LHV Group

Q1 results
18 April 2023

Highest capitalisation in history together with interest income growth

Bank with best service in Estonia / Dive

Dream Employer in business sector

TOP Employer / CV-Online

Best investor relations / Nasdaq

New Investment Banking team

New CEO of LHV Finance

High-quality loan portfolio

Commencing loan issuance in the UK

-59 EURm
LOANS

+64 EURm
REGULAR CUSTOMERS' DEPOSITS

+1.8 mln
NR OF UK PAYMENTS

+119 EURm
FUNDS

+13,100
BANK CUSTOMERS

LHV

LHV Group

Interest income growth and strong capitalisation

Financial results, EURt	9 quarters	Q1-23	Q4-22	Δ quarter
Net interest income		55,108	44,098	+11,010
Net fee and commission income		11,877	11,549	+328
Other income		1,398	910	+488
Total net income		**68,383**	**56,557**	**+11,826**
Total operating expenses		**30,622**	**26,881**	**+3,741**
Earnings before impairment		**37,761**	**29,676**	**+8,085**
Impairment losses		-1,583	250	-1,833
Income tax expense		6,281	5,112	+1,169
Net profit		**33,063**	**24,315**	**+8,748**

Business volumes, EURm	9 quarters	Q1-23	Q4-22	Δ quarter
Deposits from customers		4,867	4,901	-34
Loans portfolio (net)		3,149	3,209	-59
Assets under management		1,451	1,332	+119
Customers, thous.		568	556	+12
Fin. intermediaries' payments, thous. pcs		9,124	7,293	+1,830

Key figures	9 quarters	Q1-23	Q4-22	Δ quarter
Cost / income ratio (C/I)		44.8%	47.5%	- 2.7 pp
pre-tax ROE*		36.3%	29.1%	+ 7.3 pp
ROE*		30.4%	24.0%	+ 6.3 pp

- Number of customers and customer activity growing. Loan portfolio decreased due to maturity of a couple of loans, hereafter, we expect growth. Quality of loan portfolio remains good
- Quarterly increase in regular customers' deposits 64 EURm. Financial intermediaries' deposits decreased by 98 EURm
- Capitalisation on the highest level in history 22.2%
- Quarterly net profit 33.1 EURm
- Financial plan holds

* ROE is based on net profit and equity attributable to the owners of AS LHV Group

LHV Group – comparison with financial plan
Profitability better than planned

Financial results, EURt	13 months	Mar 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income, incl.		**25,040**	**68,383**	**34,784**	**58,980**	**+9,403**
Net interest income		20,229	55,108	25,787	46,969	+8,140
Net fee and commission income		4,054	11,843	10,346	11,878	-35
Total operating expenses		**8,928**	**30,622**	**18,865**	**28,911**	**+1,712**
Earnings before impairment		**16,112**	**37,761**	**15,919**	**30,069**	**+7,692**
Impairment losses		-70	-1,583	735	5,220	-6,804
Income tax expense		2,692	6,281	2,801	3,716	+2,566
Net profit, incl.		**13,490**	**33,063**	**12,383**	**21,134**	**+11,929**
attr. to shareholders		13,189	32,654	11,880	20,702	+11,952

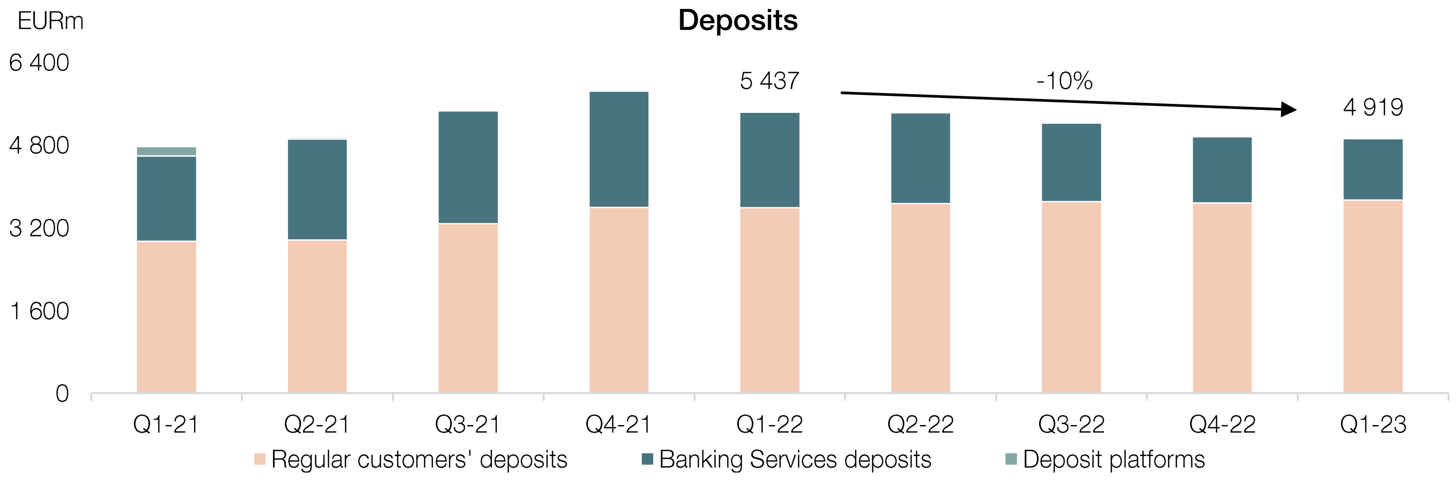
Business volumes, EURm	13 months	Mar 23	YTD23	YTD22	FP YTD	Δ YTD FP
Deposits from customers		4,867	4,867	5,410	5,253	-386
Loans (net)		3,149	3,149	2,753	3,141	+8
Assets under management		1,451	1,451	1,362	1,443	+8
Fin. intermediaries' payments, thous. pcs		3,370	9,124	6,592	6,823	+2,300

