

LHV Group

July results
10 August 2021



LHV Group

Month with strong results

Financial results, EURt	13 months	Jul-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue, incl.		12,684	74,283	52,534	67,936	+6,347
Net interest income		8,930	52,229	37,434	49,385	+2,844
Net fee and commission income		3,528	21,267	15,046	17,181	+4,086
Total operating expenses		4,303	35,988	25,267	36,387	-399
Earnings before impairment		8,381	38,295	27,268	31,549	+6,746
Impairment losses on loans		1,691	2,501	8,144	5,994	-3,493
Income tax		867	5,640	3,544	4,209	+1,431
Net profit, incl.		5,822	30,154	15,580	21,347	+8,808
attr. to shareholders		5,663	29,115	14,303	20,279	+8,837
Business volumes, EURm	13 months	Jul-21	YTD21	YTD20	FP YTD	Δ YTD FP
Deposits from customers		4,938	4,938	3,070	4,027	+911
Loans (net)		2,448	2,448	1,828	2,403	+45
Assets under management		1,643	1,643	1,455	1,644	-1
Fin. intermediaries' payments, thous. pcs		1,755	13,834	8,084	na	na
Key figures	13 months	Jul-21	YTD21	YTD20	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		33.9%	48.4%	48.1%	53.6%	- 5.1 pp
Net interest margin (NIM)		1.8%	1.6%	2.1%	1.7%	- 0.1 pp
pre-tax ROE*		29.7%	23.8%	14.6%	20.0%	+ 3.8 pp
ROE*		25.9%	20.1%	11.9%	14.3%	+ 5.7 pp
ROA		1.2%	0.9%	0.8%	0.7%	+ 0.2 pp

- Strong results due to interest income and high fee and commission income from Estonia and internationally. Loan volumes growing
- Euromoney announced LHV as the best bank in Estonia once again
- In UK main focus on recruitment of key personnel and preparations for obtaining a banking licence
- In order to ensure further growth, a plan to raise additional capital in September was announced
- Monthly profit 5.8 EURm. Financial plan exceeded by 8.8 EURm. Updated financial plan for 2021 will be published in August

Customer activity high in all business lines

Financial results, EURt	13 months	Jul-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue, incl.		11,052	68,088	47,245	61,886	+6,202
Net interest income		8,246	52,315	37,391	49,882	+2,434
Net fee and commission income		2,746	15,925	10,032	11,798	+4,127
Total operating expenses		3,307	26,686	21,085	26,032	+654
Earnings before impairment		7,744	41,402	26,161	35,854	+5,548
Impairment losses on loans		1,691	2,501	8,144	5,994	-3,493
Income tax		832	5,387	2,699	4,209	+1,178
Net profit		5,221	33,515	15,317	25,652	+7,863
Business volumes, EURm	13 months	Jul-21	YTD21	YTD20	FP YTD	Δ YTD FP
Deposits from customers		4,964	4,964	3,087	4,044	+920
Loans (net)		2,448	2,448	1,828	2,403	+45
Key figures	13 months	Jul-21	YTD21	YTD20	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		29.9%	39.2%	44.6%	42.1%	- 2.9 pp
Net interest margin (NIM)		1.7%	1.6%	1.9%	1.7%	- 0.1 pp

- The number of bank customers increased by 4,000 and the number of active customers by 1,800. Customer activity remains high
- Loan portfolio increased by 47 EURm, of which 27 EURm came from corporate and 20 EURm from retail loans. Credit quality remains good
- Deposits increased by 17 EURm, deposits from financial intermediaries decreased by 102 EURm, private individuals' deposits increased by 12.5 EUR, deposits from deposit platforms decreased by 7.9 EURm and the remaining came from corporates

LHV Asset Management

AUM decreasing less than expected in September

Financial results, EURt	13 months	Jul-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue		867	5,776	5,226	5,595	+181
Total expenses		544	7,083	3,674	8,184	-1,101
Earnings before taxes		323	-1,307	1,552	-2,589	+1,282
Income tax		0	1,241	844	1,241	+0
Net profit		323	-2,548	708	-3,831	+1,282
Business volumes	13 months	Jul-21	YTD21	YTD20	FP YTD	Δ YTD FP
Assets under management, EURm		1,643	1,643	1,455	1,644	-1
Active customers of PII funds, thous.		174	174	174	179	-5
Key figures	13 months	Jul-21	YTD21	YTD20	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		62.7%	122.6%	73.3%	146.3%	- 23.6 pp
Funds average return		1.2%	6.4%	2.6%	3.4%	+ 3.0 pp

- Monthly profit 323 EURt, net profit ahead of the financial plan
- Returns of the largest funds L and XL in July 1.4% and 1.2%, respectively. Index decreased by 0.7% in a month, pension fund Roheline unit value decreased by 1.1%
- No significant changes in the number of customers in II and III pillar
- Increase in funds' volume in both II and III pillar resulting mainly from return, AUM increased by 23 EURm in a month
- AUM decreasing slightly less than 20% in September due to customers leaving the second pillar

LHV Insurance

Continuing growth in sales volumes and record level in customer satisfaction

Financial results, EURt	13 months	Jul-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue, incl.		99	605	0	997	-392
Net earned premiums		213	830	0	2,556	-1,726
Net incurred losses		106	210	0	880	-670
Total expenses		160	1,055	128	1,172	-117
Earnings before taxes		-62	-449	-128	-175	-275
Net profit		-62	-449	-128	-175	-275
Business volumes	13 months	Jul-21	YTD21	YTD20	FP YTD	Δ YTD FP
Gross written premium, EURt		433	4,209	0	8,069	-3,860
No of Customers (thous.)		132	132	0	na	na
Key figures	13 months	Jul-21	YTD21	YTD20	FP YTD	Δ YTD FP
Net loss ratio		49.7%	25.3%	na	34.4%	- 9.1 pp
Net expense ratio		79.2%	128.9%	na	72.4%	+ 56.5 pp

- Continuing growth in net earned premiums, +15% compared to June
- 61 claims were settled in the amount of 38 EURt, customer satisfaction index reached a record level of 98% in July
- Number of customers increased by 3,900 to 132 thousand
- Rapid growth in sales volumes in online sales and insurance brokers' segment

Madis Toomsalu

LHV Group Managing Director
madis.toomsalu@lhv.ee

Meelis Paakspuu

LHV Group CFO
meelis.paakspuu@lhv.ee