

LHV Group

Q3 results
22 October 2024

Strong growth in business volumes

Very strong growth in loan and deposit volumes

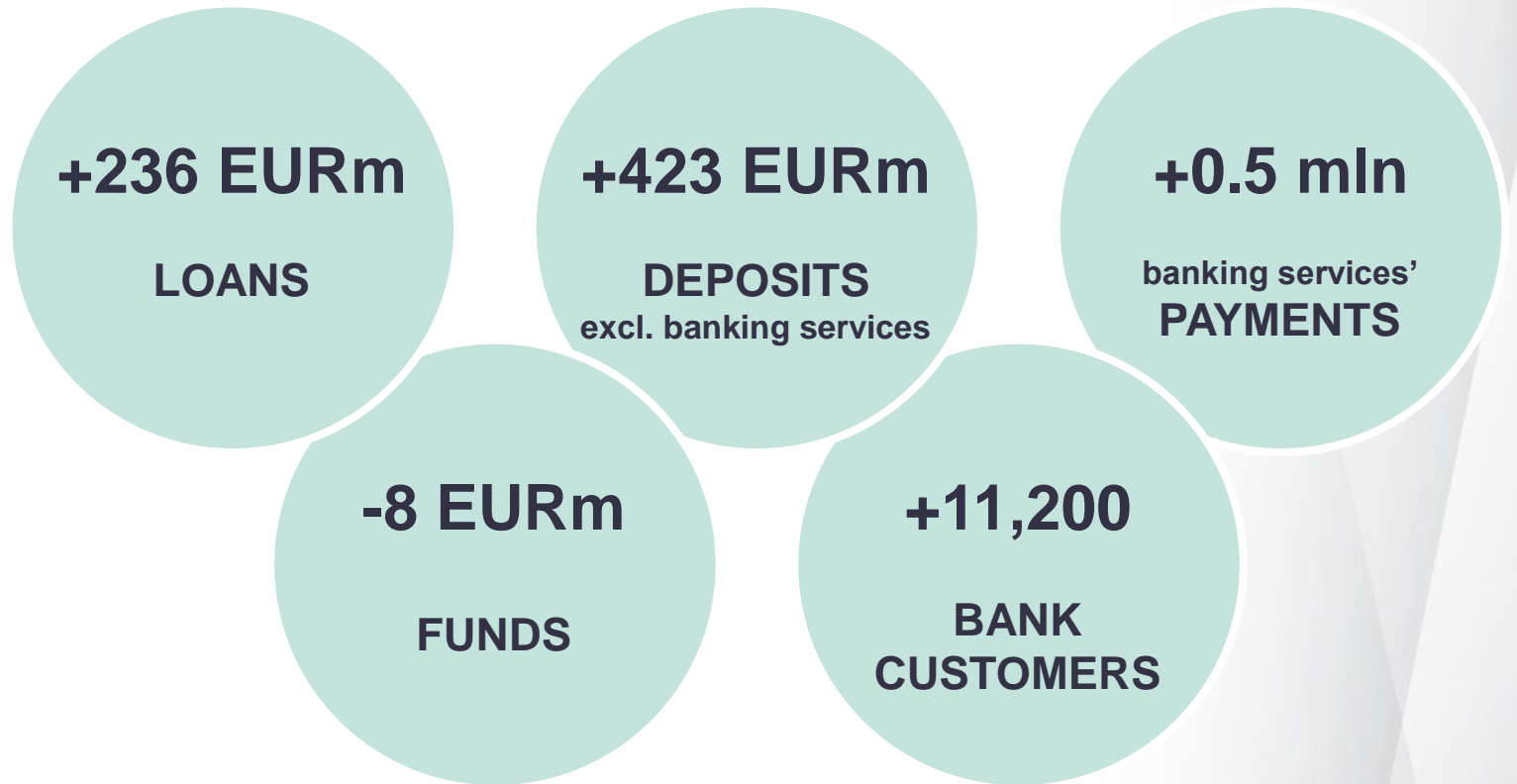
Loan portfolio quality remains good

Preparations for launching a retail bank in the UK

LHV the most attractive employer based on Instar survey

Successful organization of the subscription for Estonian government bonds

Successful covered bond issuance at the beginning of October



A quarter with the historically highest business volumes

Financial results, EURt	9 quarters	Q3-24	Q2-24	Δ quarter
Net interest income		67,426	70,425	-2,999
Net fee and commission income		16,320	16,262	+58
Other income		1,153	602	+551
Total net income		84,900	87,289	-2,389
Total operating expenses		37,244	37,589	-345
Earnings before impairment		47,655	49,700	-2,045
Impairment losses		7,277	5,044	+2,233
Income tax expense		5,681	6,071	-390
Net profit		34,698	38,585	-3,888
Business volumes, EURm	9 quarters	Q3-24	Q2-24	Δ quarter
Deposits from customers		6,286	5,784	+502
Loans portfolio (net)		4,126	3,891	+236
Assets under management		1,521	1,529	-8
No of customers, thous.		603	597	+6
Fin. intermediaries' payments, thous. pcs		18,789	18,315	+474
Key figures	9 quarters	Q3-24	Q2-24	Δ quarter
Cost / income ratio (C/I)		43.9%	43.1%	+ 0.8 pp
Net interest margin (NIM)		3.6%	3.9%	- 0.3 pp
pre-tax ROE*		26.1%	29.9%	- 3.8 pp
ROE*		22.4%	25.8%	- 3.4 pp

- Number of customers increased, customer activity at a good level
- Loan portfolio increased by 236 EURm, growth remains strong. Portfolio quality remains good, however, economic downturn is leading to impairments
- Deposits from customers increased by 502 EURm, of which only 80 EURm related to financial intermediaries
- In three quarters, we almost met the previous financial plan
- Quarterly profit 34.7 EURm