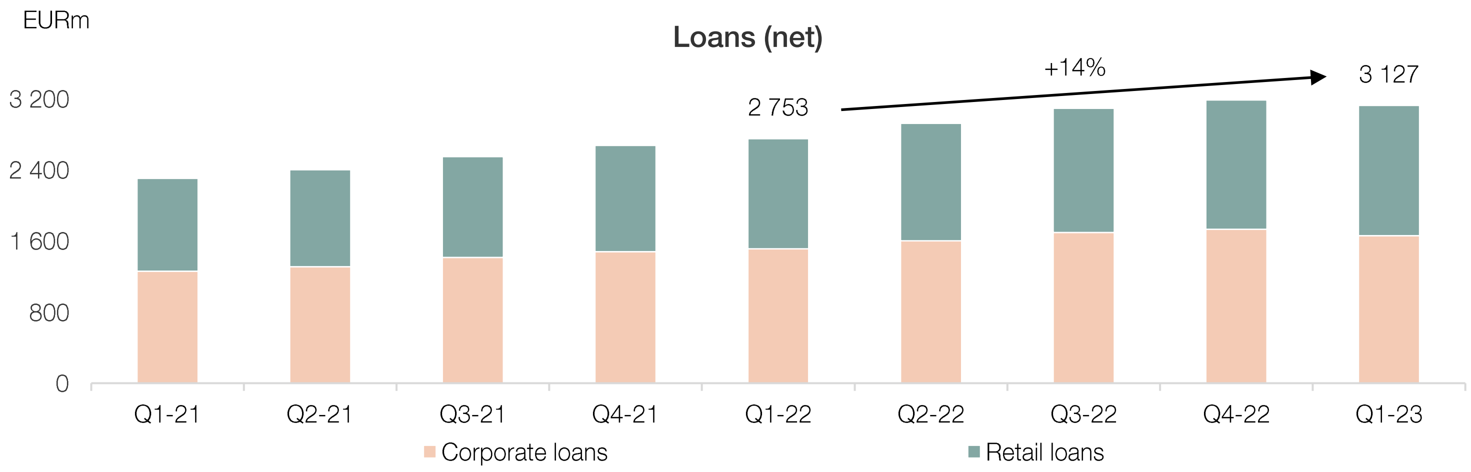
Key figures	13 months	Mar 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		35.7%	44.8%	54.2%	49.0%	- 4.2 pp
Net interest margin (NIM)		3.9%	3.7%	1.6%	3.0%	+ 0.7 pp
pre-tax ROE*		42.9%	36.3%	18.1%	23.2%	+ 13.2 pp
ROE*		35.3%	30.4%	14.7%	19.5%	+ 10.9 pp
ROA		2.6%	2.2%	0.7%	1.3%	+ 0.8 pp

* ROE is based on net profit and equity attributable to the owners of AS LHV Group

- Interest income and quality of loan portfolio in Q1 helped to significantly exceed the profitability target
- Expenses difference with the financial plan mainly related to potential increase of the contribution to the deposit guarantee fund
- Quality of loan portfolio is good, we see a minor change in private persons' consumer financing portfolio
- Cost/income ratio good 44.8% and Q1 ROE 30.4%

LHV Pank
Activity of customers is on good level





- Approximately 13,000 new bank customers. Activity of customers in settlements and card usages remained on a good level
- Regular customers' deposits increased by 60 EURm, at the same time deposits of financial intermediaries decreased by 98 EURm. High volatility continues for the latter. Focus is still on deposits
- Loans decreased by 60 EURm due to repayments of two large loans. Loan demand is showing a strengthening again
- LHV Pank was chosen as the Dream Employer and also the bank with best service based on evaluation of the service in banking sector by Dive Group
- In the recommendation index survey carried out by Kantar Emor LHV achieved 5th place in overall category and 1st place in banks' category with NPS score of 47

