

# LHV Group

Q1 results  
23 April 2024

# Strong growth in business volumes

Strong growth in all business volumes

Loan portfolio quality remains good

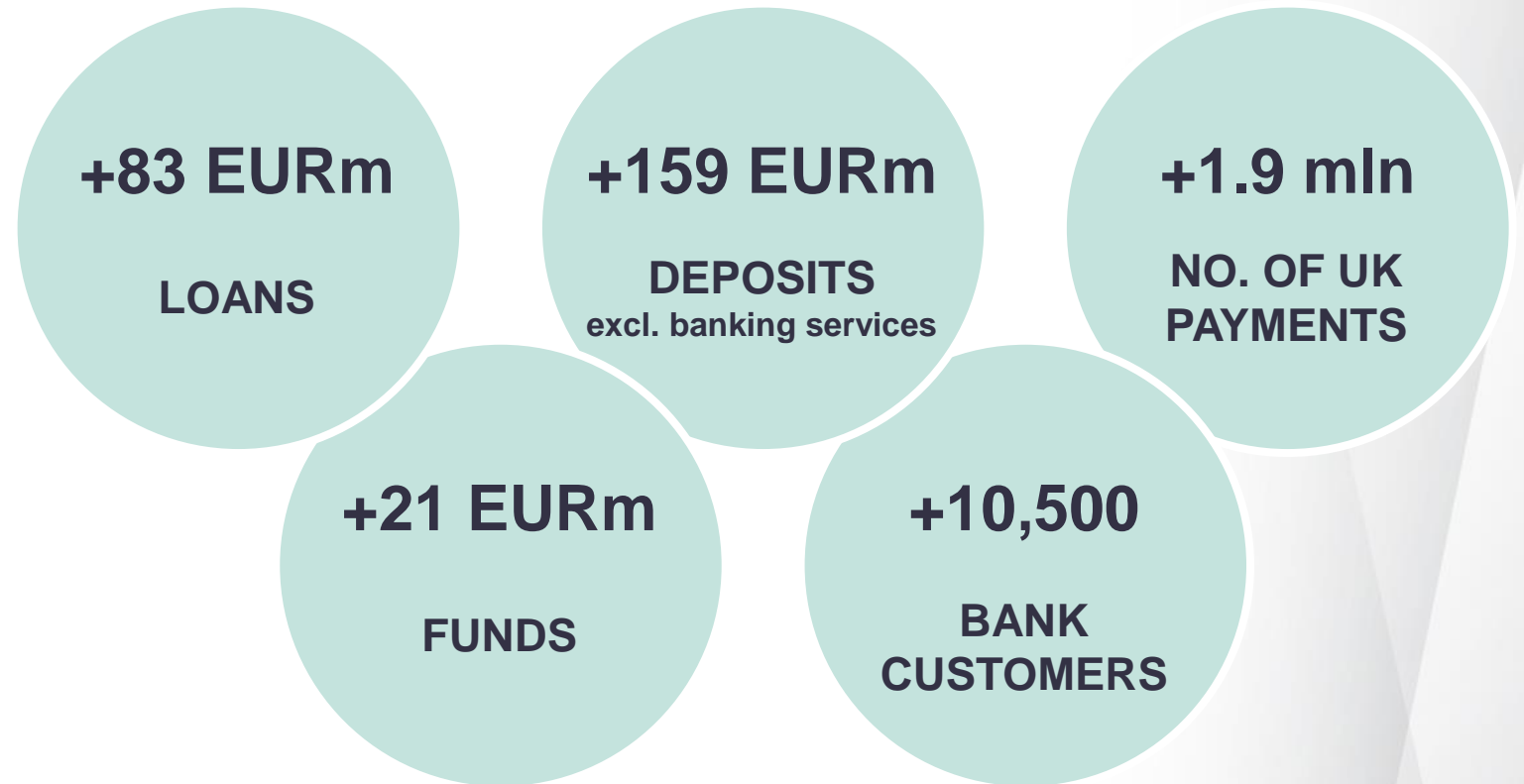
LHV Bank independently financed

Services designed for teachers

Successful completion of the ECB's asset quality review

New supervisory and management board members in group companies

Record dividends



# LHV Group

## A quarter with strong result

Financial results, EURt	9 quarters	Q1-24	Q4-23	Δ quarter
Net interest income		68,918	67,670	+1,248
Net fee and commission income		15,543	16,299	-756
Other income		954	1,723	-769
<b>Total net income</b>		<b>85,415</b>	<b>85,693</b>	<b>-277</b>
<b>Total operating expenses</b>		<b>35,528</b>	<b>37,852</b>	<b>-2,324</b>
<b>Earnings before impairment</b>		<b>49,888</b>	<b>47,841</b>	<b>+2,047</b>
Impairment losses		2,850	9,430	-6,579
Income tax expense		6,335	5,642	+693
<b>Net profit</b>		<b>40,702</b>	<b>32,769</b>	<b>+7,933</b>
Business volumes, EURm	9 quarters	Q1-24	Q4-23	Δ quarter
Deposits from customers		5,934	5,731	+203
Loans portfolio (net)		3,645	3,562	+83
Assets under management		1,540	1,519	+21
No of customers, thous.		595	587	+8
Fin. intermediaries' payments, thous. pcs		17,821	15,914	+1,906
Key figures	9 quarters	Q1-24	Q4-23	Δ quarter
Cost / income ratio (C/I)		41.6%	44.2%	- 2.6 pp
Net interest margin (NIM)		3.8%	4.0%	- 0.2 pp
pre-tax ROE*		32.9%	28.7%	+ 4.1 pp
ROE*		28.5%	24.5%	+ 4.0 pp

- Number of customers increased, but customer activity was lower as typical for the first quarter
- Loan portfolio increased by 83 EURm, growth faster than planned. Portfolio quality remains good
- Deposits from customers increased by 203 EURm
- Assets under management increased by 21 EURm
- Quarterly profit 40.7 EURm