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

LHV Group – comparison with financial plan

Small differences with the updated financial plan

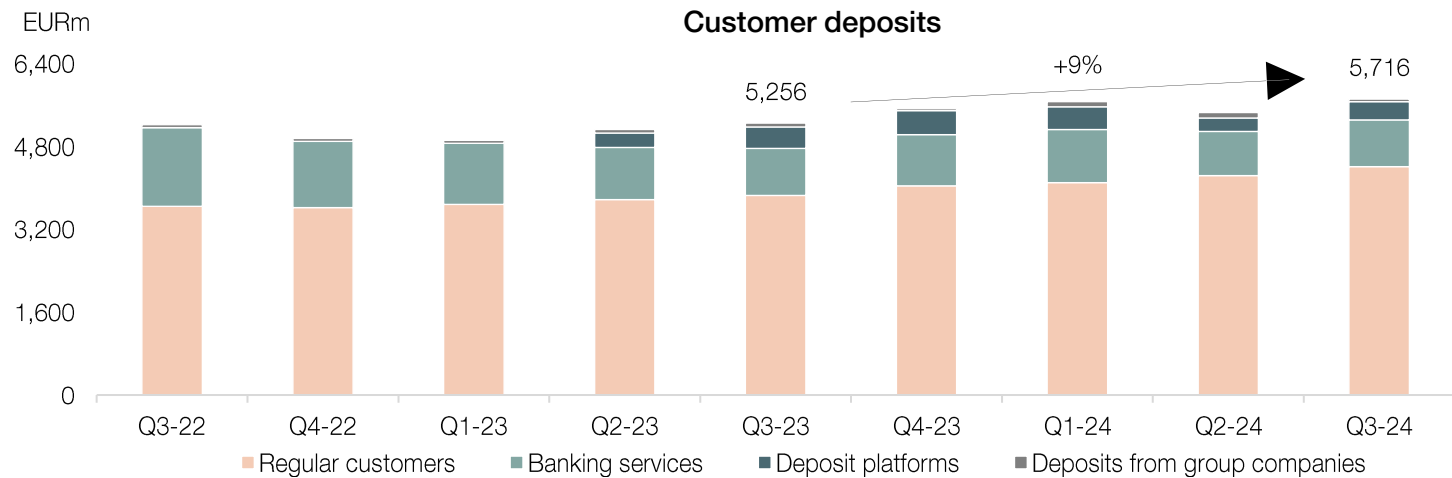
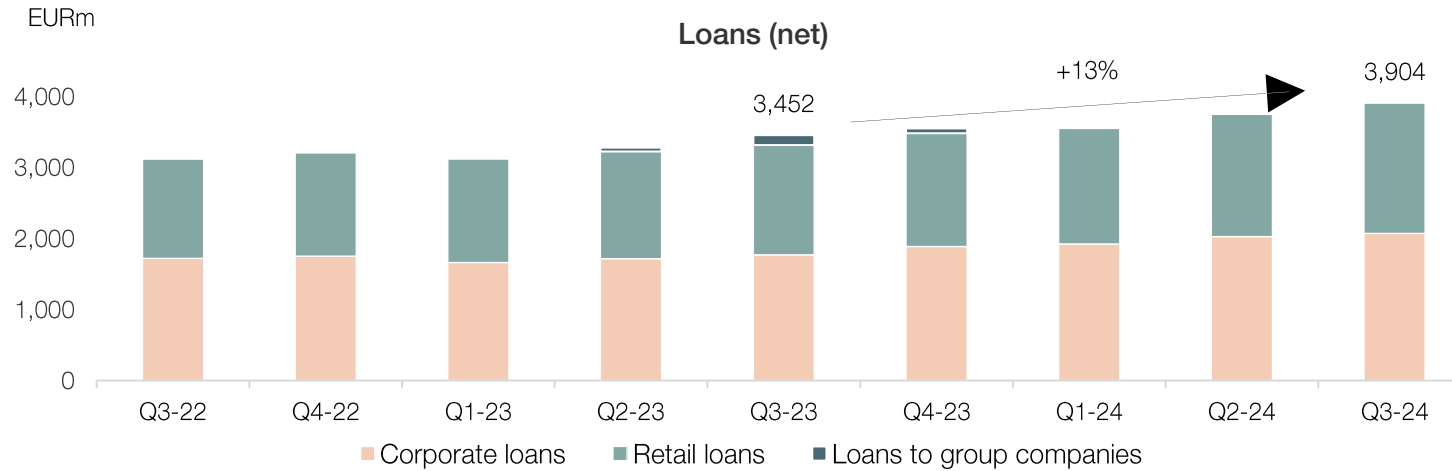
Financial results, EURt	13 months	Sep 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income, incl.		27,957	257,604	224,765	259,002	-1,398
Net interest income		22,212	206,770	186,149	208,319	-1,549
Net fee and commission income		5,036	48,126	37,828	48,331	-205
Total operating expenses		12,974	110,361	96,470	110,935	-574
Earnings before impairment		14,983	147,243	128,295	148,067	-824
Impairment losses		2,945	15,171	2,109	15,392	-222
Income tax expense		1,654	18,087	18,017	18,262	-176
Net profit, incl.		10,385	113,985	108,169	114,413	-427
attr. to shareholders		10,335	113,216	107,063	113,628	-412
Business volumes, EURm	13 months	Sep 24	YTD24	YTD23	FP YTD	Δ YTD FP
Deposits from customers		6,286	6,286	5,316	6,288	-2
Loans (net)		4,126	4,126	3,376	4,161	-35
Assets under management		1,521	1,521	1,451	1,518	+4
Fin. intermediaries' payments, thous. pcs		6,234	54,925	33,539	51,890	+3,035
Key figures	13 months	Sep 24	YTD24	YTD23	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		46.4%	42.8%	42.9%	42.8%	+ 0.0 pp
Net interest margin (NIM)		3.5%	3.7%	3.9%	3.8%	- 0.0 pp
pre-tax ROE*		23.3%	29.6%	36.0%	29.8%	- 0.2 pp
ROE*		20.1%	25.6%	30.8%	25.7%	- 0.2 pp

- In September, we updated financial plan and increased profit expectation by 25%
- Differences with the updated financial plan small
- Quality of loan portfolio good. Due to the economic situation, we continued making forward-looking impairments for individual customers
- Quarterly cost/income ratio good 43.9% and ROE 22.4%

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

LHV Pank

Strong growth in business volumes



- The number of bank customers increased by 11,200. Activity of customers in terms of card usages and using bank for payments good
- Loans to retail customers increased by 112 EURm and loans to corporates by 47 EURm
- Regular customers' deposits increased by 174 EURm and deposits from financial intermediaries by 52 EURm. We increased platform deposits by 92 EURm. Deposits from group companies decreased by 62 EURm. Focus remains on deposits
- 250 EURm of covered bonds issued at the beginning of October to increase financing stability

High activity of the customers and historically highest business volumes

Financial results, EURt	9 quarters	Q3-24	Q2-24	Δ quarter
Net interest income		59,990	60,060	-71
Net fee and commission income		8,740	8,232	+508
Other income		1,033	487	+546
Total net income		69,763	68,780	+983
Total operating expenses		22,832	23,225	-393
Earnings before impairment		46,931	45,555	+1,376
Impairment losses		7,093	4,859	+2,234
Income tax expense		5,740	5,861	-120
Net profit		34,098	34,836	-738
Business volumes, EURm	9 quarters	Q3-24	Q2-24	Δ quarter
Deposits from customers		5,716	5,459	+257
incl. banking services' deposits		905	853	+52
Loans (net)		3,904	3,744	+160
No of customers, thous.		445	433	+11
Key figures	9 quarters	Q3-24	Q2-24	Δ quarter
Cost / income ratio (C/I)		32.7%	33.8%	- 1.0 pp
Net interest margin (NIM)		3.5%	3.5%	- 0.1 pp
pre-tax ROE*		29.4%	32.2%	- 2.8 pp
ROE*		25.2%	27.6%	- 2.4 pp