LHV Pank

Strongest quarter in LHV Pank's history

Financial results, EURt	9 quarters	Q1-23	Q4-22	Δ quarter
Net interest income		52,900	44,388	+8,512
Net fee and commission income		7,548	8,259	-711
Other income		1,212	791	+421
Total net income		**61,660**	**53,438**	**+8,222**
Total operating expenses		**20,786**	**18,101**	**+2,686**
Earnings before impairment		**40,874**	**35,337**	**+5,536**
Impairment losses		-1,592	430	-2,022
Income tax expense		5,147	4,990	+158
Net profit		**37,318**	**29,918**	**+7,401**

Business volumes, EURm	9 quarters	Q1-23	Q4-22	Δ quarter
Deposits from customers		4,919	4,957	-38
Loans (net)		3,127	3,187	-60
Customers, thous.		391	378	+13

Key figures	9 quarters	Q1-23	Q4-22	Δ quarter
Cost / income ratio (C/I)		33.7%	33.9%	- 0.2 pp
pre-tax ROE*		42.1%	37.5%	+ 4.6 pp
ROE*		36.8%	32.2%	+ 4.6 pp
Net interest margin (NIM)		3.5%	2.9%	+ 0.6 pp

* ROE is based on net profit and equity attributable to the owners of AS LHV Group

- Revenue is broad-based, but the net interest income arising from the changing interest rates dominates
- The quality of the loan portfolio as a whole has remained strong and the share of overdue loans continues to stay low
- Banking services customers' revenue sharing with LHV UK commenced in March
- Net profit amounted to 37.3 EURm and ROE 36.8%

LHV Pank – comparison with financial plan
Revenues higher than planned

Financial results, EURt	13 months	Mar 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income, incl.		**20,800**	**61,660**	**32,233**	**54,045**	**+7,615**
Net interest income		17,826	52,900	25,875	46,447	+6,453
Net fee and commission income		2,229	7,548	7,790	7,567	-19
Total operating expenses		**5,019**	**20,786**	**14,379**	**19,487**	**+1,300**
Earnings before impairment		**15,781**	**40,874**	**17,854**	**34,558**	**+6,315**
Impairment losses		57	-1,592	735	5,162	-6,754
Income tax expense		1,640	5,147	2,269	3,594	+1,554
Net profit		**14,084**	**37,318**	**14,851**	**25,803**	**+11,515**

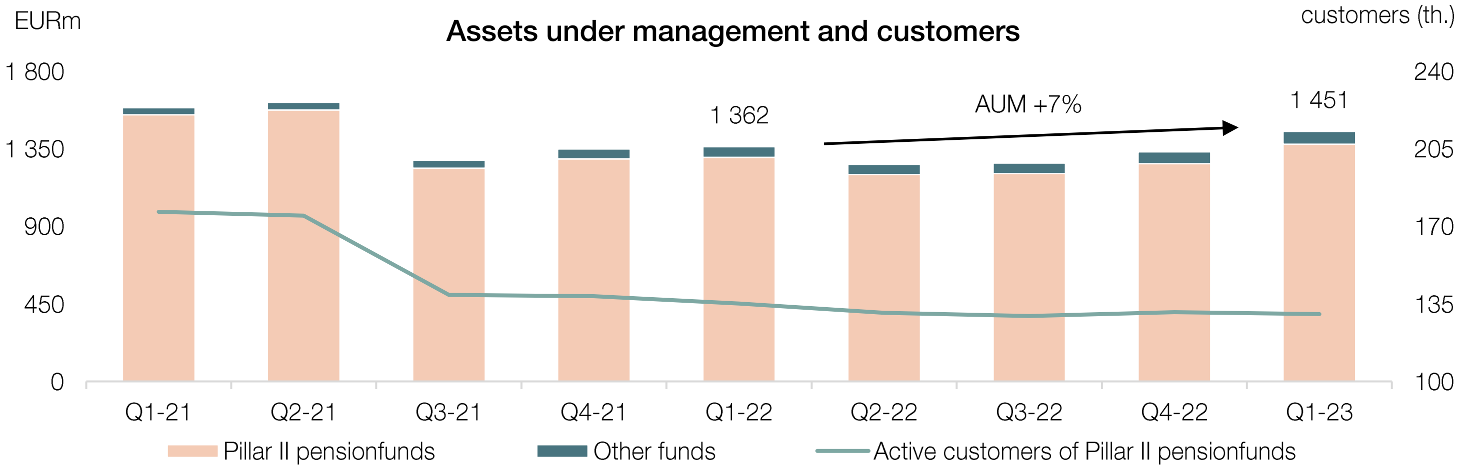
Business volumes, EURm	13 months	Mar 23	YTD23	YTD22	FP YTD	Δ YTD FP
Deposits from customers		4,919	4,919	5,437	5,303	-384
Loans (net)		3,127	3,127	2,753	3,159	-32

