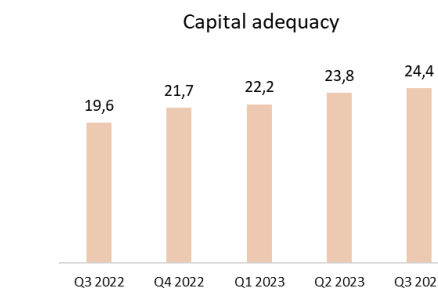
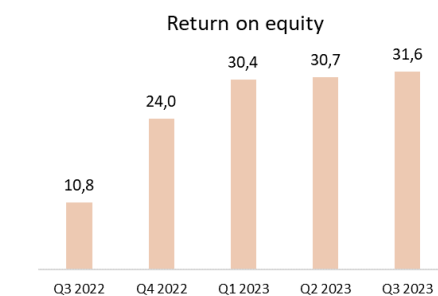
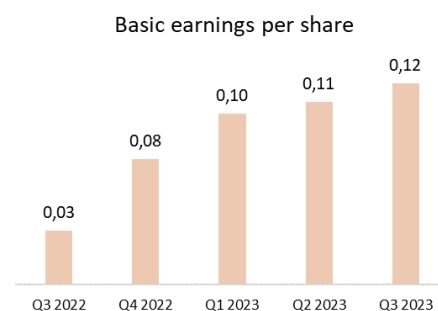
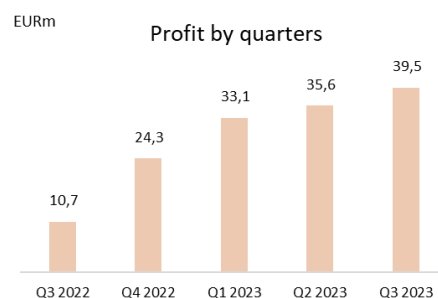


Interim Report January – September 2023

Summary of Results

Q3 2023 in comparison with Q2 2023

- Net profit EUR 39.5 m (EUR 35.6 m), of which EUR 39.1 m (EUR 35.4 m) is attributable to owners of the parent
- Earnings per share EUR 0.12 (EUR 0.11)
- Net income EUR 81.5 m (EUR 74.9 m)
- Operating expenses EUR 32.8 m (EUR 33.0 m)
- Loan and bond provisions EUR 2.9 m (EUR 0.8 m)
- Income tax expenses EUR 6.3 m (EUR 5.4 m)
- Return on equity 31.6% (30.7%)
- Capital adequacy 24.4% (23.8%)



Q3 2023 in comparison with Q3 2022

- Net profit EUR 39.5 m (EUR 10.7 m), of which EUR 39.1 m (EUR 10.3 m) is attributable to owners of the parent
- Earnings per share EUR 0.12 (EUR 0.03)
- Net income EUR 81.5 m (EUR 44.3 m)
- Operating expenses EUR 32.8 m (EUR 22.8 m)
- Loan and bond provisions EUR 2.9m (EUR 7.4 m)
- Income tax expenses EUR 6.3 m (EUR 3.3 m)
- Return on equity 31.6% (10.8%)
- Capital adequacy 24.4% (19.6%)

Earnings per share and return on equity ratios are based on the profit attributed to the shareholders and equity of AS LHV Group and do not include non-controlling interest.

Table of contents

Summary of financial results	3
Operating Environment	7
The Group's Liquidity, Capitalisation and Asset Quality	9
Overview of AS LHV Pank Consolidation Group	12
Overview of AS LHV Varahaldus	15
Overview of AS LHV Kindlustus	17
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	18
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	18
Condensed Consolidated Interim Statement of Financial Position.....	19
Condensed Consolidated Interim Statement of Cash Flows.....	20
Condensed Consolidated Interim Statement of Changes in Equity.....	21
Notes to the Condensed Consolidated Interim Financial Statements	22
NOTE 1 Accounting Policies	22
NOTE 2 Business Segments.....	22
NOTE 3 Risk Management	25
NOTE 4 Breakdown of Financial Assets and Liabilities by Countries.....	25
NOTE 5 Breakdown of Assets and Liabilities by Contractual Maturity Dates	26
NOTE 6 Open Foreign Currency Positions.....	27
NOTE 7 Fair Value of Financial Assets and Liabilities.....	28
NOTE 8 Breakdown of Loan Portfolio by Economic Sectors and by Stages	29
NOTE 9 Net Interest Income	30
NOTE 10 Net Fee and Commission Income.....	31
NOTE 11 Operating Expenses.....	31
NOTE 12 Balances with the Central Bank, Credit Institutions and Investment Companies	32
NOTE 13 Deposits of Customers and Loans Received	32
NOTE 14 Accounts payable and other liabilities.....	33
NOTE 15 Contingent Liabilities	34
NOTE 16 Basic Earnings and Diluted Earnings Per Share	34
NOTE 17 Capital Management	34
NOTE 18 Transactions with related parties	35
NOTE 19 Tangible and intangible assets	36
NOTE 20 Subordinated debts	37
NOTE 21 Changes in impairments.....	37
Supervisory Boards and Management Boards of AS LHV Group and its Subsidiaries	39
Signatures of the Management Board to the Condensed Consolidated Interim Report	40

Summary of financial results

The Group's consolidated net profit in Q3 2023 was EUR 39.5 million, having grown by EUR 3.8 million compared to Q2 2023 and by EUR 28.7 million compared to Q3 2022. The profit for the Group's shareholders was EUR 39.1 million in Q3 2023, which was EUR 3.7 million more than in Q2 2023.

The Group's consolidated net income in Q3 2023 amounted to EUR 81.5 million, having grown by EUR 6.6 million compared to Q2 2023 and by EUR 37.2 million compared to Q3 2022.

The Group's net interest income in Q3 2023 grew by 8% from Q2 2023, amounting to EUR 68.1 million (EUR 62.9 million in Q2 2023).

Net service fee income grew by 10% and amounted to EUR 13.6 million (EUR 12.4 million in Q2 2023). In total, the Group's net income in Q3 2023 grew by 9% from Q2 2023, amounting to EUR 81.5 million (EUR 74.9 million in Q2 2023).

Operating expenses amounted to EUR 32.8 million in Q3, having decreased by EUR 0.2 million from Q2 2023 and grown by EUR 10.0 million compared to Q3 2022.

The Group's operating profit in Q3 amounted to EUR 48.7 million (EUR 41.9 million in Q2 2023). Write-downs were increased by EUR 2.9 million in Q3 (EUR 0.8 million in Q2 2023).

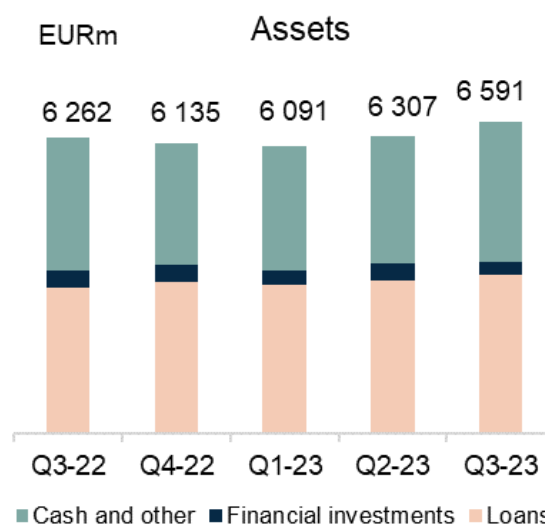
Income tax expense on future disbursements of dividends by subsidiaries at the consolidated level was EUR 0.2 million in Q3.

The Group's net profit in Q3 amounted to EUR 39.5 million (EUR 35.6 million in Q2 2023). Compared to Q3 2022, the Group's net interest income grew by 113% and net service fee income grew by 13%.

The return on equity owned by LHV's shareholders was 31.6% in Q3 2023, which was 0.9 percentage points higher than in Q2 2023

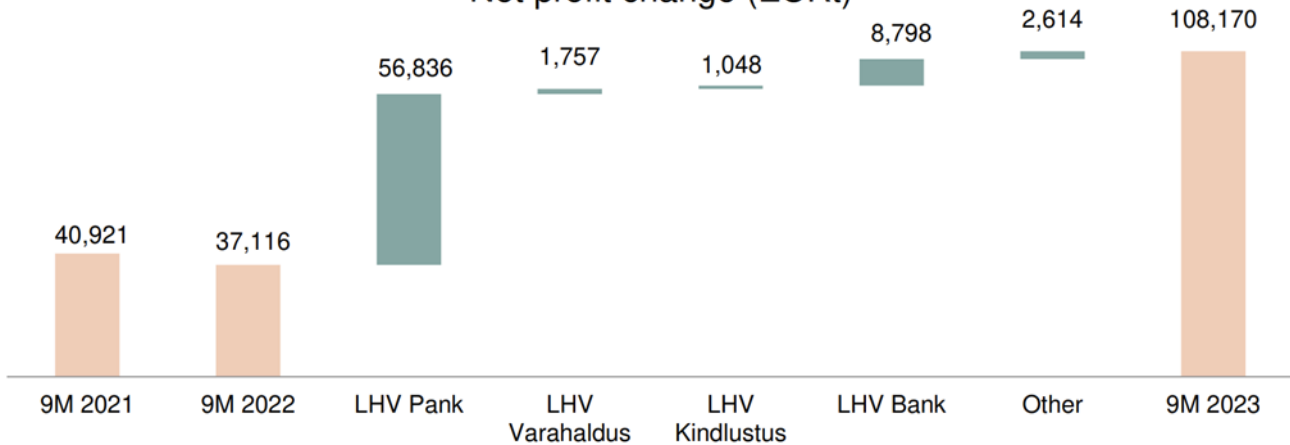
(30.7%) and 20.8 percentage points lower than in Q3 2022 (10.8%).

The volume of deposits grew by EUR 254 million in a quarter (a growth of EUR 195 million in Q2 2023). The growth mainly came from ordinary deposits and deposits engaged from deposit platforms. Of the deposits, EUR 3 817 million (EUR 4 008 million in Q2 2023) were call deposits, EUR 1 080 million (EUR 777 million in Q2) term deposits and EUR 419 million (EUR 278 million in Q2) platform deposits.



Across business units, AS LHV Pank earned a net profit of EUR 36 million at the consolidated level, and AS LHV Varahaldus earned a net profit of EUR 0.6 million. AS LHV Kindlustus earned a net profit of EUR 0.3 million. LHV Bank's net profit was EUR 3.2 million. The net profit of EveryPay AS was EUR 0.3 million. LHV Group separately made a net loss of EUR 0.8 million.

Net profit change (EURt)



The Bank's net profit at the consolidated level amounted to EUR 36 million in Q3 2023, which was EUR 1.6 million more than in the previous quarter (EUR 34.4 million in Q2 2023) and EUR 16.9 million more than in Q3 2022. The number of the Bank's customers grew by 6 600 in a quarter (9,700 in Q2 2023), amounting to a total of 407 000.

The Bank's loan portfolio grew by EUR 176 million in Q3 (EUR 149 million in Q2 2023), reaching EUR 3 452 million. Loans that grew the most included housing loans, corporate loans and loans to Group companies.

The deposits of the Bank's customers increased by EUR 123 million in Q3, while the balance of the deposits of payment intermediaries decreased by EUR 100 million, platform deposits grew by EUR 141 million and the deposits of the remaining customers grew by EUR 82 million. The total volume of deposits was EUR 5 256 million at the end of Q3.

The net profit of LHV Varahaldus was EUR 0.6 million in Q3 2023 (EUR 0.4 million in Q2 2023). The service fee income of LHV Varahaldus amounted to EUR 2.3 million (EUR 2.2 million in Q2 2023). The operating expenses of LHV Varahaldus amounted to EUR 1.3 million in Q3 2023 (EUR 1.5 million in Q2 2023). Expenses related to non-current assets (including depreciation on customer agreements) were EUR 0.4 million in Q3 2023 (EUR 0.3 million in Q2 2023).