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

# LHV Group – comparison with financial plan

## Both profitability and business volumes better than planned

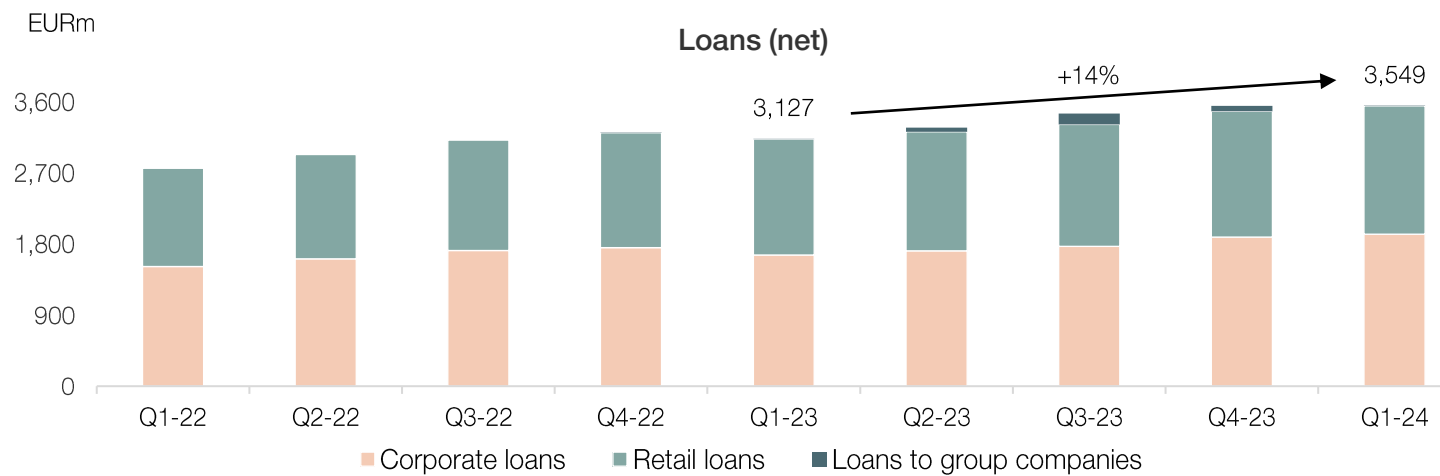
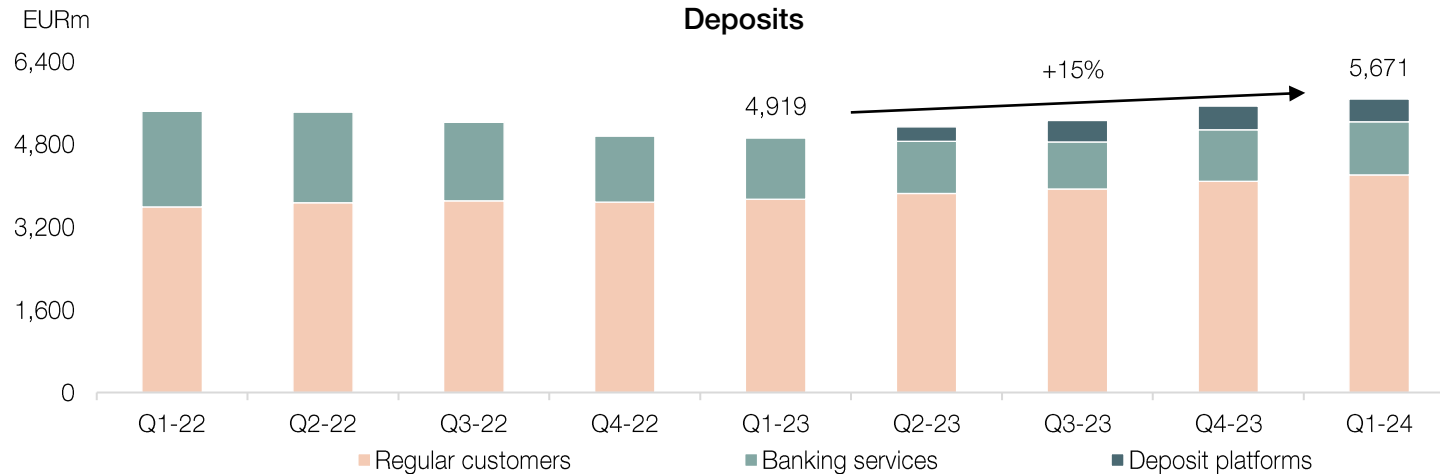
Financial results, EURt	13 months	Mar 24	YTD24	YTD23	FP YTD	Δ YTD FP
<b>Total net income, incl.</b>		29,394	85,415	68,383	77,528	+7,887
Net interest income		23,034	68,918	55,108	62,142	+6,776
Net fee and commission income		5,603	15,543	11,877	14,941	+602
<b>Total operating expenses</b>		11,823	35,528	30,622	35,211	+316
<b>Earnings before impairment</b>		17,572	49,888	37,761	42,317	+7,571
Impairment losses		2,120	2,850	-1,583	3,906	-1,056
Income tax expense		1,927	6,335	6,281	5,531	+804
<b>Net profit, incl.</b>		13,525	40,702	33,063	32,880	+7,823
attr. to shareholders		13,433	40,544	32,654	32,808	+7,737
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Mar 24</b>	<b>YTD24</b>	<b>YTD23</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		5,934	5,934	4,867	5,977	-42
Loans (net)		3,645	3,645	3,149	3,587	+58
Assets under management		1,540	1,540	1,451	1,526	+14
Fin. intermediaries' payments, thous. pcs		6,524	17,821	9,124	13,916	+3,905
<b>Key figures</b>	<b>13 months</b>	<b>Mar 24</b>	<b>YTD24</b>	<b>YTD23</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		40.2%	41.6%	44.8%	45.4%	- 3.8 pp
Net interest margin (NIM)		3.7%	3.8%	3.6%	3.5%	+ 0.4 pp
pre-tax ROE*		31.0%	32.9%	36.3%	27.1%	+ 5.8 pp
ROE*		27.1%	28.5%	30.4%	23.2%	+ 5.2 pp

- Interest income higher due to higher interest rates and larger loan portfolio
- Expenses in line with the plan
- Quality of loan portfolio good. Forward-looking impairments recorded due to macro-economic scenarios
- Quarterly cost/income ratio good 41.6% and ROE 28.5%
- Ahead of the plan by 7.9 EURm. Financial plan holds

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

# LHV Pank

## Loan volumes ahead of the plan



- Approximately 10,500 new bank customers joined. Activity of customers in terms of settlements and card usage typically lower in the first quarter
- Regular customers' deposits increased by 121 EURm and deposits from financial intermediaries by 38 EURm. We reduced platform deposits by 23 EURm. Focus still on deposits
- Loans to retail customers increased by 30 EURm and loans to corporates by 37 EURm. LHV Bank repaid the entire loan amount of 66 EURm. Loan demand increasing

## The quality of the loan portfolio remains good

Financial results, EURt	9 quarters	Q1-24	Q4-23	Δ quarter
Net interest income		60,249	59,576	+673
Net fee and commission income		7,871	8,444	-573
Other income		667	3,531	-2,864
<b>Total net income</b>		<b>68,786</b>	<b>71,551</b>	<b>-2,765</b>
<b>Total operating expenses</b>		<b>22,804</b>	<b>22,870</b>	<b>-67</b>
<b>Earnings before impairment</b>		<b>45,983</b>	<b>48,681</b>	<b>-2,698</b>
Impairment losses		2,807	9,588	-6,781
Income tax expense		6,382	5,520	+861
<b>Net profit</b>		<b>36,794</b>	<b>33,572</b>	<b>+3,222</b>
Business volumes, EURm	9 quarters	Q1-24	Q4-23	Δ quarter
Deposits from customers		5,671	5,535	+136
incl. banking services' deposits		1,029	991	+38
Loans (net)		3,549	3,549	+1
No of customers, thous.		428	417	+11
Key figures	9 quarters	Q1-24	Q4-23	Δ quarter
Cost / income ratio (C/I)		33.2%	32.0%	+ 1.2 pp
Net interest margin (NIM)		3.5%	3.7%	- 0.1 pp
pre-tax ROE*		34.1%	30.8%	+ 3.3 pp
ROE*		29.1%	26.4%	+ 2.7 pp