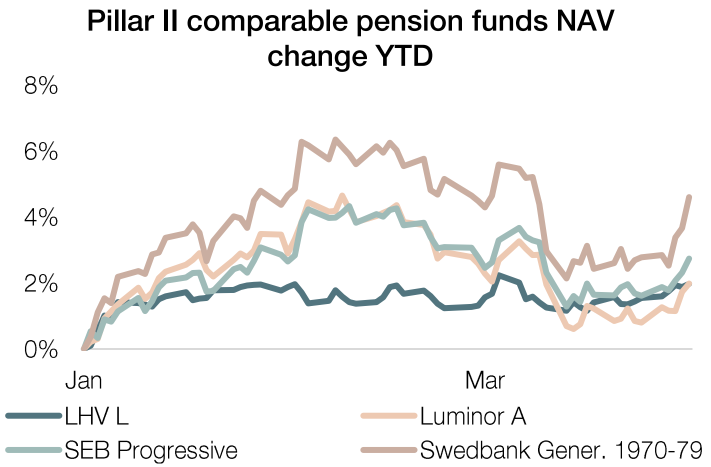
Key figures	13 months	Mar 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		24.1%	33.7%	44.6%	36.1%	- 2.3 pp
Net interest margin (NIM)		3.5%	3.5%	1.6%	3.0%	+ 0.5 pp
T1 capital adequacy		19.3%	19.3%	15.9%	18.7%	+ 0.6 pp
Total capital adequacy		22.1%	22.1%	19.2%	21.4%	+ 0.7 pp

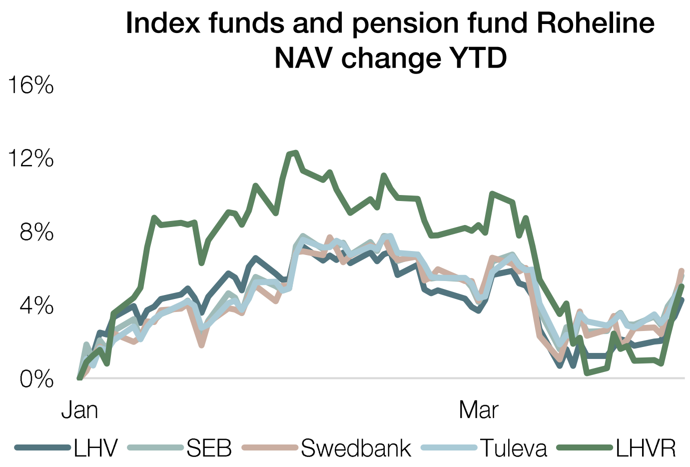
- Business volumes as planned, excluding deposits of banking services that are volatile
- Expenses slightly higher than planned, partly due to time lag in expenses redistributable to LHV UK and mainly due to potential increase of the contribution to deposits guarantee fund
- Net profit exceeds the financial plan by 11.5 EURm

LHV Varahaldus

Quarterly growth of assets under management 119 EURm







- The volume of assets under management was over 1.4 EURb by quarter-end. In addition to return, the volume was positively affected by compensation for suspended contributions to II Pillar pension funds with average return paid out in January
- Quarterly return of the largest actively managed LHV pension funds M, L and XL was 1.5%, 2.0% and 2.3%, respectively
- Volatile quarter on stock markets, a very strong January was followed by weaker February and March. The unit value of pension funds LHV Indeks and Roheline increased by 4.3% and 5.0%, respectively

LHV Varahaldus
3 EURm dividends paid to LHV Group in March

Financial results, EURt	9 quarters	Q1-23	Q4-22	Δ quarter
Total net income		2,125	2,015	+110
Total operating expenses		1,722	1,610	+112
EBIT		403	405	-2
Net financial income		172	136	+36
Income tax expense		488	0	+488
Net profit		87	541	-454

Business volumes, EURm	9 quarters	Q1-23	Q4-22	Δ quarter
Pillar II pension funds		1,375	1,263	+113
Pillar III pension funds		68	63	+6
Eurofunds		7	7	+0
Active customers of PII funds, th.		130	131	-1

Key figures	9 quarters	Q1-23	Q4-22	Δ quarter
Cost / income ratio (C/I)		75.0%	74.8%	+ 0.1 pp
pre-tax ROE		10.6%	9.5%	+ 1.1 pp
ROE		1.6%	9.5%	- 7.9 pp

