

LHV Group

Q4 results
11 February 2025

Strong business volume growth combined with improving efficiency

Very strong loan and deposit growth

Acquisition of a small loan portfolio

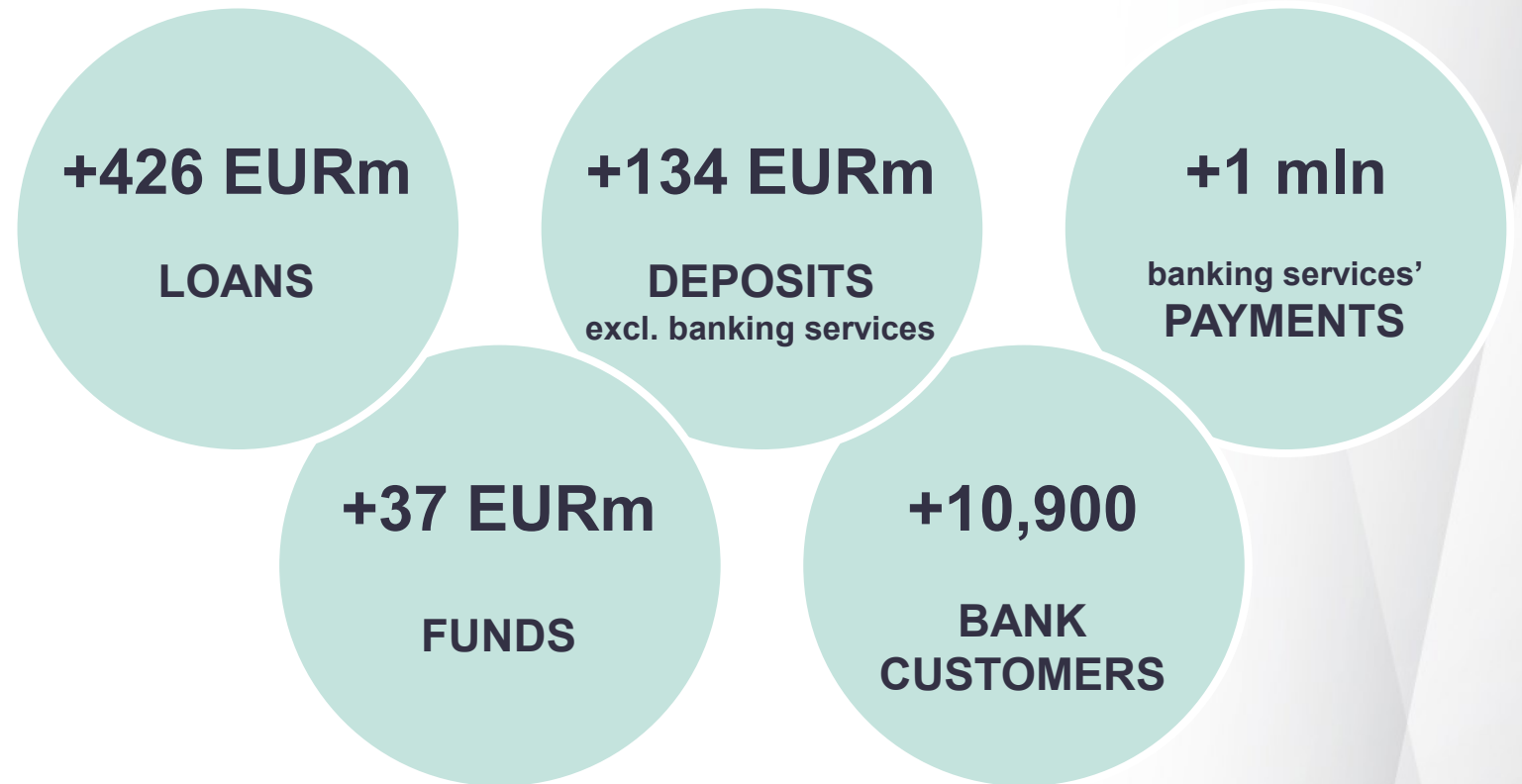
Launch of the test version of the mobile bank in the UK

The Banker: LHV is the best bank in Estonia

LHV became the main sponsor of Estonian biathlon. LHV continues as the main supporter of Estonian football

Restructuring to maintain efficiency and culture

Successful covered bond issuance



Business volumes at a historically highest level

Financial results, EURt	9 quarters	Q4-24	Q3-24	Δ quarter
Net interest income		66,556	67,426	-870
Net fee and commission income		17,323	14,630	+2,693
Other income		1,041	1,510	-469
Total net income		84,920	83,566	+1,353
Total operating expenses		40,783	35,911	+4,872
Earnings before impairment		44,137	47,655	-3,519
Impairment losses		1,085	7,277	-6,192
Income tax expense		6,733	5,681	+1,053
Net profit		36,319	34,698	+1,621
Business volumes, EURm	9 quarters	Q4-24	Q3-24	Δ quarter
Loans portfolio (net)		4,552	4,126	+426
Deposits from customers		6,910	6,286	+624
Assets under management		1,558	1,521	+37
No of customers, thous.		613	603	+10
Fin. intermediaries' payments, thous. pcs		19,829	18,791	+1,038
Key figures	9 quarters	Q4-24	Q3-24	Δ quarter
Cost / income ratio (C/I)		48.0%	43.0%	+ 5.1 pp
Net interest margin (NIM)		3.2%	3.6%	- 0.4 pp
pre-tax ROE*		26.1%	26.1%	- 0.0 pp
ROE*		22.0%	22.4%	- 0.5 pp

- Number of customers increased, customer activity at a good level
- Loan portfolio increased by 426 EURm, growth remains strong. Portfolio quality remains good, reduction of model-based impairments
- Deposits from customers increased by 624 EURm, of which 489 EURm related to financial intermediaries
- Quarterly profit 36.3 EURm

