

LHV Group

August results
13 September 2022



Impairment of investment and strong outlook for interest income growth

Financial results, EURt	13 months	Aug 22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue, incl.		14,306	100,922	85,074	107,878	-6,956
Net interest income		10,615	73,538	60,099	71,933	+1,605
Net fee and commission income		3,572	28,487	24,740	35,067	-6,581
Total operating expenses		6,672	54,530	40,487	53,691	+839
Earnings before impairment		7,635	46,392	44,587	54,187	-7,795
Impairment losses		3,116	3,362	2,856	6,189	-2,827
Income tax expense		1,242	8,128	6,541	8,051	+76
Net income, incl.		3,277	34,902	35,190	39,947	-5,045
attr. to shareholders		3,087	33,603	33,984	38,595	-4,992
Business volumes, EURm	13 months	Aug 22	YTD22	YTD21	FP YTD	Δ YTD FP
Deposits from customers		5,189	5,189	5,207	5,859	-670
Loans (net)		3,017	3,017	2,479	2,939	+79
Assets under management		1,308	1,308	1,654	1,359	-50
Fin. intermediaries' payments, thous. pcs		1,926	16,970	17,671	22,677	-5,707
Key figures	13 months	Aug 22	YTD22	YTD21	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		46.6%	54.0%	47.6%	49.8%	+ 4.3 pp
Net interest margin (NIM)		2.0%	1.7%	1.6%	1.6%	+ 0.1 pp
pre-tax ROE*		13.1%	17.7%	24.0%	19.6%	- 1.9 pp
ROE*		9.4%	14.3%	20.3%	16.8%	- 2.4 pp
ROA		0.6%	0.8%	0.9%	0.9%	- 0.1 pp

- Strong monthly result, affected by impairment of financial investment
- Decent growth of loan portfolio, resulting in increasing interest income
- Stable fee and commission income, increase in other customers' income is offsetting decrease in crypto-currencies customers' income
- In the UK main focus on obtaining a banking licence
- Monthly profit 3.3 EURm
- Financial plan holds
- Strong outlook for interest income growth

Loan portfolio exceeded 3 billion euros

Financial results, EURt	13 months	Aug 22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue, incl.		13,257	92,996	77,956	99,443	-6,447
Net interest income		10,630	73,629	60,232	72,129	+1,500
Net fee and commission income		2,499	20,379	17,876	26,812	-6,434
Total operating expenses		5,364	40,581	30,043	40,469	+112
Earnings before impairment		7,894	52,414	47,913	58,974	-6,560
Impairment losses on loans and bonds		116	362	2,856	6,189	-5,827
Income tax expense		1,202	7,129	6,252	7,315	-187
Net income		6,577	44,924	38,804	45,470	-546
Business volumes, EURm	13 months	Aug 22	YTD22	YTD21	FP YTD	Δ YTD FP
Deposits from customers		5,246	5,246	5,227	5,903	-658
Loans (net)		3,018	3,018	2,479	2,939	+79
Key figures	13 months	Aug 22	YTD22	YTD21	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		40.5%	43.6%	38.5%	40.7%	+ 2.9 pp
Net interest margin (NIM)		2.0%	1.7%	1.6%	1.6%	+ 0.1 pp

- The number of bank customers grew by 4,800 and the number of settling customers by 2,700
- Interest income growing faster than planned, fee and commission income improving
- Loan portfolio increased by 53 EURm, with corporate loans increasing by 24 EURm and retail loans by 29 EURm. Credit quality remains on a good level
- Deposits decreased by 126 EURm – financial intermediaries' deposits decreased by 230 EURm, while regular customers' deposits increased by 102 EURm

LHV Asset Management

Weaker month on stock markets, LHV pension funds held value

Financial results, EURt	13 months	Aug 22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue		677	5,297	6,220	5,341	-43
Total operating expenses		566	4,863	7,579	4,526	+337
EBIT		111	434	-1,359	815	-381
Net financial income		-15	-45	420	357	-402
Income tax expense		0	830	1,241	830	+0
Net income		96	-441	-2,180	342	-782
Business volumes	13 months	Aug 22	YTD22	YTD21	FP YTD	Δ YTD FP
Assets under management, EURm		1,308	1,308	1,654	1,359	-50
Active customers of PII funds, thous.		132	132	175	130	+2
Key figures	13 months	Aug 22	YTD22	YTD21	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		85.5%	92.6%	114.1%	79.4%	+ 13.2 pp
Funds average return		-0.4%	-0.3%	6.9%	4.5%	- 4.7 pp

- Operating income as planned, expenses and profitability slightly behind the plan
- Another weaker month on stock markets – measured in euros, S&P500 and MSCI World decreased by 2.9% and 2.8%, respectively
- Slight decrease in larger pension funds – M, L and XL 0.2%, 0.4% and 0.4%, respectively
- Pension fund Index decreased by 0.7% and Roheline increased by 0.5% within the month
- Number of active customers higher than planned, by the end of month more than 132,000

LHV Insurance

Rapidly growing business volumes support improvement in efficiency

Financial results, EURt	13 months	Aug 22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue, incl.		115	919	725	1,648	-729
Net earned premiums		788	4,407	1,065	4,323	+84
Net incurred losses		608	3,151	314	2,366	+785
Total expenses		234	1,807	1,243	1,967	-160
Technical result		-119	-888	-518	-319	-569
Net investments income		9	8	0	57	-49
Net income		-111	-883	-517	-262	-620
Business volumes	13 months	Aug 22	YTD22	YTD21	FP YTD	Δ YTD FP
Gross written premiums, EURt		1,539	9,384	4,688	7,689	+1,695
No of Customers (thous.)		149	149	136	na	na
Key figures	13 months	Aug 22	YTD22	YTD21	FP YTD	Δ YTD FP
Net loss ratio		77.2%	71.5%	29.5%	54.7%	+ 16.8 pp
Net expense ratio		37.9%	48.7%	119.2%	52.7%	- 4.0 pp

- Rapid growth in volume of insurance contracts continues, great sales results in August. 13,600 insurance contracts were signed totalling 2.1 EURm
- Gross written premiums and net earned premiums ahead of the financial plan
- Customer satisfaction with claims handling continuously high. In total, 378 claims were settled in the amount of 0.4 EURm.
- Operating expenses lower than planned. Efficiency improving along with portfolio growth

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