

LHV Group

Q2 results
23 July 2024

Strong growth in business volumes

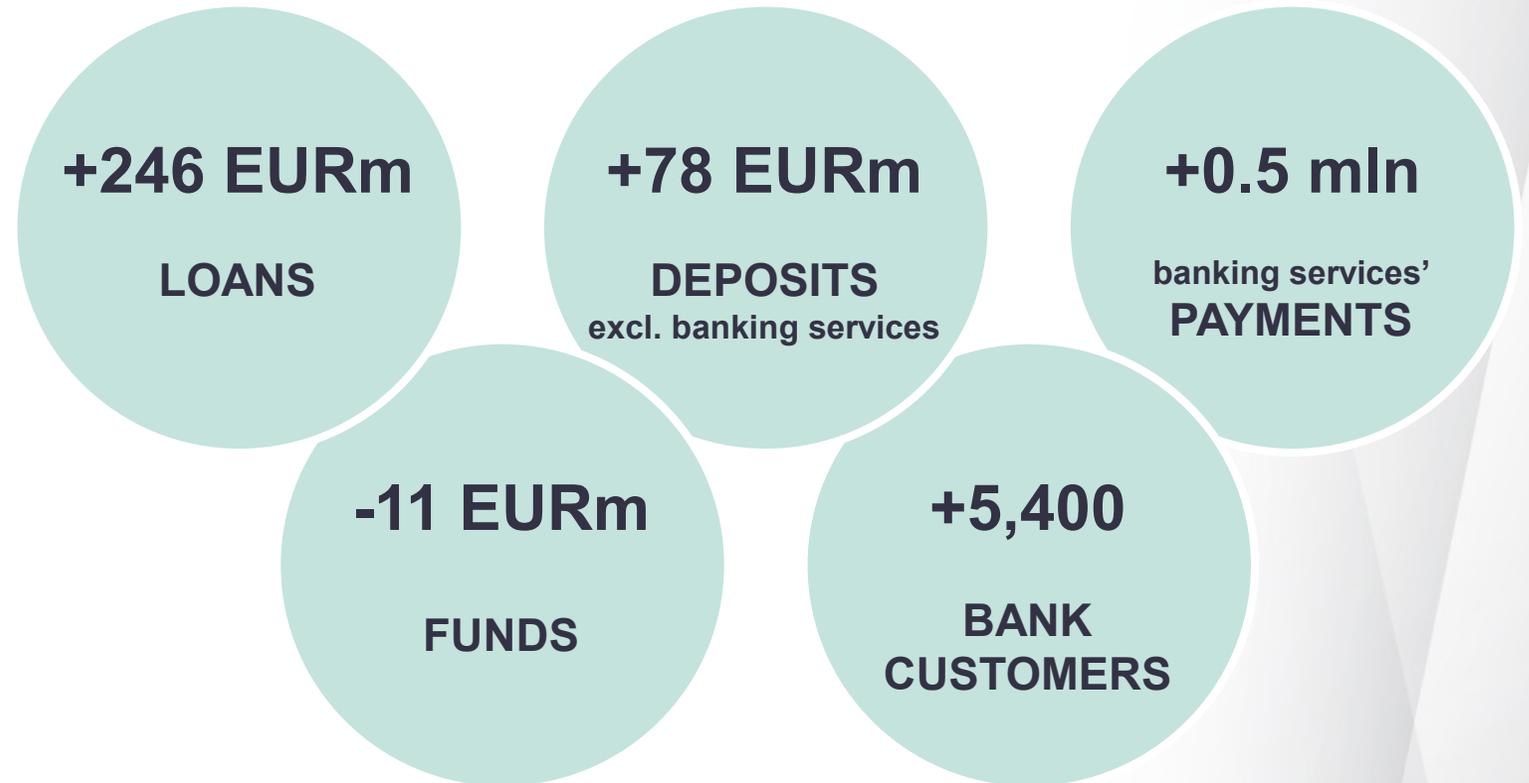
Very strong growth in loan volumes

Loan portfolio quality remains good

First major MREL issuance to international markets

New product: LHV Instalment payment

Number of customers with investment assets exceeded 100,000



LHV Group

A quarter with strong result

Financial results, EURt	9 quarters	Q2-24	Q1-24	Δ quarter
Net interest income		70,425	68,918	+1,507
Net fee and commission income		16,262	15,543	+719
Other income		602	954	-353
Total net income		87,289	85,415	+1,874
Total operating expenses		37,589	35,528	+2,062
Earnings before impairment		49,700	49,888	-188
Impairment losses		5,044	2,850	+2,193
Income tax expense		6,071	6,335	-264
Net profit		38,585	40,702	-2,117
Business volumes, EURm	9 quarters	Q2-24	Q1-24	Δ quarter
Deposits from customers		5,784	5,934	-150
Loans portfolio (net)		3,891	3,645	+246
Assets under management		1,529	1,540	-11
No of customers, thous.		597	595	+2
Fin. intermediaries' payments, thous. pcs		18,315	17,821	+494
Key figures	9 quarters	Q2-24	Q1-24	Δ quarter
Cost / income ratio (C/I)		43.1%	41.6%	+ 1.5 pp
Net interest margin (NIM)		3.9%	3.8%	+ 0.0 pp
pre-tax ROE*		29.9%	32.9%	- 3.0 pp
ROE*		25.8%	28.5%	- 2.6 pp

- Number of customers increased, customer activity at a good level
- Loan portfolio increased by 246 EURm, growth faster than planned. Portfolio quality remains good
- We allowed deposits from platforms and financial intermediaries to decrease. Deposits from regular customers increased
- Assets under management decreased by 11 EURm
- Quarterly profit 38.6 EURm