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

LHV Group – comparison with financial plan

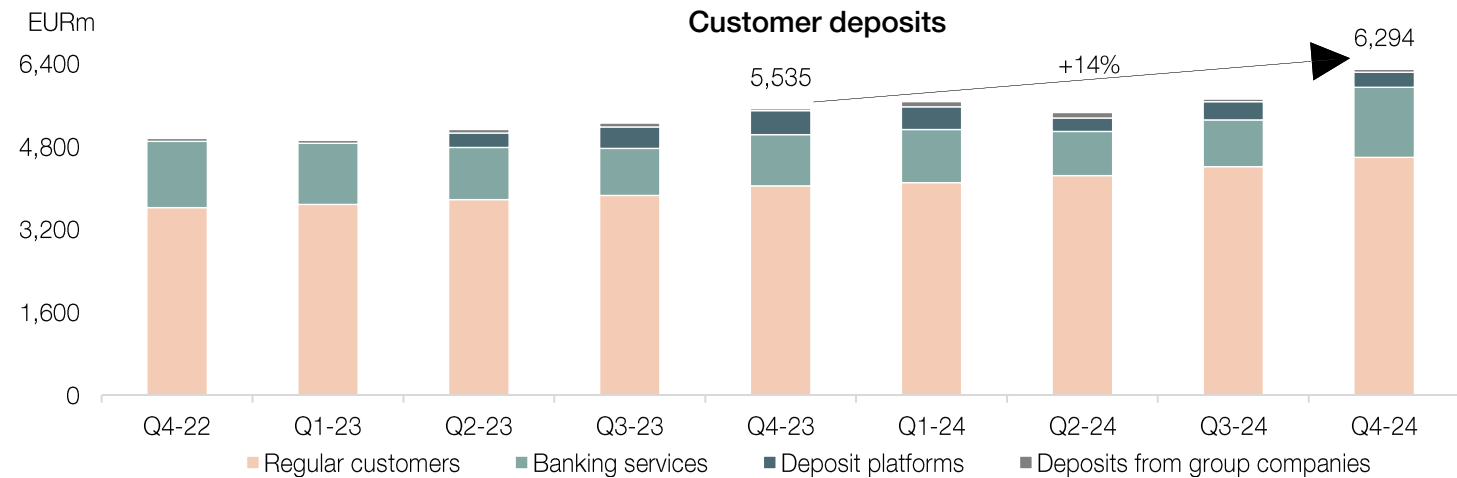
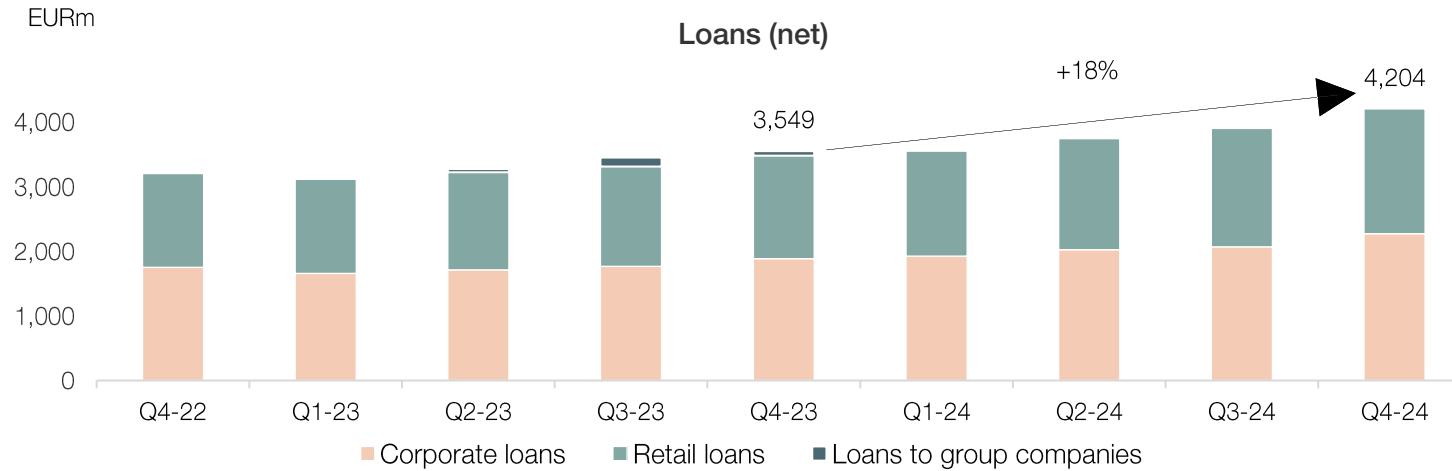
Financial plan met

Financial results, EURt	13 months	Dec 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income, incl.		32,240	338,299	310,457	344,035	-5,736
Net interest income		23,588	273,326	253,819	279,333	-6,007
Net fee and commission income		7,526	60,301	50,835	61,150	-848
Total operating expenses		16,571	146,920	134,321	145,540	+1,380
Earnings before impairment		15,669	191,379	176,136	198,495	-7,115
Impairment losses		-3,486	16,256	11,539	23,676	-7,421
Income tax expense		3,299	24,820	23,659	24,515	+305
Net profit, incl.		15,856	150,304	140,938	150,304	+0
attr. to shareholders		15,532	148,969	139,601	149,372	-402
Business volumes, EURm	13 months	Dec 24	YTD24	YTD23	FP YTD	Δ YTD FP
Loans (net)		4,552	4,552	3,562	4,343	+209
Deposits from customers		6,910	6,910	5,731	6,667	+243
Assets under management		1,558	1,558	1,519	1,573	-15
Fin. intermediaries' payments, thous. pcs		7,086	74,756	49,454	70,270	+4,486
Key figures	13 months	Dec 24	YTD24	YTD23	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		51.4%	43.4%	43.3%	42.3%	+ 1.1 pp
Net interest margin (NIM)		3.3%	3.5%	3.9%	3.7%	- 0.2 pp
pre-tax ROE*		33.5%	28.5%	34.0%	28.6%	- 0.2 pp
ROE*		27.7%	24.5%	29.0%	24.6%	- 0.2 pp

- The financial plan updated in September, which increased the profit forecast by 25%, was met exactly
- The plan was exceeded in terms of loans, deposits, and payments, but fund performance remained below target
- Quality of loan portfolio is good. Due to an improved macroeconomic situation, we were able to reduce impairments at the end of the year
- Quarterly cost/income ratio 48.0% and ROE 22.0%

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

Strong growth in business volumes continued



- The number of bank customers increased by 10,900. Customer activity in payments and card usage is good
- Loans increased by 300 EURm in the quarter. Over the year, loans to customers grew by 21% (at the end of 2023, the portfolio also included a loan to LHV Bank)
- Deposits increased by 577 EURm in the quarter. Regular customers' deposits increased by 180 EURm and deposits from financial intermediaries by 450 EURm. We reduced platform deposits by 66 EURm. Focus remains on deposits
- 250 EURm of covered bonds issued at the beginning of October

High activity of the customers and historically highest business volumes

Financial results, EURt	9 quarters	Q4-24	Q3-24	Δ quarter
Net interest income		56,751	59,990	-3,238
Net fee and commission income		11,600	8,740	+2,859
Other income		433	1,033	-600
Total net income		68,784	69,763	-979
Total operating expenses		26,513	22,832	+3,681
Earnings before impairment		42,271	46,931	-4,660
Impairment losses		1,019	7,093	-6,074
Income tax expense		6,460	5,740	+720
Net profit		34,792	34,098	+694
Business volumes, EURm	9 quarters	Q4-24	Q3-24	Δ quarter
Loans (net)		4,204	3,904	+300
Deposits from customers		6,294	5,716	+577
incl. banking services' deposits		1,355	905	+450
No of customers, thous.		456	445	+11
Key figures	9 quarters	Q4-24	Q3-24	Δ quarter
Cost / income ratio (C/I)		38.5%	32.7%	+ 5.8 pp
Net interest margin (NIM)		3.0%	3.5%	- 0.4 pp
pre-tax ROE*		28.3%	29.4%	- 1.1 pp
ROE*		23.9%	25.2%	- 1.3 pp

