

CREDIT OPINION

12 April 2024

Update

Send Your Feedback

RATINGS

AS LHV Bank

Domicile	806383161, Estonia
Long Term CRR	A3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
Long Term Deposit	A3
Type	LT Bank Deposits - Fgn Curr
Outlook	Positive

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Niclas Boheman +46.8.5179.1281
VP-Sr Credit Officer
niclas.boheman@moodys.com

Juliana Cerenkova +46.8.5179.1254
Ratings Associate
juliana.cerenkova@moodys.com

Simon James Robin +44 207 772 5347
Ainsworth
Associate Managing Director
simon.ainsworth@moodys.com

Carola Schuler +49.69.70730.766
MD-Banking
carola.schuler@moodys.com

AS LHV Bank

Update to credit analysis after rating action

Summary

[AS LHV Group](#) (LHV Group) is the holding company of an Estonian financial services group, with [AS LHV Bank](#) (LHV Bank) as the main operating subsidiary.

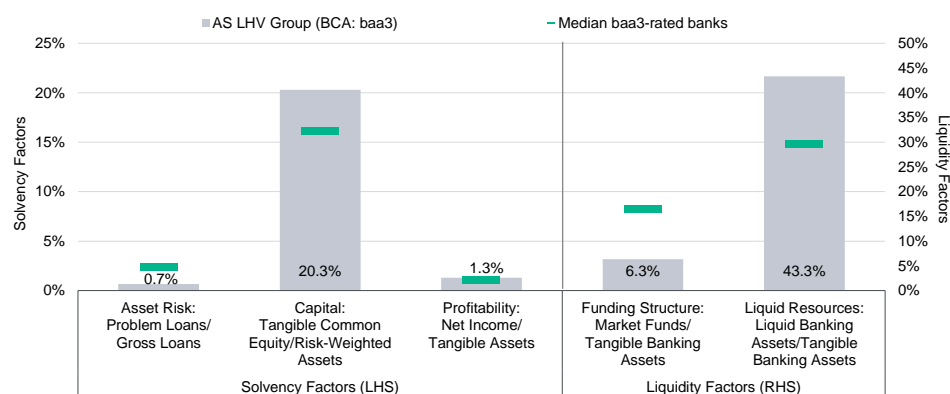
LHV Bank's A3 deposit ratings reflect the bank's strong solvency, demonstrated through a low share of problem loans, as well as strong capitalisation and profitability, balanced against its high growth and UK expansion, reflected in the Baseline Credit Assessment (BCA) of baa3 and three notches of uplift as indicated by Moody's Advanced Loss Given Failure (LGF) analysis.

LHV Group's Baa3 issuer and senior unsecured ratings reflect the lower ranking of the holding company's senior liabilities than those of the bank, which results in a moderate loss rate in the LGF, placing the ratings at the same level as the BCA.

The outlook on LHV Bank's deposit ratings and LHV Groups' senior and issuer ratings is positive, reflecting a strengthening financial profile.

Exhibit 1

Rating Scorecard - Key financial ratios LHV Group data (Consolidated Financials)



These represent our [Banks Methodology](#) scorecard ratios. The problem loan and profitability ratios are the weaker of the average of the latest three year-end ratios and the latest reported ratio. The capital ratio is the latest reported figure. The funding structure and liquid resources ratios are the latest year-end figures.

Source: Moody's Ratings

Credit strengths

- » Strong digital capabilities, which result in good cost efficiency
- » Strong liquidity and good market access, given the bank's successful issuance of subordinated debt and covered bonds

Credit challenges

- » High loan growth indicates a high portion of unseasoned loans, which may lead to higher losses in a downturn
- » Expansion in the UK small and medium-sized enterprise (SME) segment adds uncertainties regarding strategy, capitalisation and profitability
- » Services to financial intermediaries increase balance sheet volatility and operational risks

Outlook

The positive outlook of LHV Pank's long-term deposit ratings and LHV Group's senior unsecured and long-term issuer ratings reflects our expectation that the financial profile will continue strengthening over the next 12 to 18 months, with capitalization remaining high. TCE/RWA is likely to remain above 16% as LHV pursues more modest growth targets, with problem loans to gross loans remaining under 1%, despite the concentrated nature of the lending book. Profitability will remain strong even as earnings fall from elevated levels, with net income to tangible assets expected to remain above 1.25%. Furthermore, we anticipate that LHV Pank will retain a lower share of volatile deposits from large financial intermediaries as the largest customers distribute their deposits across a larger number of banks, thus leading to a less volatile balance sheet.

Factors that could lead to an upgrade

LHV Pank's and LHV Group's ratings could be upgraded if the BCA is upgraded, which could occur if the low level of problem loans is maintained combined with strong core capitalisation and profitability, and more balanced growth of deposits related to financial intermediaries.

Factors that could lead to a downgrade

While unlikely given the positive outlook, the ratings could be downgraded in case of a significant deterioration in the BCA as a result of lower solvency ratios, or if operational risk relating to its services to financial intermediaries increases substantially, for example because of materialising weaknesses in anti-money laundering monitoring; or lower volumes of liquid resources, leading to reduced liquidity buffers compared with the increasing volume of more volatile funding sources such as senior debt.

