

LHV Group

Q3 results
24 October 2023



All subsidiaries of LHV Group profitable

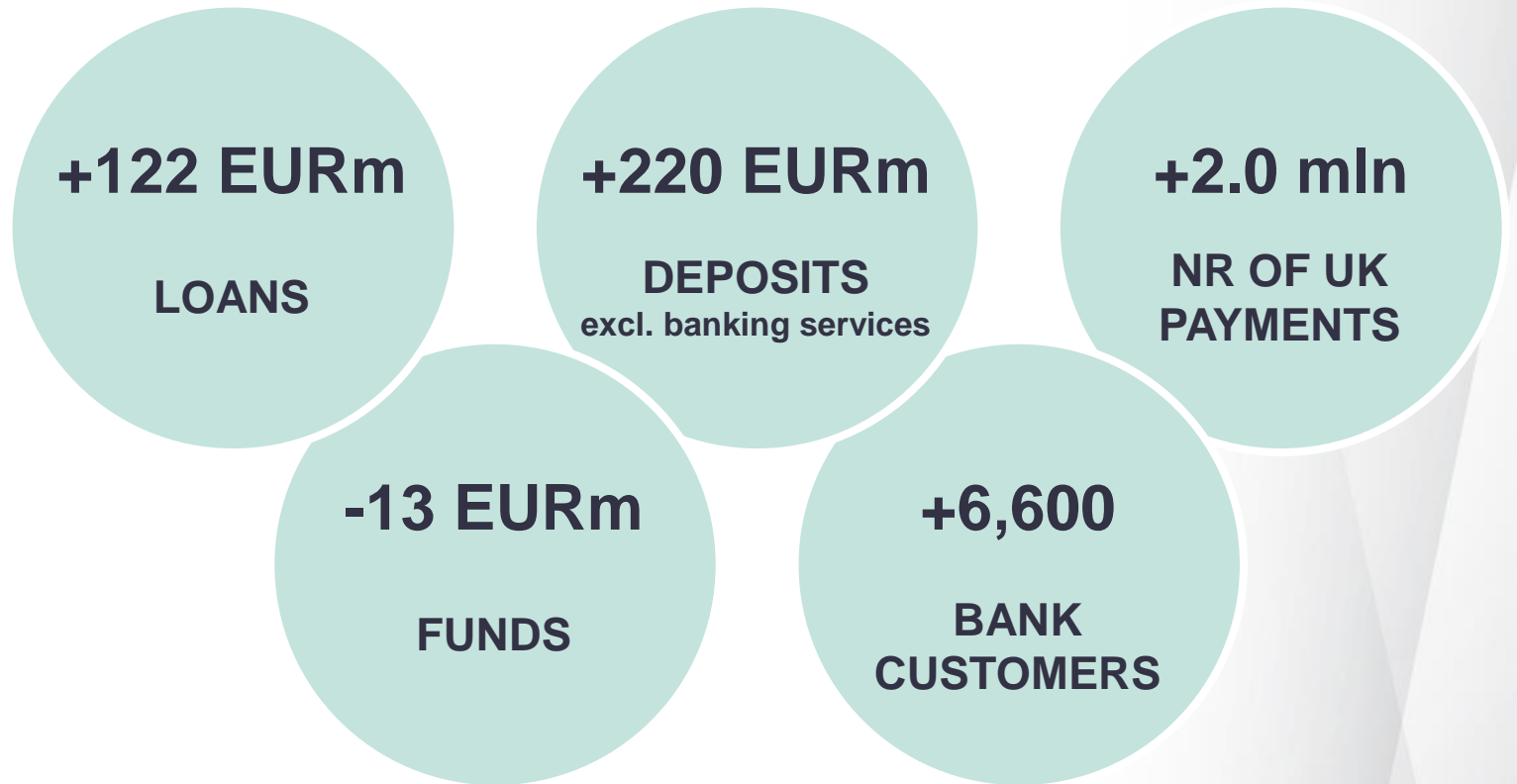
Raised the 2023 profit target in the financial plan

Issuance of subordinated loans with the highest oversubscription in history

Transferring branch operations to LHV Bank

Attractive Employer recognition

The quality of the loan portfolio remains good



LHV Group

Third quarter strong as expected

















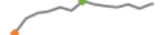
Financial results, EURt	9 quarters	Q3-23	Q2-23	Δ quarter
Net interest income		68,140	62,900	+5,240
Net fee and commission income		13,617	12,352	+1,264
Other income		-278	-350	+73
Total net income		81,479	74,902	+6,577
Total operating expenses		32,806	33,040	-234
Earnings before impairment		48,673	41,862	+6,811
Impairment losses		2,883	809	+2,074
Income tax expense		6,314	5,422	+892
Net profit		39,476	35,631	+3,845
Business volumes, EURm	9 quarters	Q3-23	Q2-23	Δ quarter
Deposits from customers		5,316	5,062	+254
Loans portfolio (net)		3,376	3,253	+122
Assets under management		1,451	1,465	-13
Customers, thous.		577	575	+2
Fin. intermediaries' payments, thous. pcs		13,214	11,202	+2,011
Key figures	9 quarters	Q3-23	Q2-23	Δ quarter
Cost / income ratio (C/I)		40.3%	44.1%	- 3.8 pp
Net interest margin (NIM)		4.3%	4.1%	+ 0.2 pp
pre-tax ROE*		36.7%	35.4%	+ 1.3 pp
ROE*		31.6%	30.7%	+ 0.9 pp