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

- The income is broad-based, net interest income dominates
- Overall, the quality of the loan portfolio has remained stronger than planned, and the proportion of overdue loans continuously low
- Quarterly net profit 36.8 EURm and ROE 29.1%

# LHV Bank – comparison with financial plan

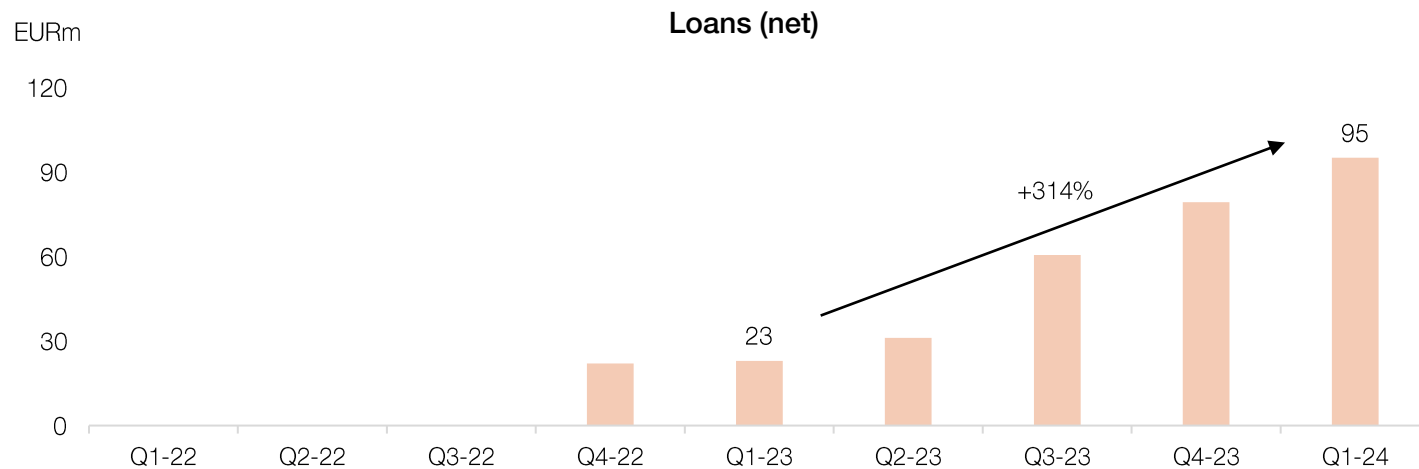
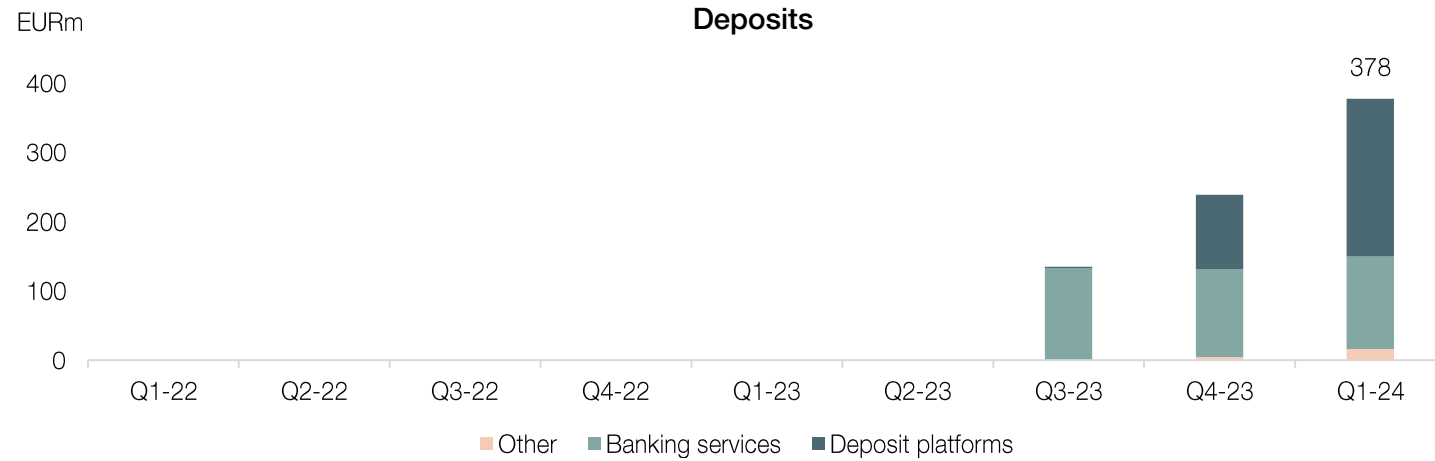
## All main indicators surpassed the financial plan

Financial results, EURt	13 months	Mar 24	YTD24	YTD23	FP YTD	Δ YTD FP
<b>Total net income, incl.</b>		22,643	68,786	61,660	61,469	+7,317
Net interest income		19,243	60,249	52,900	52,668	+7,581
Net fee and commission income		2,814	7,871	7,548	8,524	-653
<b>Total operating expenses</b>		7,323	22,804	20,786	22,487	+317
<b>Earnings before impairment</b>		15,320	45,983	40,874	38,983	+7,000
Impairment losses		2,118	2,807	-1,592	3,865	-1,058
Income tax expense		2,067	6,382	5,147	5,077	+1,304
<b>Net profit</b>		11,135	36,794	37,318	30,040	+6,754
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Mar 24</b>	<b>YTD24</b>	<b>YTD23</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		5,671	5,671	4,919	5,605	+66
incl. banking services' deposits		1,028	1,028	1,183	984	+44
Loans (net)		3,549	3,549	3,127	3,472	+77
<b>Key figures</b>	<b>13 months</b>	<b>Mar 24</b>	<b>YTD24</b>	<b>YTD23</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		32.3%	33.2%	33.7%	36.6%	- 3.4 pp
Net interest margin (NIM)		3.3%	3.5%	3.5%	3.1%	+ 0.4 pp
T1 capital adequacy		18.5%	18.5%	20.9%	19.0%	- 0.5 pp
Total capital adequacy		20.8%	20.8%	23.7%	21.4%	- 0.6 pp

- Deposits, loans, and customers' assets ahead of the plan
- Income ahead of the plan primarily due to higher interest rates
- Expenses according to plan
- Exceeding the financial plan by 6.8 EURm