Furthermore, lower levels of loss absorbing obligations could lead to a lower uplift of LHV Pank's deposit ratings, as indicated by the advanced LGF analysis.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

AS LHV Group (Consolidated Financials) [1]

	12-23 ²	12-22 ²	12-21 ²	12-20 ²	12-19 ²	CAGR/Avg. ³
Total Assets (EUR Million)	7,125.6	6,135.0	6,844.9	4,971.4	3,031.9	23.8 ⁴
Total Assets (USD Million)	7,871.3	6,547.6	7,756.0	6,082.8	3,403.3	23.3 ⁴
Tangible Common Equity (EUR Million)	516.1	389.8	300.9	218.0	182.3	29.7 ⁴
Tangible Common Equity (USD Million)	570.1	416.0	341.0	266.8	204.6	29.2 ⁴
Problem Loans / Gross Loans (%)	0.7	0.2	0.6	0.6	0.2	0.5 ⁵
Tangible Common Equity / Risk Weighted Assets (%)	20.3	17.1	15.6	14.4	13.5	16.2 ⁶
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	4.3	1.8	5.0	5.4	1.8	3.7 ⁵
Net Interest Margin (%)	4.0	2.0	1.6	1.8	2.0	2.3 ⁵
PPI / Average RWA (%)	7.5	3.9	4.4	4.2	3.2	4.6 ⁶
Net Income / Tangible Assets (%)	2.0	1.0	0.9	0.8	0.9	1.1 ⁵
Cost / Income Ratio (%)	43.3	51.7	46.4	42.5	53.2	47.4 ⁵
Market Funds / Tangible Banking Assets (%)	6.3	7.6	6.2	6.9	0.9	5.6 ⁵
Liquid Banking Assets / Tangible Banking Assets (%)	43.3	39.9	57.6	47.5	42.3	46.1 ⁵
Gross Loans / Due to Customers (%)	62.3	65.9	46.4	54.0	63.0	58.3 ⁵

[–] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Ratings and company filings

Profile

AS LHV Group is the fourth-largest financial services group in Estonia, with a market share of 12.9% in terms of assets as of the end of December 2023, and is considered a domestic systemically important institution. LHV Group wholly owns the subsidiary AS LHV Pank and, additionally, consolidates AS LHV Varahaldus, the second-largest pension fund manager in Estonia; LHV Bank Ltd, its UK subsidiary established in 2020; AS LHV Kindlustus (insurance), in which it holds a 65% stake; and AS LHV Finance, in which it also holds a 65% stake. In addition, the group acquired 100% of EveryPay AS shares during the first quarter of 2022. LHV Group's assets totalled €7,126 million as of December 2023, and LHV Pank accounted for around 95% of the group's assets. We base our analysis on the consolidated figures of the group, considering that these are a good representation of the bank's performance.

LHV Group was established in 1999 as an investment union offering brokerage and portfolio management services by Rain Lõhmus and Andres Viisemann. The addition of pension fund management services in 2005 led to the creation of LHV Group, and a full banking licence was obtained in 2009 when LHV Pank started offering banking products. In 2016, LHV Group's shares were listed on the Nasdaq Tallinn Stock Exchange.

Rain Lõhmus owned a 21.5% stake in AS LHV Group and Andres Viisemann owned an 11.2% stake as of the end of December 2023, while other shareholders' individual interests do not exceed 3.9% each.

Recent developments

On 03 May 2023 AS LHV Group announced that its subsidiary, LHV Bank Limited, has been granted a banking license from the United Kingdom's Prudential Regulation Authority (PRA). The business activities of the UK branch of LHV Pank were transferred to LHV Bank in August 2023. LHV Group now comprises two licensed banks, LHV Pank in Estonia and LHV Bank in the UK. LHV Bank offers sterling services to financial intermediaries, provides loans to SMEs, and collects deposits through deposit platforms.

Detailed credit considerations

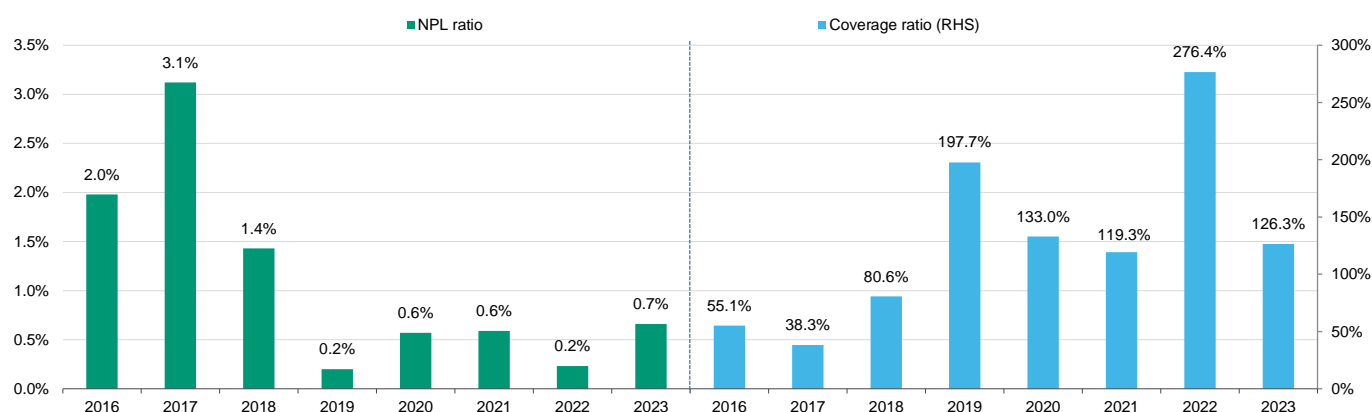
Arrears remain low, while high loan growth weighs on asset quality