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

LHV Group – comparison with financial plan

Both business volumes and profitability better than planned

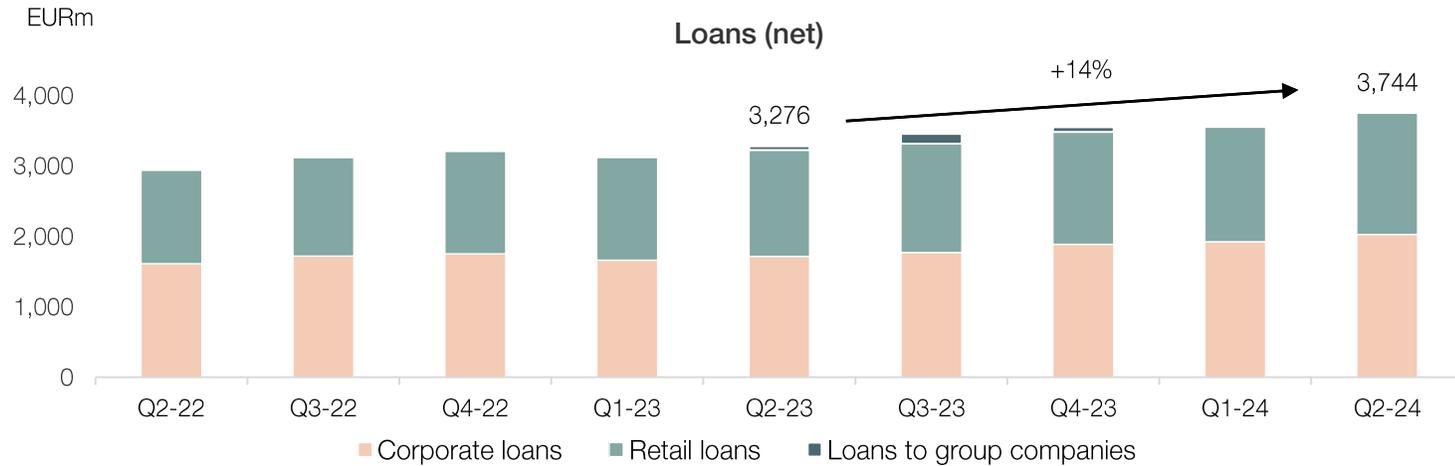
Financial results, EURt	13 months	Jun 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income, incl.		27,874	172,704	143,285	154,554	+18,151
Net interest income		21,962	139,343	118,008	122,491	+16,852
Net fee and commission income		5,619	31,805	24,210	31,169	+637
Total operating expenses		12,174	73,117	63,662	70,809	+2,308
Earnings before impairment		15,699	99,588	79,623	83,745	+15,843
Impairment losses		2,984	7,894	-774	9,562	-1,668
Income tax expense		2,429	12,406	11,703	11,055	+1,351
Net profit, incl.		10,286	79,288	68,694	63,128	+16,160
attr. to shareholders		10,056	78,830	68,007	62,892	+15,938
Business volumes, EURm	13 months	Jun 24	YTD24	YTD23	FP YTD	Δ YTD FP
Deposits from customers		5,784	5,784	5,062	6,277	-493
Loans (net)		3,891	3,891	3,253	3,715	+176
Assets under management		1,529	1,529	1,465	1,572	-43
Fin. intermediaries' payments, thous. pcs		6,207	36,136	20,326	28,168	+7,968
Key figures	13 months	Jun 24	YTD24	YTD23	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		43.7%	42.3%	44.4%	45.8%	- 3.5 pp
Net interest margin (NIM)		3.6%	3.9%	3.8%	3.3%	+ 0.6 pp
pre-tax ROE*		25.8%	31.9%	36.0%	26.2%	+ 5.7 pp
ROE*		20.8%	27.6%	30.7%	22.3%	+ 5.3 pp

- Interest income higher due to higher interest rates and larger loan portfolio
- Expenses in line with the plan
- Quality of loan portfolio good. Due to the economic situation, we made impairments for individual customers and model-based forward-looking impairments
- Quarterly cost/income ratio good 43.1% and ROE 25.8%
- Ahead of the plan by 16.2 EURm

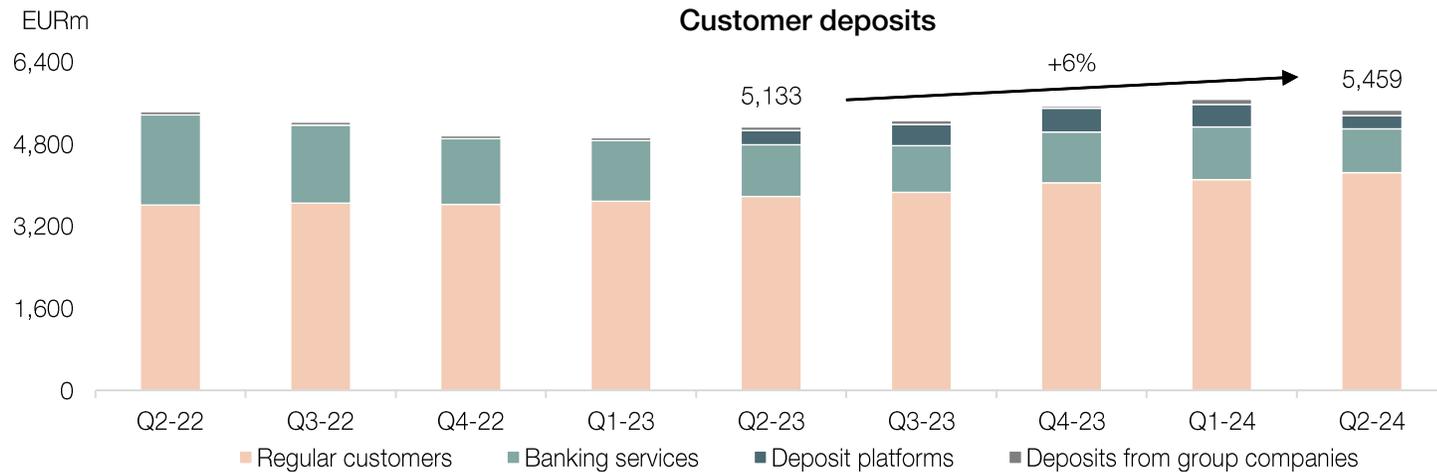
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LHV Pank

Good growth in business volumes



- The number of bank customers increased by 5,400. The growth modest due to the Business Registry deleting over 4,000 companies. Activity of customers in terms of settlements and card usages good
- Loans to retail customers increased by 94 EURm and loans to corporates by 100 EURm
- Regular customers' deposits increased by 137 EURm and deposits from group companies by 7 EURm. Deposits from financial intermediaries decreased by 176 EURm. We reduced platform deposits by 180 EURm. Focus remains on deposits



Rapid growth and good quality of the loan portfolio

Financial results, EURt	9 quarters	Q2-24	Q1-24	Δ quarter
Net interest income		60,060	60,249	-188
Net fee and commission income		8,232	7,871	+362
Other income		487	667	-180
Total net income		68,780	68,786	-6
Total operating expenses		23,225	22,804	+421
Earnings before impairment		45,555	45,983	-428
Impairment losses		4,859	2,807	+2,052
Income tax expense		5,861	6,382	-521
Net profit		34,836	36,794	-1,959
Business volumes, EURm	9 quarters	Q2-24	Q1-24	Δ quarter
Deposits from customers		5,459	5,671	-211
incl. banking services ¹ deposits		853	1,029	-176
Loans (net)		3,744	3,549	+194
No of customers, thous.		433	428	+5
Key figures	9 quarters	Q2-24	Q1-24	Δ quarter
Cost / income ratio (C/I)		33.8%	33.2%	+ 0.6 pp
Net interest margin (NIM)		3.5%	3.5%	- 0.0 pp
pre-tax ROE*		32.2%	34.1%	- 2.0 pp
ROE*		27.6%	29.1%	- 1.5 pp