- The income broad-based, net interest income still dominant. At the end of the year, higher fees were earned primarily from investment banking
- Customer activity high
- Overall, the quality of the loan portfolio has remained stronger than planned while the improving macroeconomic environment reduced loan impairments
- Quarterly net profit 34.8 EURm and ROE 23.9%

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

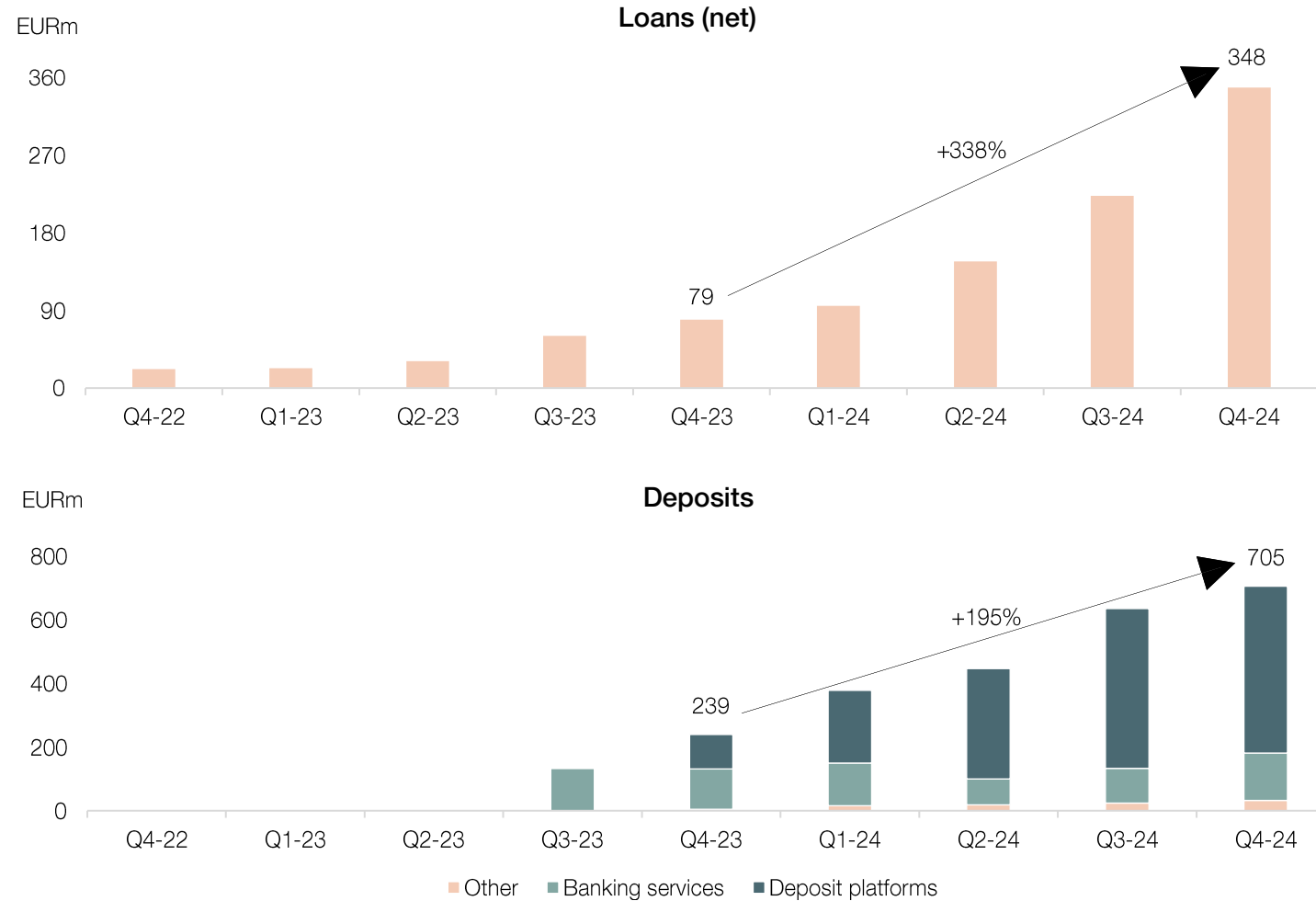
LHV Pank – comparison with financial plan

Financial plan targets met

Financial results, EURt	13 months	Dec 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income, incl.		26,213	276,113	260,077	280,432	-4,319
Net interest income		19,917	237,050	228,470	242,950	-5,901
Net fee and commission income		5,514	36,443	27,217	34,757	+1,686
Total operating expenses		10,587	95,374	85,235	94,722	+651
Earnings before impairment		15,626	180,739	174,841	185,710	-4,971
Impairment losses		-3,354	15,777	11,372	23,056	-7,279
Income tax expense		3,259	24,443	22,107	23,507	+936
Net profit		15,722	140,519	141,363	139,147	+1,372
Business volumes, EURm	13 months	Dec 24	YTD24	YTD23	FP YTD	Δ YTD FP
Loans (net)		4,204	4,204	3,549	4,044	+159
Deposits from customers		6,294	6,294	5,535	6,152	+141
incl. banking services' deposits		1,355	1,355	991	1,125	+230
Key figures	13 months	Dec 24	YTD24	YTD23	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		40.4%	34.5%	32.8%	33.8%	+ 0.8 pp
Net interest margin (NIM)		3.0%	3.2%	3.6%	3.4%	- 0.2 pp
T1 capital adequacy		17.2%	17.2%	19.8%	17.4%	- 0.2 pp
Total capital adequacy		19.9%	19.9%	22.2%	19.5%	+ 0.4 pp

- Income lagged in interest income but was offset by higher fee income and lower impairments
- Expenses were in line with the plan
- Annual profit was 140.5 EURm, exceeding the plan by 1.4 EURm

Loan portfolio grew by over 50% for the second consecutive quarter



- Loan portfolio increased by 126 EURm. Loans approved by the Credit Committee but not yet disbursed amount to 119 EURm. Loan portfolio has 2 debtors, but overall quality remains strong. Nearly 60 broker partnership agreements in place, and LHV’s brand awareness has significantly increased among loan brokers
- Deposits increased by 70 EURm. In total, nearly 11,600 depositors from three platforms
- Financial intermediaries’ payment volumes reached record levels. By the end of the quarter, financial intermediaries’ deposit volumes reached the planned level and exceeded the beginning-of-year level



