

Company AS LHV Group
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Attachments:

- LHV Group Interim Report 2024-Q2-EN.pdf (<http://oam.fi.ee/en/download?id=8590>)
- LHV Group Presentation 2024-Q2-EN.pdf (<http://oam.fi.ee/en/download?id=8591>)
- LHV Group Factbook 2024-Q2-EN.pdf (<http://oam.fi.ee/en/download?id=8592>)
- LHV Group Interim Report 2024-Q2-ET.pdf (<http://oam.fi.ee/en/download?id=8593>)
- LHV Group Presentation 2024-Q2-ET.pdf (<http://oam.fi.ee/en/download?id=8594>)
- LHV Group Factbook 2024-Q2-ET.pdf (<http://oam.fi.ee/en/download?id=8595>)

Currency

Title LHV Group's unaudited financial results for Q2 and 6 months of 2024

For LHV Group, Q2 of 2024 was marked by strong growth in its loan portfolio, which was also reflected in a strong financial result.

AS LHV Group generated a net profit of EUR 38.6 million in Q2, which is EUR 2.1 million less than in Q1 (-5%), but EUR 3 million more than in the same period a year ago (+8%). The return on equity attributable to LHV Group's shareholders was 25.8% in Q2.

All subsidiaries of the Group were profitable during the quarter. In Q2, AS LHV Pank earned a net profit of EUR 34.8 million, LHV Bank Ltd EUR 0.9 million, AS LHV Varahaldus EUR 0.7 million, and AS LHV Kindlustus EUR 0.4 million.

In Q2 of 2024, the Group earned a total net income of EUR 87.3 million, which is 2% more than in Q1 and 17% more than in Q2 a year earlier. Of the quarterly revenue, net interest income amounted to EUR 70.4 million, and net fee and commission income to EUR 16.3 million. The Group's consolidated operating expenses amounted to EUR 37.6 million in Q2, which is 6% more than in Q1 and 14% more than in Q2 of 2023.

By the end of June, LHV Group's consolidated assets stood at EUR 7.33 billion. Over the quarter, the asset volume dropped by EUR 40.8 million, i.e., by 1%. Compared to the previous quarter, the consolidated loan portfolio increased by EUR 246 million to EUR 3.89 billion (+7%; +EUR 83 million in Q1). The Group's consolidated deposits decreased by EUR 150 million over the quarter to EUR 5.78 billion (-3%; +EUR 203 million in Q1). At the same time, the deposits of regular clients grew. The total volume of funds managed by LHV decreased by EUR 11



million during the quarter and amounted to EUR 1.53 billion at the end of June (-1%; +EUR 21 million in Q1). The number of processed payments related to financial intermediaries' clients amounted to 18.3 million in Q2 (+3% compared to 17.8 million in Q1).

Consolidated net income of AS LHV Group for 6 months of 2024 amounted to EUR 172.7 million (+21% compared to 2023) and total expenses reached EUR 73.1 million (+15% compared to 2023). The Group's 6-month consolidated net profit was EUR 79.3 million, an increase of EUR 10.6 million, i.e., by 15%, compared to the previous year. Over the 6 months, AS LHV Pank earned a net profit of EUR 71.6 million, LHV Bank Ltd EUR 5.8 million, AS LHV Varahaldus EUR 0.5 million, and AS LHV Kindlustus EUR 0.7 million. LHV Group's ROE for the first half of the year was 27.6%.

By the end of Q2, LHV Group exceeds the current financial plan in terms of net profit by EUR 16.2 million.

Income statement, EUR thousand	Q2-2024	Q1-2024	Q2-2023
Net interest income	70 424	68 918	62 900
Net fee and commission income	16 262	15 543	12 352
Net gains from financial assets	-37	536	-547
Other income	638	418	197
Total revenue	87 287	85 415	74 902
Staff costs	-21 108	-20 275	-15 851
Office rent and expenses	-609	-572	-982
IT expenses	-3 471	-3 100	-3 747
Marketing expenses	-973	-658	-1 087
Other operating expenses	-11 426	-10 924	-11 373
Total operating expenses	-37 587	-35 528	-33 040
EBIT	49 700	49 888	41 862
Earnings before impairment losses	49 700	49 888	41 862
Impairment losses on loans and advances	-5 043	-2 851	-809
Income tax	-6 071	-6 335	-5 422



Net profit	38 586	40 702	35 631
Profit attributable to non-controlling interest	300	158	278
Profit attributable to share holders of the parent	38 286	40 544	35 353
Profit attributable to non-controlling interest	0,12	0,13	0,11
Profit attributable to share holders of the parent	0,12	0,12	0,11

Balance sheet, EUR thousand	Jun 2024	Mar 2024	Jun 2023
Cash and cash equivalents	3 217 448	3 402 338	2 604 108
Financial assets	157 131	249 968	369 289
Loans granted	3 925 877	3 676 442	3 272 084
Loan impairments	-35 333	-31 843	-18 588
Receivables from customers	15 919	22 934	28 199
Other assets	48 681	50 733	52 223
Total assets	7 329 723	7 370 572	6 307 315
Demand deposits	3 882 999	3 926 714	4 005 191
Term deposits	1 900 930	2 007 628	1 057 177
Loans received	735 281	568 355	510 934
Loans received and deposits from customers	6 519 211	6 502 697	5 573 302
Other liabilities	100 710	141 573	120 896
Subordinated loans	107 521	127 568	131 301
Total liabilities	6 727 441	6 771 838	5 825 499
Equity	602 282	598 734	481 816
Minority interest	7 695	7 394	7 287
Total liabilities and equity	7 329 723	7 370 572	6 307 315



Although the economic situation is still difficult, the quality of LHV's loan portfolio remained at a good level and loan volumes grew faster than planned. Interest income was also supported by the persistence of higher interest rates. The number of clients increased across the Group and there were no setbacks in the good level of activity.