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

- The income broad-based, net interest income still dominant. In conditions of economic downturn, customer activity good
- Overall, the quality of the loan portfolio has remained stronger than planned, and the proportion of overdue loans continuously low
- Quarterly net profit 34.8 EURm and ROE 27.6%

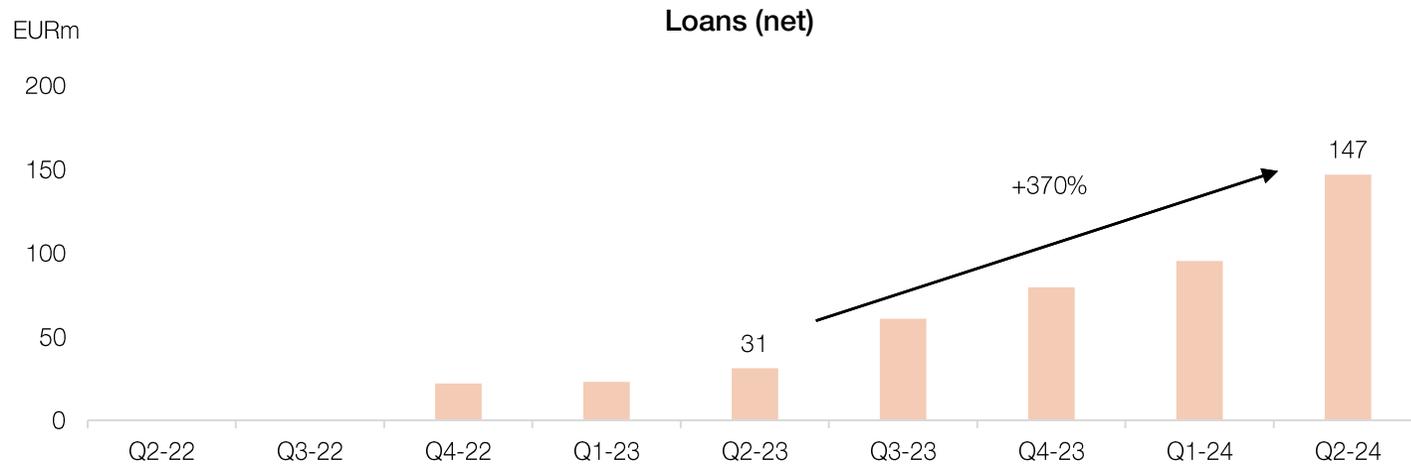
LHV Pank – comparison with financial plan

Loan portfolio and profitability indicators ahead of the financial plan

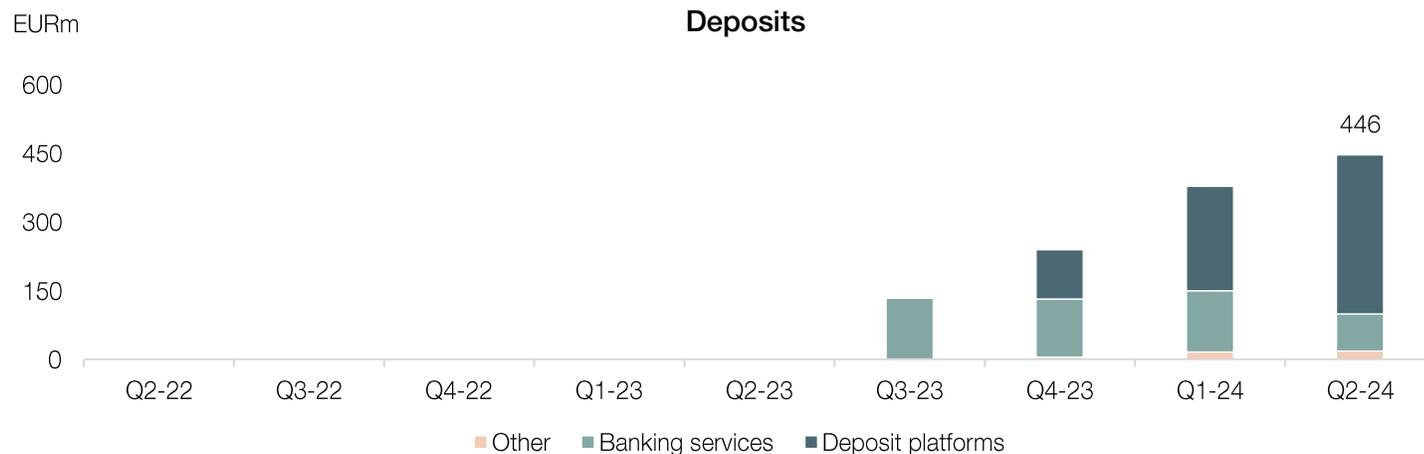
Financial results, EURt	13 months	Jun 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income, incl.		22,087	137,566	123,040	122,317	+15,249
Net interest income		18,886	120,309	108,994	103,994	+16,315
Net fee and commission income		2,899	16,103	13,058	17,771	-1,668
Total operating expenses		7,166	46,029	41,869	45,022	+1,006
Earnings before impairment		14,922	91,538	81,171	77,295	+14,243
Impairment losses		2,950	7,665	-989	9,454	-1,789
Income tax expense		1,697	12,243	10,395	9,859	+2,383
Net profit		10,275	71,630	71,765	57,981	+13,649
Business volumes, EURm	13 months	Jun 24	YTD24	YTD23	FP YTD	Δ YTD FP
Deposits from customers		5,459	5,459	5,133	5,863	-404
incl. banking services' deposits		853	853	1,010	1,043	-190
Loans (net)		3,744	3,744	3,276	3,535	+209
Key figures	13 months	Jun 24	YTD24	YTD23	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		32.4%	33.5%	34.0%	36.8%	- 3.3 pp
Net interest margin (NIM)		3.3%	3.6%	3.6%	3.0%	+ 0.6 pp
T1 capital adequacy		18.4%	18.4%	21.3%	19.7%	- 1.3 pp
Total capital adequacy		20.6%	20.6%	24.0%	20.8%	- 0.3 pp

- Income ahead of the plan primarily due to larger loan volumes and higher interest rates than planned
- Expenses according to plan
- We deliberately reduced the volume of platform deposits
- Exceeding the financial plan by 13.6 EURm

Loan portfolio and retail deposits grew by over 50% during the quarter



- Loan portfolio growth of 52 EURm. 141 EURm of loans approved by the Credit Committee but not yet issued. Loan portfolio quality strong, no defaulters
- Brand awareness actively increased through public communication in broker channels, seminars, and conferences
- Retail deposits growth of 119 EURm. In total, over 6,000 depositors from three platforms
- Financial intermediaries' payment volumes higher than planned, but deposits decreased due to intensified competition in pricing



