

LHV Group

February results
15 March 2022



Loan portfolio increasing, while customer activity average

Financial results, EURt	13 months	Feb-22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue, incl.		9,996	21,673	18,489	25,561	-3,888
Net interest income		7,821	16,497	13,278	16,999	-502
Net fee and commission income		3,174	6,458	5,503	8,357	-1,899
Total operating expenses		6,208	12,085	8,615	12,006	+79
Earnings before impairment		3,788	9,588	9,873	13,555	-3,967
Impairment losses on loans		-153	-104	1,812	1,477	-1,581
Income tax		715	1,547	1,199	1,904	-357
Net profit, incl.		3,226	8,145	6,863	10,173	-2,029
attr. to shareholders		3,116	7,883	6,622	9,878	-1,996
Business volumes, EURm	13 months	Feb-22	YTD22	YTD21	FP YTD	Δ YTD FP
Deposits from customers		5,479	5,479	4,776	5,489	-10
Loans (net)		2,733	2,733	2,280	2,718	+15
Assets under management		1,327	1,327	1,573	1,333	-6
Fin. intermediaries' payments, thous. pcs		2,025	4,257	4,356	4,856	-599
Key figures	13 months	Feb-22	YTD22	YTD21	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		62.1%	55.8%	46.6%	47.0%	+ 8.8 pp
Net interest margin (NIM)		1.5%	1.5%	1.6%	1.6%	- 0.1 pp
pre-tax ROE*		15.3%	17.5%	19.4%	21.3%	- 3.8 pp
ROE*		12.6%	14.8%	16.5%	18.4%	- 3.7 pp
ROA		0.6%	0.7%	0.8%	0.9%	- 0.2 pp

- Revenue base affected by shorter month and volatility of the markets
- Volume of loans, deposits and funds as planned. 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 3.2 EURm affected by revaluation losses on bonds in the liquidity portfolio
- Financial plan holds

LHV Banking

Revenue base affected by geopolitical situation

Financial results, EURt	13 months	Feb-22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue, incl.		9,130	20,220	17,179	23,673	-3,453
Net interest income		7,876	16,607	13,535	17,093	-486
Net fee and commission income		2,348	4,842	3,977	6,454	-1,612
Total operating expenses		4,586	9,398	7,189	9,265	+133
Earnings before impairment		4,544	10,822	9,989	14,408	-3,586
Impairment losses on loans		-153	-104	1,812	1,477	-1,581
Income tax		675	1,466	1,129	1,823	-357
Net profit		4,022	9,460	7,049	11,108	-1,648
Business volumes, EURm	13 months	Feb-22	YTD22	YTD21	FP YTD	Δ YTD FP
Deposits from customers		5,507	5,507	4,804	5,521	-15
Loans (net)		2,733	2,733	2,280	2,718	+15
Key figures	13 months	Feb-22	YTD22	YTD21	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		50.2%	46.5%	41.9%	39.1%	+ 7.3 pp
Net interest margin (NIM)		1.5%	1.5%	1.6%	1.6%	- 0.1 pp

- The number of bank customers increased by 4,700, while customer activity lower
- Bank's net interest income ordinary, while net fee and commission income negatively affected by temporarily decreased number of customers' transactions and volumes as well as revaluation losses on bonds in the liquidity portfolio due to geopolitical situation
- Loan portfolio increased by 13 EURm on account of retail loans. Credit quality remains good
- Deposits decreased, as planned, by 385 EURm, which resulted fully from a decrease in financial intermediaries' deposits

LHV Asset Management

Funds' returns good despite a challenging month

Financial results, EURt	13 months	Feb-22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue		621	1,256	1,529	1,251	+6
Total expenses		566	1,097	1,133	1,141	-44
Operating profit		55	159	396	109	+50
Net financial income		89	-48	49	88	-135
Net profit		144	112	445	197	-85
Business volumes	13 months	Feb-22	YTD22	YTD21	FP YTD	Δ YTD FP
Assets under management, EURm		1,327	1,327	1,573	1,333	-6
Active customers of PII funds, thous.		135	135	179	136	-1
Key figures	13 months	Feb-22	YTD22	YTD21	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		79.8%	90.8%	71.8%	85.3%	+ 5.5 pp
Funds average return		1.1%	0.4%	0.9%	1.1%	- 0.7 pp

- Operating income and expenses as planned
- Net profit positively impacted by return-related increase in unit value of funds
- Returns of pension funds M, L and XL in a volatile month 0.9%, 1.6%, and 0.9%, respectively
- Monthly increase of pension fund Roheline amounted to 1.1%, Index unit value decreased by 2.4%
- Number of active customers stayed at the same level, number of withdrawals from II pillar has slowed down

LHV Insurance

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

Financial results, EURt	13 months	Feb-22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue, incl.		65	65	-3	337	-272
Net earned premiums		398	793	-4	766	+27
Net incurred losses		318	682	0	374	+308
Total expenses		220	418	236	425	-7
Earnings before taxes		-155	-353	-239	-88	-265
Net profit		-155	-353	-239	-88	-265
Business volumes	13 months	Feb-22	YTD22	YTD21	FP YTD	Δ YTD FP
Gross written premium, EURt		546	1,067	17	1,492	-425
No of Customers (thous.)		145	145	0	na	na
Key figures	13 months	Feb-22	YTD22	YTD21	FP YTD	Δ YTD FP
Net loss ratio		79.8%	85.9%	na	48.8%	+ 37.2 pp
Net expense ratio		62.1%	59.9%	na	63.0%	- 3.1 pp

- Net earned premiums increased despite a shorter month
- Revenue negatively affected by continuous high volume of travel insurance claims
- 343 claims were settled, of which majority still related to Covid-19
- Customer satisfaction with claims handling remains high at 97%
- Development of new products continues
- Operating expenses as planned

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