After the 0.5% contraction of Estonia's economy in 2022 and expected 3.0% in 2023, we expect a further slight contraction of 0.4% in 2024 driven by the lasting effects of high inflation, interest rate hikes, supply chain constraints and still relatively high uncertainty stemming from Russia's invasion of Ukraine. Some corporate borrowers and financially weaker households will likely experience financial difficulties as a result, eroding Estonian banks' asset quality and triggering an increase in loan loss provisions.

LHV Pank's problem loans deteriorated to 0.7% of gross loans as of December 2023 from 0.2% as of December 2022 driven mostly by challenges in manufacturing sector. The overall low level of problem loans is a result of the acquisition of low-risk mortgages and limited legacy exposures. However, the bank's high loan growth caps our asset risk assessment. We expect asset quality to remain strong in 2024, although a slight increase in problem loans and provisions for credit losses is likely because of the high inflationary environment.

Exhibit 3

Asset quality of LHV Group



The ratios for 2018 and onwards follow the IFRS 9 reporting standards.

Sources: LHV's financial reports and Moody's Ratings

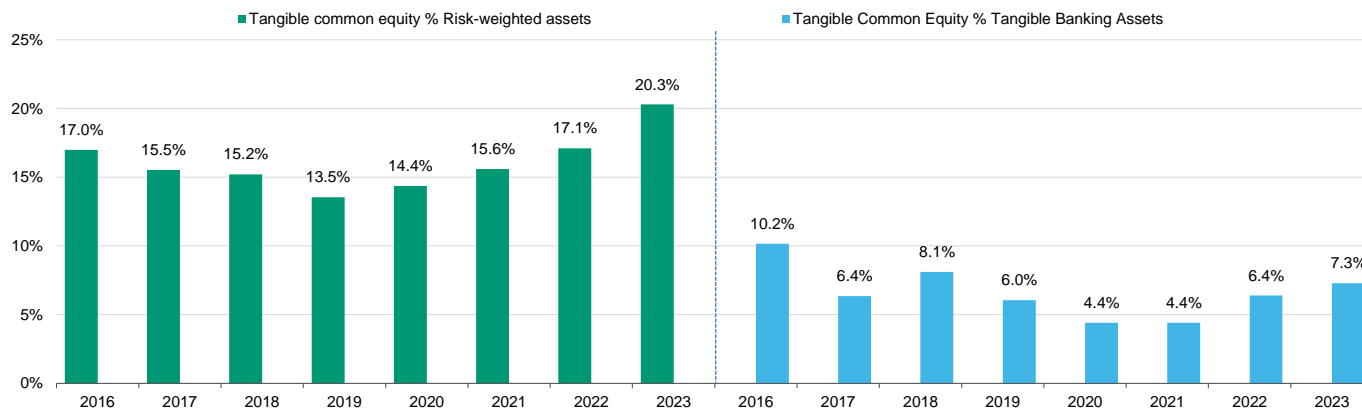
LHV Pank's lending portfolio comprised 55% corporate and SME loans, and 45% retail and mortgage loans as of December 2023, including the acquired Estonian mortgage portfolio of Danske Bank. The bank has been growing rapidly over a number of years, both organically and through the acquisition of Danske Bank's mortgage portfolio (completed in two tranches in November 2019 and October 2020), resulting in a twofold increase in the loan portfolio over the past four years. LHV Bank's high and above-market-average organic loan growth of 17% on average over the past three years (systemwide Estonian loan growth is in the single-digit percentages) indicates a high portion of unseasoned loans, which we expect to lead to higher losses in a downturn. However, we consider the portfolio of mortgage and public sector loans acquired from Danske Bank low risk.

LHV Group aims to grow in the fintech payment services' sector through its UK operations. The bank has the opportunity to carve out a niche in servicing the fintech sector, being a first mover in this market adds to operational risk. Although LHV Group has rigorous onboarding routines, high transaction volumes stemming from the fintech companies' customers will require extra due diligence. Although LHV aims to grow organically with prudent underwriting standards, the expansion increases credit and operational risks for the bank.

Strong capitalisation despite fast growth

LHV's Moody's-adjusted risk-weighted capitalisation has improved, with its TCE/RWA increasing to 20.3% as of December 2023, from 17.1% as of December 2022 and 15.6% as of December 2021. The leverage ratio (TCE/TBA) has improved since 2021, increasing from 4.4% to 7.3% in 2023, as higher profitability driven by higher net interest margins, outpaced moderating, albeit still high, asset growth in 2022 and 2023. We expect core capital ratios to remain stable in 2024 and 2025 as slightly lower yet still elevated earnings supports forecast lending growth.