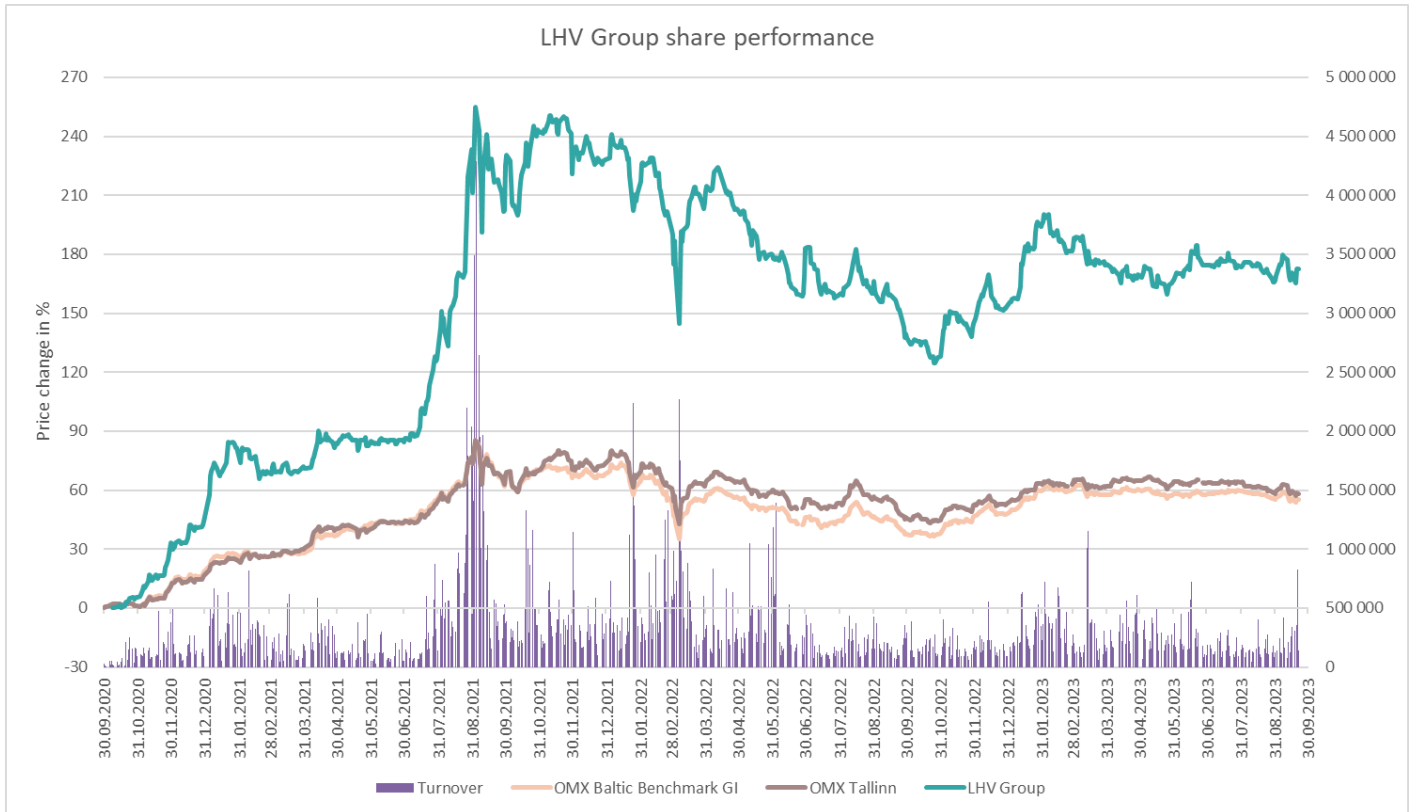
The total volume of funds managed by LHV decreased by EUR 13 million in a quarter (an increase of EUR 14 million in Q2 2023).

The number of active 2nd pillar clients decreased by 3 800 in a quarter (a decrease of 1 900 in Q2 2023).

The net profit of LHV Kindlustus was EUR 0.3 million in Q2 2023 (a profit of EUR 0.03 million in Q2 2023). The volume of gross premiums decreased by EUR 0.5 million in the quarter, reaching EUR 7.5 million. Income from insurance activities at LHV Kindlustus increased by EUR 0.2 million in the quarter, to EUR 1.5 million.

As at the end of Q3 2023, the net loan portfolio of LHV Bank amounted to EUR 61 million and the volume of deposits was EUR 135 million. The net profit of LHV Bank was EUR 3.2 million in Q3 2023 (a profit of EUR 1.6 million in Q2 2023). The net income of LHV Bank was EUR 11.8 million in Q3 2023 (EUR 9.6 million in Q2 2023).

There is only one class of shares issued by LHV, each share gives 1 voting right. The shares of LHV Group is traded on NASDAQ Tallinn main list since May 2016. Graph below presents LHV Group share performance against OMX Tallinn index and OMX Baltics benchmark index. LHV Group share has outperformed both indexes and has raised 179%, when comparison indexes have increased by 60% and 57% respectively. Group share price was 3.665 euros in the end of Q3 and based on the stock price, LHV's market value was EUR 1 156 million. When monitoring the share price, it should be taken into account that a 1/10 share split was carried out in the middle of 2022.

**Business volumes**

EUR million	Q3 2023	Q2 2023	Quarter over quarter	Q3 2022	Year over year
Loan portfolio	3 375.6	3 253.5	4%	3 094.7	9%
Financial investments	270.8	370.3	-27%	373.7	-28%
Deposits of customers	5 316.2	5 062.4	5%	5 168.2	3%
incl. deposits of financial intermediates	1 287.7	1 265.8	2%	1 782.0	-28%
Equity (including minority interest)	522.2	481.8	8%	395.7	32%
Equity (owners' share)	514.5	474.5	8%	388.1	33%
Volume of funds managed	1 451.3	1 464.8	-1%	1 266.2	15%
Client securities	3 552.1	3 513.8	4%	3 164.0	12%

Income statement			Quarter	Q3	Year			Year
EUR million	Q3 2023	Q2 2023	over quarter	2022	over year	9M 2023	9M 2022	over year
Net interest income	68.14	62.90	8%	32.04	113%	186.15	85.01	119%
Net fee and commission income	12.52	12.35	10%	12.00	6%	35.81	33.35	8%
Other financial income	-0.59	-0.55	7%	0.23	NA	0.25	-1.42	NA
Total net operating income	80.07	74.70	9%	44.27	81%	222.21	116.94	90%
Other income	0.31	0.20	55%	0.03	933%	0.52	0.05	924%
Operating expenses	-32.81	-33.05	-1%	-22.81	44%	-96.47	-62.76	54%
Loan and bond portfolio gains/(-losses)	-2.88	-0.81	256%	-7.41	-61%	-2.11	-7.81	-73%
Income tax expenses	-6.31	-5.42	16%	-3.33	89%	-18.02	-9.31	94%
Net profit	39.48	35.62	11%	10.75	267%	108.17	37.11	191%
Including attributable to owners of the parent	39.06	35.35	10%	10.31	279%	107.06	35.73	200%

Ratios			Quarter			Year			Year
EUR million	Q3 2023	Q2 2023	over quarter	Q3 2022	over year	9M 2023	9M 2022	over year	
Average equity (attributable to owners of the parent)	494.5	460.7	33.8	382.8	111.7	463.7	352.2	111.5	
Return on equity (ROE), %	31.6	30.7	0.9	10.8	2.8	30.8	13.5	17.3	
Return on assets (ROA), %	2.4	2.3	0.1	0.7	1.7	2.3	0.8	1.5	
Interest-bearing assets, average	6 364.7	6123.6	241.1	6 344.0	20.7	6 286.0	6 508.2	-222.2	
Net interest margin (NIM) %	4.28	4.11	0.17	2.02	2.26	3.95	1.74	2.21	
Price spread (SPREAD) %	4.13	4.01	0.12	2.00	2.13	3.85	1.72	2.13	
Cost/income ratio %	40,3	44.1	-3.8	54.2	-13.9	42.9	53.6	-10.7	
Profit attributable to owners before income tax	45.3	40.7	4.6	13.6	31.7	125.1	44.8	80.3	

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

Operating Environment

It must be admitted that now and in the next year the macroeconomic environment is not favorable for the global and Estonian economy.

The baseline forecast is for global growth to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024 (0,1% less than in July), well below the historical (2000–19) average of 3.8 percent. Advanced economies are expected to slow from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024 as policy tightening starts to bite. Emerging market and developing economies are projected to have a modest decline in growth from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024. Global inflation is forecast to decline steadily, from 8.7 percent in 2022 to 6.9 percent in 2023 and 5.8 percent in 2024, due to tighter monetary policy aided by lower international commodity prices. Core inflation is generally projected to decline more gradually, and inflation is not expected to return to target until 2025 in most cases. Monetary policy actions and frameworks must remain key at the current juncture to keep inflation expectations anchored. (World Economic Outlook, October 2023)

The tightening of monetary policy is also having an increased effect as high interest rates are impacting different business sectors due to tighter credit conditions. It is also decreasing the purchasing power of households as monthly loan payments have in most cases more than doubled and the levels of disposal income have decreased.

The interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility are increased to 4.50%, 4.75% and 4.00% respectively, with effect from 20 September 2023.

6-month Euribor increased by 4.138% by the end of the quarter. There are expectations that the European Central Bank will probably raise interest rates additionally but at the same time, in the current situation, it cannot be ruled out that base interest rates will still be cautiously lowered in the coming year.

The Estonian economy shrank by 1.3 per cent in 2022 and expected to shrink 2,2% in 2023 and to grow 1,4 % in 2024 (Bank of Estonia, 26 Sept. 2023). The economic difficulties started mid 2022 and by now quarterly GDP have declined all consecutive quarters. In the last quarter of 2022, GDP dropped 4.1 per cent in the first of 2023 3,7% and in the second 2,9%.

Based on data released by the Estonian Statistical Office, Estonia's nominal GDP was 31 € billion in 2021 and €36.2 billion in 2022. The Estonian Central Bank's forecast of nominal GDP for 2023 is €37,9 billion and €39,5 billion for 2024.

The economy in nominal terms has continued to grow, but at a somewhat slower pace than expected a quarter ago; about 5% instead of 7.4% which nevertheless still is helping businesses and households to better cope with the slowdown.

In 2022 half of the areas of economic activity managed to increase value added (at nominal prices), however share of added value in production fell in 2022 in almost all areas of activity as average by 1,1 percentage. The exceptions were agriculture, water supply and waste management, and accommodation and catering. At constant prices trend of growth in manufacturing has been negative from April of 2022. According to Statistics Estonia, in August 2023, the total production of industrial enterprises decreased by 11.9% at constant prices compared with the corresponding month of 2022. Output fell in all three sectors: by 26.2% in electricity production, by 9.3% in manufacturing and by 41.5% in mining.

Soft data from sentiment survey of the Estonian Institute of Economic Research (Sept. 2023) indicates that overall confidence in the economy has significantly decreased compared to the previous survey. But there is hope that the decline in economic activity and consequently in GDP will bottomed out by the end of the year or in the winter of next year.

The biggest challenge for the economy is still the rapid rise of consumer prices. Although in Sept. inflation in Estonia (4,0%) was below the average level of the EU (4,3%), this does not negate the fact that during the entire year 2022 the CPI growth exceeded the average of the Estonian Eurozone twice, and the price increase in 2023 was also significantly higher than that of the EU.

MoF and BoE estimates that for this year average CPI growth will be 9,6% or 9,4% and for 2024 4,7% or 3,4% respectively.

At the same time, we must consider that the downside risks in the world's macroeconomic development have not disappeared, but that the situation has become more uncertain.

The labor market has stayed resilient in the first half of year with unemployment at 5.3 per cent in the first quarter of 2023 and 6,7% per cent in the second (Statistical Office). As employers are not expecting economic activity to increase in the second half of 2024 MoF expects that the unemployment rate will stay stable in 2024. Bank of Estonia estimates, that in 2024 unemployment rate will be 8,0%.

Prior to the changed geopolitical circumstances and their negative economic impact, the Estonian economy had already reached close to its limit of production capacity by the end of 2021. Any structural issues in the Estonian economy are expected to have

less of an effect in the near future as inflation is still the main factor dictating and holding back economic growth.

The Group's Liquidity, Capitalisation and Asset Quality

As at 30 September 2023, the Group's own funds stood at EUR 585.5 million (31 December 2022: EUR 495.0 million). LHV Group own funds are calculated based on regulative requirements.

Compared to Group's internal capital adequacy ratio target 19.2%, the Group is capitalised good enough as at the end of the reporting period, with the capital adequacy ratio is amounting to 24.4% (31 December 2022: 21.7%). In addition to total capital adequacy targets the Group has also set internal targets for the core Tier 1 capital adequacy ratio to 14.20% and Tier 1 capital adequacy ratio to 16.35%. The internal targets were approved in December 2022 by the Group's Supervisory Board, after the completion of the annual supervisory assessment by the Financial Supervision Authority. LHV Group includes only that part of the current year's profit for which the European Central Bank has given permission as part of its own funds. Obtaining the permit is done with the referrer, but it is also applied to the reporting quarter afterwards, which is why the capitalization ratios also change, and the Group reflects them in the next report. As of today, we have received permission to include the profits of the first two quarters.