- 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 34.1 EURm and ROE 25.2%

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

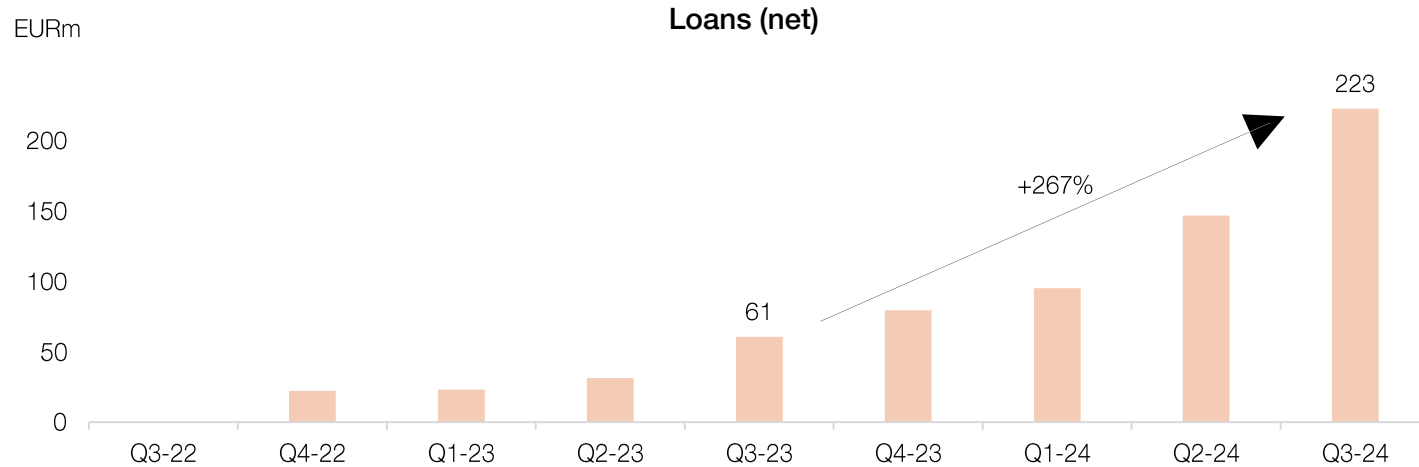
LHV Pank – comparison with financial plan

Differences with the updated financial plan minimal

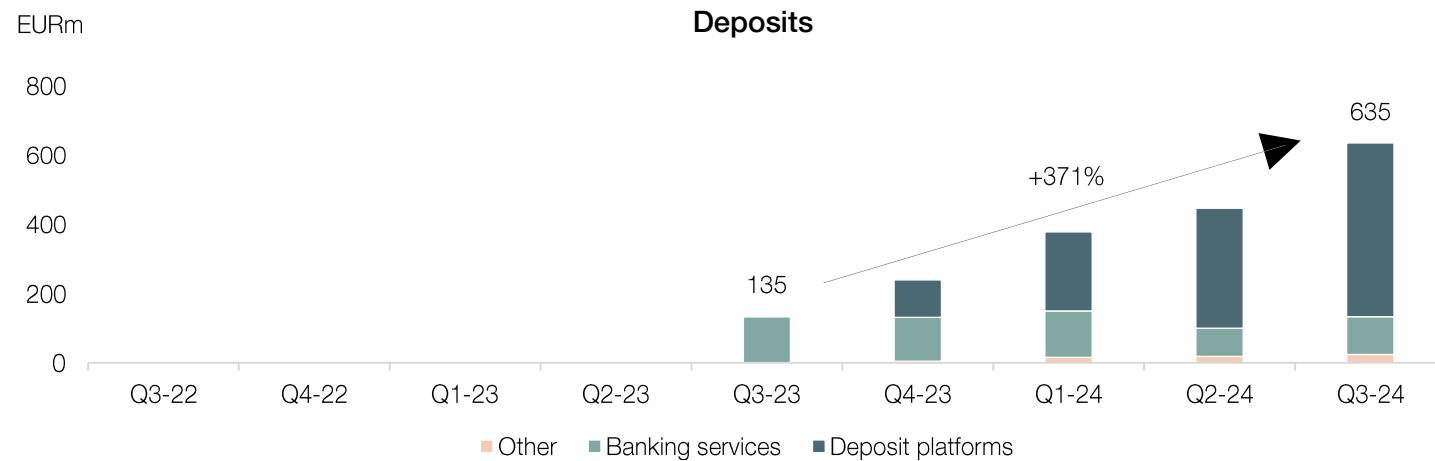
Financial results, EURt	13 months	Sep 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income, incl.		22,830	207,329	188,526	207,886	-557
Net interest income		19,466	180,299	168,894	181,420	-1,121
Net fee and commission income		2,713	24,843	18,774	24,634	+209
Total operating expenses		8,039	68,861	62,365	69,466	-605
Earnings before impairment		14,792	138,468	126,161	138,420	+48
Impairment losses		2,900	14,758	1,784	14,972	-214
Income tax expense		1,748	17,983	16,586	17,902	+81
Net profit		10,144	105,728	107,790	105,546	+182
Business volumes, EURm	13 months	Sep 24	YTD24	YTD23	FP YTD	Δ YTD FP
Deposits from customers		5,716	5,716	5,256	5,755	-39
incl. banking services' deposits		905	905	910	1,003	-98
Loans (net)		3,904	3,904	3,452	3,935	-31
Key figures	13 months	Sep 24	YTD24	YTD23	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		35.2%	33.2%	33.1%	33.4%	- 0.2 pp
Net interest margin (NIM)		3.3%	3.5%	3.6%	3.5%	- 0.0 pp
T1 capital adequacy		18.0%	18.0%	21.0%	17.8%	+ 0.2 pp
Total capital adequacy		20.2%	20.2%	23.6%	20.0%	+ 0.2 pp

- Income and expenses according to plan
- Both business volumes and profitability in line with the plan

Loan portfolio grew by over 50% during the quarter, deposits by over 40%



- Loan portfolio increased by 75 EURm. Loans approved by the Credit Committee but not yet issued 150 EURm. Loan portfolio quality strong, with no defaulters. More than 50 broker partnership agreements in place. The entire team is staffed—loan managers and support functions in London and Manchester



- Deposits increased by 189 EURm. In total, nearly 10,000 depositors from three platforms
- Financial intermediaries' payment volumes at the same level. Deposits that decreased in the Q2 recovered somewhat but continued to stay lower than planned and previously