The number of clients of LHV Pank increased by 5,400, whereas over the year, the number of bank clients has increased by 33,000, i.e., 8%. The activity among clients while using the daily banking services was good. During the quarter, the number of clients with investment assets exceeded 100,000.

The volume of loans increased strongly: the volume of retail loans increased by EUR 94 million over the quarter and the volume of business loans increased by EUR 100 million. The quarter was active in terms of home loans, as in addition to new loans, refinancing increased this volume. LHV's market share in home loans reached 24% in May. Deposits were also in focus. The deposits of regular clients increased by EUR 137 million in Q2. At the same time, the deposits of financial intermediaries were reduced by EUR 176 million and platform deposits by EUR 180 million.

The quality of the loan portfolio as a whole has remained stronger than planned and the share of overdue loans continues to remain low. Forward-looking write-downs were made both for individual clients and on a model-by-model basis.

For investing clients, we were the first in Estonia to introduce automatic bond trading. During the quarter, the bank also began offering the LHV Instalment payment as a new product, which allows merchants to offer their clients more flexible payment options. At the end of May, in cooperation with EIF, we began offering favourable loans to apartment associations and small businesses that encourage sustainable investments. Leasing for electric cars also became more favourable. In June, we started cooperation with Bolt and Snabb to offer discounts to LHV bank card holders.

The loan portfolio of LHV Bank in the United Kingdom is growing, but deposit-taking is also picking up the pace. The loan portfolio increased by EUR 52 million over the quarter, with EUR 141 million in approved but not yet issued loans. The volume of retail deposits through three deposit platforms increased by EUR 119 million over the quarter. LHV Bank will continue to prepare for the retail banking offering, as well as to develop banking channels and promote brand awareness. The opening of a new mobile bank for clients is planned for the end of this year. While LHV Bank joined the euro standard payment scheme at the beginning of July, it is also planned to join the real-time payment scheme by the end of the year.

For LHV Varahaldus, Q2 was characterised by a good rate of return for pension



funds. The quarterly rate of return of the LHV pension funds M, L, and XL was 2.2%, 2.8%, and 2.2%, respectively. The rate of return of the more conservative funds XS and S was 1.2% and 1.4%, respectively. Over the quarter, Pension fund Indeks increased by 4.7%, Pension fund Roheline decreased by 0.4%. The operating income of Varahaldus was similar to the previous quarter, with operating expenses slightly lower. Net profit is somewhat ahead of what has been planned due to the financial income arising from the rate of return on funds. The volume of the II pillar was affected by the movements of clients at the beginning of May, as well as the exit from the II pillar. The number of active clients making monthly contributions to the pension fund was 118,000 by the end of the quarter.

The sales results of LHV Kindlustus were in accordance with the financial plan in Q2, with the biggest growth seen in terms of products concerning travel and home insurance. The profitability of insurance is at a good level thanks to the growth of revenue, with the premiums of concluded contracts having increased by 12% year-on-year. As at the end of June, 168 thousand clients of LHV Kindlustus held a total of 241,000 valid insurance contracts.

As at the end of the half-year, LHV Group is well capitalised. In Q2, LHV Group organised the first major issue of MREL bonds to international markets in the amount of EUR 300 million. The capital raised by the AT1 bond in the amount of EUR 20 million was repaid to investors. The Group's internal capital generation capacity exceeds the growth of loans.

Comment by Madis Toomsalu, the Chairman of the Management Board at LHV Group: "For LHV, this was the half-year with the largest increase in loan volumes in its history. This year, we have issued more than EUR 770 million in new loans to Estonian people and companies. Additionally EUR 66 million has been issued in England. This is reflected in the strong growth of the entire portfolio, and in Q2 alone, LHV's loan portfolio grew by EUR 246 million.

Against the backdrop of economic uncertainty, the confidence of companies to invest is crucial to restoring growth. However, the continuation of controversies is to be expected, where, alongside the financial difficulties of some companies and notices of redundancies, some have become increasingly bold in investing, and where the partial counterbalance to the tax increase is the falling interest rate.

LHV's strong capitalisation and deposit base will continue to be aimed at supporting such investments. At the same time, our investment banking activity is also important, since LHV has organised almost all major public and targeted fundraisings, and in the near future, we are also organising an offer of Estonian government bonds.

I am glad to see that more and more Estonian people are finding their way to growing money with investments. When in May the number of LHV's clients with investment assets exceeded 100,000, we once again received evidence that our decades of work to promote the investor community have gone a long way."



To access the reports of AS LHV Group, please visit the website at <https://investor.lhv.ee/en/reports/>.

In order to present the results of the quarter, LHV Group will organise an investor meeting via the Zoom webinar platform. The virtual investor meeting will take place before the market opens on 23 July at 9.00. The presentation will be in Estonian. Please register at the following address:
https://lhvbank.zoom.us/webinar/register/WN_lqbhs6XcRNqrbP8S3lQDMQ#/registration.

LHV Group is the largest domestic financial group and capital provider in Estonia. The LHV Group's key subsidiaries are LHV Pank, LHV Varahaldus, LHV Kindlustus, and LHV Bank Limited. The Group employs over 1,100 people. As at the end of June, LHV's banking services are being used by 433,000 clients, the pension funds managed by LHV have 118,000 active clients, and LHV Kindlustus protects a total of 168,000 clients. LHV Bank Limited, a subsidiary of the Group, holds a banking licence in the United Kingdom and provides banking services to international financial technology companies, as well as loans to small and medium-sized enterprises.

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