- Quarterly net profit 0.1 EURm, profitability was impacted by 0.5 EURm dividend income tax expense
- Operating income and expenses comparable to previous quarter
- Marginal decrease in number of customers due to customers exiting II pillar in January
- Market share by fund volumes is around 31% and by number of customers stays around 25% at quarter-end
- II and III pillar volumes are staying in growth trend

LHV Varahaldus – comparison with financial plan

Revenues, expenses and profit slightly ahead of the plan

Financial results, EURt	13 months	Mar 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income		745	2,125	1,959	2,102	+23
Total operating expenses		642	1,722	1,877	1,761	-39
EBIT		103	403	82	342	+62
Net financial income		-22	172	103	148	+24
Income tax expense		488	488	830	488	-0
Net profit		-408	87	-646	1	+85

Business volumes	13 months	Mar 23	YTD23	YTD22	FP YTD	Δ YTD FP
Assets under management, EURm		1,451	1,451	1,362	1,443	+8
Active customers of PII funds, thous.		130	130	135	132	-2

Key figures	13 months	Mar 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		88.9%	75.0%	91.1%	78.2%	- 3.3 pp
Funds average return		0.5%	2.3%	2.3%	1.7%	+ 0.6 pp

- Revenues and operating expenses largely in line with the financial plan, there have been no surprises
- Volume of funds is ahead of the plan and this is particularly due to strong returns at the beginning of the year
- Considering the future growth in the number of customers there will more emphasis on LHV's digital channels
- 2,000 customers are leaving LHV funds after another II pillar exiting period that ended in March
- Monthly growth of benchmark index in Q1 has been more than 10%, labour market stays strong

LHV Kindlustus

Growing volumes are supporting efficiency improvement

Financial results, EURt	9 quarters	Q1-23	Q4-22	Δ quarter
Total net income		552	397	+155
Total expenses		1,031	922	+109
Technical result		-479	-526	+46
Net investments income		32	1	+30
Other operating income and expenses		-3	-3	+0
Net profit		-450	-527	+77

Business volumes, EURt	9 quarters	I kv-23	IV kv-22	Δ kvartal
Gross written premiums		7,712	6,029	+1,683
No of Customers (thous.)		155	150	+6

Key figures	9 quarters	I kv-23	IV kv-22	Δ kvartal
Net loss ratio		78.0%	78.0%	- 0.0 pp
Net expense ratio		33.4%	38.8%	- 5.4 pp
pre-tax ROE		-38.0%	-39.5%	+ 1.5 pp
ROE		-38.0%	-39.5%	+ 1.5 pp

- Growth in business volumes in all product lines. Health insurance sales is surpassing the financial plan
- As expected in winter, claim frequency in motor third-party liability and motor own damage insurance higher
- Customers had 220,000 valid insurance contracts at the quarter-end
- Continued adding new functionalities to insurance software to improve efficiency of internal processes
- Customer satisfaction with handling claims remains high

LHV Kindlustus – comparison with financial plan
Negative impact of large fire case to monthly result

Financial results, EURt	13 months	Mar 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income, incl.		**28**	**552**	142	**739**	-187
Net earned premiums		1,651	4,499	1,263	4,030	+469
Net incurred losses		1,455	3,509	1,030	2,850	+659
Other net income		168	438	91	441	-3
Total expenses		**346**	**1,031**	642	**976**	+55
Technical result		**-317**	**-479**	-500	**-237**	-242
Net investment income		32	32	1	9	+23
Other operating income and expenses		2	3	0	0	+3
Net profit		**-287**	**-450**	-499	**-228**	-222
Business volumes, EURt	**13 months**	**Mar 23**	**YTD23**	**YTD22**	**FP YTD**	**Δ YTD FP**
Gross written premiums		2,120	7,712	1,748	5,825	+1,886
No of customers (thous.)		155	155	147	na	na
Key figures	**13 months**	**Mar 23**	**YTD23**	**YTD22**	**FP YTD**	**Δ YTD FP**
Net loss ratio		88.1%	78.0%	81.6%	70.7%	+ 7.3 pp
Net expense ratio		31.5%	33.4%	58.0%	35.2%	- 1.8 pp

- Net income and result was negatively affected by a large home insurance fire case and glass losses in motor own damage insurance have increased sharply
- 13,800 new insurance contracts were signed and 3,735 insurance cases were handled
- Net earned premiums grew 17% and are ahead of the financial plan
- Expenses are as planned

LHV UK Ltd

Started sharing banking services' revenues and expenses with LHV Pank

Financial results, EURt	9 quarters	Q1-23	Q4-22	Δ quarter
Total net income, incl.		**3,462**	**162**	**+3,300**
Net interest income		2,763	157	+2,607
Net fee and commission income		699	0	+699
Other net income		-1	5	-6
Total operating expenses		**5,965**	**5,266**	**+699**
Earnings before impairment		**-2,503**	**-5,104**	**+2,601**
Impairment losses		8	0	+9
Net profit		**-2,512**	**-5,104**	**+2,592**

