

# LHV Group

January results  
15 February 2022



## Loan portfolio increasing, while customer activity lower

Financial results, EURt	13 months	Jan-22	YTD22	YTD21	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		<b>11,678</b>	<b>11,678</b>	<b>9,542</b>	<b>13,073</b>	<b>-1,395</b>
Net interest income		8,675	8,675	6,717	8,816	-140
Net fee and commission income		3,284	3,284	3,030	4,155	-871
<b>Total operating expenses</b>		<b>5,878</b>	<b>5,878</b>	<b>4,311</b>	<b>5,858</b>	<b>+20</b>
<b>Earnings before impairment</b>		<b>5,800</b>	<b>5,800</b>	<b>5,232</b>	<b>7,214</b>	<b>-1,415</b>
Impairment losses on loans		49	49	830	728	-679
Income tax		831	831	621	1,009	-178
<b>Net profit, incl.</b>		<b>4,919</b>	<b>4,919</b>	<b>3,781</b>	<b>5,477</b>	<b>-558</b>
attr. to shareholders		4,767	4,767	3,619	5,308	-541
Business volumes, EURm	13 months	Jan-22	YTD22	YTD21	FP YTD	Δ YTD FP
Deposits from customers		5,850	5,850	4,431	5,426	+424
Loans (net)		2,720	2,720	2,261	2,698	+22
Assets under management		1,305	1,305	1,590	1,318	-13
Fin. intermediaries' payments, thous. pcs		2,232	2,232	2,166		
Key figures	13 months	Jan-22	YTD22	YTD21	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		50.3%	50.3%	45.2%	44.8%	+ 5.5 pp
Net interest margin (NIM)		1.5%	1.5%	1.5%	1.6%	- 0.1 pp
pre-tax ROE*		20.9%	20.9%	21.1%	23.0%	- 2.0 pp
ROE*		17.9%	17.9%	18.2%	20.0%	- 2.0 pp
ROA		0.8%	0.8%	0.9%	1.0%	- 0.1 pp

- Loan portfolio increased more than planned, aside from that average month. January results were affected by the volatility on the markets and lower customer activity
- Quality of the loan portfolio remains good, loan provisions therefore lower than planned
- In UK main focus on recruitment of key personnel and preparations for obtaining a banking licence
- Monthly profit 4.9 EURm. Financial plan holds

# LHV Banking










## Tranquil beginning of the year

Financial results, EURt	13 months	Jan-22	YTD22	YTD21	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		11,090	11,090	8,806	12,138	-1,048
Net interest income		8,731	8,731	6,843	8,870	-139
Net fee and commission income		2,494	2,494	2,226	3,206	-712
<b>Total operating expenses</b>		4,812	4,812	3,627	4,476	+336
<b>Earnings before impairment</b>		6,278	6,278	5,179	7,662	-1,384
Impairment losses on loans		49	49	830	728	-679
Income tax		791	791	586	969	-178
<b>Net profit</b>		5,438	5,438	3,763	5,966	-528
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Jan-22</b>	<b>YTD22</b>	<b>YTD21</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		5,892	5,892	4,453	5,469	+423
Loans (net)		2,720	2,720	2,261	2,698	+22
<b>Key figures</b>	<b>13 months</b>	<b>Jan-22</b>	<b>YTD22</b>	<b>YTD21</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		43.4%	43.4%	41.2%	36.9%	+ 6.5 pp
Net interest margin (NIM)		1.5%	1.5%	1.6%	1.6%	- 0.1 pp

- The number of bank customers increased by 5,800. Customer activity modest in January, affecting net fee and commission income
- Loan portfolio increased by 43 EURm, of which 30 EURm came from corporate and 13 EURm from retail loans. Credit quality remains good
- Deposits increased by 45 EURm, the most substantial change in deposits resulted from an increase of 34 EURm in private individuals' deposits
- LHV Pank was declared the bank with the best service in Estonia by Dive for the sixth time

# LHV Asset Management

## Challenging month on stock markets

Financial results, EURt	13 months	Jan-22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue		635	635	807	633	+2
Total expenses		531	531	565	600	-69
Operating profit		104	104	241	33	+71
Net financial income		-137	-137	63	44	-180
Net profit		-32	-32	304	77	-109
<b>Business volumes</b>	<b>13 months</b>	<b>Jan-22</b>	<b>YTD22</b>	<b>YTD21</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Assets under management, EURm		1,305	1,305	1,590	1,318	-13
Active customers of PII funds, thous.		135	135	180	135	+0
<b>Key figures</b>	<b>13 months</b>	<b>Jan-22</b>	<b>YTD22</b>	<b>YTD21</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		106.4%	106.4%	65.0%	88.6%	+ 17.8 pp
Funds average return		-0.6%	-0.6%	0.5%	0.5%	- 1.2 pp

- Operating income as planned, expenses lower than estimated
- Net profit negatively impacted mainly by decrease in unit value of green funds
- Pension funds M and L only funds on the market with a positive return, increasing by 0.5% and 0.1%, respectively
- XL ended the month with a 0.6% decrease, Index decreased by 3.5%, Roheline lost 8.3% of its value
- Applications to withdraw money from II pillar submitted during period April – June 2021, came into force in January, 2,740 customers left LHV funds

# LHV Insurance

## Growing business volumes, Covid-19 impact on travel insurance claims

Financial results, EURt	13 months	Jan-22	YTD22	YTD21	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		0	0	-2	158	-158
Net earned premiums		395	395	-2	363	+32
Net incurred losses		364	364	0	175	+189
<b>Total expenses</b>		198	198	115	200	-1
<b>Earnings before taxes</b>		-198	-198	-117	-41	-156
<b>Net profit</b>		-198	-198	-117	-41	-156
<b>Business volumes</b>	<b>13 months</b>	<b>Jan-22</b>	<b>YTD22</b>	<b>YTD21</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Gross written premium, EURt		521	521	4	733	-212
No of Customers (thous.)		145	145	0	na	na
<b>Key figures</b>	<b>13 months</b>	<b>Jan-22</b>	<b>YTD22</b>	<b>YTD21</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Net loss ratio		92.1%	92.1%	na	48.3%	+ 43.8 pp
Net expense ratio		57.6%	57.6%	na	63.3%	- 5.7 pp

- Higher than planned increase in net earned premiums of 13.2%, however, revenues negatively affected by higher volume of travel and casco insurance claims
- A functionality to display information of insurance contracts and report a claim was added to online and mobile bank
- Number of insurance customers increased to 145 thousand
- 282 claims were settled. Significant increase in the number of travel insurance claims due to Covid-19
- Customer satisfaction with claims handling remains high at 97%

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