Development work to launch retail banking in full swing

Financial results, EURt	9 quarters	Q2-24	Q1-24	Δ quarter
Total net income, incl.		12,037	11,483	+554
Net interest income		9,629	8,797	+832
Net fee and commission income		2,442	2,562	-120
Other net income		-34	124	-158
Total operating expenses		9,821	8,390	+1,431
Earnings before impairment		2,216	3,093	-877
Impairment losses		185	44	+141
Income tax expense		1,093	-1,819	+2,912
Net profit		938	4,868	-3,930
Business volumes, EURm		Q2-24	Q1-24	Δ quarter
Deposits from customers		446	378	+68
Loans (net)		147	95	+52
Key figures		Q2-24	Q1-24	Δ quarter
Cost / income ratio (C/I)		81.6%	73.1%	+ 8.5 pp
Net interest margin (NIM)		7.8%	8.6%	- 0.8 pp
pre-tax ROE		9.7%	17.8%	- 8.1 pp
ROE		4.5%	28.4%	- 23.9 pp

- Development work for the new website, mobile banking, and retail banking offering underway. The first payments and card transactions have been tested and completed. The mobile banking launch for employees is planned for October and for the public in December. The completion of direct debits and cards is scheduled to Q1 next year
- Joined the standard euro payments scheme at the beginning of July. Preparatory work has started for joining the euro real-time payments scheme in December

LHV Bank – comparison with financial plan

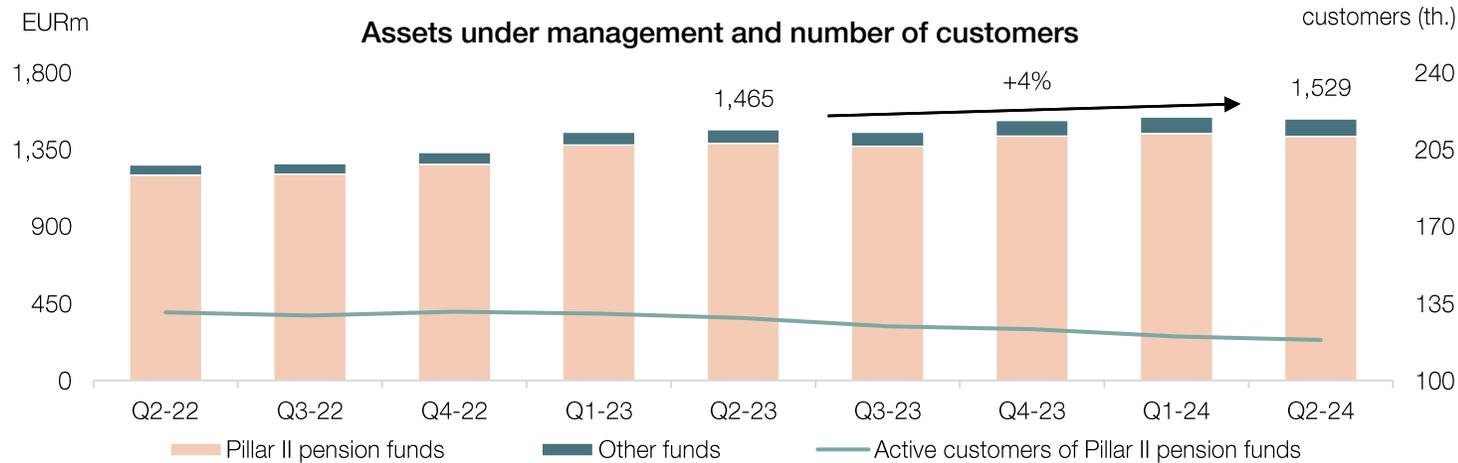
Large developments have increased expenses

Financial results, EURt	13 months	Jun 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income, incl.		3,989	23,520	13,022	23,770	-250
Net interest income		3,139	18,425	10,181	21,103	-2,678
Net fee and commission income		856	5,004	2,908	2,667	+2,337
Other net income		-6	90	-67	0	+90
Total operating expenses		3,383	18,211	13,922	16,445	+1,765
Earnings before impairment		606	5,309	-899	7,324	-2,015
Impairment losses		34	229	35	108	+121
Income tax expense		1,204	-726	0	0	-726
Net profit		-631	5,806	-934	7,217	-1,411
Business volumes, EURm	13 months	Jun 24	YTD24	YTD23	FP YTD	Δ YTD FP
Deposits from customers		446	446	0	543	-97
Loans (net)		147	147	31	180	-33
Key figures	13 months	Jun 24	YTD24	YTD23	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		84.8%	77.4%	106.9%	69.2%	+ 8.2 pp
Net interest margin (NIM)		7.1%	8.3%	32.9%	8.5%	- 0.2 pp
T1 capital adequacy		37.6%	37.6%	na	30.0%	+ 7.6 pp
Total capital adequacy		37.6%	37.6%	na	30.0%	+ 7.6 pp

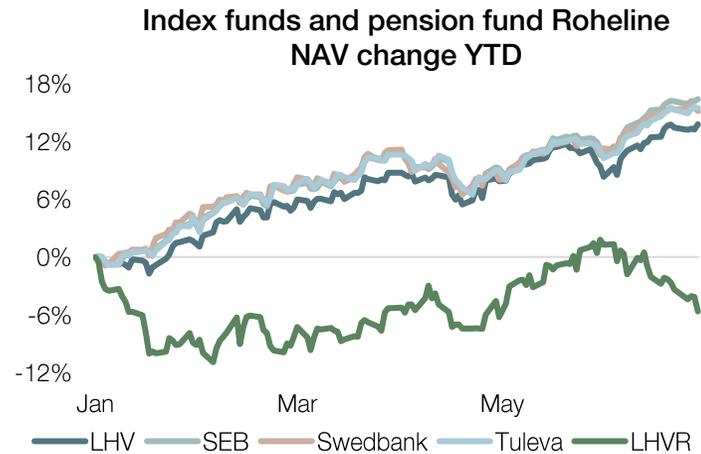
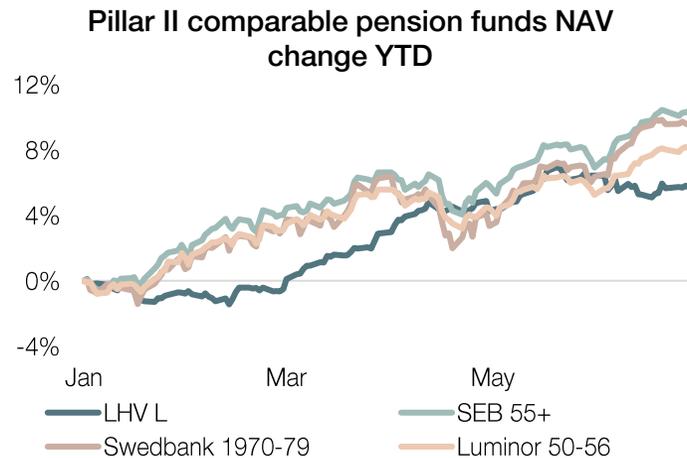
- Difference in net interest and commission income due to a different distribution of revenues from financial intermediaries' customers with LHV Bank than planned
- Large developments have increased expenses
- Tax asset recorded at the beginning of the year partially reversed in June
- Continued focus on growing the loan portfolio
- Deposits raised as needed