Retail banking mobile app open for first customers

Financial results, EURt	9 quarters	Q4-24	Q3-24	Δ quarter
Total net income, incl.		11,731	9,374	+2,357
Net interest income		9,079	7,211	+1,867
Net fee and commission income		2,144	2,230	-86
Other net income		509	-67	+576
Total operating expenses		10,893	9,992	+901
Earnings before impairment		838	-618	+1,456
Impairment losses		66	184	-119
Income tax expense		132	-201	+333
Net profit		640	-602	+1,242
Business volumes, EURm		Q4-24	Q3-24	Δ quarter
Deposits from customers		705	635	+70
Loans (net)		348	223	+126
Key figures		Q4-24	Q3-24	Δ quarter
Cost / income ratio (C/I)		92.9%	106.6%	- 13.7 pp
Net interest margin (NIM)		4.8%	4.6%	+ 0.2 pp
pre-tax ROE		3.6%	-3.8%	+ 7.4 pp
ROE		3.0%	-2.9%	+ 5.9 pp

- In December, the retail banking offering, mobile bank, and new website were launched
- Through the retail banking mobile app, individual customers can open a current account and make GBP payments
- In the first quarter, the account opening process will be fully automated, and deposits will be added to the mobile bank
- In the second quarter, direct debits and debit cards will be introduced in the mobile bank, and a broader public communication and marketing campaign will begin

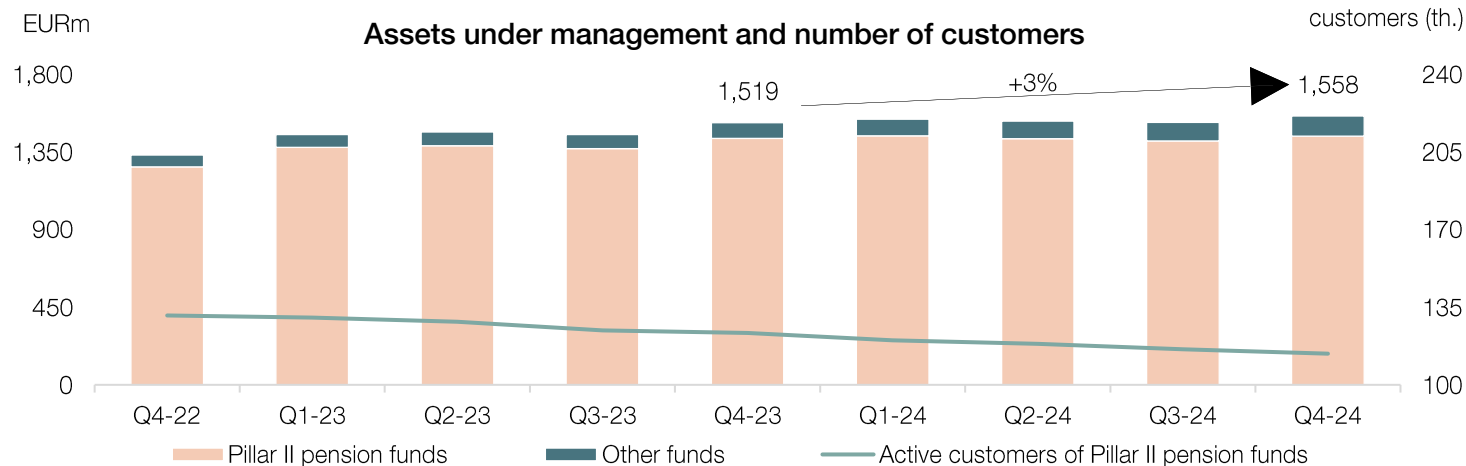
LHV Bank – comparison with financial plan

Loan and deposit volumes significantly higher than planned

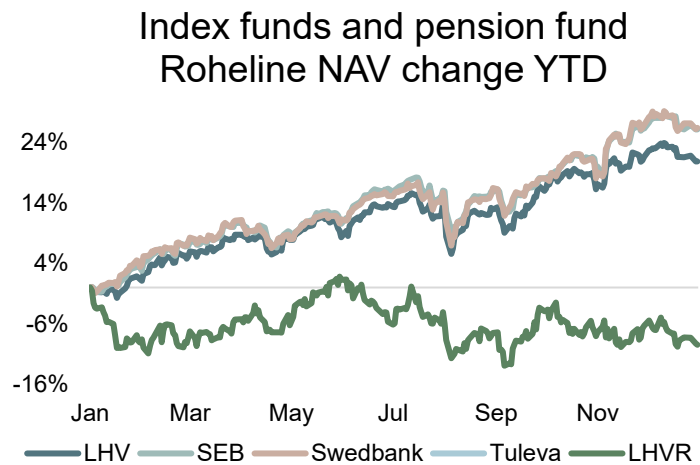
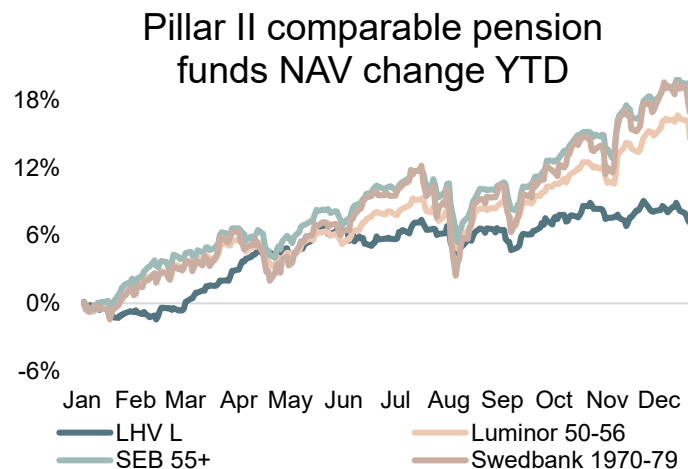
Financial results, EURt	13 months	Dec 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income, incl.		4,703	44,625	36,755	45,602	-977
Net interest income		3,400	34,715	28,917	34,954	-239
Net fee and commission income		781	9,378	7,807	10,600	-1,222
Other net income		522	532	30	48	+484
Total operating expenses		4,619	39,095	31,300	37,651	+1,444
Earnings before impairment		84	5,529	5,455	7,951	-2,421
Impairment losses		-132	479	176	621	-142
Income tax expense		-7	-794	0	-163	-631
Net profit		223	5,845	5,279	7,493	-1,649
Business volumes, EURm	13 months	Dec 24	YTD24	YTD23	FP YTD	Δ YTD FP
Deposits from customers		705	705	239	588	+117
Loans (net)		348	348	79	299	+50
Key figures	13 months	Dec 24	YTD24	YTD23	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		98.2%	87.6%	85.2%	82.6%	+ 5.0 pp
Net interest margin (NIM)		5.4%	6.1%	14.7%	6.8%	- 0.7 pp
T1 capital adequacy		22.5%	22.5%	na	25.6%	- 3.1 pp
Total capital adequacy		22.5%	22.5%	na	25.6%	- 3.1 pp