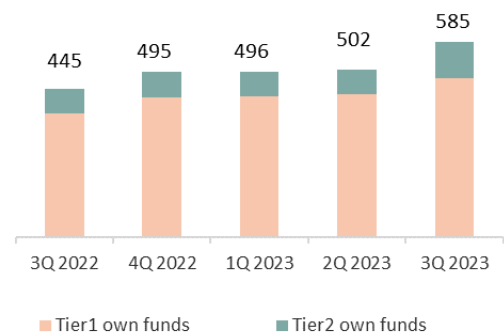
The minimum requirement for own funds and eligible liabilities (MREL) is a building block of the resolution plan and LHV has to maintain sufficient own funds and qualifying liabilities which can be used to cover losses in resolution planning. On 21st of June 2021 Estonian FSA set two separate MREL ratios on the consolidation group level for LHV Group. MREL-TREA is calculated based on total risk weighted assets. MREL-LRE is calculated based on total assets. On 26th of September 2022 the Estonian FSA applied new MREL target levels that are applicable for LHV Group. The final targets for the MREL ratios have been applied with a transitional period until 1st of January 2024. The final target levels of the ratios have been set at 24.57% for MREL-TREA and 5.91% for MREL-LRE. The current interim targets are 19.08% (MREL-TREA) and 5.91% (MREL-LRE). LHV Group issued EUR 100 million of MREL eligible bonds in September 2021 in order to fulfil the MREL target ratios. LHV Group issued in Q4 2022 additional MREL eligible unsecured bonds in the amount of EUR 88 million, to fulfil MREL targets. An additional 18 million euros were issued in the second quarter. In the third quarter, MREL eligible unsubordinated bonds were offered, and the issue in the amount of 100 million euros, the settlement will be carried out in the fourth quarter.

The Group's liquidity coverage ratio (LCR), as defined by the Basel Committee, stood at 173.0% as at the end of September (31 December 2022: 139.7%). Financial intermediates' deposits in Bank are covered 100% with liquid assets. Excluding the financial intermediates deposits the Groups LCR is 377.7%

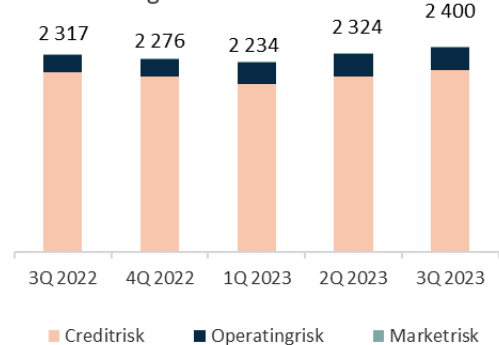
(31.12.2022: 231.5%). The Group recognises cash and bond portfolios as liquidity buffers. These accounted for 47% of the balance sheet (31 December 2022: 46%). The ratio of loans to deposits stood at 61% as at the end of the third quarter (31 December 2022: 61%). Group's maturity structure is presented in Note 5.

In the third quarter 2023 LHV Pank repaid the TLTRO loan taken from European Central Bank, the last repayment was in the amount of EUR 50 000 thousand.

Own funds



Risk-weighted assets



The credit quality of the group remained at a good level. A loan discount reserve of 20.5 million euros was formed in the balance sheet at the end of September to cover estimated loan losses. As of the end of the second quarter, the fair value of the collateral of the loan portfolio is 11% higher than the book value of the loan portfolio.

	Over-collateralized loans		Under-collateralized loans		Total	
	Carrying value	Fair value of collateral	Carrying value	Fair value of collateral	Carrying value	Fair value of collateral
Stage 1	1 660 017	2 680 576	1 512 723	830 536	3 172 740	3 511 112
Corporate Lending	736 794	1 082 335	1 092 442	559 057	1 829 236	1 641 392
Consumer Financing	0	0	95 144	0	95 144	0
Investment Financing	7 846	28 934	2 357	1852	10 203	30 786
Leasing	8 972	12 216	128 057	90 407	137 029	102 623
Private Lending	906 405	1 557 091	194 723	179 220	1 101 128	1 736 311
Stage 2	103 147	156 326	91 679	48 157	194 826	204 483
Corporate Lending	42 894	59 289	49 496	29 050	92 390	88 339
Consumer Financing	0	0	10 995	0	10 995	0
Investment Financing	1	4	0	0	1	4
Leasing	1 770	2 252	22 286	11 639	24 056	13 891
Private Lending	58 482	94 781	8 902	7 468	67 384	102 249
Stage 3	6 729	14 365	1 287	493	8 016	14 858
Corporate Lending	2 503	4 026	283	83	2 786	4 109
Consumer Financing	0	0	463	0	463	0
Investment Financing	4	15	1	1	5	16
Leasing	200	418	540	409	740	827
Private Lending	4 022	9 906	0	0	4 022	9 906

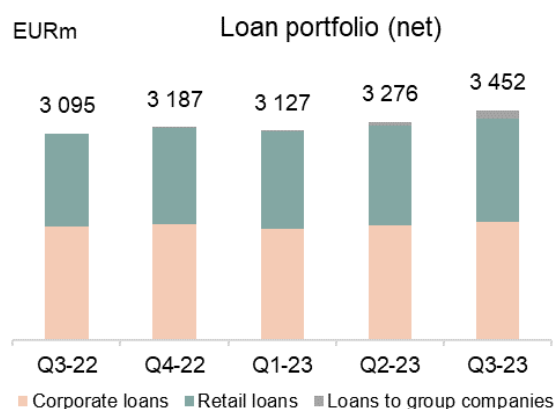
Capital base	30.09.2023	31.12.2022	31.12.2021
Paid-in share capital	31 983	31 542	29 864
Share premium	143 372	141 186	97 361
Statutory reserves transferred from net profit	4 713	4 713	4 713
Other reserves	-725	-1 441	47
Retained earnings	269 696	216 189	179 746
Intangible assets (subtracted)	-23 227	-23 333	-14 473
Net profit for the reporting period (COREP)	0	0	0
Other adjustments	-253	-369	-128
CET1 capital elements or deductions	-1 849	0	-12 209
CET1 instruments of financial sector entities where the institution has a significant investment	-3 220	-3 351	-4 328
CET1 instruments of financial sector entities where the institution has not a significant investment	0	-180	-5 236
Tier 1 capital	420 490	364 956	275 357
Additional Tier 1 capital	55 000	55 000	35 000
Total Tier 1 capital	475 490	419 956	310 357
Subordinated debt	110 000	75 000	75 000
Total Tier 2 capital	110 000	75 000	75 000
Net own funds for capital adequacy	585 490	494 956	385 357
Risk weighted assets			
Central governments and central bank under standard method	0	0	0
Credit institutions and investment companies under standard method	13 937	11 553	10 465
Companies under standard method	1 211 650	1 204 523	1 141 853
Retail claims under standard method	226 999	219 031	212 860
Public sector under standard method	0	0	6
Housing real estate under standard method	572 550	513 483	291 338
Overdue claims under standard methods	10 553	8 004	19 332
Investment funds' shares under standard method	188	186	190
Other assets under standard method	101 197	102 697	93 939
Total capital requirements for covering the credit risk and counterparty credit risk	2 137 074	2 059 477	1 769 983

Foreign currency risk	2 734	18 324	3 489
Interest position risk	0	0	0
Equity portfolio risk	795	740	2 079
Credit valuation adjustment risk	3 011	2 228	1 211
Operational risk under base method	259 437	197 920	152 778
Total risk weighted assets	2 403 051	2 278 689	1 929 540
Capital adequacy (%)	24.36	21.72	19.97
Adjusted capital adequacy (%)*	22.91	-	-
Tier 1 capital ratio (%)	19.79	18.43	16.08
Core Tier 1 capital ratio (%)	17.50	16.02	14.27

*Capital adequacy ratio (%) calculated without subordinated bonds issued in September 2023 (EUR 35 million)

Overview of AS LHV Pank Consolidation Group

- Net profit EUR 36.0 million



EUR million	Q3 2023	Q2 2023	Change %	Q3 2022	Change %	From the beginning of 2023	From the beginning of 2022	Change %
Net interest income	59.90	56.09	7%	31.99	87%	168.89	85.11	98%
Net fee and commission income	5.72	5.51	4%	8.72	-34%	18.78	24.15	-22%
Other financial income	-0.46	-0.44	5%	0.23	NA	0.28	-1.12	NA
Total net operating income	65.16	61.17	7%	40.94	59%	187.95	108.14	74%
Other income	0.33	0.22	52%	0.05	629%	0.57	0.10	480%
Operating expenses	-20.50	-21.08	-3%	-16.43	25%	-62.36	-46.44	34%
Loan and bond portfolio gains/(-losses)	-2.77	-0.60	359%	-2.17	28%	-1.78	-2.57	-31%
Income tax expenses	-6.19	-5.25	18%	-3.21	93%	-16.59	-8.27	101%
Net profit	36.03	34.45	5%	19.17	88%	107.80	50.96	112%
Loan portfolio	3 452	3 276	5%	3095	12%			
Financial investments	257	323	-20%	365	-30%			
Deposits of customers incl. deposits of financial entities	5 256	5 133	2%	5 223	1%			
Subordinated liabilities	114	114	0%	70	63%			
Equity	495	458	8%	358	38%			

LHV Pank earned EUR 59.9 million in net interest income and EUR 5.7 million in net service fee income in Q3. Net loss on financial assets amounted to EUR 0.5 million in Q3. In total, the Bank's income was EUR 65.5 million and expenses were EUR 20.5 million. Net income grew by 60% and expenses increased by 25% over the year. The discounts of loans and bonds increased by EUR 2.8 million in Q3. We made forward-looking discounts and the volume of the portfolio grew. We are keeping a very close eye on developments in the credit portfolio.

LHV Pank accounts for a 14% advance income tax and the respective income tax expenses was EUR 6.1 million in Q3.

Income tax expense on future disbursements of dividends by subsidiaries at the consolidated level was EUR 0.1 million in Q3.

The Bank's Q3 profit amounted to EUR 36.0 million, which is 5% more than in Q2 2023 (34.4) and 88% more than in Q3 2022 (19.2).

Of the various service fees, income from settlements, currency exchange, cards and the receipt of card payments contributed the largest amount.

The total volume of the Bank's loan portfolio reached EUR 3,452 million by the end of Q3 (Q2 2023: EUR 3,276 million). The

volume of the portfolio grew by 5% during the quarter. The volume of loans grew by EUR 176 million in Q3 (a growth of EUR 149 million in Q2 2023). The net retail loan portfolio grew by 3% during the quarter, reaching EUR 1 546 million (Q2 2023: EUR 1 508 million). The net corporate loan portfolio grew by 3% during the quarter, reaching EUR 1 769 million (Q2 2023: EUR 1 714 million).

The volume of deposits at the Bank increased by EUR 123 million from the previous quarter and stood at EUR 5 256 million (Q2 2023: EUR 5 133 million). The volume of payment intermediaries' deposits dropped by EUR 100 million during the quarter. That was influenced by the transfer of the business activities of LHV Bank's UK branch to LHV Bank. Of the deposits, EUR 3 754 million were call deposits, EUR 1 083 million term deposits and EUR 418 million platform deposits. The volume of the deposits of private clients amounted to EUR 1 622 million as at the end of the quarter, having grown by 11% in a quarter.

The Bank's expense-income ratio was 31.3% in Q3, decreasing by 8.8 percentage points from Q3 2022 (40.1%).

The corporate credit portfolio, which includes loans and guarantees, grew EUR 20.3 million over the year (+1%) with a quarter-over-quarter decline of EUR 6.5 million (0%). The greatest source of the growth was loans issued to the power, gas, steam and conditioned air sector, which grew by EUR 107.1 million (+95%) over the year. Next came loans to construction sector companies, which grew EUR 8.7 million from the previous year (+23%) and loans issued to companies engaged in administration and auxiliary activities, which grew EUR 8.6 million over the year (+18%).

On the backdrop of the Estonian economy cooling down, companies continue to be tentative in making investment decisions and a small drop in LHV's credit portfolio in Q3 meant that the portfolio volume substantively remains at the level achieved around the New Year, with only marginal fluctuations. Compared to Q2 of 2023, maintaining the portfolio volume was most influenced by the power, gas, steam and conditioned air sector (quarterly growth EUR 26.8 million; +14%), followed by the sector involved in real estate related activities (EUR 15.5 million; +2%) and the sector engaged in administration and auxiliary activities (EUR 8.9 million; +19%).

The majority of corporate loans have been granted to the real estate sector, which makes up 38% of the Bank's corporate loan portfolio. Of real estate loans, the major part has been issued to projects with high-quality rental streams, with real estate developments making up a much smaller share. Most of the financed real estate developments are located in Tallinn, while projects located in other major Estonian cities and in the vicinity of Tallinn made up about 25% of developments. LHV's market

share of new development financing in Tallinn made up about one-quarter by estimate at the end of Q3 2023. The LHV real estate development portfolio is well-positioned in case market trends should change – the financed developments are in good locations and the risk to planned sales price ratio averages 59%.

After the real estate sector, the largest amount of credit has been issued to companies in the power, gas, steam and conditioned air sector (12%) and to companies in the processing industry (9%). Of sectors that usually run a higher credit risk, construction makes up 2%, HoReCa 2% and transport and warehousing 1% of the total volume of the portfolio.