# LHV Bank

## Strong deposit-raising capability



- Raising deposits successfully initiated on the third platform – Hargreaves Lansdown. Deposits increased as needed to keep interest expenses optimal. In total, over 4000 depositors. Loan received from LHV Bank repaid and the bank independently financed
- Focus on growing the loan portfolio through the broker network and doubling the number of Loan Managers in the first half of the year. 79 EURm of loans approved by the Credit Committee but not yet issued
- Payment volumes in the banking services segment at the historically highest levels



# LHV Bank









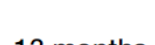




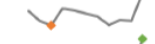

## Productive and active quarter

Financial results, EURt	9 quarters	Q1-24	Q4-23	Δ quarter
<b>Total net income, incl.</b>		11,483	11,952	-469
Net interest income		8,797	9,647	-850
Net fee and commission income		2,562	2,195	+367
Other net income		124	110	+13
<b>Total operating expenses</b>		8,390	8,875	-485
<b>Earnings before impairment</b>		3,093	3,078	+15
Impairment losses		44	31	+13
Income tax expense		-1,819	0	-1,819
<b>Net profit</b>		4,868	3,046	+1,822
<b>Business volumes, EURm</b>		<b>Q1-24</b>	<b>Q4-23</b>	<b>Δ quarter</b>
Deposits from customers		378	239	+139
Loans (net)		95	79	+16
<b>Key figures</b>		<b>Q1-24</b>	<b>Q4-23</b>	<b>Δ quarter</b>
Cost / income ratio (C/I)		73.1%	74.3%	- 1.2 pp
Net interest margin (NIM)		8.6%	11.2%	- 2.6 pp
pre-tax ROE		17.8%	23.4%	- 5.7 pp
ROE		28.4%	23.4%	+ 4.9 pp

- Development of a new website, mobile banking, and retail banking offerings underway. Product functionality reduced to stay on schedule
- Share capital increased by 25 EURm to 88 EURm

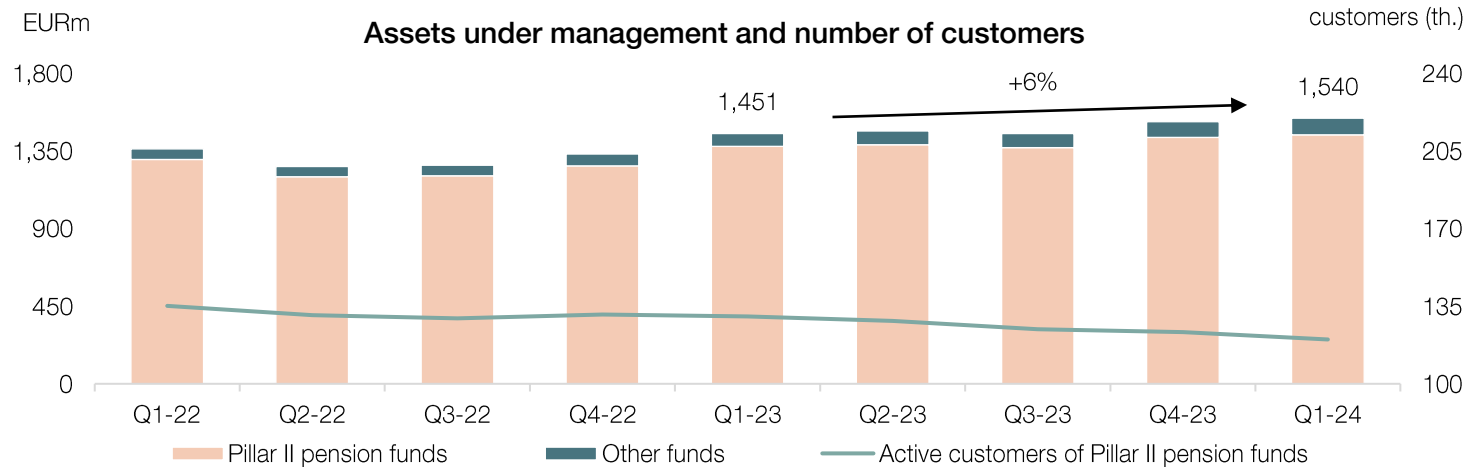
# LHV Bank – comparison with financial plan

## First quarter slightly more modest than the ambitious financial plan

Financial results, EURt	13 months	Mar 24	YTD24	YTD23	FP YTD	Δ YTD FP
<b>Total net income, incl.</b>		4,359	11,483	3,462	11,702	-219
Net interest income		3,528	8,797	2,763	10,476	-1,680
Net fee and commission income		842	2,562	699	1,225	+1,337
Other net income		-11	124	-1	0	+124
<b>Total operating expenses</b>		3,017	8,390	5,965	8,122	+268
<b>Earnings before impairment</b>		1,342	3,093	-2,503	3,580	-487
Impairment losses		2	44	8	42	+2
Income tax expense		0	-1,819	0	0	-1,819
<b>Net profit</b>		1,340	4,868	-2,512	3,538	+1,330
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Mar 24</b>	<b>YTD24</b>	<b>YTD23</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		378	378	0	424	-46
Loans (net)		95	95	23	115	-20
<b>Key figures</b>	<b>13 months</b>	<b>Mar 24</b>	<b>YTD24</b>	<b>YTD23</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		69.2%	73.1%	172.3%	69.4%	+ 3.7 pp
Net interest margin (NIM)		9.8%	8.6%	32.4%	10.0%	- 1.4 pp
T1 capital adequacy		44.4%	44.4%	na	24.6%	+ 19.8 pp
Total capital adequacy		44.4%	44.4%	na	24.6%	+ 19.8 pp

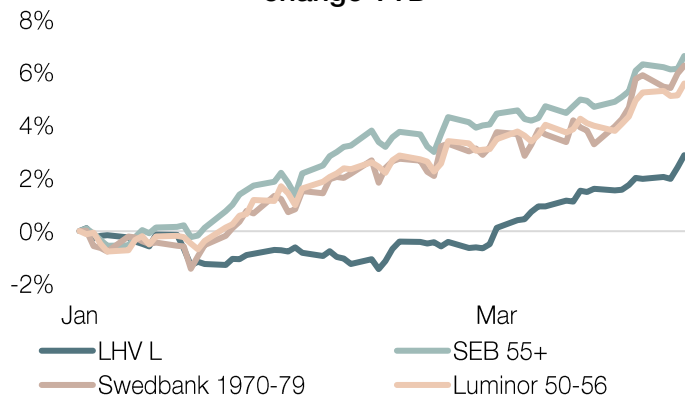
- Focus on growing the loan portfolio in the coming months
- Deposits raised as needed
- Net income lower due to a different distribution of banking services customer revenues with LHV Bank than planned
- Income tax expense from a tax asset created last year

