527	-1 903	118 987	3.8%
Wholesale and retail	125 750	7 604	222	-940	132 636	4.2%
Transport and logistics	15 808	10 553	1	-698	25 664	0.8%
Hotels and Restaurants	8 595	23 362	164	-1 482	30 639	1.0%
Information and communication	13 305	1 350	41	-37	14 659	0.5%
Financial services	108 087	9 406	0	-612	116 881	3.7%
Real estate	733 213	32 875	1 453	-3 205	764 336	24.4%
Professional, scientific and technical activities	81 022	5 692	24	-218	86 520	2.8%
Administrative activities	87 049	3 039	27	-438	89 677	2.9%
Public management	76 385	0	0	-131	76 254	2.4%
Education	5 006	557	0	-317	5 246	0.2%
Health	11 189	816	0	-80	11 925	0.4%
Art and entertainment	28 846	28 493	0	-2 652	54 687	1.7%
Other servicing activities	6 837	1 557	10	-52	8 352	0.3%
Total	2 846 466	291 118	7 664	-18 319		
Provision	-8 248	-7 809	-2 262			
Total loan portfolio	2 838 218	283 309	5 402		3 126 929	100%

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%

Loans to related parties were 31.03.2023 EUR 7 655 thousand (31.12.2022: 7 570). 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	31.03.2023	Level 1	Level 2	Level 3	31.12.2022
Financial assets at fair value through profit and loss								
Shares and fund units	352	0	0	352	367	0	0	367
Bonds at fair value through profit and loss	0	0	0	0	0	0	0	0
Interest rate swaps and foreign exchange forwards	0	2 456	0	2 456	0	40	0	40
Total financial assets	352	2 456	0	2 808	367	40	0	407
Financial liabilities at fair value through profit and loss								
Interest rate swaps and foreign exchange forwards	0	3 701	0	3 701	0	3 850	0	3 850
Total financial liabilities	0	3 701	0	3 701	0	3 850	0	3 850

As of March 31, 2022, the liquidity portfolio in the amount of EUR 278 100 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 22 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 March 2023 and 31 December 2022. 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	Q1 2023	3M 2023	Q1 2022	3M 2022
Business loans	28 144	28 144	17 328	17 328
including loans between related parties	34	34	17	17
Hire purchase	904	904	808	808
Leasing	2 322	2 322	1 440	1 440
including loans between related parties	7	7	2	2
Leverage loans and lending of securities	367	367	435	435
Bonds	530	530	-99	-99
Creditcard loans	232	232	195	195
Consumer loans	2 892	2 892	2 058	2 058
Mortgage loans	12 428	12 428	5 531	5 531
including loans between related parties	29	29	10	10
Balances with credit institutions and investment companies	1 839	1 839	263	263
Balances with the central bank	10 722	10 722	500	500
Private loans	842	842	554	554
Other loans	404	404	3 827	3 827
including loans between related parties	11	11	2	2
Total	61 648	61 648	32 850	32 850
Interest expense				
Deposits of customers and loans received	-4 586	-4 586	-1 076	-1 076
Balances with the central bank	0	0	-3 786	-3 786
Other interest expenses	-218	-218	-24	-24
Subordinated liabilities	-3 944	-3 944	-2 089	-2 089
Total	-8 748	-8 748	-6 975	-6 975
Net interest income	52 900	52 900	25 875	25 875
Interest income on loans by customer location (interest on bank balances and bonds excluded):	Q1 2023	3M 2023	Q1 2022	3M 2022
Estonia	48 557	48 557	32 186	32 186
Total	48 557	48 557	32 186	32 186

NOTE 8 Net Fee and Commission Income

Fee and commission income	Q1 2023	3M 2023	Q1 2022	3M 2022
Security brokerage and commissions paid	1 108	1 108	1 422	1 422
Asset management and similar fees	1 599	1 599	1 362	1 362
Currency conversion revenues	1 429	1 429	2 304	2 304
Fees from cards and payments	7 105	7 105	6 644	6 644
Other fee and commission income	1 239	1 239	1 336	1 336
Total	12 480	12 480	13 068	13 068
Fee and commission expense				
Security brokerage and commissions paid	-604	-604	-639	-639
Expenses related to cards	-1 838	-1 838	-1 712	-1 712
Expenses related to acquiring	-1 703	-1 703	-1 643	-1 643
Other fee and commission income	-787	-787	-1 284	-1 284
Total	-4 932	-4 932	-5 278	-5 278
Net fee and commission income	7 548	7 548	7 790	7 790

Fee and commission income by customer location:	Q1 2023	3M 2023	Q1 2022	3M 2022
Estonia	10 694	10 694	11 225	11 225
United Kingdom	1 786	1 786	1 843	1 843
Total	12 480	12 480	13 068	13 068

NOTE 9 Operating Expenses

	Q1 2023	3M 2023	Q1 2022	3M 2022
Wages, salaries and bonuses	8 813	8 813	6 521	6 521
Social security and other taxes*	2 484	2 484	1 932	1 932
Total personnel expenses	11 297	11 297	8 453	8 453
IT expenses	1 360	1 360	1 324	1 324
Information services and bank services	404	404	287	287
Marketing expenses	610	610	805	805
Office expenses	431	431	275	275
Transportation and communication expenses	139	139	122	122
Staff training and business trip expenses	273	273	225	225
Other outsourced services	1 278	1 278	1 329	1 329
Other administrative expenses	3 887	3 887	739	739
Depreciation of non-current assets	846	846	679	679
Operational lease payments	99	99	27	27
Other operating expenses	162	162	112	112
Total other operating expenses	9 489	9 489	5 924	5 924
Total operating expenses	20 786	20 786	14 377	14 377

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

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

	31.03.2023	31.12.2022
Term deposits with maturity less than 3 months*	106 879	88 276
Legal reserve with the central bank	48 940	48 689
Other receivables from central bank*	2 415 444	2 342 275
Total	2 571 263	2 479 240
*Cash and cash equivalents in the Statement of Cash Flows	2 522 573	2 430 551

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 4 348 thousand (31 December 2022: EUR 3 391 thousand). All other demand and term deposits are held with credit institutions and the central bank.

The minimum reserve requirement as at 31 March 2023 was 1% (31 December 2022: 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				31.03.2023
	Individuals	Financial entities	entities	Public sector	
Demand deposits	975 236	1 454 681	1 914 766	44 956	4 389 639
Term deposits	171 729	32 488	303 722	18 987	526 926
Accrued interest liability	689	648	1 120	81	2 538
Total	1 147 654	1 487 817	2 219 608	64 024	4 919 103

	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

31.03.2023	TLTRO	Mortgage bonds	Preferred senior bonds	Total loans received and debt securities in issue
Loans received	100 000	249 356	133 805	383 161
Accrued interest liability	-856	203	2 565	2 768
Total	99 144	249 559	136 370	385 929
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

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 and in first quarter 2023 another 50 000 thousand euros was returned.

As of 31.03.2023 the amount of loan received from European Central Bank (TLTRO) was EUR 100 000 (31.12.2022: 150 000) 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:

	31.03.2023	31.12.2022
Cash balance of customers	15 605	13 609
Securities of customers	3 444 009	3 194 837
<i>Incl. parent company</i>	149 279	149 279
<i>Incl. shareholders of the parent company and related entities</i>	586 257	483 452
Total	3 459 614	3 208 446

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 2023	38 401	46 808	8 367	597 886	691 462
Liability in the contractual amount as at					
31 December 2022	30 174	52 577	6 605	601 093	690 449

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