- Number of customers and customer activity growing. Loan portfolio growing as expected and quality of loan portfolio remains good
- Deposits from customers increased by 254 EURm in the quarter
- The final part of the central bank's TLTRO program was repaid
- 35 EURm of subordinated bonds were issued
- At the beginning of October, 100 EURm MREL bonds were settled
- Quarterly net profit 39.5 EURm

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

LHV Group – comparison with financial plan

The previous annual plan was fulfilled in three quarters

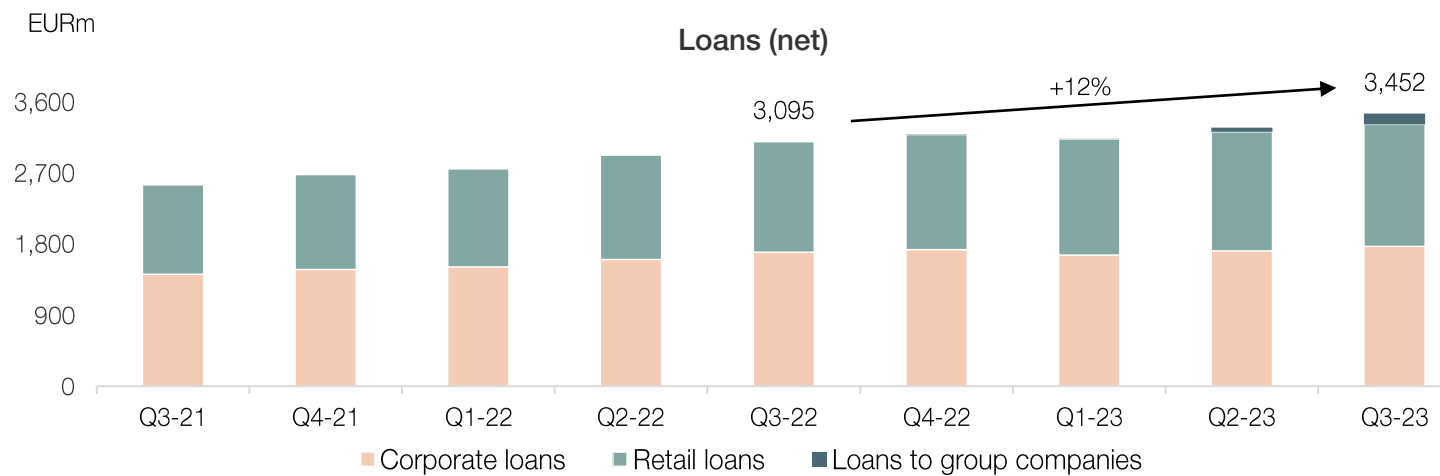
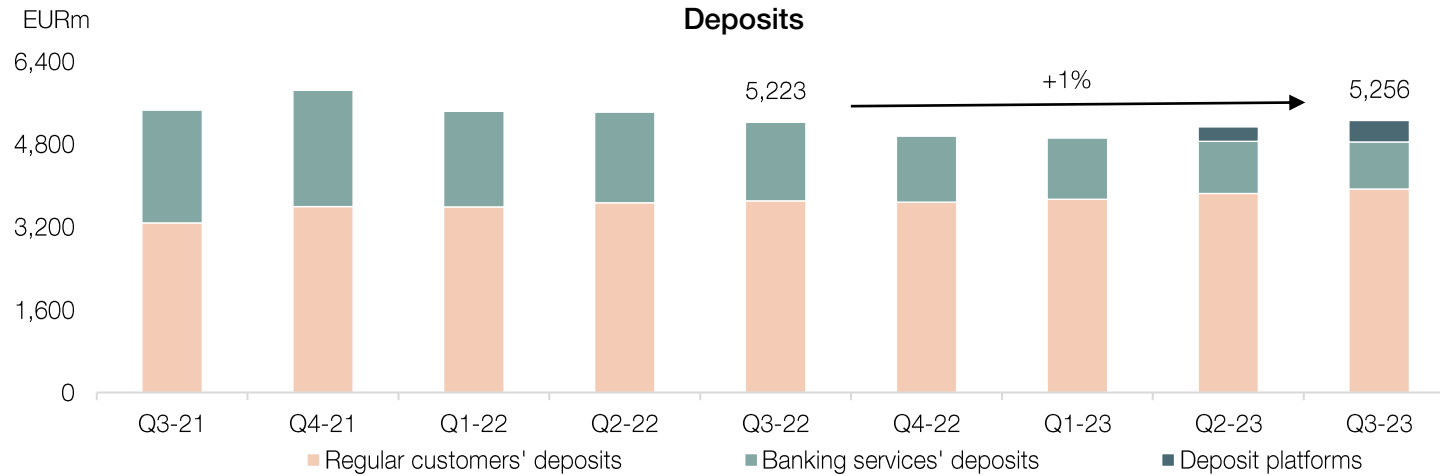
Financial results, EURt	13 months	Sep 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income, incl.		27,789	224,765	116,985	221,267	+3,498
Net interest income		22,978	186,149	85,013	182,726	+3,423
Net fee and commission income		5,309	37,846	33,351	37,199	+647
Total operating expenses		11,076	96,469	62,759	96,477	-8
Earnings before impairment		16,713	128,296	54,227	124,790	+3,506
Impairment losses		940	2,109	7,801	3,493	-1,384
Income tax expense		2,015	18,017	9,309	17,095	+922
Net profit, incl.		13,758	108,170	37,116	104,202	+3,968
attr. to shareholders		13,698	107,064	35,729	103,238	+3,827
Business volumes, EURm	13 months	Sep 23	YTD23	YTD22	FP YTD	Δ YTD FP
Deposits from customers		5,316	5,316	5,168	5,334	-18
Loans (net)		3,376	3,376	3,095	3,383	-8
Assets under management		1,451	1,451	1,266	1,479	-27
Fin. intermediaries' payments, thous. pcs		4,616	33,539	18,830	30,387	+3,153
Key figures	13 months	Sep 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		39.9%	42.9%	53.6%	43.6%	- 0.7 pp
Net interest margin (NIM)		4.3%	3.9%	1.7%	3.9%	+ 0.1 pp
pre-tax ROE*		37.6%	36.0%	17.0%	34.8%	+ 1.2 pp
ROE*		32.8%	30.8%	13.5%	29.8%	+ 1.0 pp