## Very strong start to the year in stock markets

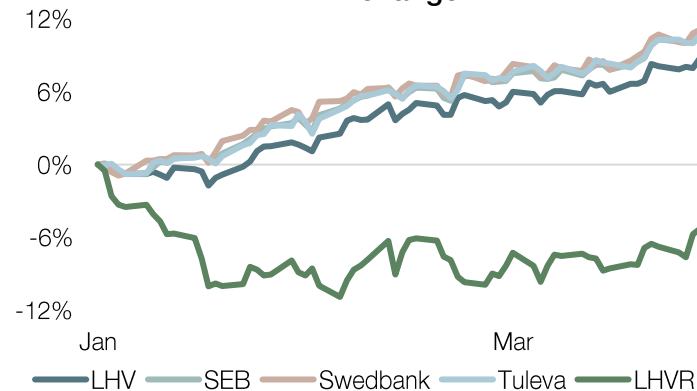


- The volume of funds was nearly 1.5 EURbn by quarter-end, quarterly growth of 21 EURm
- Strong rise continued in markets — measured in euros, SP500, Euro Stoxx, and Nasdaq rose by 12.9%, 12.8%, and 11.8%, respectively
- Quarterly returns of LHV pension funds M, L and XL were 1.5%, 2.9% and 2.9%, respectively. Returns of more conservative funds XS and S were 1.5% and 1.6%
- Pension fund Indeks rose by 8.7%, pension fund Roheline declined by 5.3%

**Pillar II comparable pension funds NAV change YTD**



**Index funds and pension fund Roheline NAV change YTD**



# LHV Varahaldus

## Quarterly pre-tax profit 0.6 EURm

Financial results, EURt	9 quarters	Q1-24	Q4-23	Δ quarter
Total net income		2,187	2,252	-66
Total operating expenses		1,825	1,838	-13
<b>EBIT</b>		361	415	-53
Net financial income		219	125	+94
Income tax expense		801	0	+801
<b>Net profit</b>		-220	539	-760
Business volumes, EURm	9 quarters	Q1-24	Q4-23	Δ quarter
Pillar II pension funds		1,442	1,428	+14
Pillar III pension funds		90	84	+6
Eurofunds		7	7	+0
Active customers of PII funds, th.		120	123	-3
Key figures	9 quarters	Q1-24	Q4-23	Δ quarter
Cost / income ratio (C/I)		75.9%	77.3%	- 1.4 pp
pre-tax ROE		11.6%	9.7%	+ 1.8 pp
ROE		-4.4%	9.7%	- 14.1 pp

- Revenues and operating expenses comparable to the previous quarter, net financial income nearly doubled due to fund performances
- Net profit was affected by a dividend payment of 4.9 EURm and the associated income tax expense of 0.8 EURm
- Despite payouts made in January, the net assets of the II and III pillar continued to grow slightly
- By quarter-end, the number of active customers making monthly contributions reached 120,000

# LHV Varahaldus – comparison with financial plan

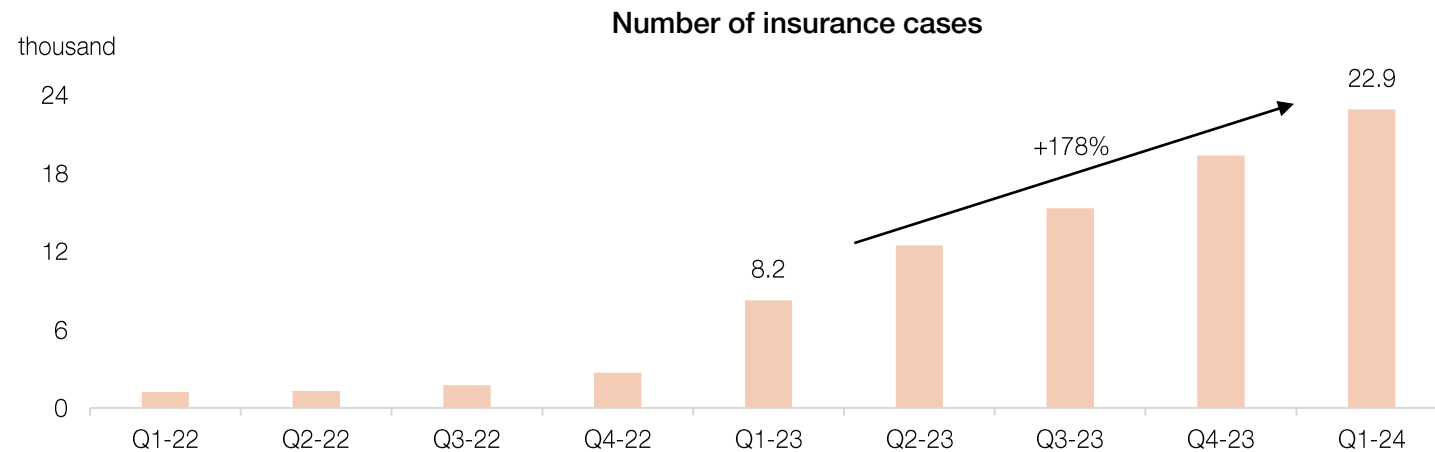
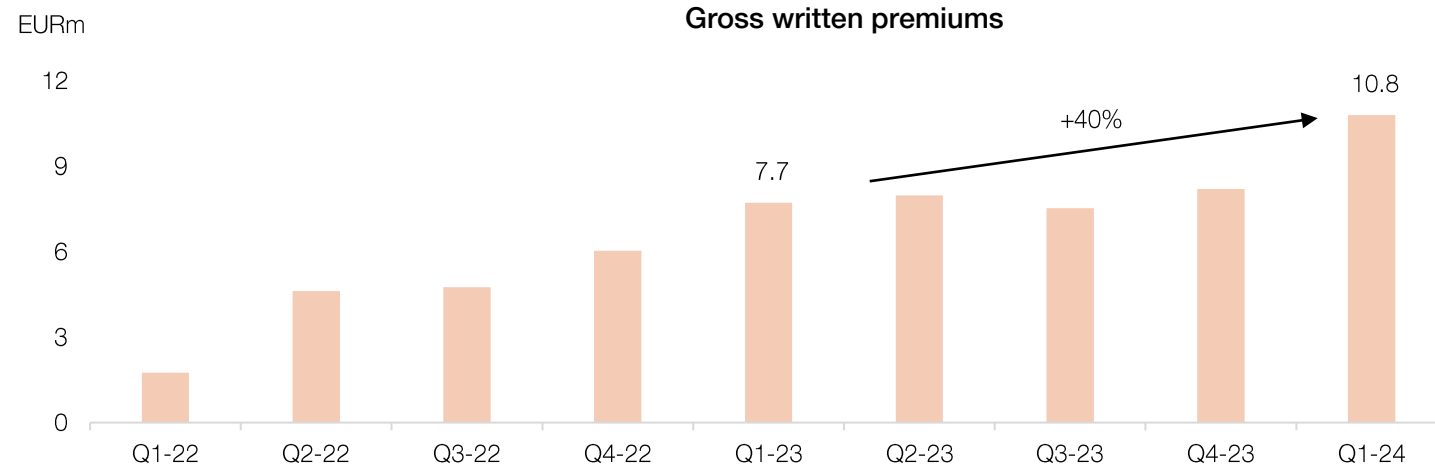
## Net profit and fund volumes slightly ahead of the financial plan