Over the quarter, the number of the bank's clients grew by 6600. Client activity levels remained good. Deposits increased by EUR 123 million during the quarter, and loans increased by EUR 176 million.

Ordinary clients' deposits grew by EUR 83 million during the quarter, deposits raised from the deposits platform grew EUR 140 million, and financial intermediaries' deposits decreased by EUR 100 million. In Q3, a slowing of the growth of the households' deposits' balance could be seen. The declining trend in the companies' deposits' balance continued. This is a fertile substrate for a rise in interest rates, since all banks are looking to provide high-quality term deposits. Attractive interest rates on term deposits, addition of new clients, and subscription of bonds in September have had a positive influence on deposits. In Q3, the balance of term deposits grew, making up more than 27% of ordinary clients' deposits by late September. By the end of Q3, we have raised EUR 418 million from the deposits platform. Although the interest rates paid on platform deposits are slightly better than the level on the Estonian market, we prefer to raise deposits from the local market.

Loans to non-LHV-Group companies grew by EUR 55 million and retail loans increased by EUR 38 million. Q3 was very similar to the previous one in terms of demand for loans. Interest in loans has grown but there is more deliberation given to decisions, which is expressed in activity remaining stable at a low level. In Q3, the Green Home Loan campaign continued. In the course of the campaign, a 0%+ 6-month Euribor applies during the first year after a loan agreement is concluded for buying energy class A real estate and from there on, the usual Green Home Loan rate applies. As usual September is more active – it is the start of the period for applying for student loans, plus credit card and consumer loan applications have increased.

The net profit for the quarter was EUR 36 million. The strong Q3 result was positively influenced mainly by interest income and lower write-downs on loans. Service charge fees and expenses are as planned. We will outpace the profit in our updated financial plan by EUR 4 million by the end of September.

Loan impairments increased by EUR 2.2 million during the quarter. We also made model-based forward-looking write-downs in the Q3, part of the influence coming from the macroeconomic environment, part from changes in methodology. As a whole, the bank's loan portfolio quality has remained strong and the share of overdue loans continues to be very low. The growth trend is continuing for a second quarter in a row in consumer loans where we have made some changes to the terms on which loans are issued.

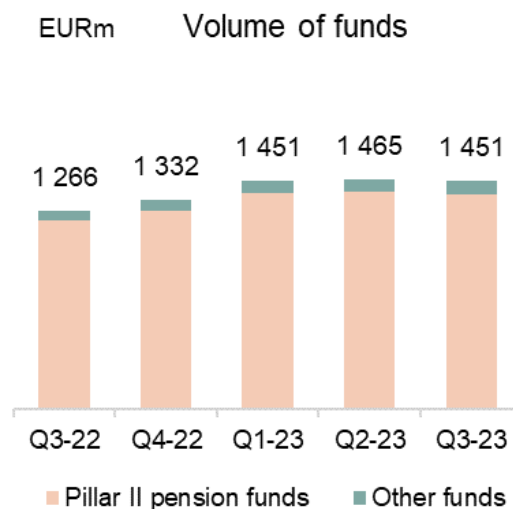
The greatest focus during Q3 continued to be on deposits and we repeatedly increased interest rates offered on the term deposits in order to be the best bank for clients to save and grow their money. Starting from the end of August, the traditional brand

campaign started, with the message of "Freedom to move forward", which kept our visibility high through the end of the quarter. Client activity levels were impacted positively by record results in regard to subscription of LHV Group subordinated bonds. In August, financial intermediaries were successfully transferred from the LHV Pank UK branch to the UK-licensed LHV Bank, we are continuing the closing of the branch.

The Instar employer branding agency conducted the annual job expectations and employer reputation survey for the 14th year, and LHV Pank was rated the most attractive employer by students and experienced employees.

Overview of AS LHV Varahaldus

- Net profit for Q3 was EUR 0.6 million
- Almost 125 000 active second-pillar customers by the end of the quarter
- Volume of assets in second-pillar funds – EUR 1.4 billion, decline of EUR 16 million in a quarter
- Volume of III pillar assets is 74 million euros, increase of EUR 2 million in quarter



EUR million	Q3 2023	Q2 2023	Change %	Q3 2022	Change %	9M 2023	9M 2022	Change %
Net fee and commission income	2.26	2.21	2%	2.0	14%	6.60	5.94	11%
Net financial income	-0.03	0.01	NA	0.03	NA	0.15	-0.28	NA
Operating expenses	-1.26	-1.45	-13%	-1.34	-6%	-4.03	-4.02	0%
Depreciation of non-current assets	-0.37	-0.35	6%	-0.43	-14%	-1.12	-1.45	-23%
Profit	0.60	0.42	43%	0.24	150%	1.60	0.19	742%
Financial investments	8.0	8.0	0%	8	0%			
Equity	22.0	21.0	5%	22.0	0%			
Assets under management	1 451.0	1 465.0	-1%	1 266.0	15%			

In Q3, the operating income of LHV Varahaldus amounted to EUR 2.3 million and net profit to EUR 0.6 million. The operating income largely corresponds to the financial plan, while operating expenses were a little smaller in the past quarter than forecast. Yields on funds have been lower than expected in 2023. Although LHV's actively managed funds were the second-pillar pension funds with the best yield in the past quarter, the results have since the beginning of the year remained more modest than expected. By the end of Q3, the company's financial income fell EUR 200 thousand short of the plan, which has also reduced the net profit. Departure from the second pillar has remained smaller than expected, but the weaker summer sales season and strong competition reduced the number of active clients by nearly four thousand in a quarter.

Unlike the first half of the year, when the biggest technology players were driving a strong growth in the markets, the past quarter was weak for listed shares almost everywhere. Measured in euros, the value of MSCI World, SP500 and Euro Stoxx 500 dropped by 0.5%, 0.6% and 4.9%, respectively. Interest rates

have remained high, and their rapid lowering seems ever more optimistic. The labour market remains strong both in Europe and the US; there seems to come no end to military conflicts and the related volatility of energy prices anytime soon.

The quarter was difficult for LHV's largest actively managed pension funds, but eventually turned out positive in terms of yield compared to the markets. LHV's actively managed pension funds were the five pension funds with the best yield in the Estonian market in Q3. In Q3, M, L and XL grew by 1.2%, 1.4% and 1.3%, respectively, while the yield of conservative funds S and XS was 1.1%. The quarter was more difficult for funds with a higher share risk – pension fund Indeks underwent a minimal decline of 0.1%, while the value of the units of Roheline dropped by 8.2%.

Bond positions, private capital and share positions relying on the increase of energy prices were the main factors that contributed to the positive yield of major funds. The growth of social tax receipts – which serves as a comparison index – grew very rapidly also in Q3, being more than 10% higher each month, year-over-

year. The labour market in Estonia is showing some signs of cooling down, but remains very strong at the moment.

The number of LHV's active second-pillar clients was nearly 125 thousand at the end of the quarter, dropping by almost 4,000 clients over the three months. The decrease was primarily caused by disbursements made to clients exiting the second pillar in September, but the sales figures were also more modest than expected. Market share measured by the number of clients did not significantly change, remaining near 25%. The volume of assets managed by LHV Varahaldus was EUR 1.451 million by the end of the quarter, having dropped by EUR 14 million in a quarter, primarily due to disbursements.

The portfolio of all actively managed funds and distribution of asset classes largely correspond to the long-term goal, where the M, L and XL portfolio are largely invested into unlisted asset classes with less dependence on stock markets. We keep a close eye on developments on the stock markets and are prepared to quickly adjust our positions depending on the circumstances. We also devote extra attention to liquidity to ensure the capability of more aggressive investing if desired, and naturally to be able to make payments to clients exiting or changing funds.

Overview of AS LHV Kindlustus

The Q3 sales results of AS LHV Kindlustus decreased a little compared to the previous quarter. This was primarily due to seasonality and the health insurance sales volumes being significantly smaller than planned. Gross insurance premiums decreased by 6%, while net earned premiums grew by 14.4% compared to Q2 2023. The volume of insurance premiums from the health insurance production solution marketed in cooperation with Confido was EUR 741 thousand in Q3. The number of insurance contracts and the volume of payments has reached a certain level of stability and the active growth stage has ended. As at the end of Q3, the company is a little bit behind the growth goals of the 2023 financial plan.

The development of insurance information systems continued. The claims handling software was given several new functions which will accelerate the process both for clients and claims handlers. In addition to that, the improvement of the sales software functionalities continued and several extensive developments were completed. Cooperation with the development teams of other LHV Group companies is being constantly improved.

As at 30 September 2023, LHV Kindlustus had 228.4 thousand valid insurance contracts and 160 thousand customers.

The volume of gross insurance premiums was EUR 7 524 thousand and the net earned insurance premiums totalled EUR 6 335 thousand in Q3. Vehicle and motor TPL insurance made up 53% and health insurance 22% of the volume of insurance premiums in Q3.

During Q3, 15 291 new loss events were registered, and claims adjustment was completed in the case of 17 553 incidents. As at the end of the quarter, a total of 2502 claim files were open. The net losses incurred in the period together with indirect claims adjustment costs were EUR 4 108 thousand.

The frequency of losses was relatively stable in major insurance types. Motor TPL insurance shows a very positive trend, with the loss frequency remaining low during the entire quarter. No major loss events occurred in Q3. Vehicle all-risks insurance had the largest number of medium-sized loss events. The company's profit in Q3 was EUR 298.8 thousand. The result falls short of the financial forecast, but the profit has multiplied compared to Q2. The company's volume of operating expenses as at 30 September 2023 met expectations.

EUR thousand	Q3 2023	Q2 2023	Change %	Q3 2022	Change %
Gross insurance premiums	7 525	7 978	-6%	4 750	58%
Net earned insurance premiums	6 335	5 540	14%	2 336	171%
Net losses incurred	4 108	3 692	11%	1 673	146%
Total net operating expenses	1 930	1 850	4%	1 069	81%
Underwriting result	298	-2	NA	-407	NA
Net profit	299	33	806%	-432	NA

As of the end of Q3, LHV Kindlustus employed 49 people.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

<i>(in thousands of euros)</i>	Note	Q3 2023	9M 2023	Q3 2022	9M 2022
Interest income		92 119	235 908	36 295	102 643
Interest expense		-23 978	-49 759	-4 253	-17 630
Net interest income	9	68 141	186 149	32 042	85 013
Fee and commission income		18 493	51 287	15 501	45 761
Fee and commission expense		-4 876	-13 441	-3 501	-12 410
Net fee and commission income	10	13 617	37 846	12 000	33 351
Net gains from financial assets measured at fair value		-564	-1 214	316	477
Foreign exchange rate gains/losses		-25	1 463	227	-1 430
Net gains from financial assets		-589	249	-89	-1 907
Other income		319	546	36	148
Other expense		-8	-25	-7	-97
Total other income		311	521	29	51
Staff costs		-16 309	-47 827	-11 630	-33 625
Administrative and other operating expenses		-16 498	-48 642	-11 182	-29 132
Total expenses	11	-32 807	-96 469	-22 812	-62 757
Profit before impairment losses		48 673	128 296	21 486	54 228
Change in financial investments		0	-180	-5 236	-5 236
Impairment losses on loans and bonds	21	-2 883	-1 929	-2 172	-2 566
Profit before income tax		45 790	126 187	14 078	46 426
Income tax expense		-6 314	-18 017	-3 331	-9 309
Net profit for the reporting period	2	39 476	108 170	10 747	37 117
Other comprehensive income/loss:					
Items that may be reclassified subsequently to profit or loss:					
Unrealized exchange differences arising on the translation of the financial statements of foreign operations		-221	894	-1 243	-1 366
Total profit and other comprehensive income for the reporting period		39 255	109 064	9 504	35 751
Total profit of the reporting period attributable to:					
Owners of the parent		39 058	107 065	10 307	35 730
Non-controlling interest		418	1 105	440	1 387
Total profit for the reporting period	2	39 476	108 170	10 747	35 751
Total profit and other comprehensive income attributable to:					
Owners of the parent		38 837	107 959	9 064	34 364
Non-controlling interest		418	1 105	440	1 387
Total profit and other comprehensive income for the reporting period		39 255	109 064	9 504	37 117
Basic earnings per share (in euros)	16	0.12	0.34	0.03	0.12
Diluted earnings per share (in euros)	16	0.12	0.33	0.03	0.11

The Notes on pages 22 to 37 are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position

