

LHV Group

May results
14 June 2022

LHV Group

Successful share issue

Financial results, EURt	13 months	May 22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue, incl.		13,290	60,313	50,079	66,129	-5,816
Net interest income		9,164	43,919	35,193	44,102	-184
Net fee and commission income		3,976	17,727	14,951	21,499	-3,772
Total operating expenses		7,248	32,570	23,679	32,178	+392
Earnings before impairment		6,042	27,742	26,400	33,950	-6,208
Impairment losses on loans		65	443	2,249	3,860	-3,417
Income tax expense		1,277	5,044	3,602	5,156	-111
Net income, incl.		4,700	22,255	20,548	24,934	-2,679
attr. to shareholders		4,521	21,489	19,895	24,150	-2,660
Business volumes, EURm	13 months	May 22	YTD22	YTD21	FP YTD	Δ YTD FP
Deposits from customers		5,360	5,360	5,187	5,672	-312
Loans (net)		2,843	2,843	2,356	2,818	+25
Assets under management		1,289	1,289	1,617	1,316	-27
Fin. intermediaries' payments, thous. pcs		2,259	10,946	11,434	13,075	-2,129
Key figures	13 months	May 22	YTD22	YTD21	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		54.5%	54.0%	47.3%	48.7%	+ 5.3 pp
Net interest margin (NIM)		1.7%	1.6%	1.5%	1.6%	+ 0.0 pp
pre-tax ROE*		20.2%	19.4%	23.0%	21.0%	- 1.6 pp
ROE*		15.9%	15.8%	19.6%	17.9%	- 2.1 pp
ROA		0.9%	0.8%	0.9%	0.9%	- 0.1 pp

- Customer activity has reached its normal level
- Quality of the loan portfolio remains good, loan provisions therefore lower than planned
- Share issue that ended in the beginning of June was oversubscribed by 1.75 times. Raised 35 EURm will be used for capitalising the UK business line
- In the UK main focus on recruitment of key personnel and obtaining a banking licence
- Monthly profit 4.7 EURm
- Financial plan holds

Strong growth in business volumes

Financial results, EURt	13 months	May 22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue, incl.		12,230	55,756	46,320	61,043	-5,286
Net interest income		9,216	44,036	35,835	44,247	-211
Net fee and commission income		2,793	12,977	10,765	16,482	-3,505
Total operating expenses		5,619	24,641	19,602	24,284	+358
Earnings before impairment		6,611	31,115	26,718	36,759	-5,644
Impairment losses on loans		65	443	2,249	3,860	-3,417
Income tax expense		973	4,167	3,419	4,542	-375
Net income		5,573	26,505	21,050	28,357	-1,852
Business volumes, EURm	13 months	May 22	YTD22	YTD21	FP YTD	Δ YTD FP
Deposits from customers		5,384	5,384	5,211	5,696	-312
Loans (net)		2,843	2,843	2,356	2,818	+25
Key figures	13 months	May 22	YTD22	YTD21	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		45.9%	44.2%	42.3%	39.8%	+ 4.4 pp
Net interest margin (NIM)		1.7%	1.6%	1.6%	1.6%	+ 0.0 pp

- The number of bank customers increased by 4,700, the number of settling customers increased by 4,400
- Net interest income ordinary, net fee and commission income improving
- Loan portfolio increased by 42 EURm, with corporate loans increasing by 5 EURm and retail loans by 37 EURm. Credit quality remains on a good level
- Deposits increased by 80 EURm, of which growth in retail banking deposits formed 68 EURm

Pace of exiting II pillar has significantly slowed down in the past months

Financial results, EURt	13 months	May 22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue		668	3,317	3,852	3,305	+12
Total operating expenses		577	3,118	2,837	2,869	+249
EBIT		91	199	1,015	437	-238
Net financial income		-62	-50	236	221	-271
Income tax expense		0	830	1,241	830	+0
Net income		29	-681	10	-172	-508
Business volumes	13 months	May 22	YTD22	YTD21	FP YTD	Δ YTD FP
Assets under management, EURm		1,289	1,289	1,617	1,316	-27
Active customers of PII funds, thous.		130	130	174	130	+1
Key figures	13 months	May 22	YTD22	YTD21	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		95.2%	95.4%	69.4%	81.3%	+ 14.1 pp
Funds average return		-1.3%	0.5%	5.2%	2.8%	- 2.2 pp

- Operating income as planned, expenses and profitability slightly behind the plan
- Another negative month on stock markets – measured in euros, S&P500 and MSCI World decreased by 1.7% and 1.4%, respectively
- Larger actively managed pension funds slightly declining, M, L and XL decreased by 0.7%, 1.4% and 1.1%, respectively
- Pension fund Roheline increased by 1.1% within a month, Index lost 3.2% in value
- In April and May, less customers leaving than joining LHV's II pillar funds

LHV Insurance

Rapidly growing business volumes, first-time positive financial result

Financial results, EURt	13 months	May 22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue, incl.		235	422	378	920	-498
Net earned premiums		563	2,318	432	2,286	+31
Net incurred losses		285	1,726	50	1,200	+526
Total expenses		227	1,105	712	1,221	-116
Technical result		8	-683	-334	-301	-383
Net investments income		-2	10	0	17	-8
Net income		6	-674	-334	-284	-390
Business volumes	13 months	May 22	YTD22	YTD21	FP YTD	Δ YTD FP
Gross written premium, EURt		1,237	4,910	3,197	4,903	+7
No of Customers (thous.)		148	148	127	na	na
Key figures	13 months	May 22	YTD22	YTD21	FP YTD	Δ YTD FP
Net loss ratio		50.6%	74.5%	11.7%	52.5%	+ 22.0 pp
Net expense ratio		48.0%	55.0%	165.5%	60.7%	- 5.7 pp

- Revenues improving as a result of smaller volume of claims, financial result positive for the first time
- Rapid growth in business volumes continues, net earned premiums better than planned
- Customer satisfaction with claims handling remains at a high level of 96%. In total, 407 claims were settled in the amount of 0.3 EURm
- Operating expenses lower than planned due to postponed recruitments

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