- In the Q3, we updated the financial plan by increasing the profit target by 29%
- Interest income slightly higher than planned mainly due to higher interest rates
- Expenses are in line with the plan
- Quality of loan portfolio good, we see a minor change in private persons' consumer financing portfolio
- YTD cost/income ratio good 42.9% and ROE 30.8%

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

LHV Pank

Business volumes in growth trend



- Approximately 6,600 new bank customers. Activity of customers in terms of settlements and card usage remained at a good level
- Regular customers' deposits increased by 83 EURm, deposits from deposit platforms increased by 140 EURm, deposits of financial intermediaries decreased by 100 EURm. High volatility continues for the latter. Focus still on deposits
- Loan portfolio grew by 176 EURm, of which 83 EURm was issued to LHV Bank and 95 EURm to customers, which in turn was distributed proportionally between retail and corporate banking. Loan demand is showing a strengthening again
- The student loan application period has started, where we are an attractive partner for young people with our offer
- As a result of a survey conducted by Instar, LHV Pank was selected as an attractive employer both by students and by experienced employees

LHV Pank

Quality of loan portfolio stays strong

Financial results, EURt	9 quarters	Q3-23	Q2-23	Δ quarter
Net interest income		59,900	56,094	+3,806
Net fee and commission income		5,715	5,510	+205
Other income		-130	-224	+95
Total net income		65,486	61,380	+4,106
Total operating expenses		20,496	21,083	-587
Earnings before impairment		44,990	40,297	+4,693
Impairment losses		2,773	603	+2,170
Income tax expense		6,192	5,247	+944
Net profit		36,025	34,447	+1,579
Business volumes, EURm	9 quarters	Q3-23	Q2-23	Δ quarter
Deposits from customers		5,256	5,133	+123
incl. banking services' deposits		910	1,010	-100
Loans (net)		3,452	3,276	+176
Customers, thous.		407	401	+7
Key figures	9 quarters	Q3-23	Q2-23	Δ quarter
Cost / income ratio (C/I)		31.3%	34.3%	- 3.1 pp
Net interest margin (NIM)		3.8%	3.7%	+ 0.2 pp
pre-tax ROE*		35.6%	36.2%	- 0.7 pp
ROE*		30.3%	31.4%	- 1.1 pp

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

- The income is broad-based, but the net interest income from the changes in interest rates dominates, as liabilities are revalued with a longer time lag
- The quality of the loan portfolio as a whole remained stronger than planned and the proportion of overdue loans continuously low
- In August, we transferred the activities of the UK branch of LHV Pank to LHV Bank
- Net profit 36.0 EURm and ROE 30.3%