Exhibit 4

Capital adequacy levels are supportive of balance-sheet growth

Sources: LHV's financial reports and Moody's Ratings

As of December 2023, the group's Common Equity Tier 1 (CET1) capital ratio and total capital ratio were 17.01% and 21.93%, respectively. These levels were comfortably above the regulatory requirements of 14.41% for the CET1 ratio and 19.40% for the total capital ratio. Regulatory requirements include a 2.0% buffer for other systemically important institutions, given the recognition of LHV Group as a domestic systemically important institution by the Estonian Financial Supervision Authority (FSA). The systemic risk buffer was temporarily lowered to 0% from 1% in May 2020 in response to the pandemic-induced crisis. The Estonian FSA has not restored the buffer yet.

Profitability to moderate slightly from elevated levels

LHV Group includes the profitable segments of corporate and retail banking, consumer finance and financial intermediary servicing, as well as the less profitable asset management, insurance and UK operations. LHV is small in terms of physical presence, with only three branches in Estonia as of December 2023 and one branch in the UK, and is characterised by a high degree of digitalisation. The bank has grown from about 13,000 bank customers in 2009 to 417,000 as of December 2023.

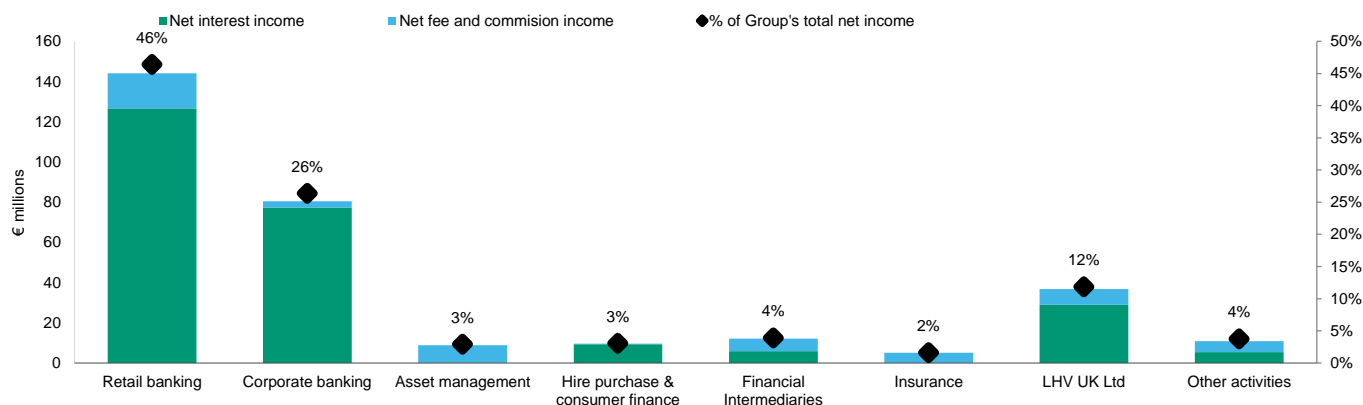
LHV Group's net income increased by 129% to €140.9 million in 2023 from €61.4 million during the same period in 2022, supported by high business volumes and increased interest rates. The growth in net income in 2022 was more modest, ending at 2% increase as of December 2022 comparing to December 2021. Due to a jump in net interest income and a slowdown in loan growth net income/tangible assets increased to historically high 2.0% in 2023 from 1.0% in 2022 and 0.9% in 2021. Loan loss provisions increased to 6.6% of pre-provision income (€11.5 million) in 2023 from 3.5% (€2.9 million) during the same period in 2022.

We expect improving cost efficiency in the bank's UK operations as its lending book grows to support earnings in 2024. That said, a contraction in LHV Pank's net interest margins amid high funding costs and an expected fall in interest rates will moderate profitability over the next 12-18 months.

Exhibit 5

LHV Group's income types by segment and their contribution to profit in 2023

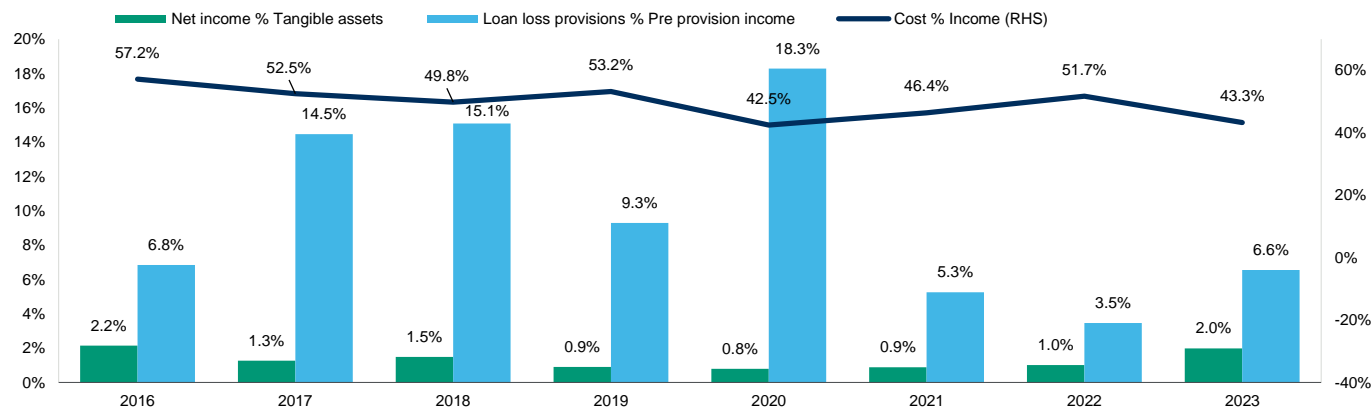
As measured by net interest income and net fee and commission income (LHS, in € millions) and each segment's net income as a proportion of total Group's net income (RHS, in %)