Financial results, EURt	13 months	Mar 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income		755	2,187	2,125	2,216	-30
Total operating expenses		657	1,825	1,722	1,828	-3
<b>EBIT</b>		98	361	403	388	-26
Net financial income		208	219	172	159	+59
Income tax expense		801	801	488	801	-0
<b>Net profit</b>		-494	-220	87	-253	+33
<b>Business volumes</b>	<b>13 months</b>	<b>Mar 24</b>	<b>YTD24</b>	<b>YTD23</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Assets under management, EURm		1,540	1,540	1,451	1,526	+14
Active customers of PII funds, thous.		120	120	130	122	-2
<b>Key figures</b>	<b>13 months</b>	<b>Mar 24</b>	<b>YTD24</b>	<b>YTD23</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		68.2%	75.9%	75.0%	77.0%	- 1.1 pp
Funds average return		3.3%	3.2%	2.3%	1.9%	+ 1.3 pp

- Fund volumes and net profit slightly ahead of the financial plan, primarily due to good performances of larger funds and the associated financial income
- Expenses in line with the plan
- The growth of the benchmark index, i.e. growth in social security tax revenue, has significantly slowed compared to the last two years. The annual growth of the benchmark index in March was 6.6%
- In the first quarter, 4,300 customers submitted applications to make larger contributions to the second pillar

# LHV Kindlustus













## Optimal growth continues



- Quarterly annual growth in gross written premiums 40%
- Volume of premiums increased across all major types of insurance
- Exceeded the sales target set in the financial plan by 7.5%
- A growing insurance portfolio is accompanied by a higher number of claims
- In health insurance, where the cost of an individual claim is low, the number of claims increased the most

# LHV Kindlustus














## A quarter with strong results

Financial results, EURt	9 quarters	Q1-24	Q4-23	Δ quarter
Total net income		1,451	1,705	-254
Total expenses		1,333	1,350	-18
Technical result		118	355	-237
Net investments income		154	73	+81
Other operating income and expenses		-16	-5	-11
Net profit		256	423	-166
<b>Business volumes, EURt</b>	<b>9 quarters</b>	<b>Q1-24</b>	<b>Q4-23</b>	<b>Δ quarter</b>
Gross written premiums		10,788	8,198	+2,591
No of customers (thous.)		164	161	+4
<b>Key figures</b>	<b>9 quarters</b>	<b>Q1-24</b>	<b>Q4-23</b>	<b>Δ quarter</b>
Net loss ratio		67.3%	61.2%	+ 6.1 pp
Net expense ratio		31.3%	32.1%	- 0.7 pp
pre-tax ROE		19.1%	33.6%	- 14.5 pp
ROE		19.1%	33.6%	- 14.5 pp

- Net income according to the plan, expenses on stable level and in line with the plan. Sales volumes increased by 32% over the quarter
- 22,800 new claims were registered, claims handling was finished for 22,400 cases
- Customers had 233,000 valid insurance contracts at the quarter-end
- Net loss ratio and net combined ratio surpassed the financial plan. Good results were secured by a lower-than-expected claim frequency in major insurance products