LHV Pank – comparison with financial plan

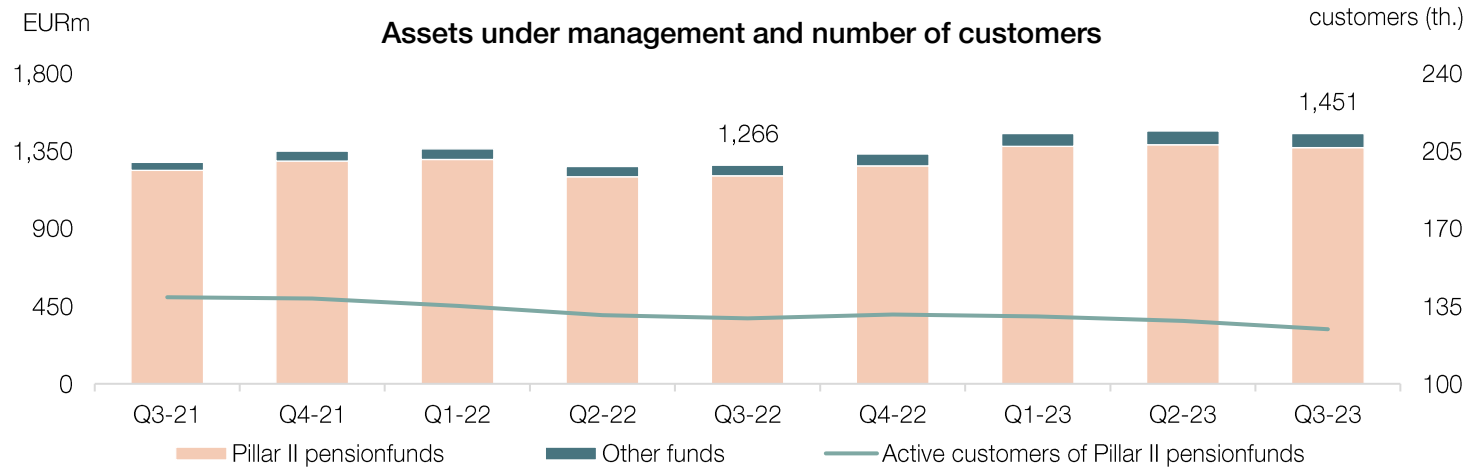
Income ahead of updated financial plan

Financial results, EURt	13 months	Sep 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income, incl.		21,990	188,526	108,234	184,885	+3,640
Net interest income		20,064	168,894	85,099	164,581	+4,313
Net fee and commission income		2,328	18,774	24,149	19,337	-564
Total operating expenses		7,118	62,365	46,445	62,694	-329
Earnings before impairment		14,873	126,161	61,789	122,191	+3,970
Impairment losses		929	1,784	2,565	2,864	-1,080
Income tax expense		1,974	16,586	8,269	15,580	+1,006
Net profit		11,969	107,790	50,955	103,747	+4,043
Business volumes, EURm	13 months	Sep 23	YTD23	YTD22	FP YTD	Δ YTD FP
Deposits from customers		5,256	5,256	5,223	5,143	+113
incl. banking services' deposits		909	909	1,522	896	+13
Loans (net)		3,452	3,452	3,095	3,376	+75
Key figures	13 months	Sep 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		32.4%	33.1%	42.9%	33.9%	- 0.8 pp
Net interest margin (NIM)		3.8%	3.6%	1.7%	3.6%	+ 0.1 pp
T1 capital adequacy		20.5%	20.5%	16.5%	19.6%	+ 0.9 pp
Total capital adequacy		23.1%	23.1%	19.2%	22.0%	+ 1.0 pp

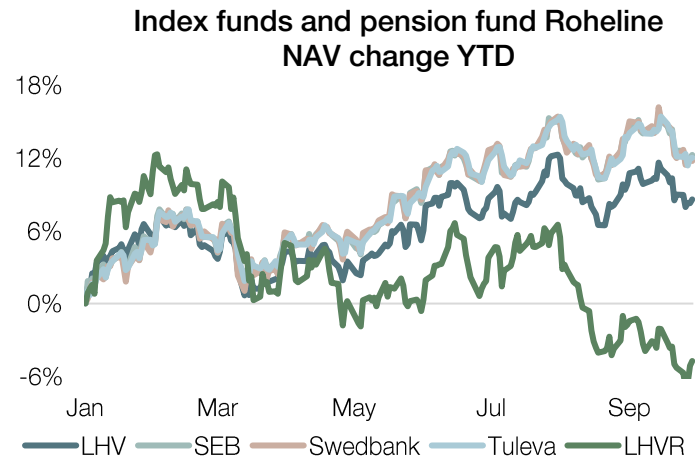
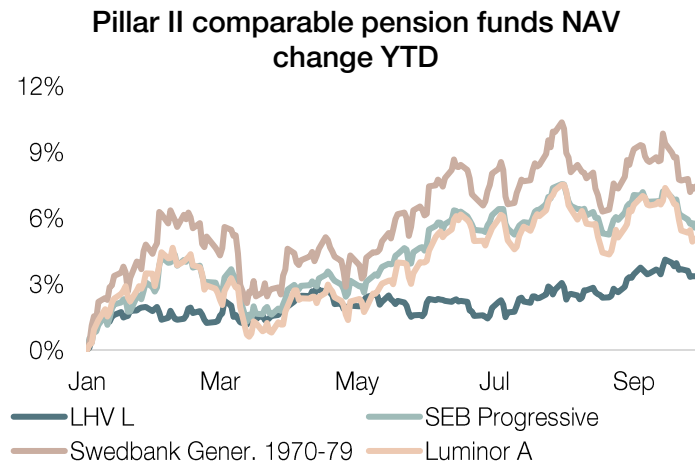
- In September, we published a financial plan with higher profitability
- Business volumes slightly ahead of the plan
- Both income and expenses better than planned, primarily due to higher interest rates
- LHV Pank surpasses the financial plan by 4.0 EURm

LHV Varahaldus

In Q3, the five funds with the best returns were LHV actively managed funds



- The volume of II pillar funds was nearly 1.4 EURb by quarter-end. Assets of III pillar increased in a quarter
- All the major stock markets were in the minus in the Q3. The growth of LHV funds was driven by bonds, private capital and share positions investing in energy



- Quarterly returns of LHV pension funds M, L and XL were 1.2%, 1.4% and 1.3%, respectively. Return of more conservative funds XS and S was 1.1%
- Pension fund Indeks was down by a minimal 0.1%, pension fund Roheline lost 8.2% in value in a quarter

Net profit increased during the quarter primarily due to lower expenses

Financial results, EURt	9 quarters	Q3-23	Q2-23	Δ quarter
Total net income		2,256	2,211	+45
Total operating expenses		1,638	1,798	-160
EBIT		618	413	+204
Net financial income		-12	8	-20
Net profit		606	421	+185
Business volumes, EURm	9 quarters	Q3-23	Q2-23	Δ quarter
Pillar II pension funds		1,370	1,385	-16
Pillar III pension funds		74	72	+2
Eurofunds		8	7	+0
Active customers of PII funds, th.		125	128	-4
Key figures	9 quarters	Q3-23	Q2-23	Δ quarter
Cost / income ratio (C/I)		73.0%	81.0%	- 8.0 pp
pre-tax ROE		11.3%	8.1%	+ 3.2 pp
ROE		11.3%	8.1%	+ 3.2 pp

- Quarterly net profit 0.6 EURm
- The growth of operating profit in Q3 was supported by lower cost base
- The decrease in number of customers mainly due to customers exiting the II pillar at the beginning of September
- Behind the decrease in the volume of funds payouts made at the beginning of September and, although the best in the market, the return of the funds still more modest than expected
- Market share by fund volumes around 30% and by number of customers around 24% at quarter-end