<i>(in thousands of euros)</i>	Note	30.09.2023	31.12.2022
Assets			
Due from central bank	4, 5, 6, 12	2 801 794	2 390 964
Due from credit institutions	4, 5, 6, 12	44 901	87 933
Due from investment companies	4, 6, 12	11 268	3 391
Financial assets at fair value through profit or loss	4, 6, 7	17 397	9 354
Financial assets at amortized cost	7	252 431	364 230
Loans and advances to customers	4, 6, 8, 21	3 375 582	3 208 572
Receivables from customers		36 873	21 019
Other financial assets		100	124
Other assets		7 453	6 775
Financial investment		1 000	1 180
Tangible assets	19	17 412	16 859
Intangible assets	19	14 211	13 853
Goodwill		10 748	10 748
Total assets	2	6 591 170	6 135 002
Liabilities			
Loans received from Central Banks (TLTRO)	13	0	147 841
Deposits of customers	13	5 316 203	4 900 515
Loans received and debt securities in issue	13	461 763	438 642
Financial liabilities at fair value through profit or loss	7	435	3 850
Accounts payable and other liabilities	14	123 675	92 462
Subordinated debt	6, 20	166 848	130 843
Total liabilities	2	6 068 924	5 714 153
Owner's equity			
Share capital		31 983	31 542
Share premium		143 372	141 186
Statutory reserve capital		4 713	4 713
Other reserves		7 982	5 683
Retained earnings		326 492	229 817
Total equity attributable to owners of the parent		514 542	412 941
Non-controlling interest		7 705	7 908
Total equity		522 246	420 849
Total liabilities and equity		6 591 170	6 135 002

The Notes on pages 22 to 37 are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows

<i>(in thousands of euros)</i>	Note	Q3 2023	9M 2023	Q3 2022	9M 2022
Cash flows from operating activities					
Interest received		89 996	230 897	35 441	101 460
Interest paid		-15 188	-30 780	-3 138	-15 870
Fees and commissions received		18 456	51 302	15 501	45 761
Fees and commissions paid		-4 877	-13 442	-3 501	-12 410
Other income received		189	-183	21	55
Staff costs paid		-15 383	-43 588	-10 691	-29 433
Administrative and other operating expenses paid		-13 672	-40 467	-9 283	-22 890
Income tax		-5 188	-17 557	-4 622	-9 781
Cash flows from operating activities before change in operating assets and liabilities		54 333	136 182	19 728	56 892
Net increase/decrease in operating assets:					
Net increase/(decrease) in financial assets at fair value through profit or loss		-3 050	-3 652	599	-2 865
Loans and advances to customers		-128 087	-162 690	-172 576	-419 864
Mandatory reserve at central bank		-2 231	-4 156	2 282	6 217
Security deposits		24	24	0	2 112
Other assets		-6 199	-20 397	24 680	26 366
Net increase/decrease in operating liabilities:					
Demand deposits of customers		-190 784	-831 965	-165 265	-595 594
Term deposits of customers		436 714	1 232 944	-33 862	-45 325
Prepayments of loans received		-49 864	-147 520	479	-50 000
Financial liabilities held for trading at fair value through profit and loss		-123	-3 415	-284	-150
Other liabilities		6 513	34 381	-109 164	1 144
Net cash generated from/used in operating activities		117 246	229 736	-433 383	-1 021 067
Cash flows from investing activities					
Purchase of non-current assets		-1 375	-6 797	-2 389	-13 692
Acquisition of subsidiaries and affiliates		0	0	0	-8 966
Net changes of investment securities at fair value through profit or loss and of investment securities at amortized cost		101 538	105 974	118 106	-233 060
Net cash flows from/used in investing activities		100 163	99 177	115 717	-255 718
Cash flows from financing activities					
Paid in share capital (incl. share premium)		0	2 627	0	45 504
Dividends paid		0	-13 842	0	-14 046
Loans received		35 000	53 631	263	263
Repayments of the principal of lease liabilities		-533	-1 484	-263	-1 007
Net cash flows from/used in financing activities		34 467	40 932	0	30 714
Effect of exchange rate changes on cash and cash equivalents	6	-252	1 675	76	59
Net increase/decrease in cash and cash equivalents		251 624	371 520	-317 590	-1 246 012
Cash and cash equivalents at the beginning of the period		2 553 495	2 433 599	3 001 590	3 930 012
Cash and cash equivalents at the end of the period	12	2 805 119	2 805 119	2 684 000	2 684 000

The Notes on pages 22 to 37 are an integral part of the condensed consolidated interim financial statements

Condensed Consolidated Interim Statement of Changes in Equity

<i>(in thousands of euros)</i>	Share capital	Share premium	Statutory reserve capital	Other reserves	Retained earnings	Total equity attributable to owners of LHV Group	Non-controlling interest	Total equity
Balance as at 01.01.2022	29 864	97 361	4 713	4 733	179 746	316 417	8 384	324 801
Paid in share capital	1 678	43 825	0	0	0	45 503	0	45 503
Dividends paid	0	0	0	0	-11 946	-11 946	-2 100	-14 046
Share options	0	0	0	1 525	2 209	3 734	0	3 734
<i>Profit for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>35 730</i>	<i>35 730</i>	<i>1 387</i>	<i>37 117</i>
<i>Other comprehensive income/loss</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-1 366</i>	<i>0</i>	<i>-1 366</i>	<i>0</i>	<i>-1 366</i>
Total profit and other comprehensive income for the reporting period	0	0	0	-1 366	35 730	34 364	1 387	35 751
Balance as at 30.09.2022	31 542	141 186	4 713	4 892	205 739	388 072	7 671	395 743
Balance as at 01.01.2023	31 542	141 186	4 713	5 683	229 817	412 941	7 908	420 849
Paid in share capital	441	2 186	0	0	0	2 627	0	2 627
Dividends paid	0	0	0	0	-12 617	-12 617	-1 225	-13 842
Change in accounting methods	0	0	0	0	-153	-153	-83	-236
Share options	0	0	0	1 405	2 379	3 784	0	3 784
<i>Profit for the reporting period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>107 065</i>	<i>107 065</i>	<i>1 105</i>	<i>108 170</i>
<i>Other comprehensive income/loss</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>894</i>	<i>0</i>	<i>894</i>	<i>0</i>	<i>894</i>
Total profit and other comprehensive income for the reporting period	0	0	0	894	107 065	107 959	1 105	109 064
Balance as at 30.09.2023	31 983	143 372	4 713	7 982	326 492	514 542	7 705	522 246

The Notes on pages 22 to 37 are an integral part of the condensed consolidated interim financial statements

Notes to the Condensed Consolidated Interim Financial Statements

NOTE 1 Accounting Policies

The condensed consolidated interim financial statements have been prepared in accordance with the international financial reporting standard IAS 34 "Interim Financial Reporting", as adopted by the European Union, and consists of condensed consolidated financial statements and selected explanatory notes.

The accounting policies and methods of computation used in the preparation of the interim report are the same as the accounting policies and methods of computation used in the annual report for the year ended 31 December 2022, which comply with the International Financial Reporting Standards, as adopted by the European Union (IFRS EU).

These condensed consolidated interim financial statements have not been reviewed, not audited and do not contain the entire range of information required for the preparation of complete financial statements. The condensed consolidated interim financial statements should be read in conjunction with the Annual

Report prepared for the year ended 31 December 2022, which has been prepared in accordance with the International Financial Reporting Standards (IFRS EU).

The applicable accounting policies have not changed compared to the previous financial year, except for the treatment of the liquidity portfolio treated at the market price. We reclassified this portfolio to accounting at amortized cost at the beginning of the second quarter. It was a fundamental change in the risk taken by the business line.

The financial figures of the condensed consolidated 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 Group and its subsidiaries AS LHV Varahaldus (100% interest), AS LHV Pank (100% interest), LHV UK Ltd (100% interest), AS EveryPay (100% interest) and AS LHV Finance (65% interest) and AS LHV Kindlustus (65% interest).

NOTE 2 Business Segments

The Group divides its business activities into segments according to its legal structure, except LHV Pank divides its business activities by 3 main business segments: retail banking, corporate banking and financial intermediates. The business segments form a part of the Group, with a separate access to financial data and which are subject to regular monitoring of operating profit by the Group's decision-maker. The Management Board of AS LHV Group has been designated as the decision-maker responsible for allocation of funds and assessment of the profitability of the business activities. The result posted by a segment includes revenue and expenditure directly related to the segment.

The revenue of a reported segment includes gains from transactions between the segments, i.e. loans granted by AS LHV Pank to other group companies. The division of interest income and fee and commission income by customer location has been presented in Notes 9 and 10. The breakdown of interest income by customer location does not include the income from current accounts, deposits and investments in securities. The Group does not have any customers, whose income would account for more than 10% of the corresponding type of revenue.

	Retail banking	Corporate banking	Asset management	Hire-purchase and consumer finance in Estonia	Financial intermediates	Insurance	UK LHV Ltd	Other activities	Total
Q3 2023									
Interest income	23 255	34 759	18	3 965	-7 408	95	10 725	26 711	92 119
Interest expense	10 133	-14 666	0	-1 710	7 655	-45	-1 636	-23 710	-23 978
Net interest income	33 388	20 092	18	2 255	248	50	9 089	3 001	68 141
Fee and commission income	9 071	1 717	2 257	236	565	1 489	2 748	411	18 493
Fee and commission expense	-4 927	-934	0	-180	147	0	-45	1 062	-4 876
Net fee and commission income	4 144	783	2 257	56	712	1 489	2 703	1 473	13 617
Other income	-8	254	0	0	0	-3	0	68	311
Net income	37 523	21 129	2 275	2 312	960	1 536	11 792	4 542	82 069

Net gains from financial assets	-2	0	-31	0	-1	-72	-13	-470	-589
Administrative and other operating expenses, staff costs	-10 669	-4 889	-1 640	-765	-4 166	-1 165	-8 503	-1 010	-32 807
Operating profit	26 852	16 240	604	1 547	-3 207	299	3 276	3 062	48 673
Impairment losses on loans and advances	-273	-1 062	0	-804	0	0	-110	-634	-2 883
Income tax	-3 210	-1 735	0	-160	-693	0	0	-517	-6 314
Net profit	23 369	13 443	604	584	-3 900	299	3 166	1 911	39 476

	Retail banking	Corporate banking	Asset management	Hire-purchase and consumer finance in Estonia	Financial intermediates	Insurance	UK LHV Ltd	Other activities	Total
9M 2023									
Interest income	61 365	93 825	19	11 626	-16 090	201	21 312	63 650	235 908
Interest expense	32 072	-38 551	0	-4 394	21 751	-107	-2 041	-58 489	-49 759
Net interest income	93 438	55 274	19	7 232	5 660	94	19 271	5 161	186 149
Fee and commission income	25 084	4 663	6 593	715	4 832	3 301	5 725	374	51 287
Fee and commission expense	-13 526	-2 400	0	-578	20	0	-114	3 156	-13 441
Net fee and commission income	11 559	2 263	6 593	137	4 852	3 301	5 611	3 530	37 846
Other income	-7	444	0	0	0	-9	0	93	521
Net income	104 989	57 981	6 612	7 369	10 512	3 386	24 882	8 785	224 516
Net gains from financial assets	19	0	147	0	-1	-88	-80	252	249
Administrative and other operating expenses, staff costs	-30 851	-14 037	-5 159	-2 709	-11 101	-3 415	-22 425	-6 771	-96 469
Operating profit	74 157	43 944	1 600	4 661	-590	-117	2 377	2 266	128 296
Impairment gains/(-losses) on loans and bond portfolio	-206	2 042	0	-2 507	0	0	-145	-1 293	-2 109
Income tax	-7 396	-5 739	-488	-512	-1 293	0	0	-2 589	-18 017
Net profit	66 555	40 246	1 112	1 642	-1 883	-117	2 232	-1 616	108 170
Total assets 30.09.2023	2 665 140	3 250 120	22 506	95 962	0	47 904	337 557	171 982	6 591 170
Total liabilities 30.09.2023	4 063 048	674 215	700	77 966	1 008 882	43 081	286 957	-85 925	6 068 924

	Retail banking	Corporate banking	Asset manage- ment	Hire- purchase and consumer finance in Estonia	Financial inter- mediates	Insurance	LHV UK Ltd	Other activities	Total
Q3 2022									
Interest income	10 770	18 828	0	3 393	1 675	6	0	1 624	36 295
Interest expense	996	-5 139	0	-775	211	0	-35	490	-4 253
Net interest income	11 766	13 689	0	2 617	1 885	6	-35	2 113	32 042
Fee and commission income	7 150	1 343	1 977	219	4 492	464	0	-144	15 501
Fee and commission expense	-3 155	-745	0	-210	-397	0	0	1 007	-3 501
Net fee and commission income	3 995	597	1 977	9	4 095	464	0	862	12 000
Other income	7	7	0	0	0	0	0	15	29
Net income	15 769	14 293	1 977	2 626	5 980	470	-35	2 990	44 071
Net gains from financial assets	-75	-2	26	0	-6	-31	4	311	227
Administrative and other operating expenses, staff costs	-7 956	-3 837	-1 766	-760	-2 936	-870	-2 803	-1 883	-22 812
Operating profit	7 737	10 454	237	1 867	3 038	-431	-2 834	1 418	21 486
Impairment gains/(-losses) on loans and bond portfolio	-123	-1 900	0	-177	0	0	0	-5 209	-7 408
Income tax	-1 170	-1 197	0	-189	-307	0	0	-469	-3 331
Net profit	6 444	7 358	237	1 501	2 731	-431	-2 834	-4 260	10 747