Retail banking mobile app open for testing by employees

Financial results, EURt	9 quarters	Q3-24	Q2-24	Δ quarter
Total net income, incl.		9,374	12,037	-2,663
Net interest income		7,211	9,629	-2,417
Net fee and commission income		2,230	2,442	-212
Other net income		-67	-34	-34
Total operating expenses		9,992	9,821	+171
Earnings before impairment		-618	2,216	-2,834
Impairment losses		184	185	-1
Income tax expense		-201	1,093	-1,294
Net profit		-602	938	-1,539
Business volumes, EURm		Q3-24	Q2-24	Δ quarter
Deposits from customers		635	446	+189
Loans (net)		223	147	+76
Key figures		Q3-24	Q2-24	Δ quarter
Cost / income ratio (C/I)		106.6%	81.6%	+ 25.0 pp
Net interest margin (NIM)		4.6%	7.8%	- 3.2 pp
pre-tax ROE		-3.8%	9.7%	- 13.5 pp
ROE		-2.9%	4.5%	- 7.3 pp

- Work continued on the retail banking offering, mobile banking, and website development. In early October, the mobile bank was opened for testing by employees, the first accounts were opened, and the first payments were made. The public launch of the mobile bank planned for a few months from now, depending on the testing results. The completion of direct debits and cards scheduled for the Q1 next year
- Joined the standard euro payments scheme at the beginning of July. The next step is to join the euro real-time payments scheme in April next year.

LHV Bank – comparison with financial plan

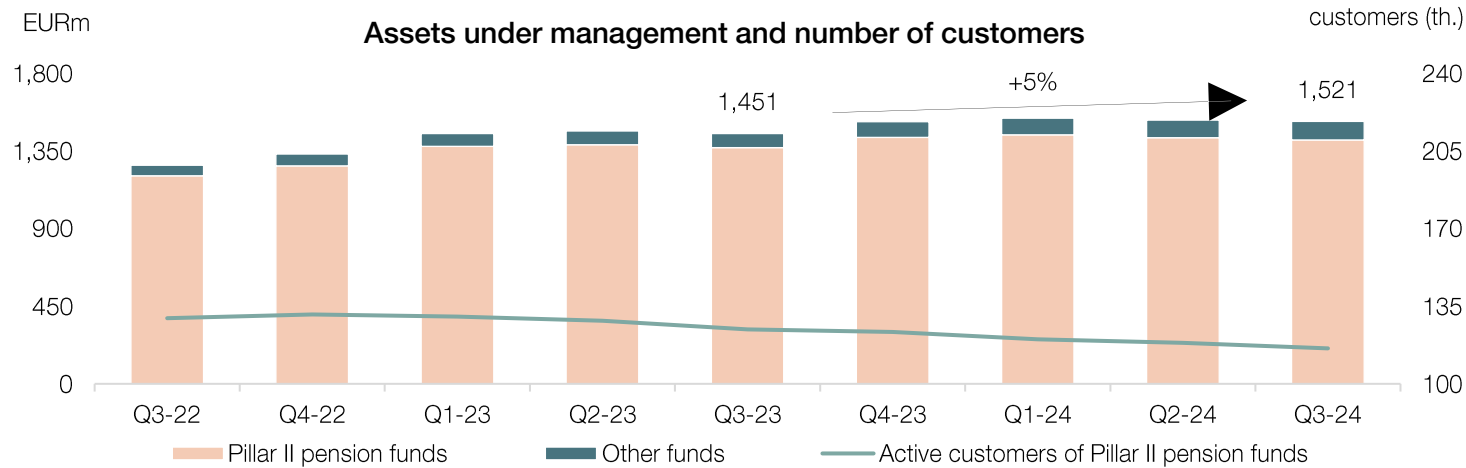
The result affected by higher expenses in September

Financial results, EURt	13 months	Sep 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income, incl.		2,998	32,894	24,802	33,676	-782
Net interest income		2,474	25,637	19,271	25,971	-334
Net fee and commission income		549	7,234	5,612	7,657	-423
Other net income		-25	23	-80	48	-25
Total operating expenses		3,516	28,202	22,425	27,952	+250
Earnings before impairment		-518	4,691	2,377	5,724	-1,032
Impairment losses		45	413	145	420	-7
Income tax expense		-141	-926	0	-670	-256
Net profit		-422	5,204	2,232	5,973	-769
Business volumes, EURm	13 months	Sep 24	YTD24	YTD23	FP YTD	Δ YTD FP
Deposits from customers		635	635	135	575	+61
Loans (net)		223	223	61	226	-3
Key figures	13 months	Sep 24	YTD24	YTD23	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		117.3%	85.7%	90.4%	83.0%	+ 2.7 pp
Net interest margin (NIM)		4.4%	6.4%	14.1%	6.8%	- 0.5 pp
T1 capital adequacy		30.8%	30.8%	na	30.6%	+ 0.2 pp
Total capital adequacy		30.8%	30.8%	na	30.6%	+ 0.2 pp

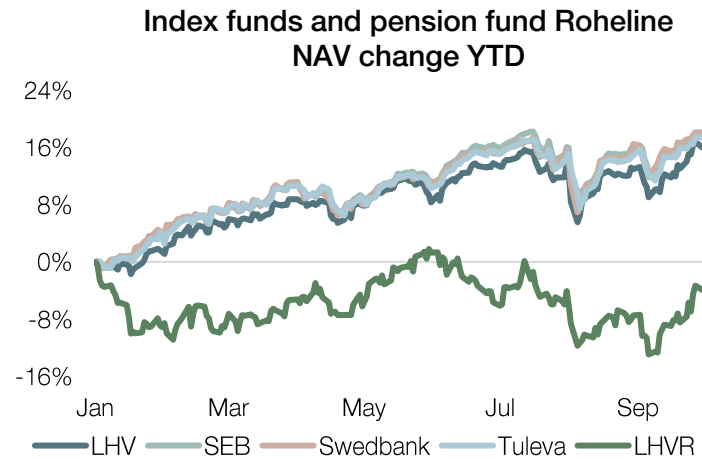
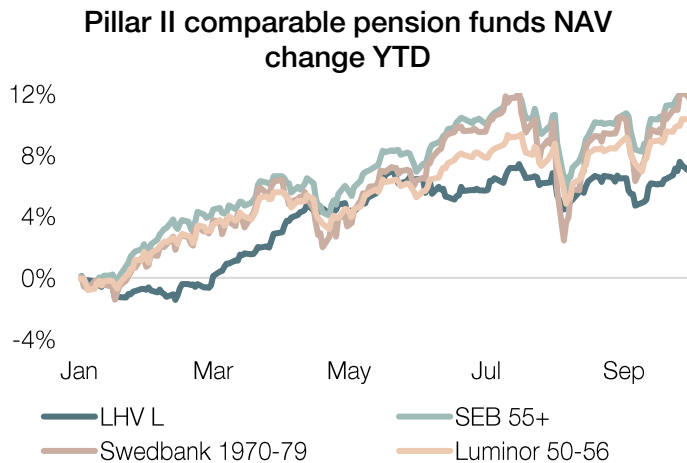
- The difference in net income and expenses compared to the financial plan due to one-off larger expenses recorded in September, which occurred in previous months (fees for deposit platforms and loan brokers)
- YTD basis, other expenses (excluding personnel costs) lower than in the same period last year
- Focus on growing the loan portfolio
- Deposits raised as needed