- Profitability fell short of the financial plan as loan volumes and financial intermediaries' deposits grew more slowly than planned at the beginning of the period
- Most externally sourced mobile banking development services have been completed, and in-house development teams have been established. Salary expenses increased by 57% over the year, while other expenses decreased
- Focus on growing the loan portfolio and developing the mobile bank to attract deposits directly from retail clients

Stock markets had a strong quarter, led by technology stocks and the U.S. market



- The volume of funds over 1.6 EURbn by quarter-end
- A very strong quarter in the markets amid the backdrop of the U.S. elections. Measured in euros, the SP500 and MSCI World rose by 9.9% and 7.6%, respectively, Nasdaq rose by 14.4%
- Quarterly returns of LHV pension funds M and L 0.9% and 0.6%, respectively, while XL declined by 1.4% due to weak December. Returns of more conservative funds XS and S 0.8% and 1.2%
- Pension fund Indeks increased by 4.2% and the pension fund Roheline decreased by 5.8%



LHV Varahaldus

Quarterly net profit 0.5 EURm

Financial results, EURt	9 quarters	Q4-24	Q3-24	Δ quarter
Total net income		2,262	2,251	+11
Total operating expenses		1,799	1,781	+18
EBIT		464	470	-7
Net financial income		45	113	-68
Net profit		509	583	-75
Business volumes, EURm	9 quarters	Q4-24	Q3-24	Δ quarter
Pillar II pension funds		1,442	1,413	+29
Pillar III pension funds		109	100	+9
Key figures	9 quarters	Q4-24	Q3-24	Δ quarter
Cost / income ratio (C/I)		78.0%	75.3%	+ 2.6 pp
pre-tax ROE		10.3%	12.3%	- 2.0 pp
ROE		10.3%	12.3%	- 2.0 pp

- Business income and expenses remained similar to the previous quarter. Profit for the last three months was less impacted by the financial income from fund unit growth compared to earlier periods
- The quarterly net profit 0.5 EURm, with increased III pillar contributions in December
- Fund volumes grew by nearly 40 EURm during the quarter
- The number of active customers making monthly contributions was 114,000 by the end of the quarter

LHV Varahaldus – comparison with financial plan

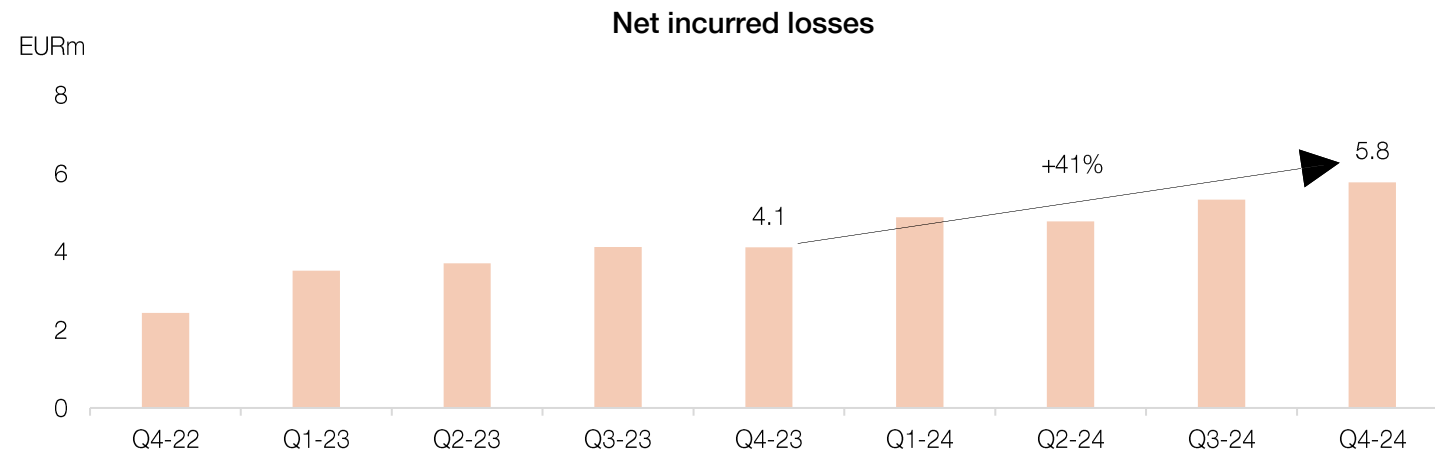
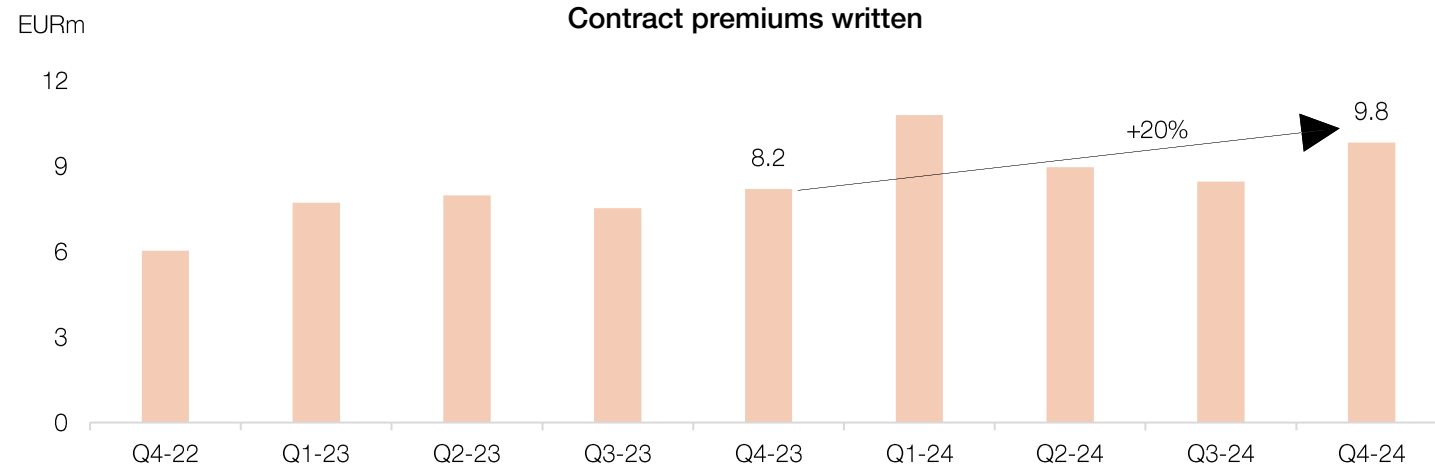
Net profit exceeded the financial plan