# LHV Kindlustus – comparison with financial plan

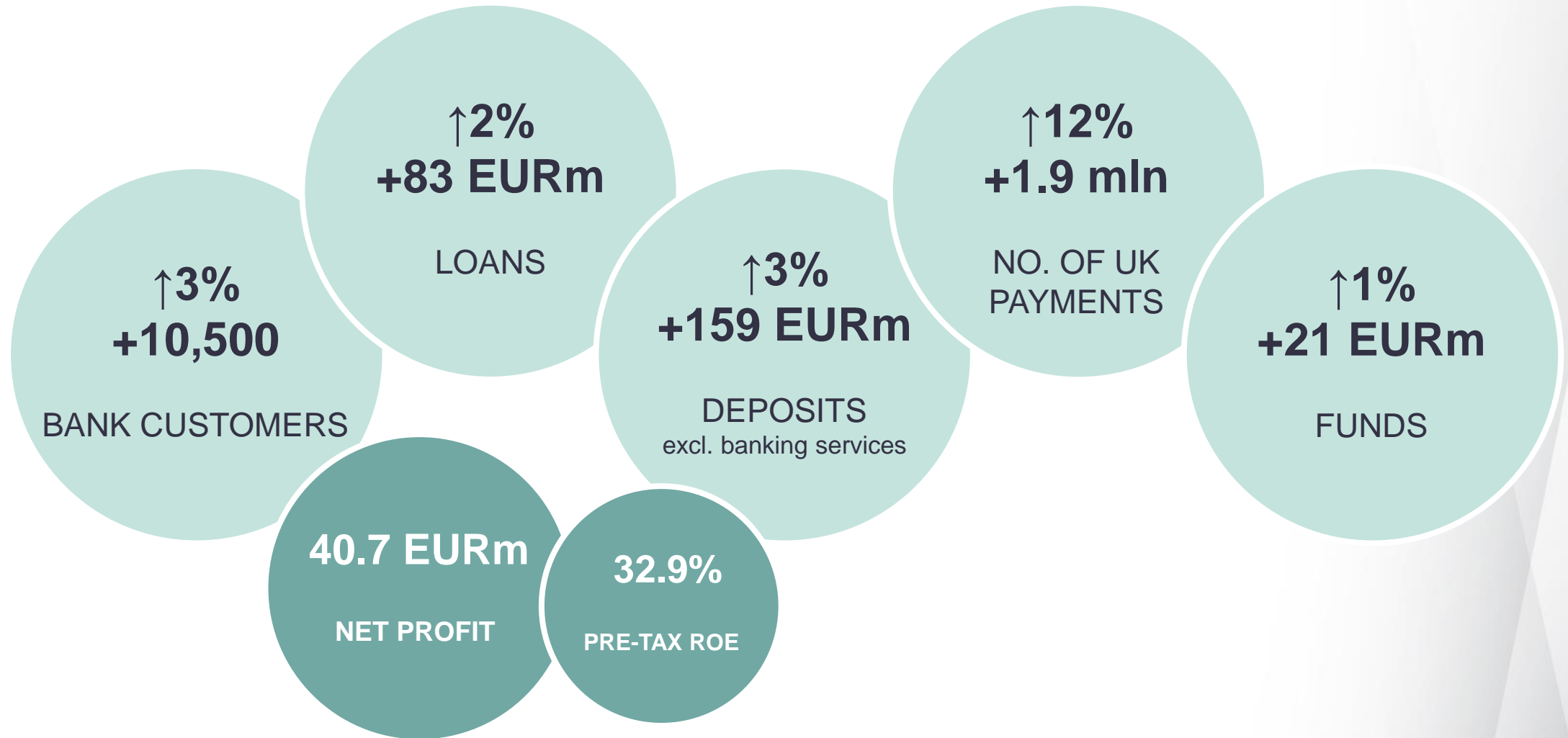
## A month with a low loss frequency

Financial results, EURt	13 months	Mar 24	YTD24	YTD23	FP YTD	Δ YTD FP
<b>Total net income, incl.</b>		707	1,451	552	1,506	-55
Net earned premiums		2,516	7,237	4,499	6,916	+322
Net incurred losses		1,489	4,873	3,509	4,514	+359
Other net income		-320	-913	-438	-895	-18
<b>Total expenses</b>		450	1,333	1,031	1,460	-128
<b>Technical result</b>		257	118	-479	45	+73
Net investment income		42	154	32	23	+131
Other operating income and expenses		-5	-16	-3	-15	-1
<b>Net profit</b>		294	256	-450	53	+203
<b>Business volumes, EURt</b>	<b>13 months</b>	<b>Mar 24</b>	<b>YTD24</b>	<b>YTD23</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Gross written premiums		2,769	10,788	7,712	10,014	+774
No of customers (thous.)		164	164	155	na	na
<b>Key figures</b>	<b>13 months</b>	<b>Mar 24</b>	<b>YTD24</b>	<b>YTD23</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Net loss ratio		59.2%	67.3%	78.0%	65.3%	+ 2.1 pp
Net expense ratio		30.9%	31.3%	33.4%	34.3%	- 3.0 pp

- March was a month with good sales results. Low number of claims and no major claims registered
- In March, 13,200 new insurance contracts were signed, and 7,900 new cases were registered in claims handling
- Net earned premiums increased by 9% over the month and surpassed the financial plan
- March's net loss and expense ratio were significantly below the planned level
- Good monthly results helped to meet quarterly targets



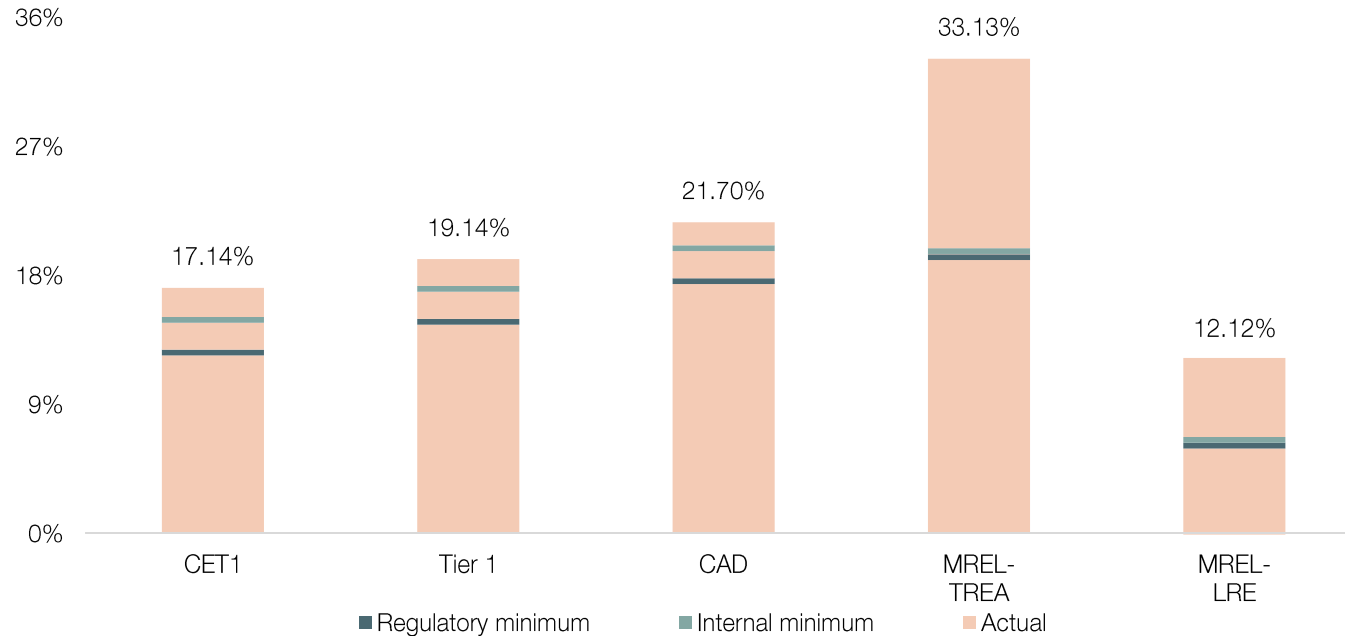
LHV Group  
3 months



# Risks and capitalisation

# LHV Group Capitalisation

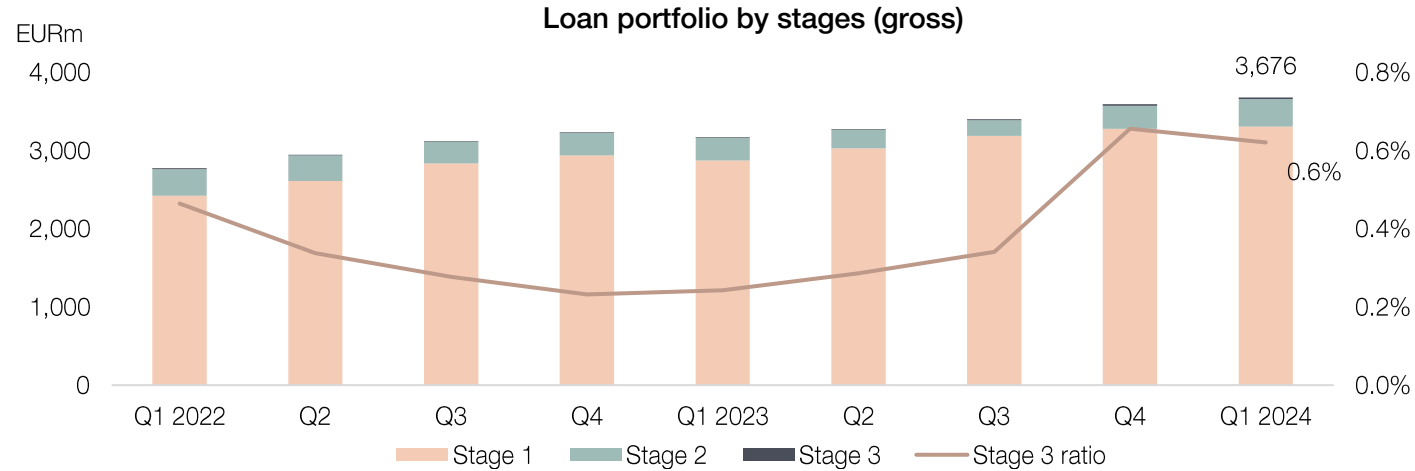
Capital ratios and minimum requirements as of March 2024