Business volumes, EURm		Q1-23	Q4-22	Δ quarter
Loans (net)		23	22	+1

- Since March 1st LHV Pank shares banking services revenues with LHV UK and also 50 employees with respective expenses transferred from LHV Pank to LHV UK. Net profit in March 0.9 EURm
- Financial intermediaries continuously active and number of processed payments on record level. Customer groups of crypto companies reduced to 11 customer groups and fees increased
- Active loan portfolio building initiated and first three loans issued
- Last phase in IT development project initiated – migration. In addition, project for changing loan administration system was initiated

LHV UK Ltd – comparison with financial plan

Profit exceeds the financial plan due to higher interest income

Financial results, EURt	13 months	Mar 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income, incl.		**3,298**	**3,462**	-1	**2,370**	+1,092
Net interest income		2,598	2,763	0	402	+2,361
Net fee and commission income		700	699	0	1,967	-1,268
Other net income		0	-1	-1	0	-1
Total operating expenses		**2,554**	**5,965**	1,636	**5,728**	+237
Earnings before impairment		**744**	**-2,503**	-1,638	**-3,359**	+855
Impairment losses		-127	8	0	58	-50
Net profit		**871**	**-2,512**	-1,638	**-3,417**	+905

Business volumes, EURm	13 months	Mar 23	YTD23	YTD22	FP YTD	Δ YTD FP
Loans (net)		23	23	0	24	-1

- In the environment of increased interest rates income earned from deposits was higher than planned. At the same time pressure to share income with customers is increasing
- Fee and commission income increased due to increased number of payments
- Expenses higher due to higher payroll expenses than planned
- Impairment losses on loans is related to an early repayment of a loan and write-off of a premium recorded at the time of the acquisition of that loan