LHV Varahaldus

A quarter with good performance for the larger pension funds



- The volume of funds over 1.5 EURbn by quarter-end, with a slight quarterly decline after movements in May and exits from the second pillar
- Strong quarter for technology stocks, weaker for other markets. Measured in euros, the SP500 and Nasdaq rose by 4.7% and 9.1% respectively, while the Euro Stoxx 50 fell by 2.1%



- Quarterly returns of LHV pension funds M, L and XL were 2.2%, 2.8% and 2.2%, respectively. Returns of more conservative funds XS and S 1.2% and 1.4%
- Pension fund Indeks rose by 4.7%, pension fund Roheline declined by 0.4%

LHV Varahaldus

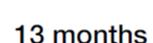
Quarterly profit 0.7 EURm

Financial results, EURt	9 quarters	Q2-24	Q1-24	Δ quarter
Total net income		2,235	2,187	+49
Total operating expenses		1,674	1,825	-151
EBIT		562	361	+200
Net financial income		183	219	-36
Income tax expense		0	801	-801
Net profit		744	-220	+965
Business volumes, EURm	9 quarters	Q2-24	Q1-24	Δ quarter
Pillar II pension funds		1,426	1,442	-17
Pillar III pension funds		96	90	+6
Eurofunds		8	7	+0
Active customers of PII funds, th.		118	120	-2
Key figures	9 quarters	Q2-24	Q1-24	Δ quarter
Cost / income ratio (C/I)		69.2%	75.9%	- 6.7 pp
pre-tax ROE		16.5%	11.6%	+ 4.9 pp
ROE		16.5%	-4.4%	+ 20.9 pp

- Revenues comparable to the previous quarter, operating expenses slightly lower. For the second consecutive quarter, financial income resulting from fund performance positively influenced profitability
- The quarterly net profit 0.7 EURm
- Movements of customers at the beginning of May and exits from the second pillar affected the volume of the second pillar. The net assets of the third pillar grew slightly
- By quarter-end, the number of active customers making monthly contributions reached 118,000

LHV Varahaldus – comparison with financial plan

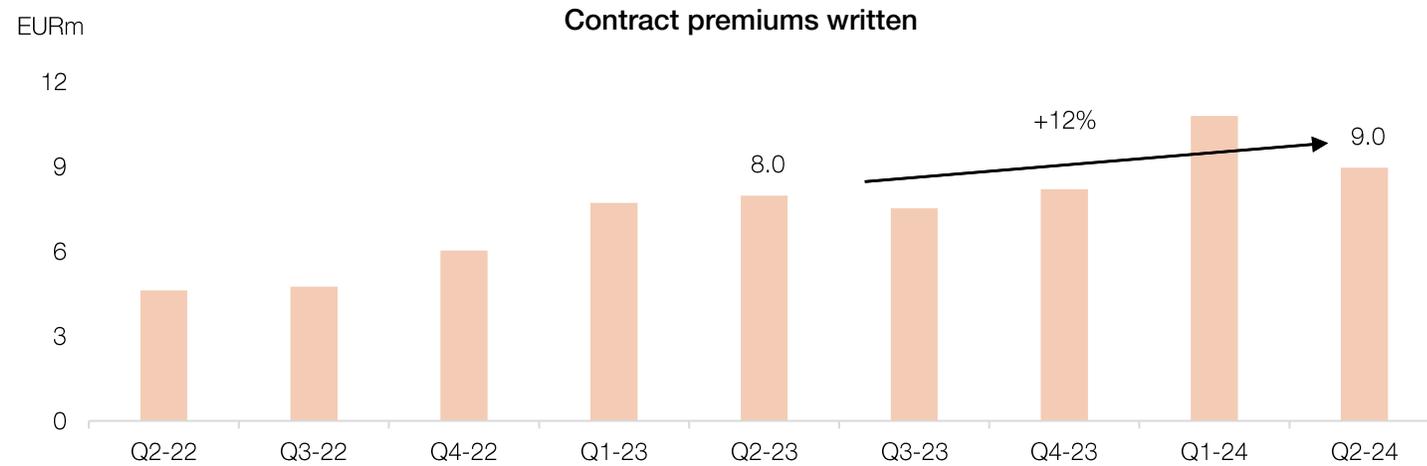
Net profit ahead of the financial plan

Financial results, EURt	13 months	Jun 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income		732	4,422	4,336	4,477	-55
Total operating expenses		566	3,499	3,520	3,651	-152
EBIT		166	923	817	827	+96
Net financial income		-18	401	179	283	+119
Income tax expense		0	801	488	801	-0
Net profit		148	524	508	309	+215
Business volumes	13 months	Jun 24	YTD24	YTD23	FP YTD	Δ YTD FP
Assets under management, EURm		1,529	1,529	1,465	1,572	-43
Active customers of PII funds, thous.		118	118	128	121	-2
Key figures	13 months	Jun 24	YTD24	YTD23	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		79.2%	72.5%	77.9%	76.7%	- 4.2 pp
Funds average return		-0.1%	6.1%	2.7%	3.8%	+ 2.4 pp

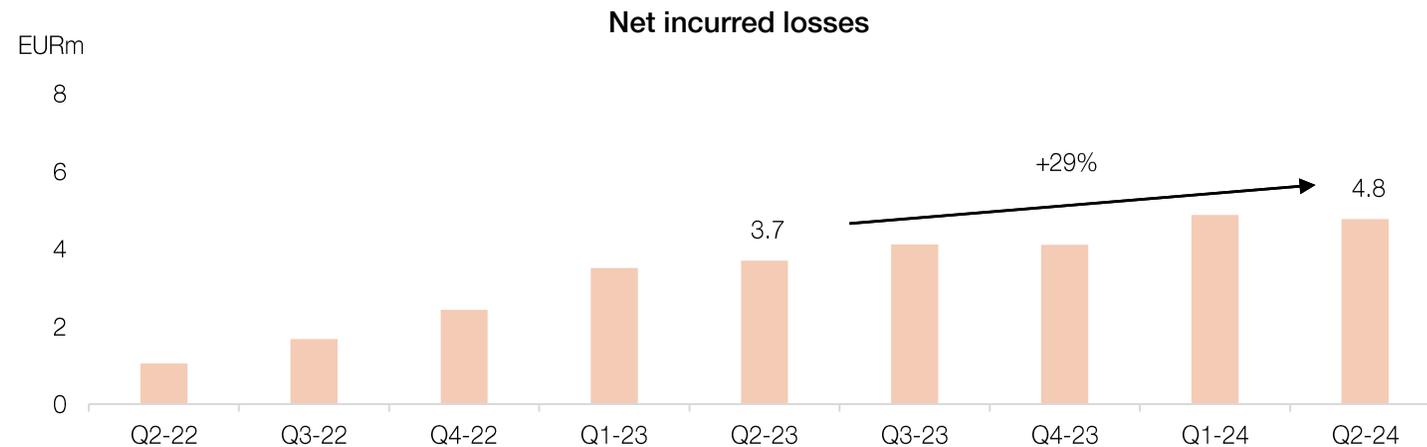
- Revenues and operating expenses in line with the plan, net profit ahead of the financial plan
- The growth of the benchmark index, i.e. growth in social security tax collection, significantly slowed down compared to the last two years. Benchmark index first half-year annual growth 6.8%, with recent months below 6%
- By the quarter-end, 6,200 people have submitted applications for larger contributions to the second pillar
- Since August, LHV Varahaldus will have a two-member board, with Joel Kukemelk leaving the company

