

LHV Group

November results
13 December 2022



Successful emission of additional own funds

Financial results, EURt	13 months	Nov 22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue, incl.		19,340	153,672	122,548	150,928	+2,744
Net interest income		14,698	113,016	86,400	100,556	+12,461
Net fee and commission income		4,016	40,989	36,610	49,119	-8,131
Total operating expenses		9,436	80,739	59,032	76,246	+4,493
Earnings before impairment		9,904	72,933	63,516	74,682	-1,749
Impairment losses		180	8,594	2,362	8,466	+128
Income tax expense		1,650	12,227	9,576	11,047	+1,180
Net profit, incl.		8,075	52,112	51,578	55,169	-3,057
attr. to shareholders		8,168	50,640	49,742	53,166	-2,526
Business volumes, EURm	13 months	Nov 22	YTD22	YTD21	FP YTD	Δ YTD FP
Deposits from customers		4,900	4,900	6,003	6,047	-1,147
Loans (net)		3,200	3,200	2,621	3,057	+143
Assets under management		1,335	1,335	1,334	1,375	-40
Fin. intermediaries' payments, thous. pcs		2,583	23,271	25,140	33,602	-10,330
Key figures	13 months	Nov 22	YTD22	YTD21	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		48.8%	52.5%	48.2%	50.5%	+ 2.0 pp
Net interest margin (NIM)		3.0%	1.9%	1.6%	1.6%	+ 0.3 pp
pre-tax ROE*		29.7%	18.9%	23.6%	19.1%	- 0.2 pp
ROE*		24.8%	15.3%	19.9%	16.4%	- 1.1 pp
ROA		1.6%	0.9%	0.9%	0.9%	+ 0.0 pp

- Strong monthly result for Pank and Varahaldus, lag from the financial plan decreased by 3 EURm
- Growth in loan portfolio and changes in interest environment are resulting in higher interest income
- In the UK main focus on obtaining a banking licence and starting lending activities
- The Group issued successfully 20 EURm AT1 bonds. Emission was oversubscribed by 2.5 times
- Monthly net profit 8.1 EURm
- Financial plan fulfilment depends on the quality of loan portfolio in the remaining month

Net profit exceeding the financial plan

Financial results, EURt	13 months	Nov 22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue, incl.		18,119	142,443	113,253	139,204	+3,239
Net interest income		14,816	113,217	86,694	100,965	+12,252
Net fee and commission income		2,879	29,489	27,593	37,549	-8,060
Total operating expenses		6,359	58,780	44,509	57,171	+1,609
Earnings before impairment		11,759	83,663	68,743	82,033	+1,630
Allowance for credit losses		180	3,291	2,362	8,466	-5,174
Income tax expense		1,609	11,106	9,182	10,190	+917
Net profit		9,971	69,266	57,199	63,378	+5,888
Business volumes, EURm	13 months	Nov 22	YTD22	YTD21	FP YTD	Δ YTD FP
Deposits from customers		4,958	4,958	6,047	6,094	-1,136
Loans (net)		3,180	3,180	2,621	3,057	+123
Key figures	13 months	Nov 22	YTD22	YTD21	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		35.1%	41.3%	39.3%	41.1%	+ 0.2 pp
Net interest margin (NIM)		3.0%	1.9%	1.6%	1.6%	+ 0.3 pp

- The number of bank customers grew by 4,500 and the number of settling customers by 3,900
- Interest income growth is driving profitability
- Loan portfolio increased by 28 EURm, with corporate loans increasing by 13 EURm and retail loans by 15 EURm. Credit quality remains on a good level
- Deposits increased by 6 EURm, including 37 EURm decrease in financial intermediaries' deposits
- The Banker, an international journal, named LHV Pank as the best bank in Estonia for a 4th year in a row

Pension funds M, L and XL are the only ones with positive return this year

Financial results, EURt	13 months	Nov 22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue		661	7,262	8,108	7,379	-117
Total operating expenses		611	6,657	9,503	6,316	+341
EBIT		50	605	-1,395	1,063	-458
Net financial income		209	22	620	495	-473
Income tax expense		0	830	1,241	830	+0
Net profit		259	-204	-2,017	727	-931
Business volumes	13 months	Nov 22	YTD22	YTD21	FP YTD	Δ YTD FP
Assets under management, EURm		1,335	1,335	1,334	1,375	-40
Active customers of PII funds, thous.		131	131	138	130	+1
Key figures	13 months	Nov 22	YTD22	YTD21	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		70.2%	91.4%	108.9%	80.2%	+ 11.2 pp
Funds average return		2.4%	1.9%	8.9%	6.2%	- 4.3 pp

- Revenues as planned, expenses and profitability slightly behind the plan
- Stock markets rising for a second month in a row – measured in euros, S&P500 and MSCI World increased by 2.7% and 1.0%, respectively. Euro strengthened against dollar by 5%
- Positive month for larger pension funds – M, L and XL increased 1.3%, 2.1% and 2.9%, respectively. Pension fund Index increased by 3.6% and Roheline by 5.3%
- Exiting from II pillar during last 4 months was modest, impact to funds' volumes in May will be 1.5%

LHV Kindlustus

Growth in net earned premiums continues

Financial results, EURt	13 months	Nov 22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue, incl.		183	1,480	1,032	2,450	-969
Net earned premiums		1,037	7,259	1,925	6,679	+580
Net incurred losses		760	5,190	814	3,746	+1,445
Total expenses		300	2,816	1,716	2,749	+67
Technical result		-117	-1,336	-685	-299	-1,036
Net investments income		-9	-25	1	122	-147
Other operating income and expenses		-1	-4	0	0	-4
Net profit		-127	-1,365	-684	-177	-1,188
Business volumes	13 months	Nov 22	YTD22	YTD21	FP YTD	Δ YTD FP
Gross written premiums, EURt		1,906	15,182	6,231	10,534	+4,648
No of customers (thous.)		150	150	142	na	na
Key figures	13 months	Nov 22	YTD22	YTD21	FP YTD	Δ YTD FP
Net loss ratio		73.2%	71.5%	42.3%	56.1%	+ 15.4 pp
Net expense ratio		38.1%	46.9%	93.3%	48.4%	- 1.5 pp

- Growth in volume of insurance contracts continues. 14,700 insurance contracts were signed totalling 2.5 EURm
- Gross written premiums and net earned premiums ahead of the financial plan
- Customer satisfaction with claims handling continuously high. In total, claims were settled in the amount of 0.8 EURm
- Efficiency improving along with portfolio growth

Madis Toomsalu

LHV Group Managing Director
madis.toomsalu@lhv.ee

Meelis Paakspuu

LHV Group CFO
meelis.paakspuu@lhv.ee