LHV Group
3 months

↑3%
+13,100
BANK CUSTOMERS

↓2%
-59 EURm
LOANS

↑2%
+64 EURm
REGULAR CUSTOMERS' DEPOSITS

↑25%
+1.8 mln
NR OF UK PAYMENTS

↑9%
119 EURm
FUNDS

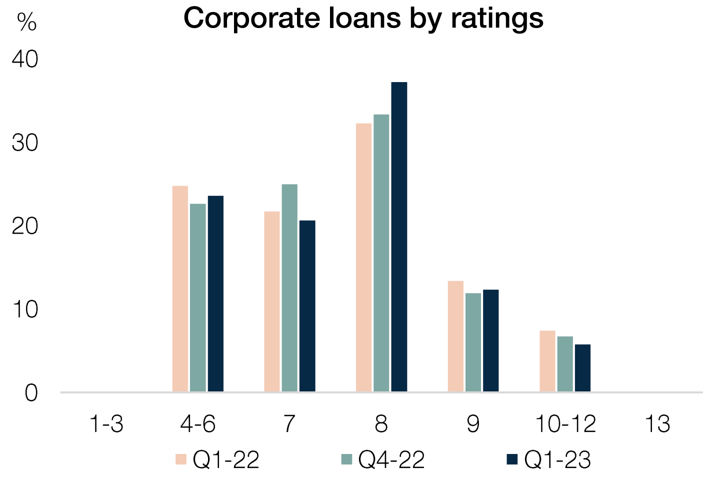
33.1 EURm
NET PROFIT

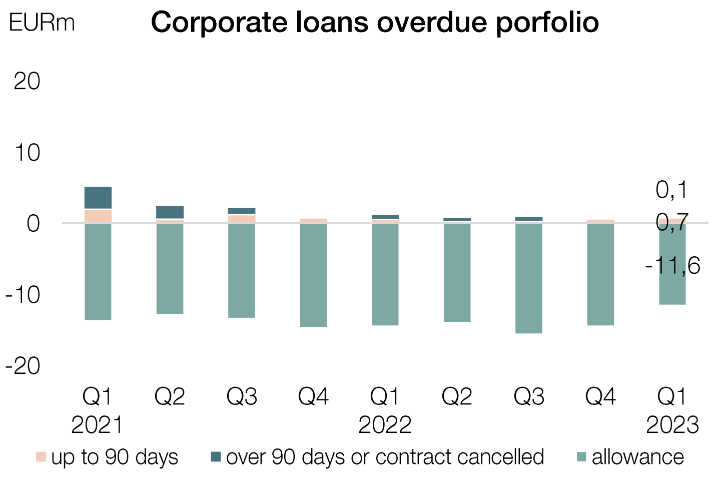
36.3%
PRE-TAX ROE

Annexes

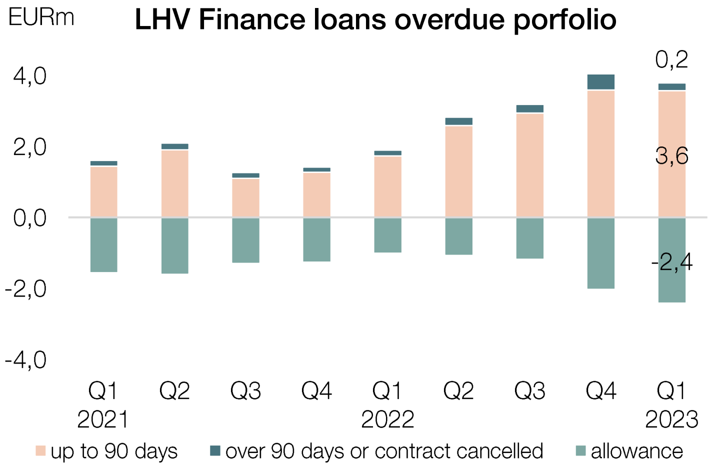
LHV Pank

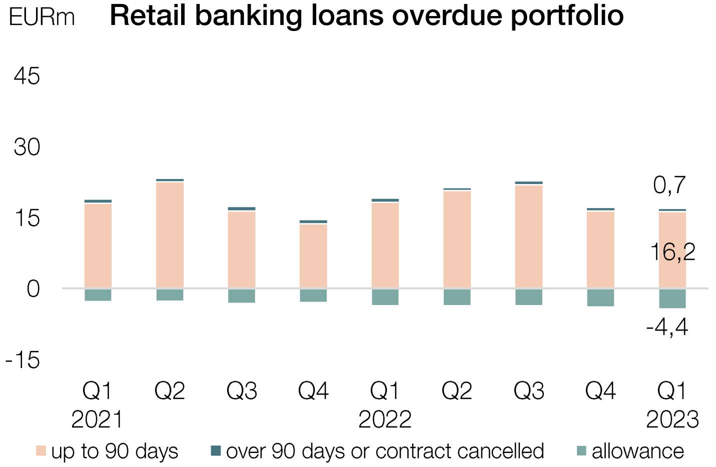
Strong quality of the portfolio



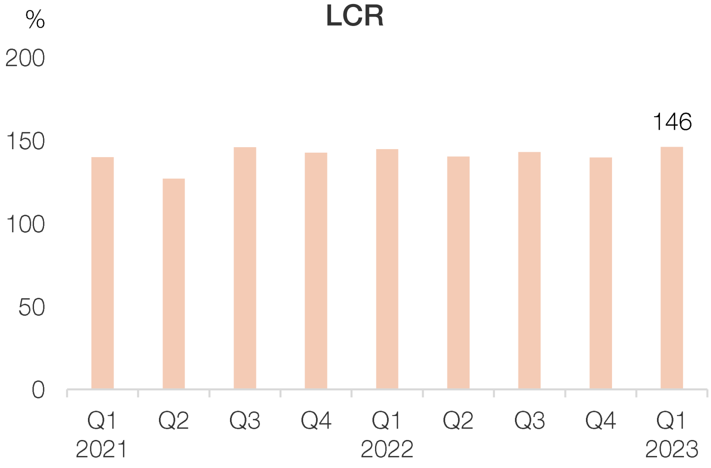


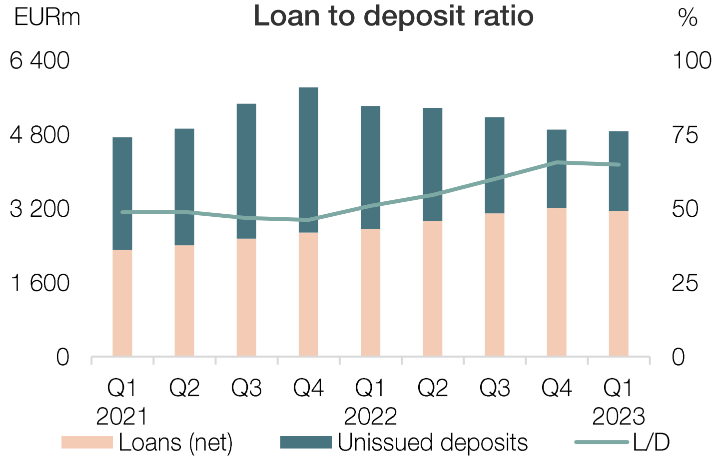
- Marginal increase noted in proportion of lower quality ratings, that is caused by few customers
- Increase in proportion of overdues of LHV Finance due to temporary suspension of debt realisation caused by change of counterparty. New partner started in January