Financial results, EURt	13 months	Dec 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income		765	8,936	8,845	8,944	-8
Total operating expenses		673	7,079	6,997	7,321	-242
EBIT		91	1,857	1,848	1,623	+234
Net financial income		-47	559	292	640	-81
Income tax expense		0	801	488	801	+0
Net profit		44	1,616	1,652	1,462	+153
Business volumes	13 months	Dec 24	YTD24	YTD23	FP YTD	Δ YTD FP
Assets under management, EURm		1,558	1,558	1,519	1,573	-15
Active customers of PII funds, thous.		114	114	123	115	-0
Key figures	13 months	Dec 24	YTD24	YTD23	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		93.9%	74.6%	76.6%	76.4%	- 1.8 pp
Funds average return		-0.9%	8.7%	6.4%	7.7%	+ 1.0 pp

- Net profit exceeded the financial plan despite lower financial income, due to reduced expenses
- The growth of the benchmark index, i.e. social security tax collection was 6.2% in 2024. Compared to 12.6% and 11.3% in the previous two years
- By the quarter-end, approximately 14,000 people have submitted applications for larger contributions to the II pillar. The majority preferred the higher 6% contribution option

LHV Kindlustus

A quarter with strong sales results



- Q4 sales exceeded the financial plan
- Quarterly sales increased by 1.7 EURm year-over-year. Good sales results across most major types of insurance. The casco insurance campaign held in October had a positive impact on motor insurance sales as well
- There was one major loss event in the quarter (motor insurance). The increase in net incurred claims over the past year has been proportional to the portfolio growth

Negative impact of expenses on profitability

Financial results, EURt	9 quarters	Q4-24	Q3-24	Δ quarter
Insurance service revenue		9,429	8,930	+499
Commissions expense		1,236	1,168	+67
Gross incurred losses		6,529	5,878	+650
Operating expenses		1,460	1,220	+240
Insurance result without reinsurance		204	663	-459
Reinsurance result		155	306	-151
Total result from insurance activities		49	357	-309
Net other income		19	95	-76
Net profit		68	452	-385
Business volumes, EURt	9 quarters	Q4-24	Q3-24	Δ quarter
Contract premiums written		9,821	8,452	+1,370
No of customers (thous.)		170	169	+1
Key figures	9 quarters	Q4-24	Q3-24	Δ quarter
Net loss ratio		68.7%	66.6%	+ 2.0 pp
Net expense ratio		32.0%	29.0%	+ 3.1 pp
pre-tax ROE		4.2%	29.3%	- 25.1 pp
ROE		4.2%	29.3%	- 25.1 pp

- Net earned premiums continued to grow, while operating expenses increased significantly. Gross incurred losses grew slightly faster than earned premiums
- Number of active policies and customers remained on a stable growth trend
- Net loss ratio and expense ratio increased quarter-over-quarter
- ROE 4.2%, falling short of the quarterly target, but we exceeded the cumulative 2024 profitability plan

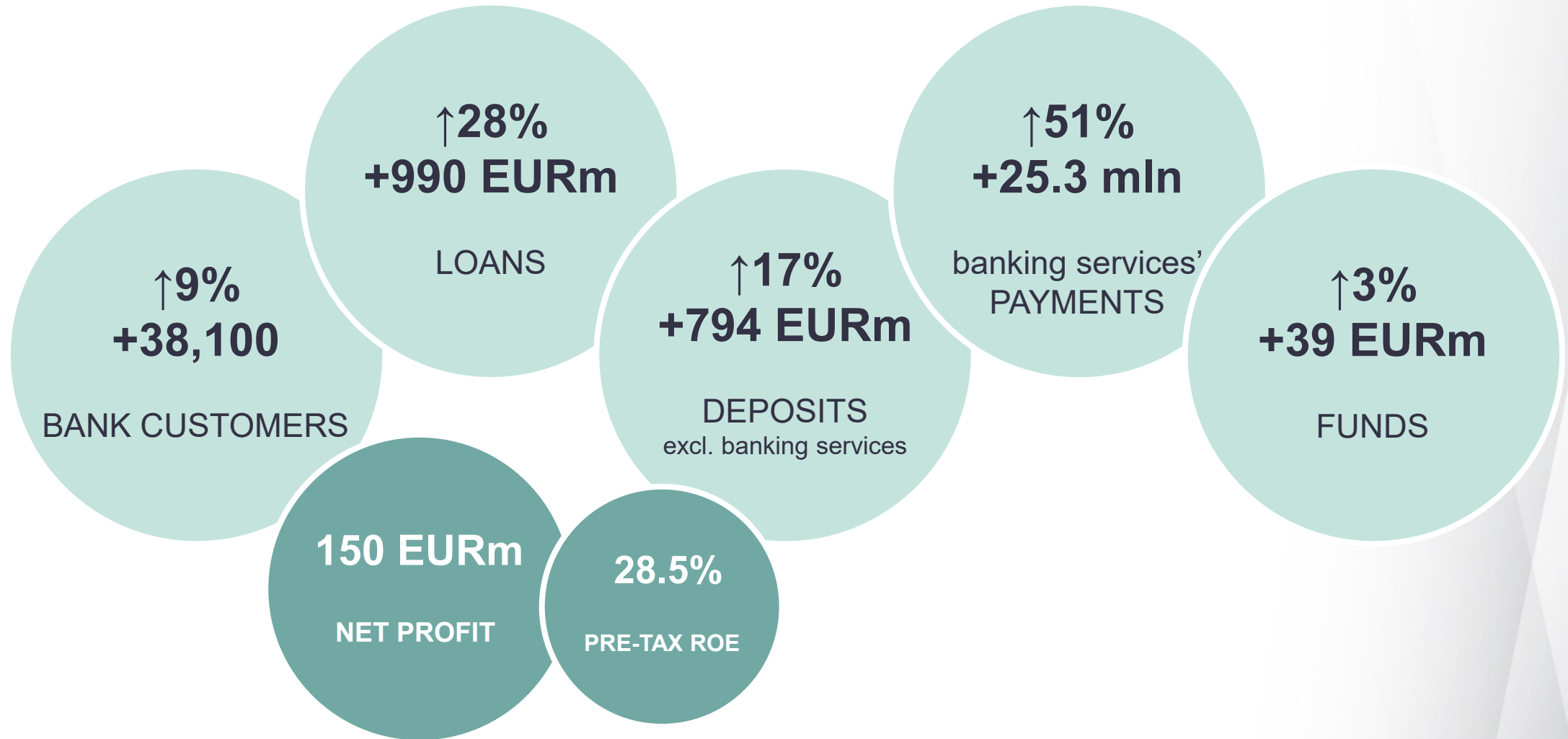
LHV Kindlustus – comparison with financial plan

