

LHV Group

October results
9 November 2021

Strong growth in customer base and higher business volumes

Financial results, EURt	13 months	Oct-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue, incl.		12,788	110,490	77,250	108,369	+2,122
Net interest income		8,632	77,788	54,951	78,065	-277
Net fee and commission income		4,191	32,418	21,499	30,107	+2,311
Total operating expenses		5,807	52,743	36,977	51,237	+1,506
Earnings before impairment		6,982	57,748	40,273	57,132	+616
Impairment losses on loans		-73	2,180	10,061	4,790	-2,610
Income tax		997	8,588	5,762	8,245	+343
Net profit, incl.		6,058	46,980	24,451	44,097	+2,882
attr. to shareholders		5,878	45,283	22,523	42,546	+2,737
Business volumes, EURm	13 months	Oct-21	YTD21	YTD20	FP YTD	Δ YTD FP
Deposits from customers		5,831	5,831	3,334	5,037	+793
Loans (net)		2,590	2,590	2,135	2,527	+63
Assets under management		1,321	1,321	1,496	1,334	-12
Fin. intermediaries' payments, thous. pcs		2,456	22,514	12,396	na	na
Key figures	13 months	Oct-21	YTD21	YTD20	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		45.4%	47.7%	47.9%	47.3%	+ 0.5 pp
Net interest margin (NIM)		1.5%	1.6%	2.0%	1.6%	- 0.0 pp
pre-tax ROE*		28.0%	23.8%	15.4%	22.5%	+ 1.3 pp
ROE*		24.1%	20.1%	12.8%	19.0%	+ 1.1 pp
ROA		1.1%	1.0%	0.9%	0.9%	+ 0.0 pp

- Strong results resulting from higher fee and commission income and customer activity
- Quality of the loan portfolio remains good, loan provisions therefore smaller than planned
- In UK main focus on recruitment of key personnel and preparations for obtaining a banking licence
- Monthly profit 6.1 EURm. Financial plan updated in August exceeded by 2.9 EURm

Customer activity increases fee and commission income

Financial results, EURt	13 months	Oct-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue, incl.		11,816	101,812	69,957	100,019	+1,793
Net interest income		8,687	78,027	55,225	78,402	-375
Net fee and commission income		3,436	24,076	14,232	21,721	+2,355
Total operating expenses		4,504	39,573	30,740	38,734	+839
Earnings before impairment		7,312	62,239	39,217	61,284	+955
Impairment losses on loans		-73	2,180	10,061	4,790	-2,610
Income tax		962	8,229	4,616	7,847	+382
Net profit		6,424	51,830	24,541	48,647	+3,182
Business volumes, EURm	13 months	Oct-21	YTD21	YTD20	FP YTD	Δ YTD FP
Deposits from customers		5,876	5,876	3,368	5,083	+793
Loans (net)		2,590	2,590	2,135	2,527	+63
Key figures	13 months	Oct-21	YTD21	YTD20	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		38.1%	38.9%	43.9%	38.7%	+ 0.1 pp
Net interest margin (NIM)		1.5%	1.6%	1.9%	1.6%	- 0.0 pp

- The number of bank customers increased by 8,400 and the number of active customers by around 4,200. Customer activity remains high
- Loan portfolio increased by 41 EURm, of which 23 EURm came from corporate and 18 EURm from retail loans. Credit quality remains good
- Deposits increased by 399 EURm, deposits from financial intermediaries increased by 374 EURm
- Profitability is lead by higher fee and commission income and lower loan provisions

LHV Asset Management

All largest pension funds showed good return

Financial results, EURt	13 months	Oct-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue		916	8,089	7,555	7,816	+273
Total expenses		559	8,797	5,236	8,846	-49
Earnings before taxes		357	-708	2,319	-1,030	+322
Income tax		0	1,241	844	1,241	+0
Net profit		357	-1,949	1,475	-2,271	+322
Business volumes	13 months	Oct-21	YTD21	YTD20	FP YTD	Δ YTD FP
Assets under management, EURm		1,321	1,321	1,496	1,334	-12
Active customers of PII funds, thous.		139	139	178	141	-2
Key figures	13 months	Oct-21	YTD21	YTD20	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		61.0%	108.8%	72.0%	113.2%	- 4.4 pp
Funds average return		2.3%	8.6%	3.0%	7.0%	+ 1.6 pp

- Monthly profit 357 EURt, profitability ahead of the financial plan
- Majority of the monthly profit related to pension funds' unit value growth
- Operating expenses in line with the financial plan, amortisation arising from customers leaving II pillar slightly higher than expected
- Returns of the largest funds M, L and XL in October 1.0%, 1.9% and 2.4%, respectively. Pension fund Index increased by 3.7%, Roheline by 10.5%
- II pillar volumes increased by 34 EURm within a month, number of active customers remained around 139 thousand

LHV Insurance

Growing business volumes along with high customer satisfaction

Financial results, EURt	13 months	Oct-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue, incl.		130	981	0	971	+10
Net earned premiums		296	1,619	0	1,652	-34
Net incurred losses		148	581	0	530	+50
Total expenses		156	1,617	358	1,614	+3
Earnings before taxes		-26	-636	-358	-643	+7
Net profit		-26	-637	-358	-643	+7
Business volumes	13 months	Oct-21	YTD21	YTD20	FP YTD	Δ YTD FP
Gross written premium, EURt		499	5,687	0	6,046	-359
No of Customers (thous.)		140	140	0	na	na
Key figures	13 months	Oct-21	YTD21	YTD20	FP YTD	Δ YTD FP
Net loss ratio		50.0%	35.9%	na	32.1%	+ 3.8 pp
Net expense ratio		59.0%	103.5%	na	106.9%	- 3.4 pp

- Business volumes are growing, net earned premiums +14.6% compared to September
- Number of customers increased to 140 thousand
- Growth in travel insurance claims resulting from increased travelling activity
- In all insurance types a total of 185 claims were settled in the amount of 0.1 EURm, customer satisfaction index stays high at 96%
- Development process of new products and insurance coverage extensions continued
- Key figures as planned

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