LHV Varahaldus – comparison with financial plan

EBIT largely according to plan, net profit affected by the return of funds

Financial results, EURt	13 months	Sep 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income		725	6,593	5,936	6,607	-14
Total operating expenses		571	5,158	5,467	5,251	-93
EBIT		154	1,435	469	1,355	+79
Net financial income		-37	167	-282	415	-248
Income tax expense		0	488	830	488	+0
Net profit		117	1,113	-644	1,282	-169
Business volumes	13 months	Sep 23	YTD23	YTD22	FP YTD	Δ YTD FP
Assets under management, EURm		1,451	1,451	1,266	1,479	-27
Active customers of PII funds, thous.		125	125	130	124	+0
Key figures	13 months	Sep 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		83.0%	76.3%	96.7%	74.3%	+ 2.0 pp
Funds average return		-0.2%	3.6%	-1.8%	5.1%	- 1.5 pp

- Income and operating expenses largely according to the plan
- Volume of funds and financial income below the plan mainly due to lower returns
- Exits from the II pillar as expected, number of customers negatively affected by weaker sales season in Q3
- Monthly growth of the benchmark index in Q3 has stayed higher than 10%

LHV Kindlustus

A quarter with good profitability

Financial results, EURt	9 quarters	Q3-23	Q2-23	Δ quarter
Total net income		1,489	1,260	+229
Total expenses		1,164	1,220	-55
Technical result		325	40	+285
Net investments income		-22	-4	-19
Other operating income and expenses		-4	-3	-1
Net profit		299	33	+265
Business volumes, EURt	9 quarters	Q3-23	Q2-23	Δ quarter
Gross written premiums		7,525	7,978	-453
No of Customers (thous.)		160	159	+1
Key figures	9 quarters	Q3-23	Q2-23	Δ quarter
Net loss ratio		64.8%	66.6%	- 1.8 pp
Net expense ratio		30.4%	33.4%	- 2.9 pp
pre-tax ROE		25.6%	3.0%	+ 22.6 pp
ROE		25.6%	3.0%	+ 22.6 pp

- Net income continues in growth trend, expenses are on a stable level and in line with the financial plan. Gross written premiums decreased in Q3
- During Q3 15,300 new claims were registered, claims handling was finished for 17,600 cases
- Customers had 228,000 valid insurance contracts at the quarter-end
- Development of sales and claims handling software continued. In the Q3, the recruitment of key positions was successfully completed

LHV Kindlustus – comparison with financial plan

September is the month with the best result this year

Financial results, EURt	13 months	Sep 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income, incl.		550	3,300	1,091	3,336	-35
Net earned premiums		2,138	16,374	5,247	16,029	+345
Net incurred losses		1,337	11,308	3,749	11,076	+233
Other net income		-251	-1,765	-407	-1,617	-147
Total expenses		410	3,415	2,231	3,381	+34
Technical result		140	-115	-1,140	-46	-69
Net investment income		-2	6	-24	98	-92
Other operating income and expenses		2	9	2	6	+4
Net profit		137	-118	-1,166	47	-165
Business volumes, EURt	13 months	Sep 23	YTD23	YTD22	FP YTD	Δ YTD FP
Gross written premiums		2,611	23,214	11,109	23,755	-541
No of customers (thous.)		160	160	152	na	na
Key figures	13 months	Sep 23	YTD23	YTD22	FP YTD	Δ YTD FP
Net loss ratio		62.5%	69.1%	71.4%	69.1%	na
Net expense ratio		31.4%	32.2%	50.3%	31.6%	na

- September gross written premiums according to the plan, grew in monthly comparison. Number of claims normal, but the amount of net incurred losses low
- 14,800 new insurance contracts were signed and 5,400 insurance cases were opened in September
- Net earned premiums grew by 0.3% in September and are ahead of the financial plan
- Net loss and net expense ratio in a downward trend. Net loss ratio moves in line the financial plan












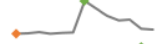
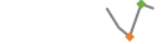
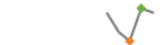
Strong growth of the loan portfolio and interest income

Financial results, EURt	9 quarters	Q3-23	Q2-23	Δ quarter
Total net income, incl.		11,780	9,561	+2,219
Net interest income		9,089	7,418	+1,671
Net fee and commission income		2,704	2,209	+495
Other net income		-13	-66	+53
Total operating expenses		8,503	7,957	+547
Earnings before impairment		3,277	1,604	+1,673
Impairment losses		110	26	+84
Net profit		3,166	1,578	+1,588
Business volumes, EURm		Q3-23	Q2-23	Δ quarter
Deposits from customers		135	0	+135
Loans (net)		61	31	+29
Key figures		Q3-23	Q2-23	Δ quarter
Cost / income ratio (C/I)		72.2%	83.2%	- 11.0 pp
Net interest margin (NIM)		17.4%	48.9%	- 31.4 pp
pre-tax ROE		29.2%	18.1%	+ 11.1 pp
ROE		29.2%	18.1%	+ 11.1 pp

- Business activities transferred from branch to LHV Bank, branch closure to follow
- New IT system implemented
- Loan system changed
- Initiated raising deposits from Raisin platform. Joining the other platforms ongoing. Commenced developing own deposit product and launching next year
- Doubling the loan portfolio in a quarter
- Business volumes of banking services segment record high, growth from the companies operating in new sectors (open banking)