Sources: LHV's financial reports and Moody's Ratings

While the scalability of LHV's banking platform is a strength, with its cost-to-income ratio improving to 43% in 2023 from 63% in 2015, the group's expansion plans, with higher costs relating to its UK operations and its insurance segment, together with high inflation, led to a deterioration in efficiency during 2022. As of 2023, the insurance and UK operations made a profit of €5.6 million, compared with losses of €13.4 million in 2022. In addition, in the "other activities" segment, which can be regarded as head office activities, the cost base decreased to €9.7 million in 2023 from €10.6 million in 2022.

Exhibit 6

LHV Group's profitability and efficiency

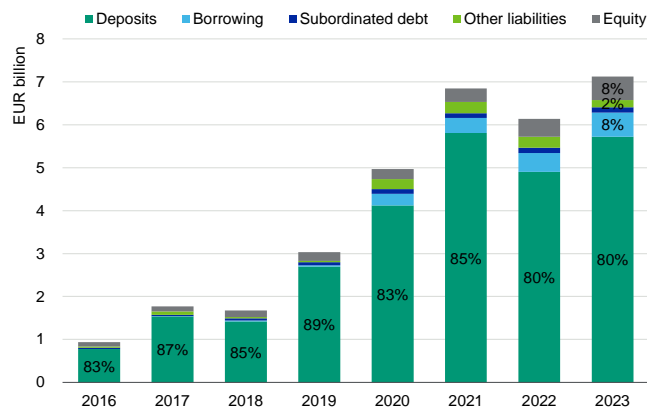
Source: LHV's financial reports and Moody's Ratings

A high share of liquid funds is necessary to manage volatile deposits from financial intermediaries

LHV Bank's assets were primarily funded through deposits as of the end of 2023, predominantly corporate and financial intermediary deposits.

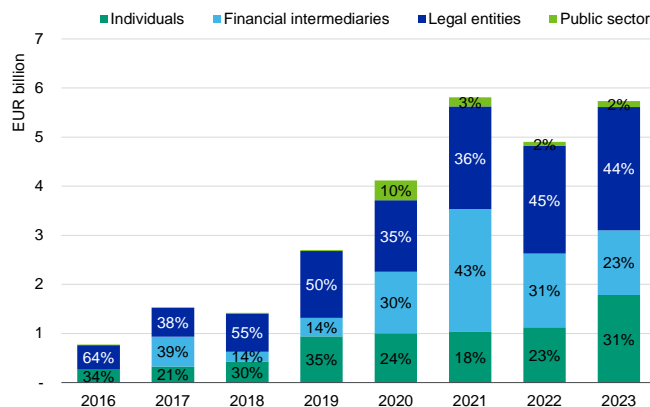
LHV Group the bank issued €320 million of senior unsecured debt between Sept 2021 and Feb 2024. In June 2020, the bank successfully completed its inaugural issuance of a €250 million covered bond. The new instruments enabled the bank to attract international investors, and, thereby, diversify its funding sources and reduce its reliance on deposit platforms.

Exhibit 7
Funding breakdown for LHV Group
 As a percentage of total assets



Sources: LHV's financial reports and Moody's Ratings

Exhibit 8
Deposit breakdown by customer type
 As a percentage of total deposits



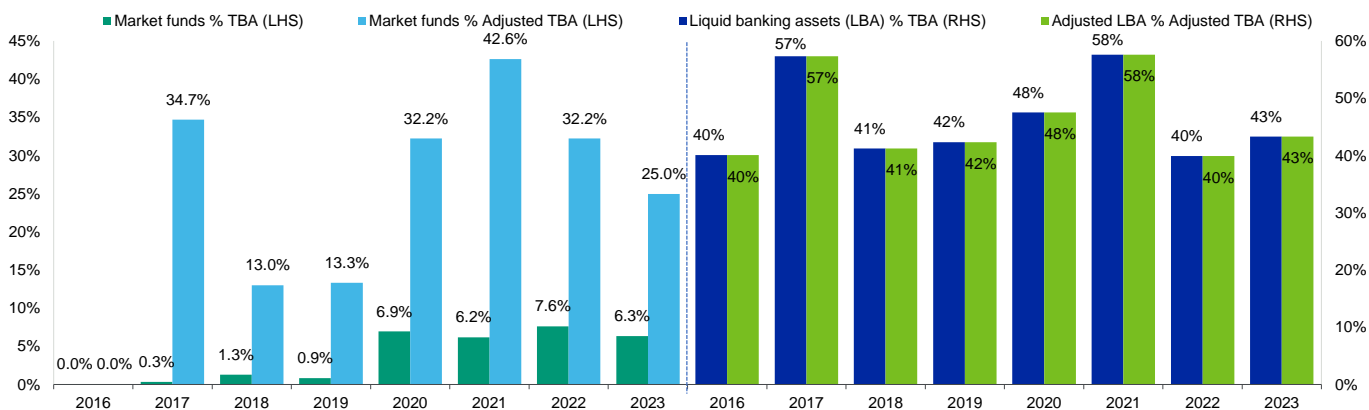
Source: LHV's financial reports and Moody's Ratings