LHV Varahaldus

All LHV pension funds with positive returns in the Q3



- The volume of funds over 1.5 EURbn by quarter-end
- A more volatile and weaker quarter compared to the first half of the year. Measured in euros, the SP500 and MSCI World rose by 1.4% and 2.1%, respectively, while Nasdaq fell by 1.4% due to weakening of the dollar
- Quarterly returns of LHV pension funds M, L and XL 1.8%, 1.2% and 2.2%, respectively. Returns of more conservative funds XS and S 2.5% and 2.8%
- Both the pension fund Indeks and the pension fund Roheline increased in value by 1.9%



LHV Varahaldus

Quarterly net profit 0.6 EURm

Financial results, EURt	9 quarters	Q3-24	Q2-24	Δ quarter
Total net income		2,251	2,235	+16
Total operating expenses		1,781	1,674	+107
EBIT		470	562	-91
Net financial income		113	183	-70
Net profit		583	744	-161
Business volumes, EURm	9 quarters	Q3-24	Q2-24	Δ quarter
Pillar II pension funds		1,413	1,426	-13
Pillar III pension funds		100	96	+5
Eurofunds		8	8	+0
Active customers of PII funds, th.		116	118	-2
Key figures	9 quarters	Q3-24	Q2-24	Δ quarter
Cost / income ratio (C/I)		75.3%	69.2%	+ 6.1 pp
pre-tax ROE		12.3%	16.5%	- 4.2 pp
ROE		12.3%	16.5%	- 4.2 pp

- Revenues comparable to the previous quarter, operating expenses higher due to one-off personnel expenses. Financial income resulting from funds' performance 0.1 EURm
- The quarterly net profit 0.6 EURm, volume of the III pillar exceeded the 100 EURm mark
- The volume of the II pillar affected by movements of customers at the beginning of September and exits from the II pillar
- By quarter-end, the number of active customers making monthly contributions 116,000

LHV Varahaldus – comparison with financial plan

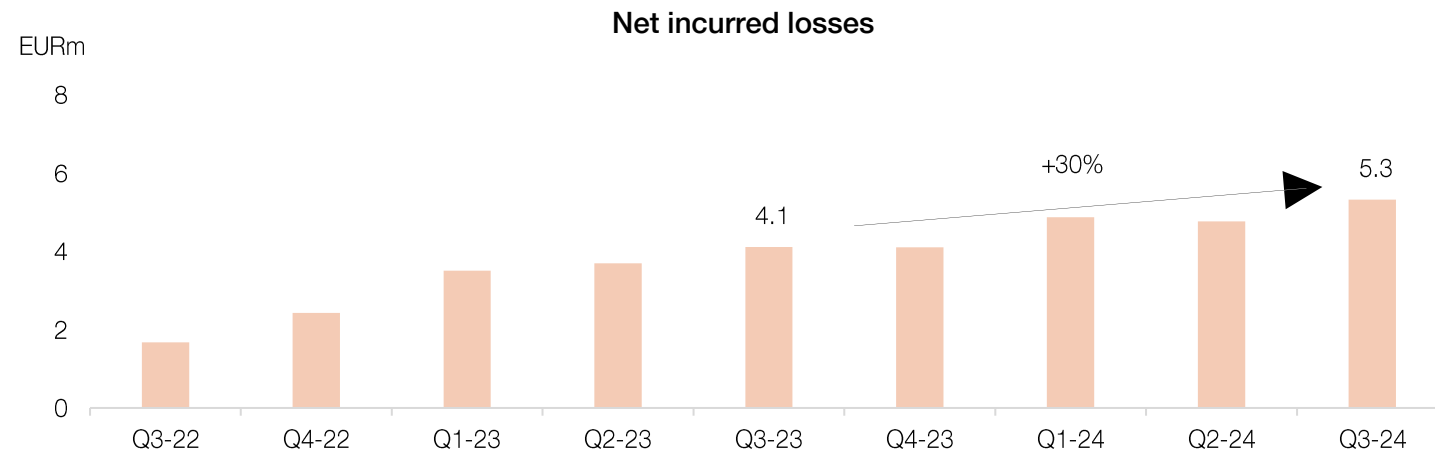
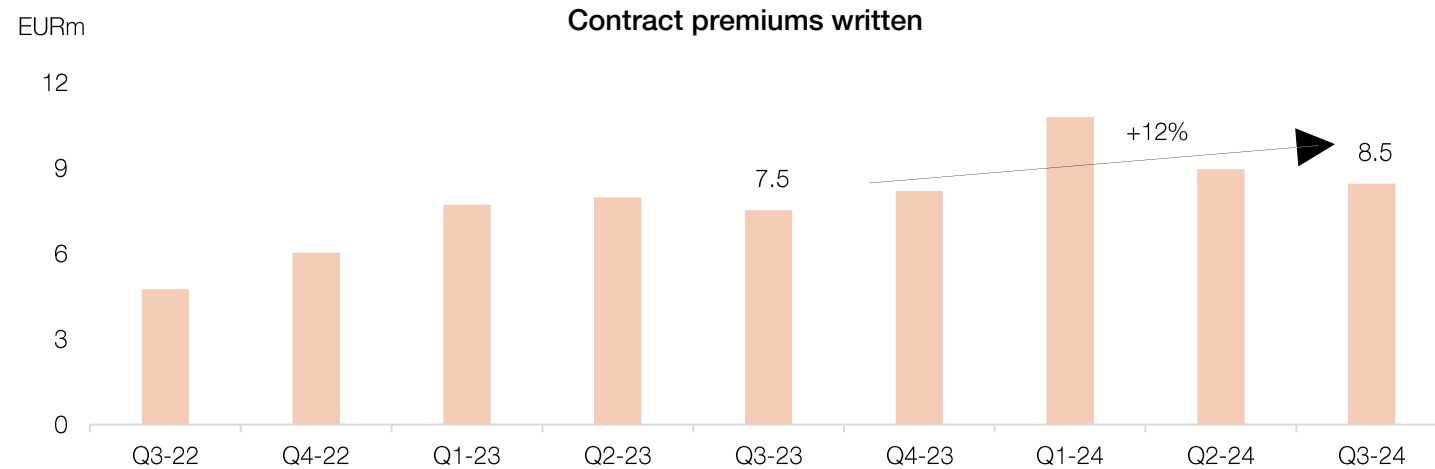
Net profit ahead of the updated financial plan