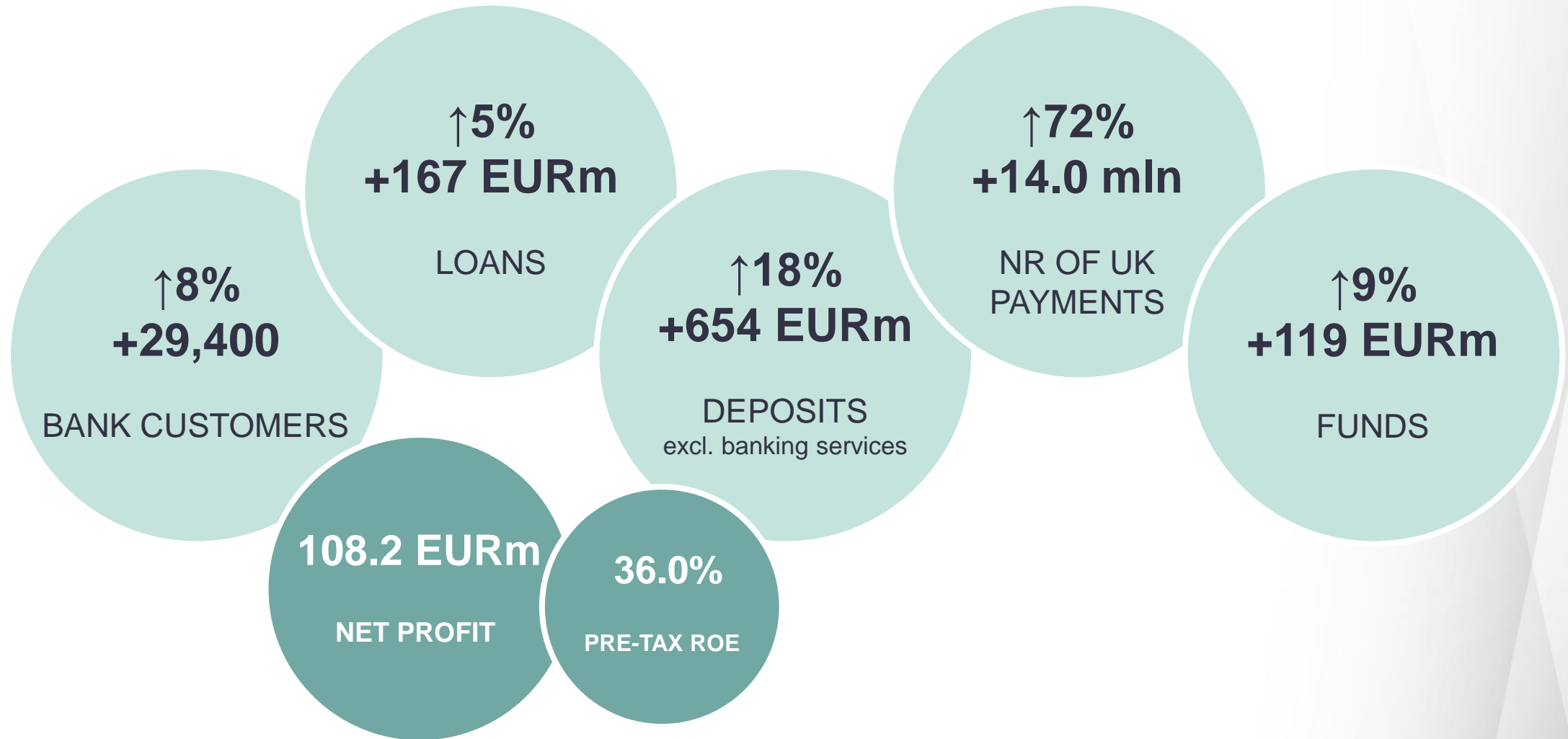
LHV Bank – comparison with financial plan

Income growth faster than planned in both interest and fee income

Financial results, EURt	13 months	Sep 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income, incl.		4,325	24,802	-95	22,894	+1,908
Net interest income		3,159	19,271	-97	18,560	+710
Net fee and commission income		1,188	5,612	0	4,401	+1,211
Other net income		-21	-80	2	-67	-13
Total operating expenses		2,610	22,425	6,471	21,792	+633
Earnings before impairment		1,715	2,377	-6,566	1,102	+1,275
Impairment losses		11	145	0	449	-305
Net profit		1,705	2,232	-6,566	653	+1,580
Business volumes, EURm	13 months	Sep 23	YTD23	YTD22	FP YTD	Δ YTD FP
Deposits from customers		135	135	0	234	-99
Loans (net)		61	61	0	88	-27
Key figures	13 months	Sep 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		60.3%	90.4%	na	95.2%	- 4.8 pp
Net interest margin (NIM)		11.5%	14.1%	-0.6%	12.4%	+ 1.7 pp
T1 capital adequacy		35.5%	35.5%	na	29.0%	+ 6.5 pp
Total capital adequacy		35.5%	35.5%	na	29.0%	+ 6.5 pp

- Interest income, and fee and commission income of banking services segment higher than planned
- The interest income of the loan portfolio in a strong growth trend due to the growth of the portfolio and interest rates
- Salary, IT and legal expenses higher than planned due to heavier workload of business transfer project
- Share capital increased by 12 EURm