The number of newly signed contracts is increasing

Financial results, EURt	13 months	Dec 24	YTD24	YTD23	FP YTD	Δ YTD FP
Insurance service revenue		3,261	34,969	26,038	33,732	+1,237
Commissions expense		429	4,542	3,068	4,091	+451
Gross incurred losses		2,333	23,118	16,946	21,799	+1,319
Operating expenses		543	5,375	4,766	5,363	+13
Insurance result without reinsurance		-45	1,934	1,258	2,479	-546
Reinsurance result		67	962	1,018	1,434	-471
Total result from insurance activities		-112	971	240	1,046	-75
Net other income		-36	226	64	-21	+248
Net profit		-148	1,198	305	1,025	+173
Business volumes, EURt	13 months	Dec 24	YTD24	YTD23	FP YTD	Δ YTD FP
Contract premiums written		3,028	38,025	31,412	36,607	+1,418
No of customers (thous.)		170	170	161	na	na
Key figures	13 months	Dec 24	YTD24	YTD23	FP YTD	Δ YTD FP
Net loss ratio		71.4%	66.5%	66.8%	66.3%	+ 0.2 pp
Net expense ratio		35.5%	31.1%	32.2%	31.2%	- 0.1 pp

- In December, 20,700 insurance contracts signed with a volume of 3.2 EURm
- Claims compensated in the amount of 2.3 EURm. 10,700 new claims registered
- December results were impacted by a higher-than-usual expense level and an above-average number of casco insurance claims

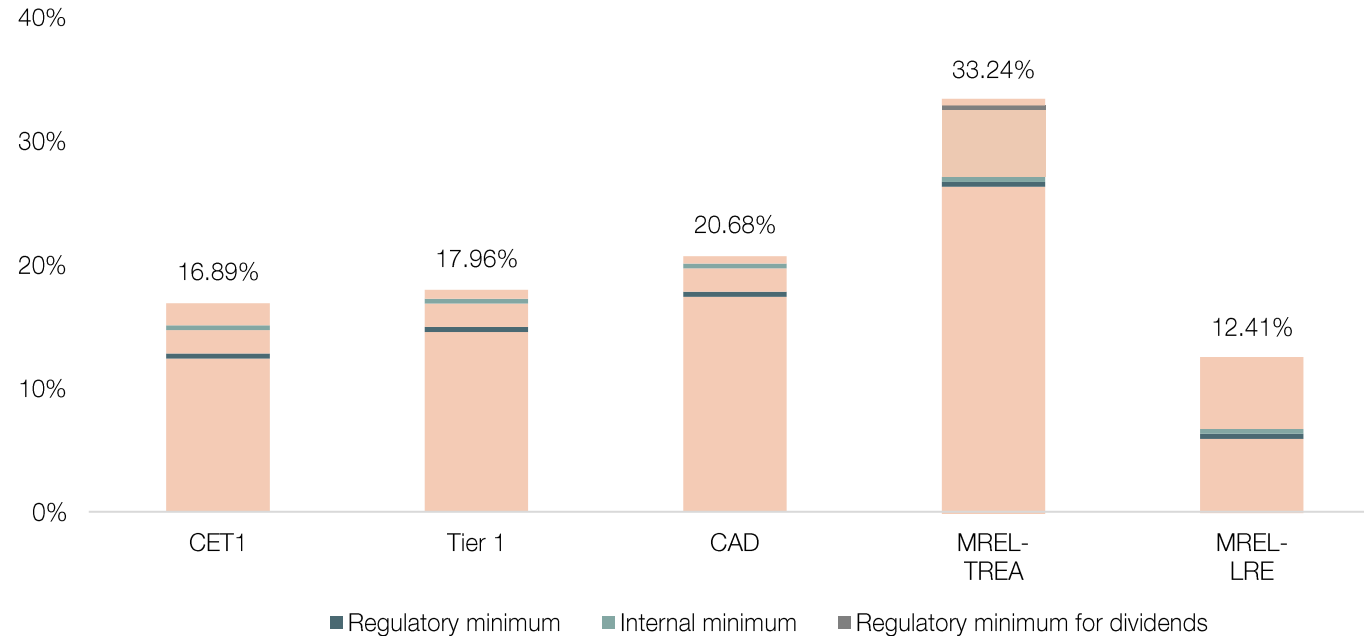
LHV Group
12 months



Risks and capitalisation

LHV Group Capitalisation

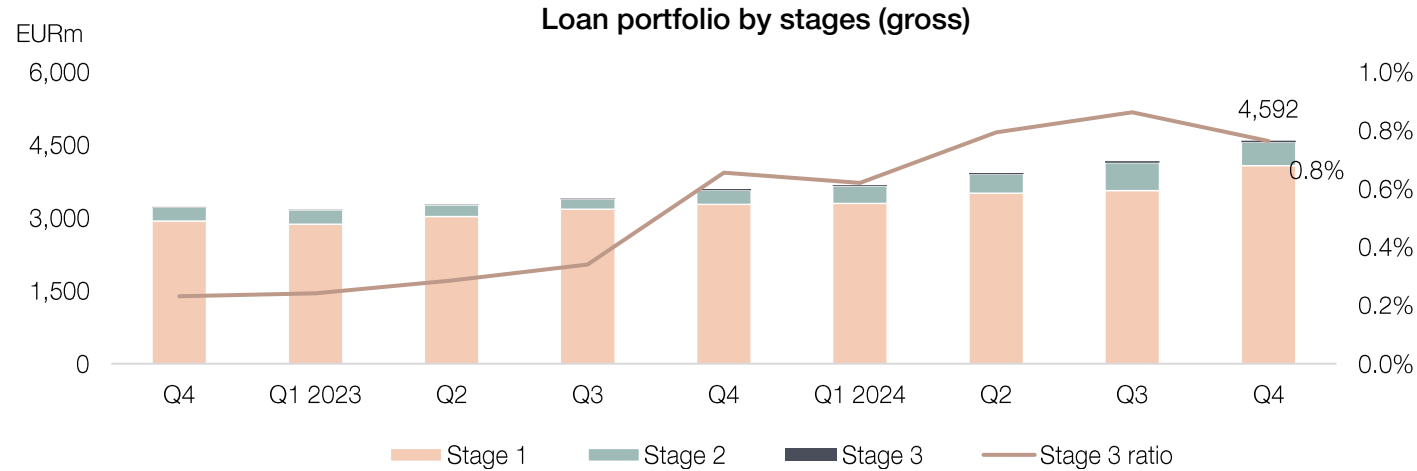
Capital ratios and minimum requirements as of December 2024