Deposits from financial intermediaries, mainly comprising fintech companies specialising in payments or cryptocurrencies, can be highly volatile. As a result, the bank maintains 100% liquidity coverage for these deposits at all times. Although LHV manages the volumes of deposits through pricing and other contracts, the volume of deposits from financial intermediaries is difficult to forecast and adds to balance-sheet volatility. Nevertheless, LHV managed to considerably reduce the volume of these deposits to €1.1 billion as of December 2023 from €2.2 billion in December 2021. The key driver is the increased distribution of deposits across banks by the largest customers due to policy shifts post events in US regional banks. As we don't expect the largest customers to increase their deposits at LHV beyond current volumes in the next 12 to 18 months, the deposit base becomes more granular, and thus also less volatile.

The group's market funds accounted for 6.3% of tangible banking assets as of the end of 2023, significantly lower than the 16.4% global median for banks with baa3 BCAs. To better assess LHV's market funding, we include the inherently volatile deposits from the financial intermediaries in our assessment of market funds for the bank. Given that these deposits are highly volatile, LHV holds liquid reserves in the amount of 100% of the deposits value. To correctly assess LHV's liquidity and funding profile, we make no adjustments to the liquid assets.

The Market Funding score is adjusted down by four notches to reflect the adjusted ratio.

Exhibit 9
Funding and liquidity



The adjusted metrics exclude the deposits from financial intermediaries.

Sources: LHV's financial reports and Moody's Ratings

LHV's liquid assets accounted for 43.3% of tangible banking assets as of the end of 2023 (2022: 39.9%), comfortably above the 29.7% global median for banks with baa3 BCAs. Cash and interbank placements constituted nearly 100% of liquid assets as of December 2023.

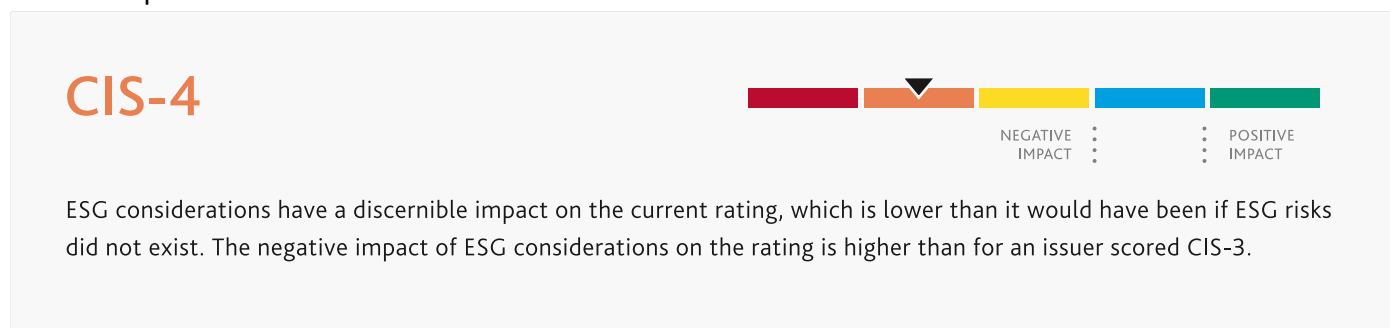
However, a part of cash placements cover intermediary deposits which are highly volatile. The negative adjustment to the Liquid Assets score reflects this volatility risk.

ESG considerations

AS LHV Pank's ESG credit impact score is CIS-4

Exhibit 10

ESG credit impact score

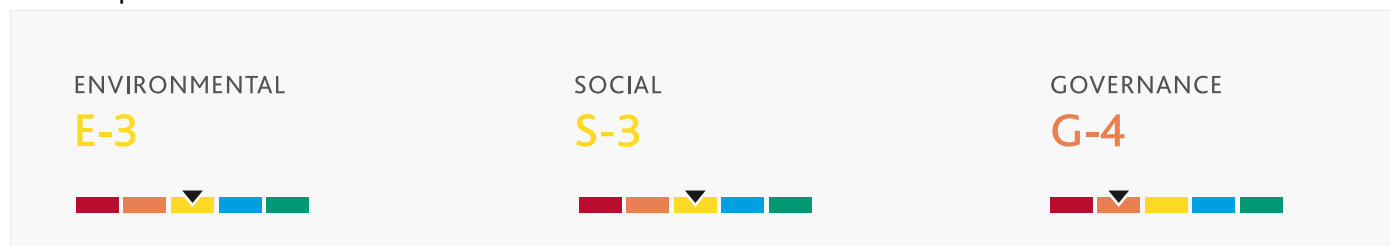


Source: Moody's Ratings

LHV Pank's **CIS-4** indicates the credit rating is lower than it would have been if ESG risk exposures did not exist. The score reflects the impact on the bank's ratings from governance risks associated with LHV's unfunded expansion entry into SME UK market through the acquisition of defunct Bank North's operations, in addition to its strategy to service UK financial intermediaries, which limits transparency regarding the nature and stability of deposits. Environmental and social factors have had a limited credit impact on the company's credit profile to date.