LHV Kindlustus

Stable sales results and good profitability



- Q2 sales results in line with the financial plan
- Quarterly sales increased by 1 EURm over the year, with the largest rise in travel and home insurance
- No major changes in claims payouts. The amount of compensated claims decreased over the quarter



LHV Kindlustus

A quarter with strong results

Financial results, EURt	9 quarters	Q2-24	Q1-24	Δ quarter
Total net income		1,808	1,451	+357
Total expenses		1,433	1,333	+101
Technical result		375	118	+256
Net investments income		67	154	-87
Other operating income and expenses		-20	-16	-4
Net profit		422	256	+165
Business volumes, EURt	9 quarters	Q2-24	Q1-24	Δ quarter
Contract premiums written		8,963	10,788	-1,825
No of customers (thous.)		168	164	+4
Key figures	9 quarters	Q2-24	Q1-24	Δ quarter
Net loss ratio		63.0%	67.3%	- 4.3 pp
Net expense ratio		32.1%	31.3%	+ 0.8 pp
pre-tax ROE		29.4%	19.1%	+ 10.4 pp
ROE		29.4%	19.1%	+ 10.4 pp

- Net income ahead of the plan, expenses lower. Sales volumes decreased over the quarter, but half-year sales results ahead of plan
- Customers had 241,000 valid insurance contracts at the quarter-end
- Number of customers in a stable growth trend
- Net loss ratio declined, 3-4 larger claims in a quarter
- ROE 29.4%, ahead of the plan

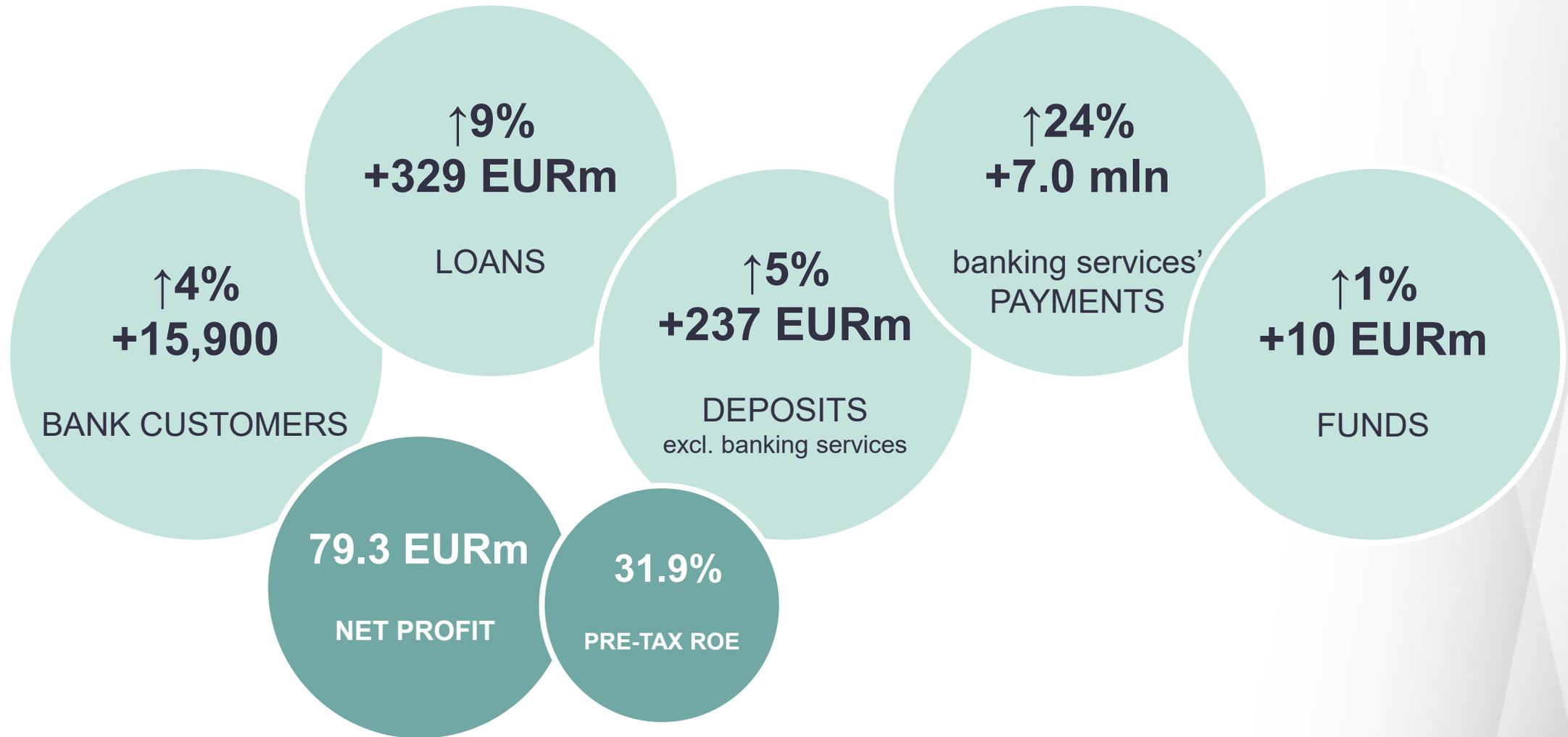
LHV Kindlustus – comparison with financial plan