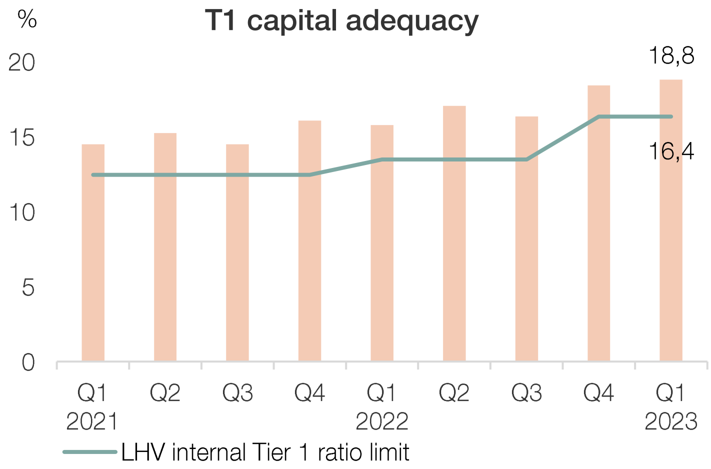


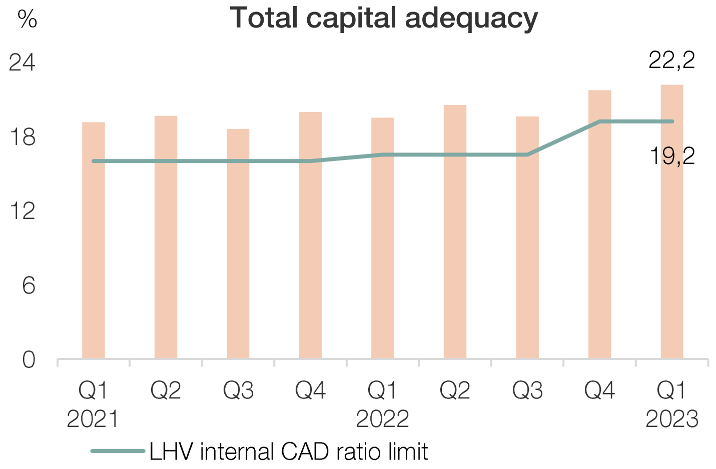


LHV Group
LHV capitalisation is at all times high level



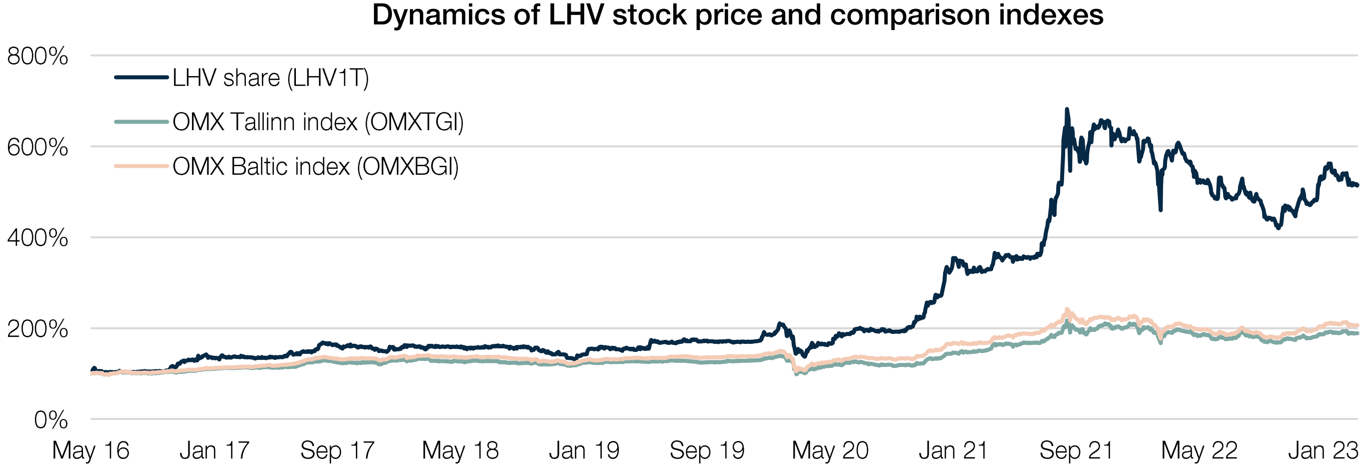






- LHV strengthened its capitalisation in Q1 to be ready for opportunities arising from changes in macroeconomic environment
- Liquidity and capitalisation of the Group remain sufficient, but are carefully observed

LHV Group
Share information



- Q1 closing share price was 3.605 EUR and LHV Group had 34,500 shareholders
- Turnover of LHV shares in Q1 was 20.0 EURm, average price of 3.716 EUR
- Market capitalisation based on Q1 closing price was 1,137 EURm

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