Exhibit 11

ESG issuer profile scores



Source: Moody's Ratings

Environmental

LHV Pank faces moderate environmental risks primarily because of its portfolio exposure to carbon transition risk as a diversified bank. In line with its peers, the bank is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, LHV is developing its climate risk and portfolio management capabilities.

Social

LHV Pank faces moderate industry-wide social risks related to customer relations and associated regulatory and litigation risks, requiring high compliance standards. These risks are mitigated by the bank's developed policies and procedures. High cyber and personal data risks are mitigated by the bank's investments in its IT framework. As a highly innovative and digital retail bank, data security and customer privacy are critical for LHV Pank because of its access to large amounts of personal data. These areas are becoming increasingly important as banks' online businesses expand and regulatory standards tighten. Sizable investments in

technology and LHV Pank's track record of handling sensitive customer data, as well as appropriate culture and governance and compliance functions that ensure adherence to regulatory standards, help to mitigate the associated credit risk.

Governance

LHV Pank faces high governance risks related to financial strategy and risk management, following its decisions to expand its SME lending operations in the UK through the former operations of Bank North, adding new credit risks as well as triggering increased capital needs and higher costs. The high risks to financial strategy and risk management also reflect the limited transparency regarding the nature and stability of deposits from financial intermediaries. To support its growth strategy to date, to become a leading Estonian banking group, LHV has successfully conducted a number of rights issues. The group has a clear and simple organizational structure, is listed on the Nasdaq Baltic stock exchange and has frequent and consistent reporting. Two of the founders hold large minority stakes in the group, together owning approximately 33% of shares, but the associated governance risks are mitigated by Estonia's developed institutional framework.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure analysis

We apply our Advanced LGF analysis to LHV because the institution is subject to the EU Bank Resolution and Recovery Directive (BRRD), which we consider an operational resolution regime. For this analysis, we assume equity and losses at 3% and 8%, respectively, of tangible banking assets in a failure scenario. We also assume a 25% run-off of junior wholesale deposits, a 5% run-off in preferred deposits and a 26% proportion of junior deposits. These are in line with our standard assumptions.

LHV Group's senior unsecured debtholders will face moderate loss given failure based on our assessment that holding company senior liabilities are junior to the bank's senior liabilities, resulting in no uplift above the BCA.

LHV Group's senior unsecured debt rating does not benefit from any uplift from the LGF analysis, resulting in a Baa3 rating, in line with the standalone assessment.

LHV Bank's junior depositors are likely to face very low loss given failure because of the large buffers of loss-absorbing liabilities, primarily at the holding company level. LHV Group's deposits are rated three notches above the baa3 Adjusted BCA, in light of a significant buffer of liabilities eligible for bail-in. LHV Bank's deposit ratings incorporate three notches of LGF uplift from the bank's Adjusted BCA of baa3, resulting in a deposit rating of A3.

Government support considerations

LHV Group's rating reflects our low government support assumption, resulting in no uplift. The level of support assumption is driven by Estonia's adoption of the BRRD, whereby creditors and investors are likely to bear the cost of failures. In addition, although LHV Group is the fourth-largest banking group in Estonia and has a certain degree of interconnectedness, its deposits account for 13% of the market, which — in the context of Estonia being a small, open economy — does not constitute a reason to incorporate government support uplift into the ratings.

Counterparty Risk Ratings (CRRs)

LHV Bank's CRRs are A3/Prime-2

LHV Bank's CRRs are A3/Prime-2, incorporating three notches of uplift from the LGF analysis, given the considerable amount of debt outstanding that is junior to the CRR obligations.

Counterparty Risk (CR) Assessments

LHV Bank's CR Assessments are A3(cr)/Prime-2(cr)

LHV Bank's CR Assessments are A3(cr)/Prime-2(cr), based on the buffer against default provided to the senior obligations represented by the CR Assessment by subordinated instruments. The main difference between the CR Assessment and our Advanced LGF approach used to determine instrument ratings is that the CR Assessment captures the probability of default on certain senior obligations, rather than the expected loss. Therefore, we focus purely on subordination and take no account of the volume of the instrument class.

Sources of facts and figures cited in this report

Unless noted otherwise, we have sourced data relating to systemwide trends and market shares from the Estonian central bank. Bank-specific figures originate from banks' reports and Moody's Banking Financial Metrics. All figures are based on our own chart of account and may be adjusted for analytical purposes. Please refer to [Financial Statement Adjustments in the Analysis of Financial Institutions](#), published on 9 August 2018.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 12