A month with a low loss frequency

Financial results, EURt	13 months	Jun 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income, incl.		683	3,259	1,812	3,274	-15
Net earned premiums		2,514	14,801	10,038	14,157	+644
Net incurred losses		1,500	9,640	7,200	9,163	+477
Other net income		-331	-1,902	-1,027	-1,720	-182
Total expenses		464	2,766	2,251	2,946	-180
Technical result		219	493	-439	328	+165
Net investment income		61	220	28	55	+165
Other operating income and expenses		-7	-36	-6	-30	-6
Net profit		272	678	-417	353	+324
Business volumes, EURt	13 months	Jun 24	YTD24	YTD23	FP YTD	Δ YTD FP
Contract premiums written		2,883	19,752	15,690	19,669	+83
No of customers (thous.)		168	168	159	na	na
Key figures	13 months	Jun 24	YTD24	YTD23	FP YTD	Δ YTD FP
Net loss ratio		59.7%	65.1%	71.7%	64.7%	+ 0.4 pp
Net expense ratio		31.7%	31.7%	33.4%	33.2%	- 1.4 pp

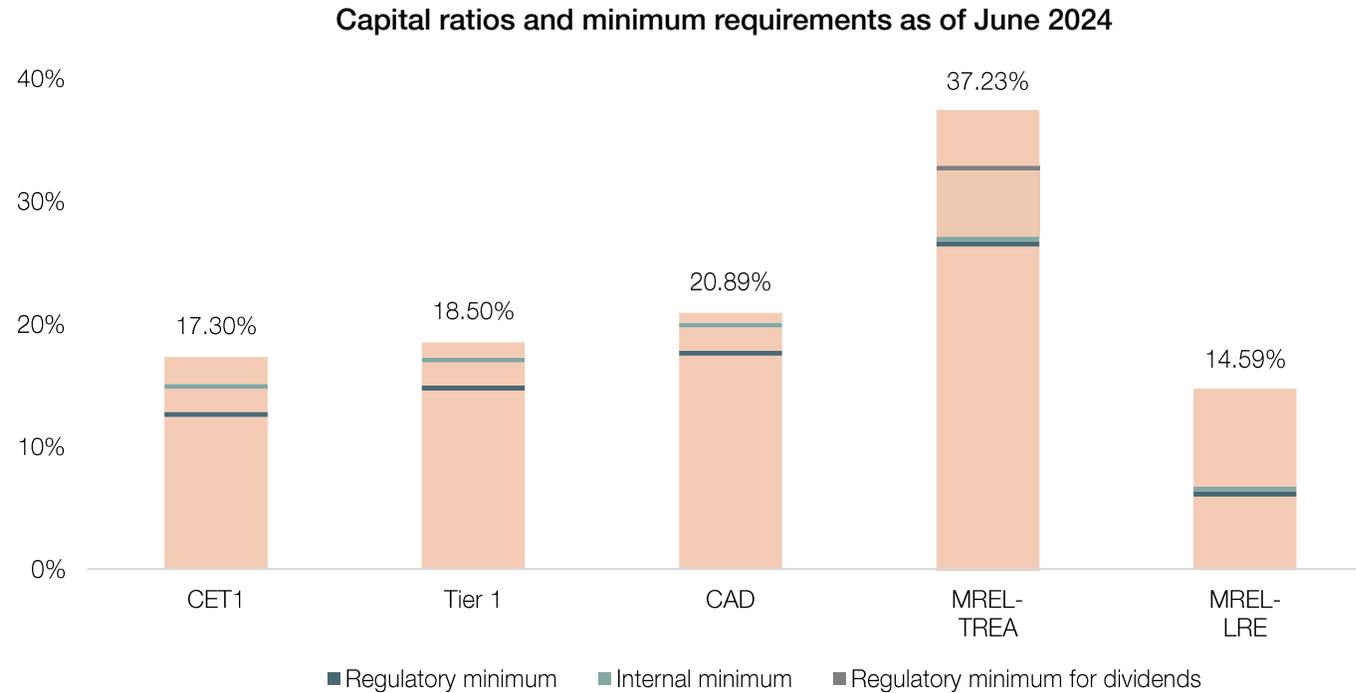
- In June, 13,800 insurance contracts signed with a volume of 2.88 EURm
- Net earned premiums remained at a same level in a monthly comparison
- Claims compensated in the amount of 1.5 EURm
- June's net loss ratio significantly below the planned level, ensuring very good profitability