Financial results, EURt	13 months	Sep 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income		719	6,673	6,593	6,688	-15
Total operating expenses		523	5,280	5,159	5,356	-76
EBIT		196	1,393	1,434	1,332	+62
Net financial income		59	514	167	500	+14
Income tax expense		0	801	488	801	+0
Net profit		255	1,107	1,112	1,031	+76
Business volumes	13 months	Sep 24	YTD24	YTD23	FP YTD	Δ YTD FP
Assets under management, EURm		1,521	1,521	1,451	1,518	+4
Active customers of PII funds, thous.		116	116	125	115	+1
Key figures	13 months	Sep 24	YTD24	YTD23	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		67.2%	73.5%	76.3%	74.5%	- 1.1 pp
Funds average return		0.9%	7.9%	3.6%	0.0%	+ 7.9 pp

- Financial results largely in line with the updated 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 YTD annual growth 6.4%
- By the quarter-end, approximately 8000 people have submitted applications for larger contributions to the II pillar

LHV Kindlustus

Stable sales results and good profitability



- Q3 sales results ahead of the financial plan
- Quarterly sales increased by 1 EURm year-over-year. Good sales results across most major types of insurance. Very good growth in home and travel insurance for the second consecutive quarter
- Few major claims incidents. Net incurred claims growth over the past year has been proportional to the portfolio growth

LHV Kindlustus

A quarter with positive results

Financial results, EURt	9 quarters	Q3-24	Q2-24	Δ quarter
Net earned premiums		8,930	8,485	+445
Commissions expense		1,168	1,102	+66
Gross incurred losses		5,878	5,360	+519
Operating expenses		1,248	1,433	-186
Insurance result without reinsurance		636	590	+46
Reinsurance result		306	215	+91
Total result from insurance activities		330	375	-45
Net other income		122	47	+75
Net profit		452	422	+31
Business volumes, EURt	9 quarters	Q3-24	Q2-24	Δ quarter
Contract premiums written		8,452	8,963	-511
No of customers (thous.)		169	168	+1
Key figures	9 quarters	Q3-24	Q2-24	Δ quarter
Net loss ratio		66.6%	63.0%	+ 3.6 pp
Net expense ratio		29.0%	32.1%	- 3.2 pp
pre-tax ROE		29.3%	29.4%	- 0.2 pp
ROE		29.3%	29.4%	- 0.2 pp

- Net earned premiums ahead of the plan, operating expenses lower. Sales volumes decreased over the quarter, but YTD sales results ahead of plan
- Number of customers in a stable growth trend
- Net loss ratio increased slightly increased in quarterly comparison, while expense ratio decreased
- ROE 29.3%, ahead of the plan

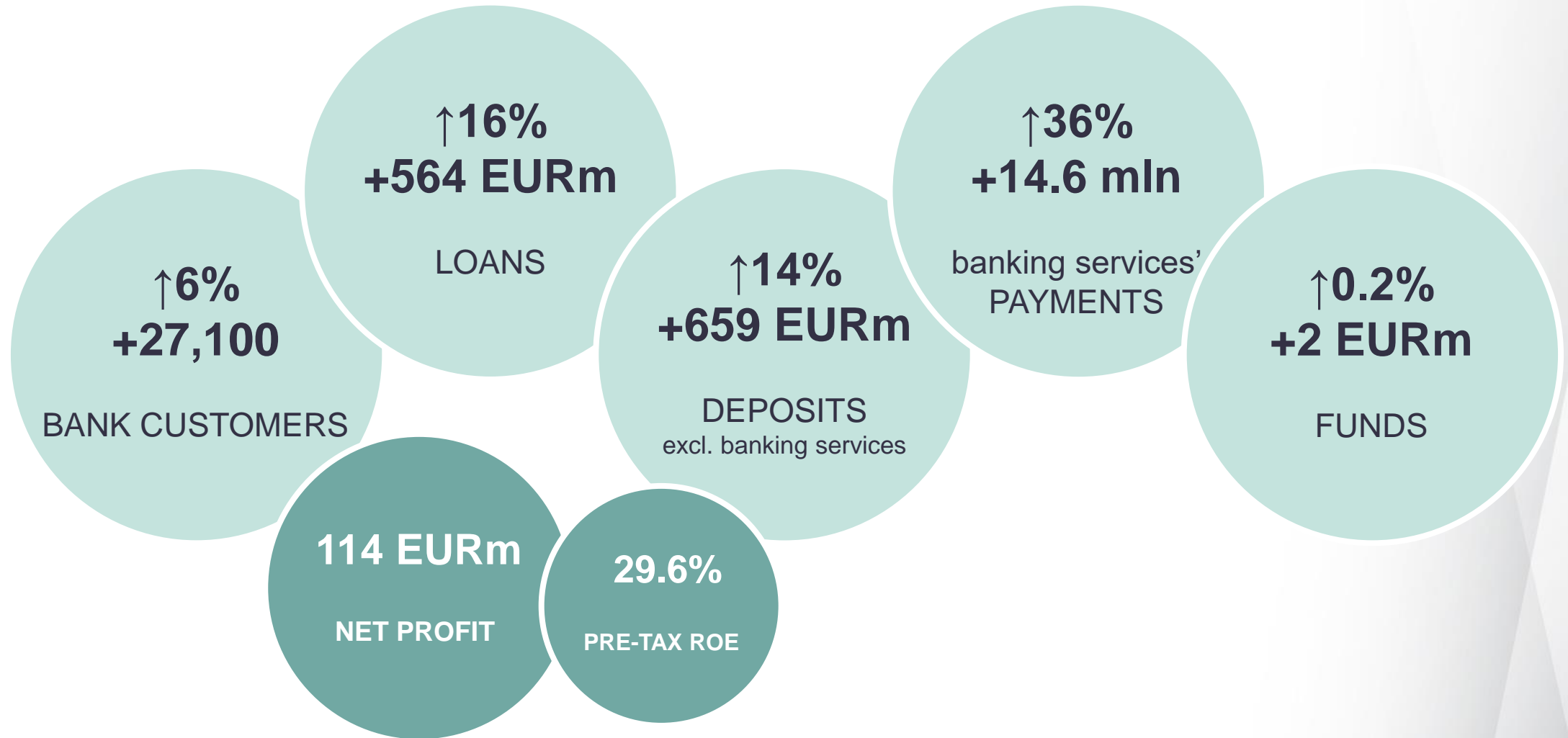
LHV Kindlustus – comparison with financial plan