	Retail banking	Corporate banking	Asset manage- ment	Hire- purchase and consumer finance in Estonia	Financial inter- mediates	Insurance	UK LHV Ltd	Other activities	Total
9M 2022									
Interest income	29 351	53 300	0	9 311	7 639	12	0	3 031	102 643
Interest expense	-2 544	-12 708	0	-1 941	-4 034	0	-98	3 695	-17 630
Net interest income	26 807	40 591	0	7 369	3 606	12	-98	6 726	85 013
Fee and commission income	20 387	3 820	5 936	621	14 472	1 090	0	-565	45 761
Fee and commission expense	-10 614	-2 563	0	-602	-1 400	0	0	2 769	-12 410
Net fee and commission income	9 772	1 256	5 936	19	13 072	1 090	0	2 204	33 351

Other income	-60	59	0	0	1	0	0	50	51
Net income	36 520	41 906	5 936	7 388	16 679	1 102	-98	8 980	118 415
Net gains from financial assets	-100	0	-283	0	-5	-36	2	-1 009	-1 430
Administrative and other operating expenses, staff costs	-23 123	-11 771	-5 466	-2 161	-8 829	-2 231	-6 471	-2 705	-62 757
Operating profit	13 297	30 135	187	5 227	7 845	-1 165	-6 567	5 267	54 228
Impairment losses on loans and advances	-270	-2 259	0	-52	-3	0	0	-5 219	-7 802
Income tax	-2 624	-3 191	-830	-468	-866	0	0	-1 329	-9 309
Net profit	10 403	24 685	-643	4 706	6 976	-1 165	-6 567	-1 281	37 117
Total assets 30.09.2022	2 584 164	3 345 413	23 157	88 010	0	25 186	4 263	192 222	6 262 414
Total liabilities 30.09.2022	3 471 040	524 002	709	70 569	1 667 914	19 592	40 511	72 335	5 866 671

NOTE 3 Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2022. There have been no major changes in the risk management department or in any risk management policies since the year end. The impact of COVID-19 on the Group's operations needs to be reported separately. The crisis mainly affects three risks: personnel risk, liquidity risk and credit risk.

Fortunately, the impact on personnel risk has been minimal, LHV was ready to work in home offices and almost all employees worked for two months from home offices. This reduced social interaction and the chances of being exposed to the virus.

To reduce liquidity risk, LHV Pank has issued mortgage bonds.

They made it possible to reduce the share of expensive platform deposits in financing and, together with the increased funding from the TLTRO III program, to finance the purchase of Danske's portfolio of local governments and companies at the beginning of the fourth quarter.

The escalated conflict in Ukraine in early 2022, did not have direct impact to LHV credit portfolio, because of historical restrictive lending to customers exposed to risks outside EU. However, increasing energy prices need to be considered, when issuing credits both to corporates and retail clients going forward. For example, some business models need to change and both commercial and residential buildings need to become more energy efficient.

The Estonian economy has entered a mild recession. So far, the cooling economy has had no negative impact on the credit portfolio quality. LHV is continuously monitoring credit portfolio quality and is in close dialog with customers, so that in case of a need, potential risks could be mitigated.

NOTE 4 Breakdown of Financial Assets and Liabilities by Countries

30.09.2023	Estonia	Germany	Other EU	USA	UK	Other	Total
Due from banks and investment companies	2 288 490	0	280 682	22 622	266 018	151	2 857 963
Financial assets at fair value	14 219	9	2 868	292	2	7	17 397
Financial assets at amortized cost	92 318	5 000	155 113				252 431
Loans and advances to customers	3 289 851	895	17 547	560	61 861	4 868	3 375 582
Receivables from customers	36 873	0	0	0	0	0	36 873
Other financial assets	0	0	0	100	0	0	100

Total financial assets	5 721 751	5 904	456 210	23 574	327 881	5 026	6 540 346
Deposits of customers and loans received	3 807 242	150 491	911 688	41 532	302 636	102 614	5 316 203
Loans received and bonds issued	461 763	0	0	0	0	0	461 763
Subordinated debt	166 848	0	0	0	0	0	166 848
Financial liabilities at fair value	435	0	0	0	0	0	435
Accounts payable and other financial liabilities	94 205	0	0	0	12 657	0	106 862
Total financial liabilities	4 530 493	150 491	911 688	41 532	315 293	102 614	6 052 111

Unused loan commitments in the amount of EUR 496 578 thousand are for the residents of Estonia.

31.12.2022	Estonia	Germany	Other EU	USA	UK	Other	Total
Due from banks and investment companies	1 938 118	0	329 496	24 727	189 847	101	2 482 288
Financial assets at fair value and at amortised cost	244 845	4 973	123 735	21	3	6	373 584
Loans and advances to customers	3 161 803	612	17 867	622	22 974	4 694	3 208 572
Receivables from customers	21 019	0	0	0	0	0	21 019
Other financial assets	24	0	0	100	0	0	124
Total financial assets	5 365 809	5 585	471 098	25 470	212 823	4 801	6 085 587
Loans received from Central Banks (TLTRO)	147 841	0	0	0	0	0	147 841
Deposits of customers and loans received	3 617 636	5 292	794 100	14 890	439 714	28 883	4 900 515
Loans received and bonds issued	438 642	0	0	0	0	0	438 642
Subordinated debt	130 843	0	0	0	0	0	130 843
Financial liabilities at fair value	3 850	0	0	0	0	0	3 850
Accounts payable and other financial liabilities	84 125	0	0	0	0	0	84 125
Total financial liabilities	4 422 937	5 292	794 100	14 890	439 714	28 883	5 705 816

Unused loan commitments in the amount of EUR 601 093 thousand are for the residents of Estonia.

NOTE 5 Breakdown of Assets and Liabilities by Contractual Maturity Dates

30.09.2023	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities by contractual maturity dates						
Deposits from customers	3 816 551	535 098	928 180	62 689	651	5 343 169
Loans received and bonds issued	0	318	202 953	270 623	0	473 894
Subordinated debt	0	43 325	28 300	129 694	0	201 319
Accounts payable and other financial liabilities	0	106 862	0	0	0	106 862
Unused loan commitments	0	496 579	0	0	0	496 579
Financial guarantees by contractual amounts	0	50 147	0	0	0	50 147
Foreign exchange derivatives (gross settled)	0	152 985	0	0	0	152 985
Financial liabilities at fair value	0	435	0	0	0	435
Total liabilities	3 816 551	1 385 749	1 159 433	463 006	651	6 825 390
Financial assets by contractual maturity dates						
Due from banks and investment companies	2 857 963	0	0	0	0	2 857 963

Financial assets at fair value and at amortised cost (debt securities)	0	9 989	162 952	79 553	5 606	258 100
Loans and advances to customers	0	207 067	539 084	2 424 030	1 600 849	4 771 030
Receivables from customers	0	36 873	0	0	0	36 873
Foreign exchange derivatives (gross settled)	0	152 985	0	0	0	152 985
Other financial assets	100	0	0	0	0	100
Total financial assets	2 858 063	406 914	702 036	2 503 583	1 606 455	8 077 051
Maturity gap from financial assets and liabilities	-958 488	-978 835	-457 397	2 040 577	1 605 804	1 251 661

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		150 082
Deposits from customers	4 643 310	95 807	143 740	18 082	0	4 900 939
Loans received and bonds issued	0	0	2 000	452 250	0	454 250
Subordinated debt	0	2 406	46694	105538	0	154 638
Accounts payable and other financial liabilities	0	84 125	0	0	0	84 125
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	4 643 310	1 011 552	192 434	725 952	0	6 573 248

Financial assets by contractual maturity dates						
Due from banks and investment companies	2 428 288	0	0	0	0	2 428 288
Financial assets at fair value and at amortised cost (debt securities)	0	236 130	4 966	123 519	471	365 086
Loans and advances to customers	0	186 547	487 298	2 115 010	1 258 430	4 047 285
Receivables from customers	0	21 019	0	0	0	21 019
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	2 428 412	615 390	492 264	2 238 529	1 258 901	7 033 496
Maturity gap from financial assets and liabilities	-2 214 898	-396 162	299 830	1 512 577	1 258 901	460 248

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 6 Open Foreign Currency Positions

30.09.2023	EUR	CHF	GBP	SEK	USD	Other	Total
Assets bearing currency risk							
Due from banks and investment companies	2 556 614	1 794	272 789	3 495	15 965	7 306	2 857 963
Financial assets at fair value and at amortised cost	269 783	1	2	1	39	2	269 828
Loans and advances to customers	3 307 190	21	60 853	141	7 157	220	3 375 582
Receivables from customers	27 567	7	6 152	171	2 948	28	36 873
Other financial assets	100	0	0	0	0	0	100
Total assets bearing currency risk	6 161 254	1 823	339 795	3 808	26 109	7 556	6 540 346
Liabilities bearing currency risk							
Deposits from customers	4 987 978	6 607	152 564	10 619	149 639	8 796	5 316 203

Loans received and bonds issued	461 763	0	0	0	0	0	461 763
Financial liabilities at fair value	435	0	0	0	0	0	435
Accounts payable and other financial liabilities	83 420	2	17 930	242	5 087	181	106 862
Subordinated debt	166 848	0	0	0	0	0	166 848
Total liabilities bearing currency risk	5 700 444	6 609	170 494	10 861	154 726	8 976	6 052 111
Open gross position derivative assets at contractual value	7 952	4 778	0	7 125	127 997	1 573	149 425
Open gross position derivative liabilities at contractual value	23 378	0	125 846	0	0	201	149 425
Open foreign currency position	445 385	-8	43 455	73	-620	-48	488 236

31.12.2022	EUR	CHF	GBP	SEK	USD	Other	Total
Assets bearing currency risk							
Due from banks and investment companies	2 255 128	1 466	197 580	2 538	17 806	7 769	2 482 288
Financial assets at fair value and at amortised cost	373 514	0	2	1	26	42	373 584
Loans and advances to customers	3 180 499	74	22 306	385	5 068	241	3 208 572
Receivables from customers	25 865	5	751	241	-4 512	-1 330	21 019
Other financial assets	124	0	0	0	0	0	124
Total assets bearing currency risk	5 835 130	1 545	220 639	3 164	18 388	6 721	6 085 587
Liabilities bearing currency risk							
Loans received from Central Banks (TLTRO)	147 841	0	0	0	0	0	147 841
Deposits from customers	4 533 633	5 323	193 442	10 968	148 058	9 089	4 900 515
Loans received and bond issued	438 642	0	0	0	0	0	438 642
Financial liabilities at fair value	0	0	0	0	3 849	1	3 850
Accounts payable and other financial liabilities	65 099	19	9 757	172	8 987	91	84 125
Subordinated debt	130 843	0	0	0	0	0	130 843
Total liabilities bearing currency risk	5 316 058	5 343	203 199	11 140	160 895	9 182	5 705 817
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	366 183	-40	17 440	25	-3 748	-89	379 770

NOTE 7 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	30.09.2023	Level 1	Level 2	Level 3	31.12.2022
Financial assets at fair value through profit and loss								
Shares and fund units*	779	7 732	0	8 511	1 075	7 474	0	8 549
Bonds at fair value through profit and loss	5 222	0	0	5 222	765	0	0	765
Interest rate swaps and foreign exchange forwards	0	3 664	0	3 664	0	40	0	40
Total financial assets	6 001	11 396	0	17 397	1 840	7 514	0	9 354
Financial liabilities at fair value through profit and loss								
Interest rate swaps and foreign exchange	0	435	0	435	0	3 850	0	3 850
Total financial liabilities	0	435	0	435	0	3 850	0	3 850

*Shares and fund units include the Group companies' AS LHV Varahaldus investment into pension fund units in the amount of EUR 7 732 (31.12.2022: 7 474) thousand. Pursuant to the Investment Funds Act, the mandatory shares of LHV Varahaldus as the management company is 0.5% of the number of units in each of the mandatory pension fund managed by it.

As of September 30, 2023, the liquidity portfolio in the amount of EUR 252 431 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 total amount of EUR 63 thousand. The estimated market value of the liquidity portfolio as of September 30, is EUR 254 718 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.

As at 30.09.2023 the fair value of corporate loans and overdraft is EUR 71 111 thousand (3.79%) higher than their carrying amount (31.12.2022: 37 846 thousand, 2.11% higher). Loans are issued in the bank's business segments on market conditions. Therefore, the fair value of retail loans does not materially differ from their carrying amount as at 30 September 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.

Lease interest rates offered to customers generally correspond to interest rates prevailing in the market for such products. Considering that the interest rate environment has been relatively stable since the Group started to provide leasing, consequently the fair value of lease agreements does not materially differ from their carrying amount. As significant management judgment is required to determine fair value, leases are classified as level 3 in the fair value hierarchy.