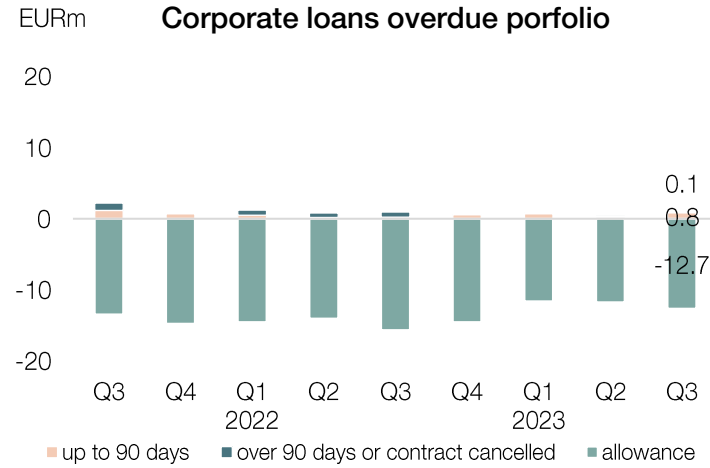
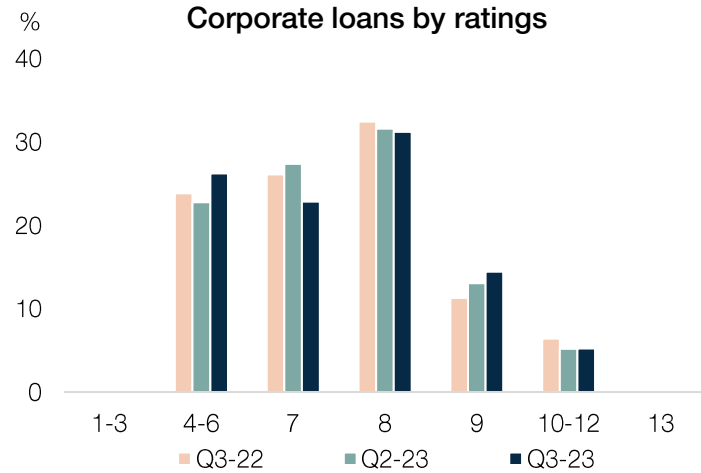
LHV Group 9 months



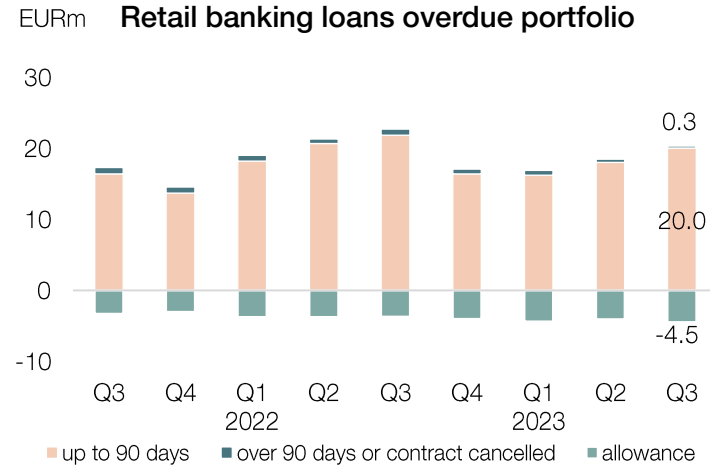
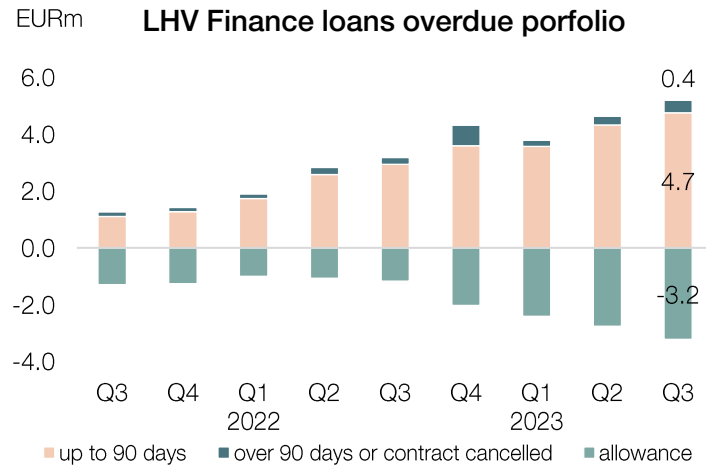
Annexes

LHV Pank

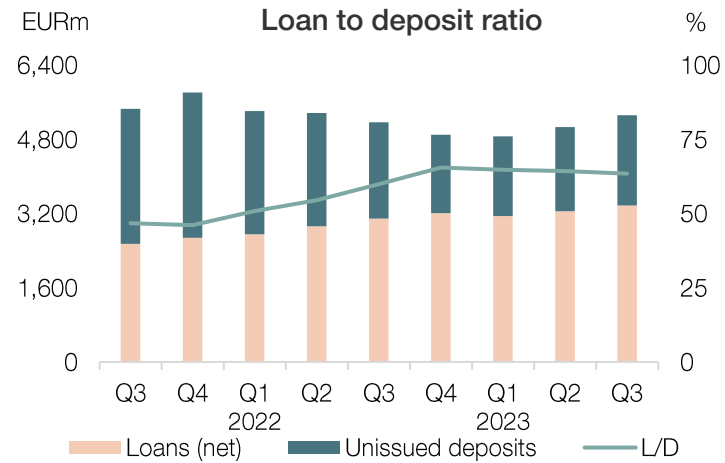
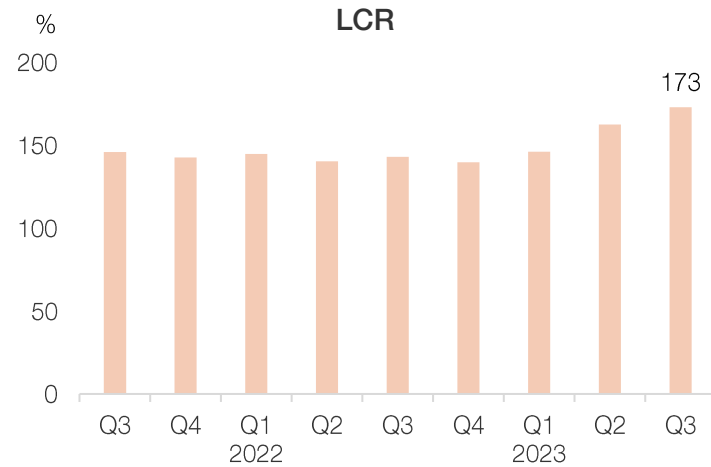
Strong quality of the portfolio