A month with increased sales activity

Financial results, EURt	13 months	Sep 24	YTD24	YTD23	FP YTD	Δ YTD FP
Net earned premiums		2,939	25,540	18,497	25,206	+334
Commissions expense		385	3,306	2,148	3,214	+93
Gross incurred losses		1,843	16,589	12,282	16,471	+118
Operating expenses		438	4,014	3,415	4,078	-64
Insurance result without reinsurance		273	1,630	652	1,444	+187
Reinsurance result		117	807	767	711	+96
Total result from insurance activities		156	823	-115	732	+91
Net other income		41	307	-3	256	+51
Net profit		197	1,130	-118	988	+142
Business volumes, EURt	13 months	Sep 24	YTD24	YTD23	FP YTD	Δ YTD FP
Contract premiums written		2,728	28,203	23,214	28,081	+122
No of customers (thous.)		169	169	160	na	na
Key figures	13 months	Sep 24	YTD24	YTD23	FP YTD	Δ YTD FP
Net loss ratio		64.3%	65.7%	69.1%	65.9%	- 0.2 pp
Net expense ratio		29.8%	30.8%	32.2%	30.9%	- 0.2 pp

- In September, 15,800 insurance contracts signed with a volume of 2.7 EURm
- Net earned premiums in stable growth
- Claims compensated in the amount of 1.6 EURm
- A decreasing net expense ratio supports the achievement of profitability goals

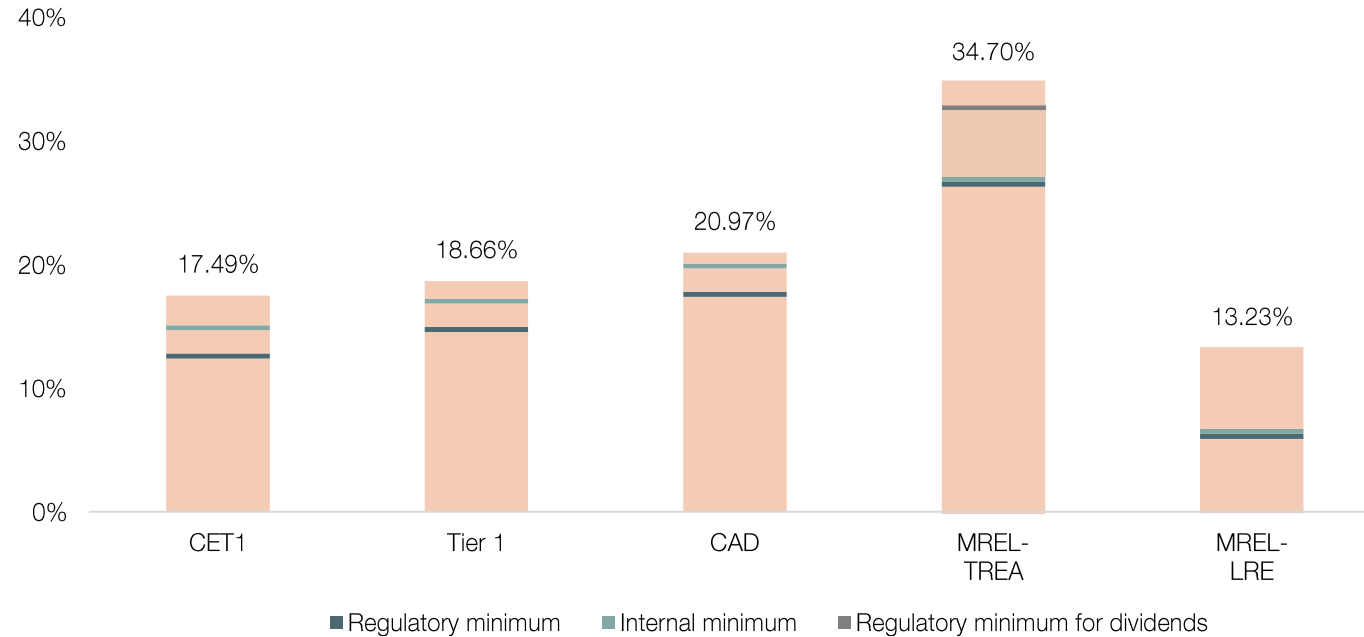
LHV Group
9 months



Risks and capitalisation

LHV Group Capitalisation

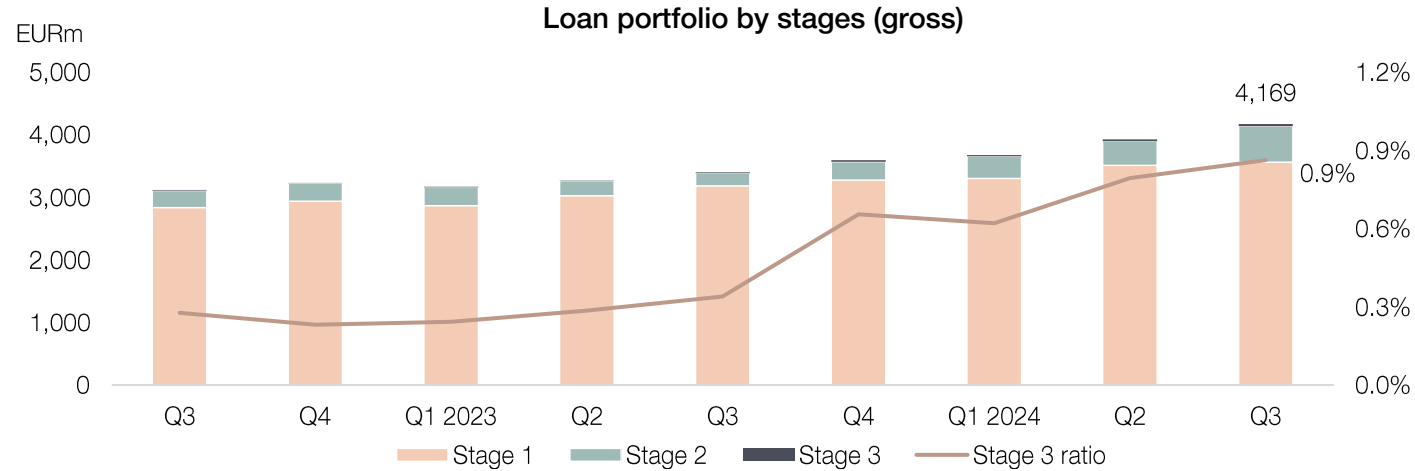
Capital ratios and minimum requirements as of September 2024