Leveraged loans, hire-purchase and credit cards granted to customers are of sufficiently short-term nature and they have been issued at market terms, therefore the fair market rate of interest and also the fair value of loans do not change significantly during the loan term. The fair value level of leveraged loans, hirepurchase, credit cards and consumer loans is 3 as significant judgmental assumptions are used for the valuation process.

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 majority of the customer deposits include demand deposits. 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.

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 carrying value. In determining the fair value of loans, considerable management judgements are used. Subordinated debt are thus categorised under hierarchy level 3.

NOTE 8 Breakdown of Loan Portfolio by Economic Sectors and by Stages

30.09.2023	Stage 1	Stage 2	Stage 3	Provision	Total	%
Individuals	1 232 047	81 922	6 609	-4 966	1 315 612	39.0%
Agriculture	57 081	4 705	8	-244	61 550	1.8%
Mining and Quarrying	1 026	664	60	-98	1 652	0.0%
Manufacturing	117 789	39 287	1 927	-2 188	156 815	4.6%
Energy	206 599	354	0	-842	206 111	6.1%
Water and sewerage	27 695	242	0	-292	27 645	0.8%
Construction	81 586	12 099	71	-1 483	92 273	2.7%
Wholesale and retail trade	168 487	5 341	1 553	-1 715	173 666	5.1%
Transportation and storage	17 563	9 609	0	-642	26 530	0.8%
Accommodation and catering	18 662	2 808	397	-206	21 661	0.6%
Information and communication	12 185	1 439	55	-63	13 616	0.4%
Financial activities	93 904	176	0	-501	93 579	2.8%
Real estate activities	778 978	16 879	833	-3 545	793 145	23.5%
Professional, scientific and technical activities	105 397	3 153	2	-266	108 286	3.2%
Administrative and support service activities	106 467	2 260	20	-495	108 252	3.2%

Local municipalities	68 183	107	0	-149	68 141	2.0%
Education	7 261	533	4	-330	7 468	0.2%
Health care	19 275	1 044	0	-159	20 160	0.6%
Arts and entertainment	45 282	18 410	0	-1 157	62 535	1.9%
Other service activities	17 232	769	9	-1 125	16 885	0.5%
Total	3 182 699	201 801	11 548	-20 466		
Provision	-9 959	-6 975	-3 532			
Total loan portfolio	3 172 740	194 826	8 016		3 375 582	100%

31.12.2022	Stage 1	Stage 2	Stage 3	Provision	Total	%
Individuals	1 127 636	115 433	5 446	-3 157	1 245 358	38.8%
Agriculture	76 817	2 743	0	-112	79 448	2.5%
Mining and Quarrying	1 038	519	122	-49	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 sewerage	29 314	90	0	-275	29 129	0.9%
Construction	106 356	5 243	58	-1 716	109 941	3.4%
Wholesale and retail trade	144 586	6 599	69	-924	150 330	4.7%
Transportation and storage	15 198	10 323	1	-691	24 831	0.8%
Accommodation and catering	11 844	23 446	44	-1 531	33 803	1.1%
Information and communication	10 839	3 004	1	-34	13 810	0.4%
Financial activities	119 436	9 337	0	-823	127 950	4.0%
Real estate activities	757 443	34 577	1 558	-3 269	790 309	24.6%
Professional, scientific and technical activities	68 001	7 313	30	-171	75 173	2.3%
Administrative and support service activities	115 072	4 563	32	-3 116	116 551	3.6%
Local municipalities	79 272	0	0	-127	79 145	2.5%
Education	5 151	596	0	-302	5 445	0.2%
Health care	14 312	541	0	-86	14 767	0.5%
Arts and entertainment	27 619	30 225	15	-2 588	55 271	1.7%
Other service activities	6 970	1 503	11	-42	8 442	0.3%
Total	2 935 760	285 986	7 468	-20 642		
Provision	-10 938	-7 632	-2 072			
Total loan portfolio	2 924 822	278 354	5 396		3 208 572	100%

NOTE 9 Net Interest Income

Interest income	Q3 2023	9M 2023	Q3 2022	9M 2022
From balances with credit institutions and investment	1 369	5 096	1 146	2 080
From central bank	25 125	56 833	778	1 766
From debt securities	2 640	5 905	-107	-449
Leasing	3 098	8 087	1 563	4 444
Leverage loans and lending of securities	362	1 041	401	1 264
Consumer loans	3 109	8 989	2 551	6 854
Hire purchase	855	2 637	852	2 467
Corporate loans	36 696	97 612	19 503	54 684
Credit card loans	265	742	214	608
Mortgage loans	17 045	44 670	6 956	18 673

Private loans	982	2 728	607	1 729
Other loans	573	1 568	1 831	8 523
Total	92 119	235 908	36 295	102 643
Interest expense				
Deposits of customers and loans received	-18 832	-35 200	-1 174	-3 586
Balances with the central bank	0	0	-929	-7 661
Other interest expense	-148	-458	0	0
Subordinated liabilities	-4 998	-14 101	-2 150	-6 383
including loans between related parties	-89	-267	-82	-244
Total	-23 978	-49 759	-4 253	-17 630
Net interest income	68 141	186 149	32 042	85 013

Interest income on loans by customer location

(interest on bank balances and bonds excluded):	Q3 2023	9M 2023	Q3 2022	9M 2022
Estonia	61 942	166 414	34 478	99 246
Great Britain	1 043	1 660	0	0
Total	62 985	168 074	34 478	99 246

NOTE 10 Net Fee and Commission Income

Fee and commission income	Q3 2023	9M 2023	Q3 2022	9M 2022
Security brokerage and commissions paid	536	2 690	935	3 380
Asset management and similar fees	3 900	11 384	3 402	10 085
Currency exchange fees conversion revenues	1 408	4 112	1 954	6 459
Fees from cards and payments	9 283	24 513	6 872	19 936
Other fee and commission income	3 366	8 588	2 338	5 901
Total	18 493	51 284	15 501	45 761
Fee and commission expense				
Security brokerage and commissions paid	-608	-1 838	-590	-1 827
Expenses related to cards	-1 909	-5 743	-972	-4 452
Expenses related to acquiring	-2 357	-5 753	-1 933	-5 413
Other fee and commission expense	-2	-107	-6	-718
Total	-4 876	-13 441	-3 501	-12 410
Net fee and commission income	13 617	37 846	12 000	33 351

Fee and commission income by customer location:	Q3 2023	9M 2023	Q3 2022	9M 2022
Estonia	9 556	29 037	13 749	40 178
Great Britain	4 831	11 136	1 752	5 583
Total	14 387	40 173	15 501	45 761

NOTE 11 Operating Expenses

	Q3 2023	9M 2023	Q3 2022	9M 2022
Wages, salaries and bonuses	11 708	35 055	8 596	25 367
Social security and other taxes*	4 600	12 771	3 034	8 258
Total personnel expenses	16 309	47 827	11 630	33 625
IT expenses	3 428	10 311	2 221	5 462

Information services and bank services	370	1 200	386	1 026
Marketing expenses	847	2 743	561	2 178
Office expenses	636	2 169	450	1 302
Transportation and communication expenses	128	406	130	398
Staff training and business trip expenses	328	1 080	323	917
Other outsourced services	4 149	9 977	1 774	5 969
Other administrative expenses	3 902	13 278	3 089	5 786
Depreciation of non-current assets	2 119	6 078	1 544	4 369
Operational lease payments	463	852	468	1 067
Other operating expenses	129	549	235	657
Total other operating expenses	16 498	48 642	11 182	29 132
Total operating expenses	32 807	96 469	22 812	62 757

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

NOTE 12 Balances with the Central Bank, Credit Institutions and Investment Companies

	30.09.2023	31.12.2022
Demand and term deposits with maturity less than 3 months*	56 169	91 324
Statutory reserve capital with the central bank	52 844	48 689
Demand deposit from central bank*	2 748 950	2 342 275
Total	2 857 963	2 482 288

*Cash and cash equivalents in the Statement of Cash

Flows	2 805 119	2 433 599
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The breakdown of receivables by countries has been presented in Note 4. Demand deposits include receivables from investment companies in the total amount of EUR 11 268 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 30 September 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 13 Deposits of Customers and Loans Received

Deposits by type	Individuals	Financial entities	Non-financial entities	Public sector	30.09.2023
Demand deposits	824 209	1 210 028	1 693 100	86 589	3 813 926
Term deposits	791 697	76 210	597 295	21 670	1 486 872
Accrued interest liability	7 759	1 425	5 784	437	15 405
Total	1 623 665	1 287 663	2 296 179	108 696	5 316 203

Deposits by type	Individuals	Financial entities	Non-financial entities	Public sector	31.12.2022
Demand deposits	1 065 135	1 477 182	2 042 117	58 406	4 642 840
Term deposits	63 208	23 046	146 137	24 587	256 978
Accrued interest liability	336	192	156	13	697
Total	1 128 679	1 500 420	2 188 410	83 006	4 900 515

Loans received 30.09.2023	TLTRO	Covered bonds	Preferred senior bond	Total loans received and dept securities in issue
Loans received	0	249 503	211 834	461 337
Accrued interest liability	0	78	348	426
Total	0	249 581	212 182	461 763

Loans received 31.12.2022	TLTRO	Covered bonds	Preferred senior bond	Total loans received and dept securities in issue
Loans received	150 000	249 284	188 672	437 956
Accrued interest liability	-2 159	141	545	686
Total	147 841	249 425	189 217	438 642

In June 2020, LHV Pank made a successful debut issue of EUR 250 million in covered bonds to international investors. 31 institutional investors participated in the 5-year issue and the interest rate was 0.12%. The issue by LHV Pank was the first debut issue since the beginning of the COVID-19 crisis. The issue received an Aa1 rating from Moodys and was listed on the Dublin Stock Exchange.

In September 2021, LHV Group issued EUR 100 million of preferred bonds with a four-year maturity, which includes the option to call back the transaction after the third year. The issue received a Baa3 rating and was listed on the Dublin Stock Exchange.

In November 2022, LHV Group Carried out a tap issue of senior unsecured bonds with a maturity date in September 2025. As a result, LHV raised additional funds in the amount of EUR 88

million. The nominal value of the issued bonds increased by 100 million euros. Since it was an increase in the volume of previously issued bonds, the terms and conditions of the new bonds are identical to the previous issue.

In 2020, the Bank raised EUR 200 million in negative interest funds through the TLTRO III program offered by the European Central Bank. In the second quarter 2022, the Bank returned early loan of 50 million euros to the European Central Bank and the same amount was also returned in first quarter 2023. In third quarter Bank returned to the European Central Bank the rest of the loan in the amount of EUR 50 million.

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 14 Accounts payable and other liabilities

Financial liabilities	30.09.2023	31.12.2022
Trade payables and payables to merchants	4 314	1 943
Other short-term financial liabilities	19 193	10 676
Lease liabilities	5 906	6 766
Payments in transit	34 353	40 101
Financial guarantee contracts issued	810	1 228
Liabilities from insurance services	42 286	23 411
Subtotal	106 862	84 125
Not financial liabilities		
Performance guarantee contracts issued	1 609	1 058
Tax liabilities	10 376	3 086
Payables to employees	4 080	3 457
Other short-term liabilities	748	736
Subtotal	16 813	8 337
Total	123 675	92 462

Payables to employees consist of unpaid salaries; bonus accruals and vacation pay accrual for the reporting period and the increase in liabilities is caused by the increase in the number of employees during the year. Payments in transit consist of foreign payments

and payables to customers related to intermediation of securities transactions. All liabilities, except for financial guarantees, are payable within 12 months and are therefore recognised as current liabilities.

NOTE 15 Contingent Liabilities

Irrevocable transactions	Performance guarantees	Financial guarantees	Letter of credit	Unused loan commitments	Total
Liability in the contractual amount as at 30 September 2023	44 224	50 147	3 768	496 579	594 718
Liability in the contractual amount as at 31 December 2022	30 174	52 577	6 605	601 093	690 449

NOTE 16 Basic Earnings and Diluted Earnings Per Share

In order to calculate basic earnings per share, net profit attributable to owners of the parent has been divided by the weighted average number of shares issued. The dilution effect when calculating the Diluted earnings per share comes from the share options granted to management and key employees.

	Q3 2023	9M 2023	Q3 2022*	9M 2022*
Total profit (incl. discontinued operations) attributable to owners of the parent (EUR thousand)	39 058	107 065	10 307	35 730
Weighted average number of shares (in thousands of units)	319 833	317 629	315 425	309 830
Basic earnings per share (EUR)	0.12	0.34	0.03	0.12
Weighted average number of shares used for calculating the diluted earnings per shares (in thousands of units)	325 517	323 464	321 714	314 232
Diluted earnings per share (EUR)	0.12	0.33	0.03	0.11

* 2022 data is adjusted according to share split carried out in Q3 2022.