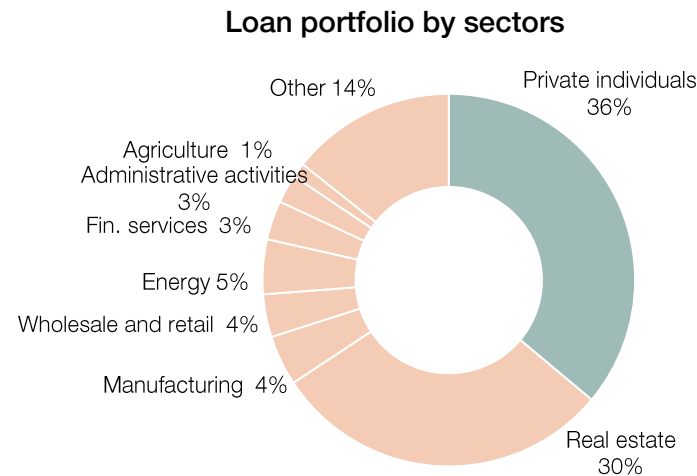
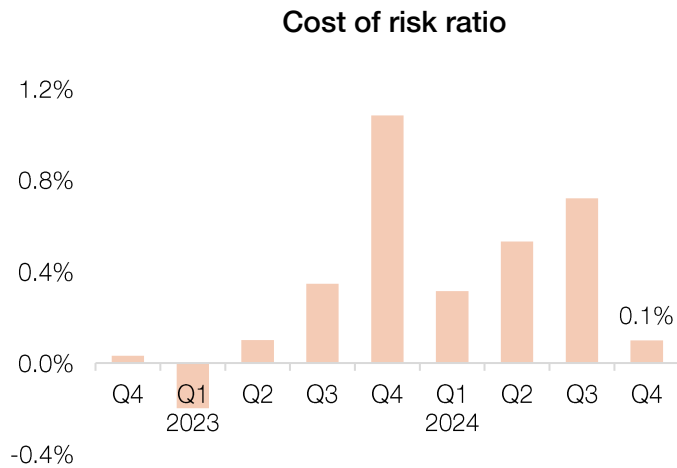
- LHV Group well-capitalised and all capital targets have been met with sufficient margin
- Q4 profit is not included in the ratios
- Internal capital generation exceeds loan growth
- The more restrictive MREL requirement is MREL-TREA
- In Q4, we issued 20 EURm of Tier 2 bonds

LHV Group

Loan portfolio quality

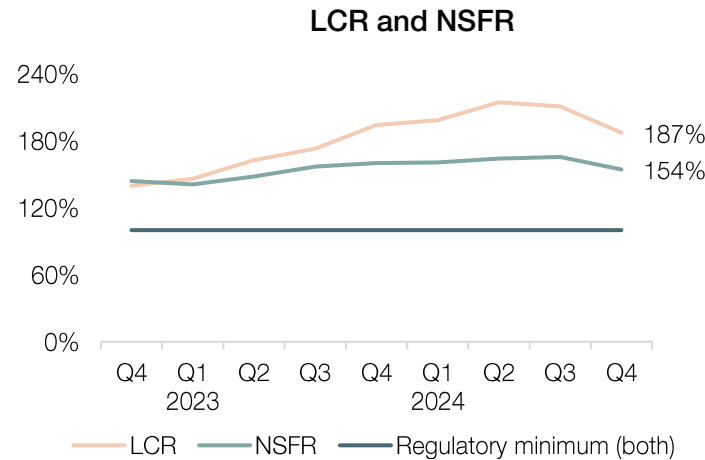
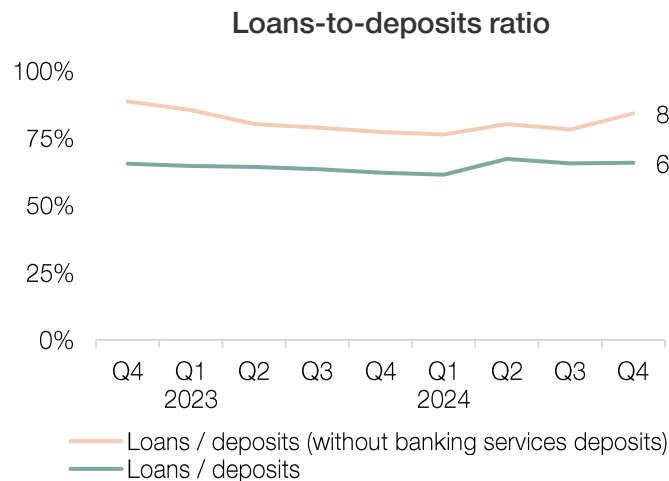
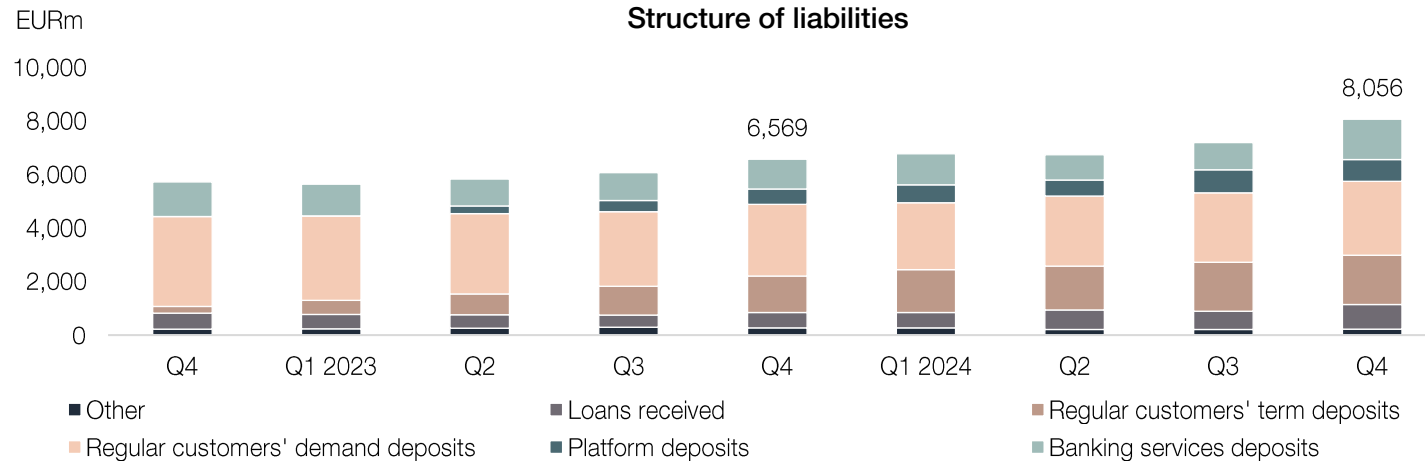


- The loan portfolio well-distributed across sectors
- Portfolio quality good, with a cost of risk rate of 0.1% and a stage 3 loan rate of 0.8%. Cost of risk rate decreased due to model calibration. Both remain at very low level
- Specific impairments for individual clients



LHV Group

Liquidity and funding



- Liquidity high, with loans-to-deposits ratio good 66%
- The liquidity coverage ratio (LCR) 187%
- Net stable funding ratio (NSFR) also very high at 154%
- 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

Madis Toomsalu

LHV Group CEO

madis.toomsalu@lhv.ee

Meelis Paakspuu

LHV Group CFO

meelis.paakspuu@lhv.ee