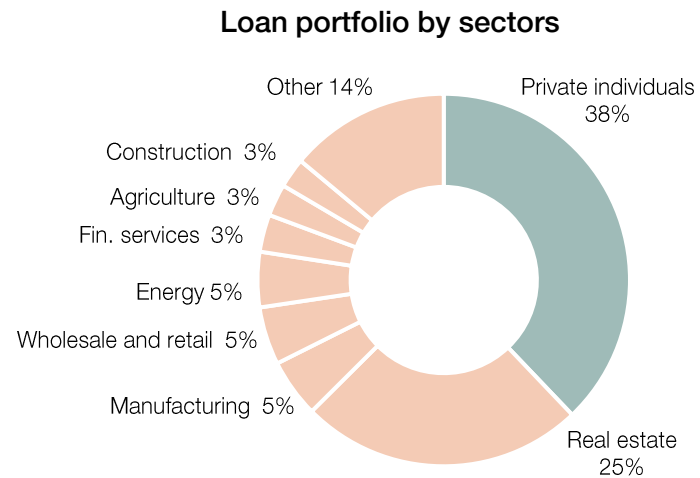
- LHV Group well-capitalised and all capital targets have been met with sufficient margin
- Internal capital generation exceeds loan growth
- The more restrictive MREL requirement is MREL-TREA, which has significant expenses, and therefore, we meet it with a smaller margin. If necessary, we will issue additional eligible debt liabilities

# LHV Group

## Loan portfolio quality

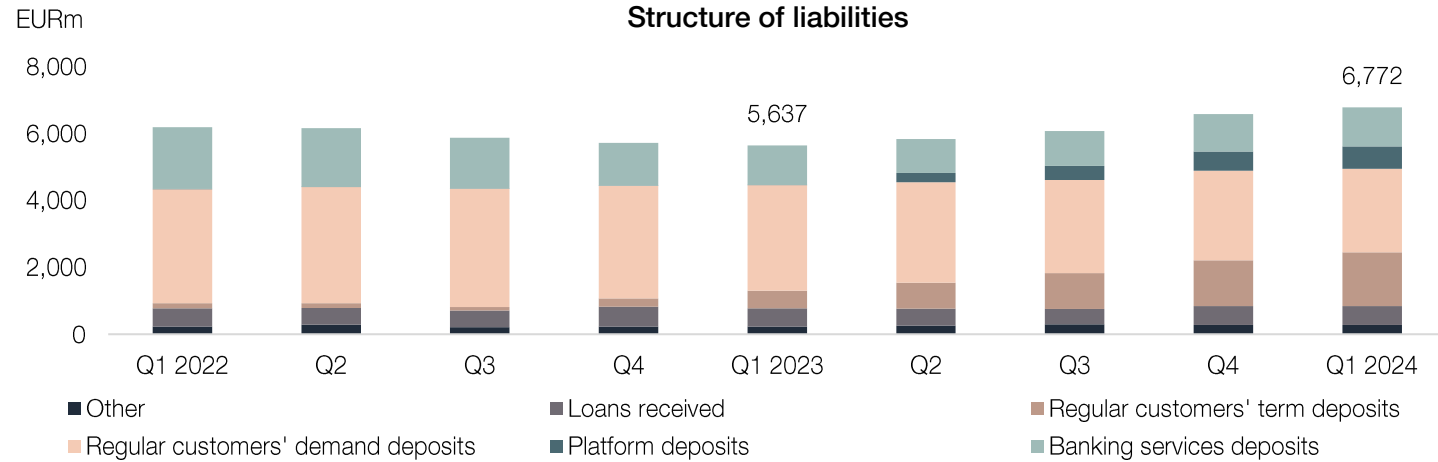


- The loan portfolio well-distributed across sectors
- Portfolio quality good, with a cost of risk rate of 0.3% and a stage 3 loan rate of 0.6%
- Phase 3 net loans 13.5 EURm, of which only 24% are under-collateralised, with an average LTV ratio of 74%

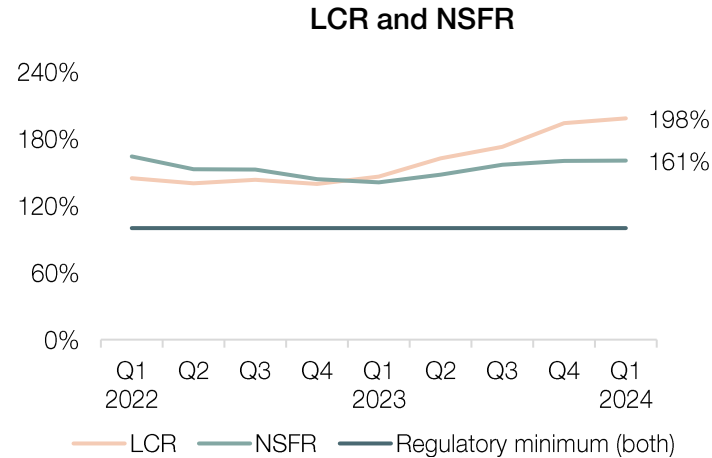
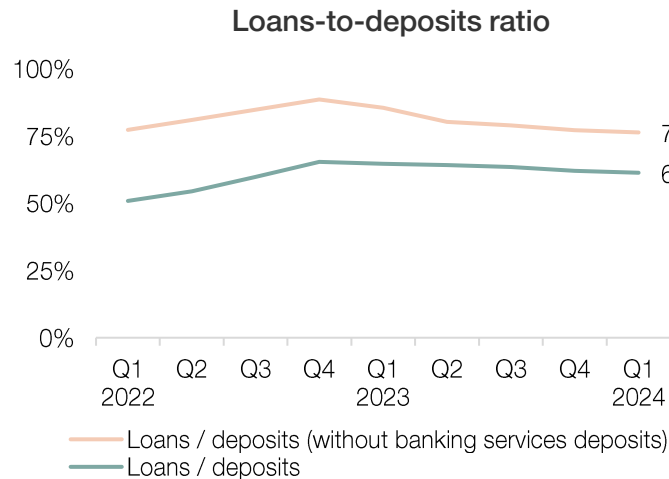


# LHV Group

## Liquidity and funding



- Liquidity very high, with a loans-to-deposits ratio of 76%
- The liquidity coverage ratio (LCR) 198%, and exceptionally high at 462% excluding deposits from financial intermediaries
- Net stable funding ratio (NSFR) also very high at 161%



## **Madis Toomsalu**

LHV Group CEO

[madis.toomsalu@lhv.ee](mailto:madis.toomsalu@lhv.ee)

## **Meelis Paakspuu**

LHV Group CFO

[meelis.paakspuu@lhv.ee](mailto:meelis.paakspuu@lhv.ee)