AS LHV Group

MACRO FACTORS						
WEIGHTED MACRO PROFILE	STRONG -	100%				
FACTOR	HISTORIC RATIO	INITIAL SCORE	EXPECTED TREND	ASSIGNED SCORE	KEY DRIVER #1	KEY DRIVER #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	0.7%	aa3	↔	ba1	Loan growth	Operational risk
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	20.3%	aa3	↓	a3	Expected trend	
Profitability						
Net Income / Tangible Assets	1.3%	a3	↔	a3	Expected trend	
Combined Solvency Score		a1		baa2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	6.3%	a2	↓↓	baa3	Expected trend	Deposit quality
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	43.3%	a2	↓	baa1	Expected trend	
Combined Liquidity Score		a2		baa2		
Financial Profile						
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				-1		
Total Qualitative Adjustments				-1		
Sovereign or Affiliate constraint				A1		
BCA Scorecard-indicated Outcome - Range				baa2 - ba1		
Assigned BCA				baa3		
Affiliate Support notching				0		
Adjusted BCA				baa3		
BALANCE SHEET						
		IN-SCOPE (EUR MILLION)		% IN-SCOPE	AT-FAILURE (EUR MILLION)	% AT-FAILURE
Other liabilities		710		10.0%	1,292	18.3%
Deposits		5,706		80.7%	5,124	72.4%
Preferred deposits		4,223		59.7%	4,011	56.7%
Junior deposits		1,484		21.0%	1,113	15.7%
Senior unsecured holding company debt		320		4.5%	320	4.5%
Dated subordinated holding company debt		70		1.0%	70	1.0%
Preference shares(holding company)		55		0.8%	55	0.8%
Equity		212		3.0%	212	3.0%
Total Tangible Banking Assets		7,074		100.0%	7,074	100.0%

DEBT CLASS	DE JURE WATERFALL		DE FACTO WATERFALL		NOTCHING		LGF NOTCHING VS. ADJUSTED BCA	ASSIGNED LGF NOTCHING	ADDITIONAL NOTCHING	PRELIMINARY RATING ASSESSMENT
	INSTRUMENT VOLUME SUBORDINATION	SUB-ORDINATION	INSTRUMENT VOLUME SUBORDINATION	SUB-ORDINATION	DE JURE	DE FACTO				
Counterparty Risk Rating	25.0%	25.0%	25.0%	25.0%	3	3	3	3	0	a3
Counterparty Risk Assessment	25.0%	25.0%	25.0%	25.0%	3	3	3	3	0	a3 (cr)
Deposits	25.0%	9.3%	25.0%	9.3%	3	3	3	3	0	a3
Senior unsecured holding company debt	9.3%	4.8%	9.3%	4.8%	0	0	0	0	0	baa3

INSTRUMENT CLASS	LOSS GIVEN FAILURE NOTCHING	ADDITIONAL NOTCHING	PRELIMINARY RATING ASSESSMENT	GOVERNMENT SUPPORT NOTCHING	LOCAL CURRENCY RATING	FOREIGN CURRENCY RATING
Counterparty Risk Assessment	3	0	a3 (cr)	0	A3(cr)	
Deposits	3	0	a3	0	A3	A3
Senior unsecured holding company debt	0	0	baa3	0	Baa3	

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Ratings

Ratings

Exhibit 13

Category	Moody's Rating
AS LHV PANK	
Outlook	Positive
Counterparty Risk Rating	A3/P-2
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa3
Adjusted Baseline Credit Assessment	baa3
Counterparty Risk Assessment	A3(cr)/P-2(cr)
PARENT: AS LHV GROUP	
Outlook	Positive
Issuer Rating -Dom Curr	Baa3
Senior Unsecured -Dom Curr	Baa3

Source: Moody's Ratings

© 2024 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved. CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED OR OTHERWISE MADE AVAILABLE BY MOODY'S (COLLECTIVELY, "MATERIALS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S MATERIALS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S MATERIALS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES OR OTHERWISE MAKES AVAILABLE ITS MATERIALS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND MATERIALS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR MATERIALS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. FOR CLARITY, NO INFORMATION CONTAINED HEREIN MAY BE USED TO DEVELOP, IMPROVE, TRAIN OR RETRAIN ANY SOFTWARE PROGRAM OR DATABASE, INCLUDING, BUT NOT LIMITED TO, FOR ANY ARTIFICIAL INTELLIGENCE, MACHINE LEARNING OR NATURAL LANGUAGE PROCESSING SOFTWARE, ALGORITHM, METHODOLOGY AND/OR MODEL.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Materials.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody.com under the heading "Investor Relations — Corporate Governance — Charter Documents - Director and Shareholder Affiliation Policy."

Moody's SF Japan K.K., Moody's Local AR Agente de Calificación de Riesgo S.A., Moody's Local BR Agência de Classificação de Risco LTDA, Moody's Local MX S.A. de C.V., I.C.V., Moody's Local PE Clasificadora de Riesgo S.A., and Moody's Local PA Clasificadora de Riesgo S.A. (collectively, the "Moody's Non-NRSRO CRAs") are all indirectly wholly-owned credit rating agency subsidiaries of MCO. None of the Moody's Non-NRSRO CRAs is a Nationally Recognized Statistical Rating Organization.

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for India only: Moody's credit ratings, Assessments, other opinions and Materials are not intended to be and shall not be relied upon or used by any users located in India in relation to securities listed or proposed to be listed on Indian stock exchanges.

Additional terms with respect to Second Party Opinions (as defined in Moody's Investors Service Rating Symbols and Definitions): Please note that a Second Party Opinion ("SPO") is not a "credit rating". The issuance of SPOs is not a regulated activity in many jurisdictions, including Singapore. JAPAN: In Japan, development and provision of SPOs fall under the category of "Ancillary Businesses", not "Credit Rating Business", and are not subject to the regulations applicable to "Credit Rating Business" under the Financial Instruments and Exchange Act of Japan and its relevant regulation. PRC: Any SPO: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454