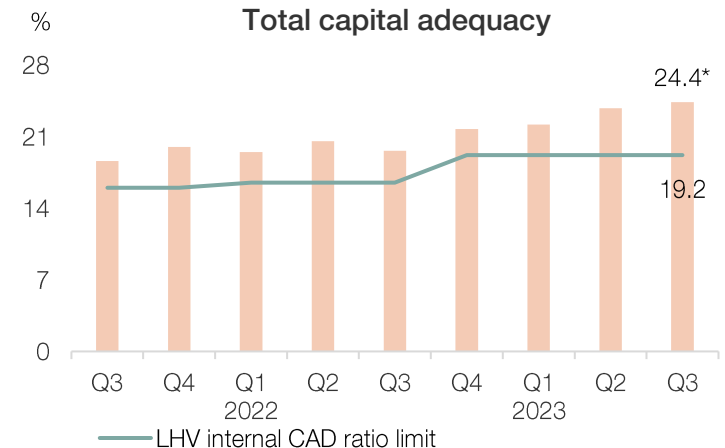
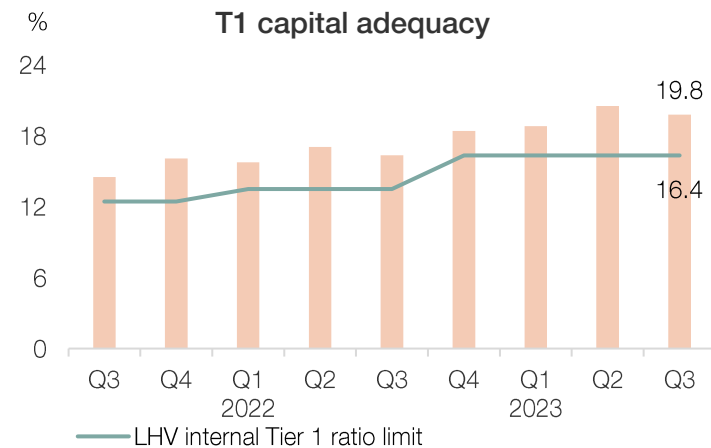
- Portfolio stays stronger than planned and negative developments are visible only in consumer financing products, but this is still one of the most profitable products
- Ratings have improved a bit in corporate loan portfolio and overdue portfolio very low



LHV's capitalisation and liquidity are strong



- Capitalisation at the highest level in history
- Liquidity exceeds the target by 400 EURm. We have replaced larger deposits with smaller ones in the last quarter, which strengthens liquidity
- Group's liquidity and capitalisation stay sufficient, but are under close monitoring



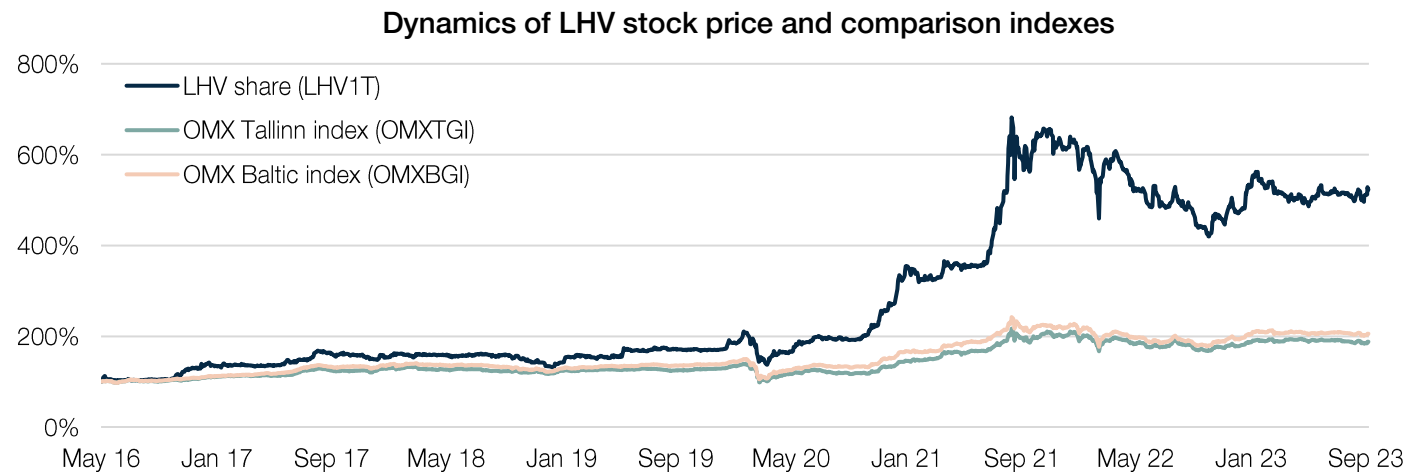
* On 28 November 2023 five years will pass from 40 EURm T2 bonds issuance. LHV Group is entitled to redeem the bonds prematurely at any time after the lapse of 5 years as from the date of issue by notifying the bondholders at least 30 days in advance. A consent from ECB is necessary for early redemption. 35 EURm of new T2 bonds were issued in September, increasing the total capital adequacy to 24.4%. Without considering the new bonds the indicator would be 22.9%

LHV Group

Share information



- Q3 closing share price 3.68 EUR and LHV Group had 36,800 shareholders
- Turnover of LHV shares in Q3 was 12.7 EURm, average price of 3.60 EUR
- Market capitalisation based on Q3 closing price 1,155 EURm



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