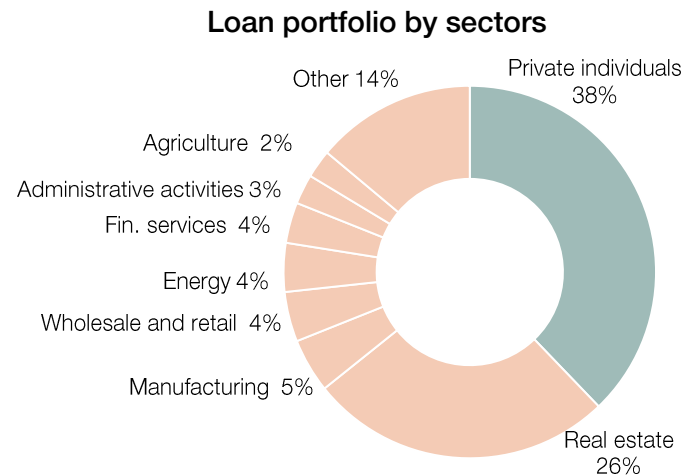
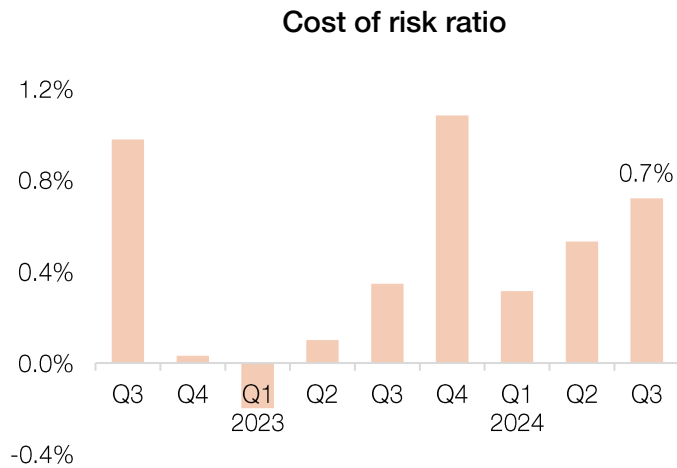
- LHV Group well-capitalised and all capital targets have been met with sufficient margin
- Internal capital generation exceeds loan growth
- The more restrictive MREL requirement is MREL-TREA
- 20 EURm of AT1 bonds redeemed in Q2. If growth continues in Q4, we may issue Tier 2 bonds

LHV Group

Loan portfolio quality

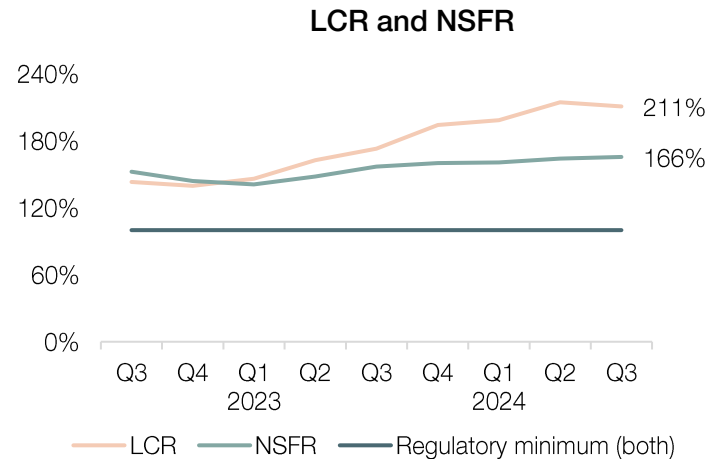
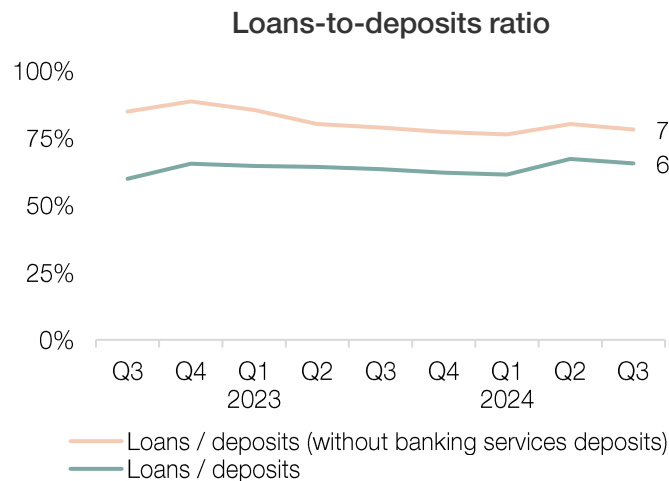
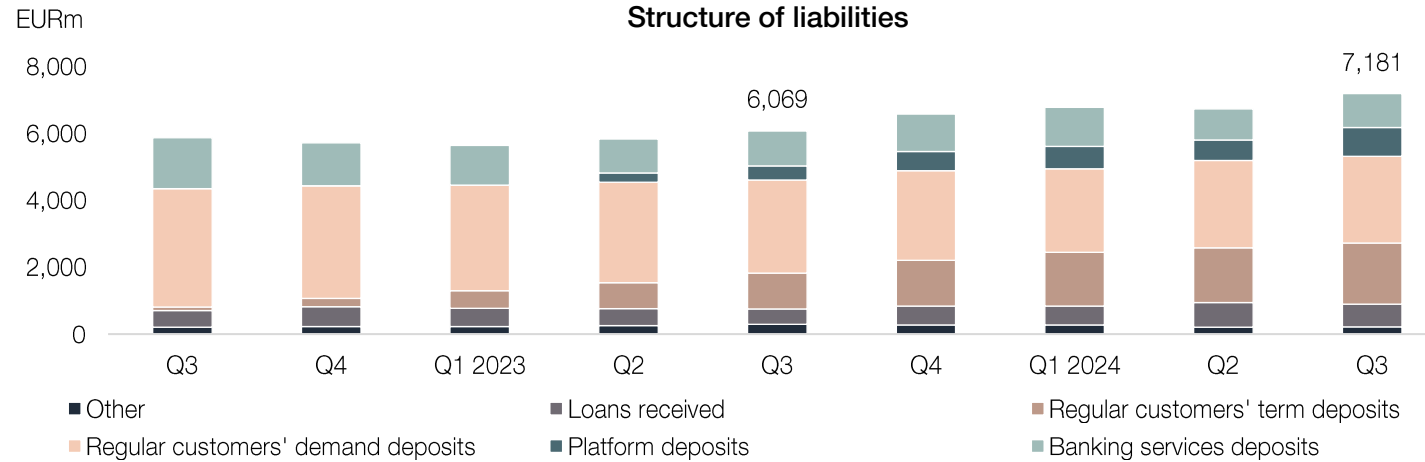


- The loan portfolio well-distributed across sectors
- Portfolio quality good, with a cost of risk rate of 0.7% and a stage 3 loan rate of 0.9%. Both slightly increasing, but remain at very low level
- In the Q3, we continued making both model-based impairments and specific impairments for individual customers



LHV Group

Liquidity and funding



- Liquidity high, with loans-to-deposits ratio good 66%
- The liquidity coverage ratio (LCR) 211%
- Net stable funding ratio (NSFR) also very high at 166%
- 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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