LHV Group 6 months



Risks and capitalisation

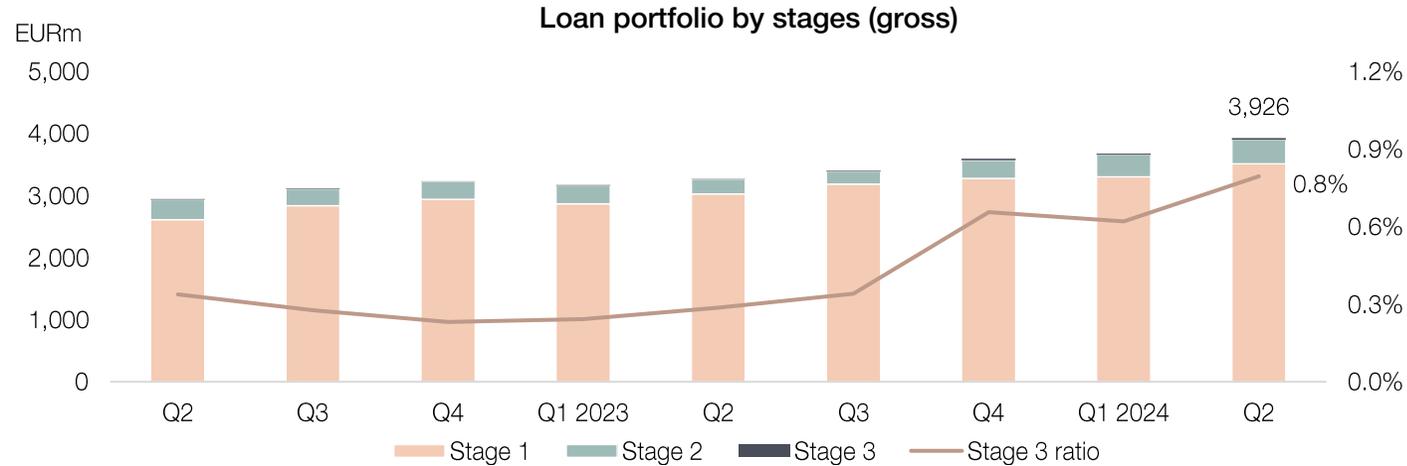
LHV Group Capitalisation



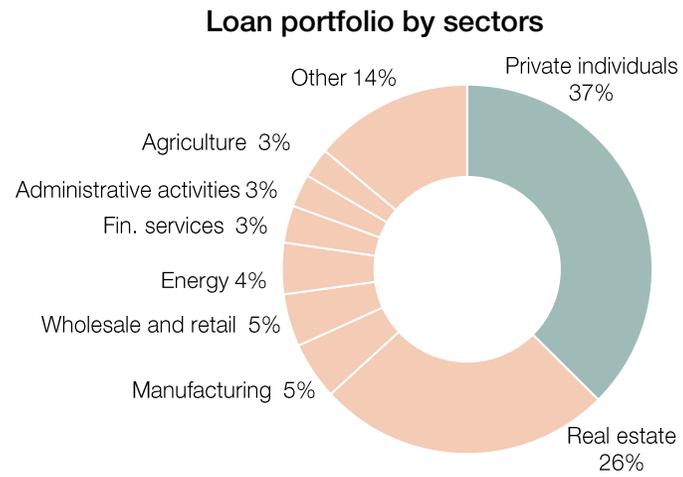
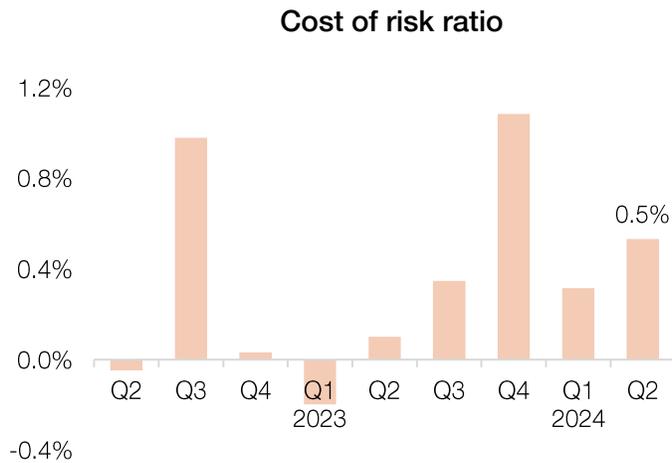
- LHV Group well-capitalised and all capital targets have been met with sufficient margin. 20 EURm of AT1 bond redeemed in Q2
- Internal capital generation exceeds loan growth
- The more restrictive MREL requirement is MREL-TREA. To comply, LHV Group issued 300 EURm bonds

LHV Group

Loan portfolio quality

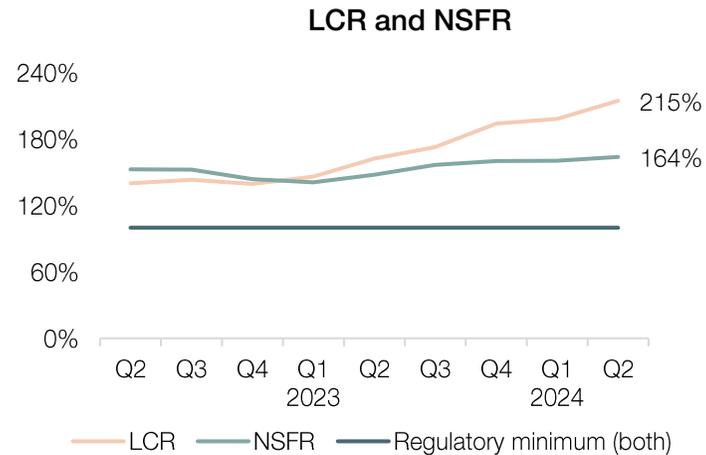
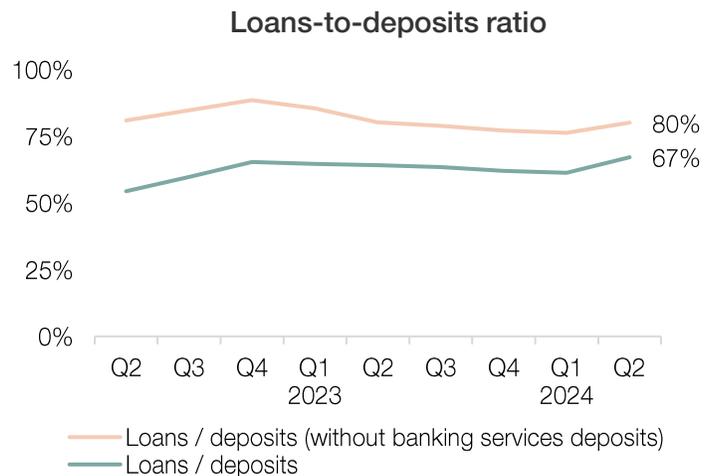
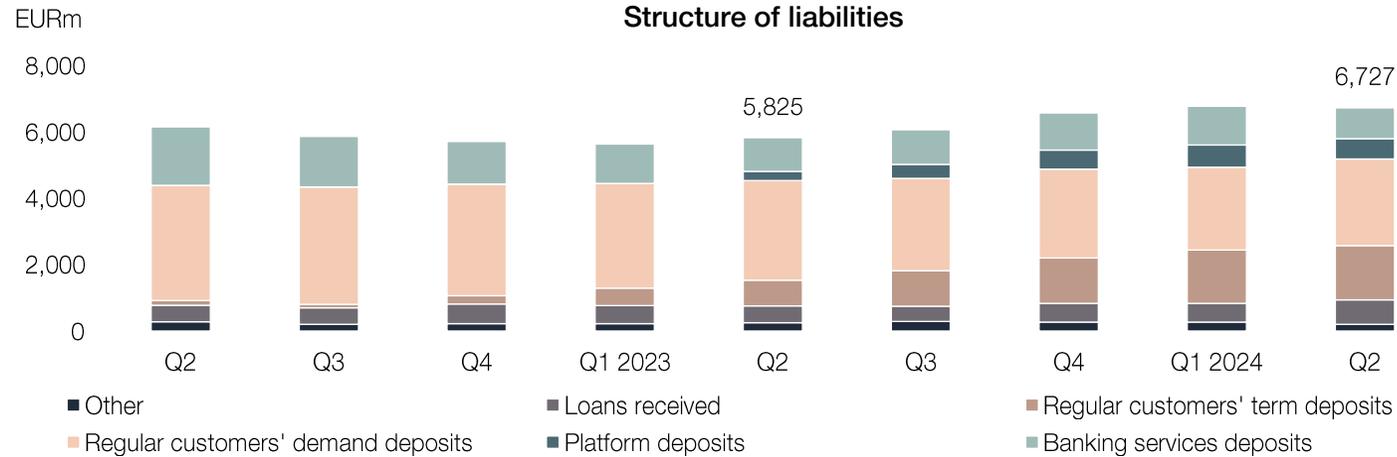


- The loan portfolio well-distributed across sectors
- Portfolio quality good, with a cost of risk rate of 0.5% and a stage 3 loan rate of 0.8%
- In the Q2, we made both model-based impairments and specific impairments for individual customers



LHV Group

Liquidity and funding



- Liquidity high, with loans-to-deposits ratio good 70%
- The liquidity coverage ratio (LCR) 215%
- Net stable funding ratio (NSFR) also very high at 163%
- LHV Bank primarily finances itself with local deposits, keeping other sources ready as a buffer for risks or projects
- LHV Bank finances itself with platform deposits and will later start raising deposits directly from customers

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