NOTE 17 Capital Management

The goal of the Group's capital management is to:

- ✓ ensure continuity of the Group's business and ability to generate return for its shareholders;
- ✓ maintain a strong capital base supporting the development of business;
- ✓ comply with capital requirements as established by supervision authorities.

The amount of capital that the Group managed as of 30.09.2023 was 585 490 thousand euros (31.12.2022: 494 956 thousand euros). The goals of the Group's capital management are set based on both the regulative requirements and additional internal buffer.

The Group follows the general principles in its capital management:

- The Group must be adequately capitalized at all times, ensuring the necessary capital to ensure economic preservation in all situations;
- The main focus of the capital management is on tier 1 own funds, because only tier 1 own funds can absorb losses. All other capital layers in use are dependent of tier 1 own funds volume;
- Capital of the Group can be divided in two: 1) regulative minimum capital and 2) capital buffer held by the Group. In order to reach its long-term economic goals the Group must on one hand strive towards proportional lowering of the regulative minimum capital (through minimizing risks and high transparency). On the other hand, the Group must strive towards sufficient and conservative capital reserve, which will ensure economic preservation even in the event of severe negative risk scenario;
- The risk appetite set by the Group is an important input to capital management planning and capital goal setting. Higher risk appetite requires maintaining higher capital buffer.

Capital base	30.09.2023	31.12.2022
Paid-in share capital	31 983	31 542
Share premium	143 372	141 186
Reserves	4 713	4 713
Other reserves	-725	-1 447
Accumulated loss	219 426	170,010
Intangible assets (subtracted)	-23 227	-23 333
Profit for the reporting period (COREP)	50 270	49 179
Other adjustments	-253	-369
CET1 capital elements or deductions	-1 849	0
CET1 instruments of financial sector entities where the institution has a significant investment	-3 220	-3 351
CET1 instruments of financial sector entities where the institution has not a significant investment	0	-180
Total Core Tier 1 capital	420 490	364 956
Additional Tier 1 capital	55 000	55 000
Total Tier 1 capital	475 490	419 956
Subordinated liabilities	110 000	75 000
Total Tier 2 capital	110 000	75 000
Total net own funds	585 490	494 956

The Group has complied with all regulative capital requirements during the financial year and in previous year.

NOTE 18 Transactions with related parties

In preparing the financial statements of the Group, the following entities have been considered related parties:

- owners that have significant impact on the Group and the entities related to them;
- members of the management board and legal entities controlled by them (together referred to as management);
- members of the supervisory board;
- close relatives of the persons mentioned above and the entities related to them.

Transactions	Q3 2023	9M 2023	Q3 2022	9M 2022
Interest income	101	279	31	92
incl. management	49	129	14	40
incl. shareholders that have significant influence	52	150	17	52
Fee and commission income	33	149	7	14
Incl. management	8	24	4	8
incl. shareholders that have significant influence	25	125	3	6
Interest expenses from deposits	37	81	8	16
incl. management	8	12	3	5
incl. shareholders that have significant influence	29	69	5	11
Interest expenses from subordinated loans	89	267	82	244
incl. management	3	7	3	9
incl. shareholders that have significant influence	86	260	79	235

Balances	30.09.2023	31.12.2022
Loans and receivables as at the year-end	8 287	7 570
incl. management	3 912	3 901
incl. shareholders that have significant influence	4 375	3 669
Deposits as at the year-end	10 917	7 763
incl. management	2 617	765
incl. shareholders that have significant influence	8 300	6 998
Subordinated loans as at the year-end	4 462	4 434
incl. management	172	148
incl. shareholders that have significant influence	4 290	4 286

The table provides an overview of the material balances and transactions involving related parties. All other transactions involving the close relatives and the entities related to members of the management board and supervisory board and the minority shareholders of the parent company AS LHV Group have occurred according to the overall price list. The management and shareholders with significant influence include also their related entities and persons.

Loans granted to related parties are issued at market conditions.

In Q3, salaries and other compensations paid to the management of the parent AS LHV Group and its subsidiaries totalled EUR 693 thousand (Q3 2022: EUR 781 thousand), including all taxes. As at 30.09.2023, remuneration for September and accrued holiday pay in the amount of EUR 174 thousand (31.12.2022: EUR 214 thousand) is reported as a payable to management. The Group

did not have any long-term payables or commitments to the members of the Management Board and the Supervisory Board as at 30.09.2023 and 31.12.2022 (pension liabilities, termination benefits, etc.). In Q3 2023, the remuneration paid to the members of the Group's Supervisory Board totalled EUR 20 thousand (Q3 2022: EUR 20 thousand).

Management is related to the share-based compensation plan. In Q3 2023 the share-based compensation to management amounted to EUR 580 thousand (Q3 2022: EUR 697 thousand).

The Group has signed contracts with the members of the Management Board, which do not provide for severance benefits upon termination of the contract. In any matters not regulated by the contract, the parties adhere to the procedure specified in the legislation of the Republic of Estonia.

NOTE 19 Tangible and intangible assets

<i>(in thousands of euros)</i>	Tangible assets	Right of use assets	Total tangible assets	Intangible assets	Costs incurred for the acquisition of customer contracts	Total intangible assets
Balance as at 31.12.2021						
Cost	9 278	6 523	15 801	11 146	16 714	27 860
Accumulated depreciation and amortisation	-4 846	-2 481	-7 327	-7 382	-8 653	-16 035
Carrying amount 31.12.2021	4 432	4 042	8 474	3 764	8 061	11 825
Purchase of non-current assets	6 527	5 642	12 169	3 745	0	3 745
Depreciation/amortisation charge	-1 431	-2 377	-3 808	-1 990	-1 503	-3 493
Tangible and intangible assets added by the acquisition of a subsidiary	23	0	23	896	0	896
Write-off of on-current assets	-13	0	-13	-366	0	-366
Capitalised selling costs	0	0	0	0	881	881
Balance as at 31.12.2022						
Cost	15 815	12 165	27 980	15 421	17 595	33 016
Accumulated depreciation and amortisation	-6 264	-4 858	-11 122	-9 006	-10 156	-19 162
Carrying amount 31.12.2022	9 551	7 307	16 858	6 415	7 439	13 854
Purchase of non-current assets	2 354	862	3 216	2 987	0	2 987
Depreciation/amortisation charge	-1 136	-1 707	-2 843	-2 235	-989	-3 244

Recalculation of the accumulated	84	146	230	537	0	537
Write-off of on-current assets	-34	-15	-49	0	0	0
Capitalised selling costs	0	0	0	0	594	594
Balance as at 30.09.2023						
Cost	18 253	13 173	31 426	18 945	18 189	37 134
Accumulated depreciation and amortisation	-7 434	-6 580	-14 014	-11 778	-11 145	-22 923
Carrying amount 30.09.2023	10 819	6 593	17 412	7 167	7 044	14 211

NOTE 20 Subordinated debts

Subordinated debts (in thousands of euros)

	Year of issue	Amount	Interest rate	Maturity date
Subordinated Tier 2 liabilities	2018	20 000	6.0%	November 28 2028
Subordinated Tier 2 liabilities	2019	20 000	6.0%	November 28 2028
Subordinated Tier 2 liabilities	2020	35 000	6.0%	September 30 2030
Subordinated Tier 2 liabilities	2023	35 000	10.5%	September 29 2033
Additional subordinated Tier 2 liabilities	2019	20 000	8.0%	Perpetual
Additional subordinated Tier 2 liabilities	2020	15 000	9.5%	Perpetual
Additional subordinated Tier 2 liabilities	2022	20 000	10.5%	Perpetual
Subordinated debt as at 31.12.2022		130 000		
Subordinated debt as at 30.09.2023		165 000		

NOTE 21 Changes in impairments

Changes in impairments	Balance as at 01.01	Impairment provisions/reversals set up during the year	Written off during the reporting period	Balance as at 30.09
Corporate loans	-15 498	-6 894	8 772	-13 620
Consumer loans	-2 108	-2 381	1 159	-3 330
Investment financing	-13	-5	7	-11
Leasing	-2 009	-426	517	-1 918
Private loans	-1 014	-1 009	436	-1 587
Total 2023	-20 642	-10 715	10 891	-20 466

Changes in impairments	Balance as at 01.01	Impairment provisions/reversals set up during the year	Written off during the reporting period	Balance as at 31.12
Corporate loans	-15 288	-5 426	5 216	-15 498
Consumer loans	-1 320	-2 092	1 303	-2 108
Investment financing	-130	-8	125	-13
Leasing	-1 250	-1 204	445	-2 009
Private loans	-1 061	-593	641	-1 014
Total 2022	-19 049	-9 323	7 730	-20 642

Shareholders of AS LHV Group

AS LHV Group has a total of 319 832 743 ordinary shares, with a nominal value of 0.1 euro.

As at 30 September 2023, AS LHV Group has 36 847 shareholders:

- 147 263 903 aktsiat (46,04%) were held by members of the Supervisory Board and Management Board, and related parties.
- 172 568 840 aktsiat (53,96%) were held by Estonian entrepreneurs and investors, and related parties.

Top ten shareholders as at 30 September 2023:

Number of	Participation	Name of shareholder
37 162 070	11.6%	AS Lõhmus Holdings
33 910 370	10.6%	Viisemann Investments AG
25 449 470	8.0%	Rain Lõhmus
12 446 070	3.9%	Krenno OÜ
11 310 000	3.5%	AS Genteel
10 875 280	3.4%	AS Amalfi
10 828 210	3.4%	Ambient Sound Investments OÜ
7 188 990	2.3%	SIA Krugmans
6 691 020	2.1%	Bonaares OÜ
6 037 590	1.9%	OÜ Merona Systems

Shares held by members of the Management Board and Supervisory Board

Madis Toomsalu holds 1 228 440 shares.

Martti Singi holds 850 659 shares and Unitas OÜ holds 77 540 shares.

Meelis Paakspuu holds 603 300 shares.

Jüri Heero holds 788 980 shares and Heero Invest OÜ holds 306 820 shares.

Rain Lõhmus holds 25 449 470 shares, AS Lõhmus Holdings 37 162 070 shares and OÜ Merona Systems 6 037 590 shares.

Andres Viisemann holds 545 840 shares. Viisemann Holdings OÜ holds 1 300 000 shares and Viisemann Investment AG holds 33 910 370 shares.

Tauno Tats does not hold shares. Ambient Sound Investments OÜ holds 10 828 210 shares.

Tiina Möis holds 49 880 shares. AS Genteel holds 11 310 000 shares.

Heldur Meerits does not hold shares. AS Amalfi holds 10 875 280 shares.

Raivo Hein does not hold shares. OÜ Kakssada Kakskümmend Volti holds 5 003 370 shares, Astrum OÜ holds 3 890 shares and Lame Maakera OÜ holds 483 120 shares.

Sten Tamkivi holds 4 000 shares. OÜ Seikatsu holds 159 390 shares and OÜ Notorious 172 240 shares.

Supervisory Boards and Management Boards of AS LHV Group and its Subsidiaries

AS LHV Group

Supervisory board: Rain Lõhmus, Andres Viisemann, Tiina Mõis, Heldur Meerits, Raivo Hein, Tauno Tats, Sten Tamkivi

Management board: Madis Toomsalu, Martti Singi, Meelis Paakspuu, Jüri Heero

AS LHV Varahaldus

Supervisory board: Madis Toomsalu, Andres Viisemann, Kadri Kiisel

Management board: Vahur Vallistu, Joel Kukemelk, Eve Sirel

AS LHV Pank

Supervisory board: Madis Toomsalu, Rain Lõhmus, Andres Viisemann, Tiina Mõis, Heldur Meerits, Raivo Hein

Management board: Kadri Kiisel, Jüri Heero, Andres Kitter, Meelis Paakspuu, Indrek Nuume, Martti Singi

AS LHV Finance

Supervisory board: Kadri Kiisel, Madis Toomsalu, Veiko Poolgas, Jaan Koppel

Management board: Heidy Kütt

AS LHV Kindlustus

Supervisory board: Madis Toomsalu, Erki Kilu, Veiko Poolgas, Jaan Koppel

Management board: Martti-Sten Merilai

LHV UK Limited

Board of Directors: Erki Kilu, Andres Kitter

Directors: Madis Toomsalu, Paul Hancock, Keith Butcher, Sally Veitch

AS EveryPay

Supervisory board: Kadri Kiisel, Madis Toomsalu, Erki Kilu, Andres Kitter

Management board: Lauri Teder

Signatures of the Management Board to the Condensed Consolidated Interim Report

The Management Board has prepared the summary of results for January to September 2023 period the condensed consolidated interim financial statements of AS LHV Group for the 9-months period ended 30 September 2023.

The management board confirms that according to their best knowledge the interim report presents a fair view of LHV Group AS's assets, liabilities, financial position and profit or loss of the issuer and the entities involved in the consolidation as a whole and contains a description of the main risks and doubts.

24.10.2023

Madis Toomsalu

Martti Singi

Meelis Paakspuu

Jüri Heero