

LHV Group

February results
14 March 2023

Uncertainty in economic environment continues

Financial results, EURt	13 months	Feb 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total revenue, incl.		21,457	43,343	21,673	37,626	+5,717
Net interest income		17,545	34,879	16,497	29,817	+5,062
Net fee and commission income		3,824	7,789	6,458	7,721	+68
Total operating expenses		12,521	21,695	12,085	18,910	+2,785
Earnings before impairment		8,935	21,649	9,588	18,716	+2,933
Impairment losses		-1,660	-1,513	-104	3,401	-4,914
Income tax expense		1,725	3,589	1,547	2,734	+854
Net profit, incl.		8,870	19,573	8,145	12,580	+6,992
attr. to shareholders		8,853	19,465	7,883	12,423	+7,042
Business volumes, EURm	13 months	Feb 23	YTD23	YTD22	FP YTD	Δ YTD FP
Deposits from customers		4,916	4,916	5,479	5,175	-259
Loans (net)		3,147	3,147	2,733	3,187	-40
Assets under management		1,434	1,434	1,327	1,425	+9
Banking Services payments, thous. pcs		2,805	5,754	4,257	4,423	+1,331
Key figures	13 months	Feb 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		58.4%	50.1%	55.8%	50.3%	- 0.2 pp
Net interest margin (NIM)		3.7%	3.5%	1.5%	3.0%	+ 0.6 pp
pre-tax ROE*		32.1%	32.7%	17.5%	21.7%	+ 11.0 pp
ROE*		26.9%	27.6%	14.8%	17.7%	+ 9.9 pp
ROA		1.9%	2.0%	0.7%	1.2%	+ 0.7 pp

- All four business lines slightly ahead of the plan
- Revenues slightly better, quality of loan portfolio holds and expenses are as planned. Deposit expenses are rising
- Model-based allowances for credit losses of LHV Bank decreased, but reserves in similar amount were booked to expenses considering the business environment and the realising decisions in coming months
- Monthly net profit 8.9 EURm and ROE 26.9%
- Financial plan holds

Growth in loan portfolio slows down, competition for deposits increases

Financial results, EURt	13 months	Feb 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total revenue, incl.		20,397	40,860	20,220	35,763	+5,098
Net interest income		17,639	35,075	16,607	30,418	+4,657
Net fee and commission income		2,593	5,319	4,842	5,324	-5
Total operating expenses		9,526	15,767	9,398	13,149	+2,619
Earnings before impairment		10,871	25,093	10,822	22,614	+2,479
Impairment losses		-1,795	-1,649	-104	3,401	-5,050
Income tax expense		1,684	3,507	1,466	2,653	+854
Net profit		10,983	23,235	9,460	16,560	+6,675
Business volumes, EURm	13 months	Feb 23	YTD23	YTD22	FP YTD	Δ YTD FP
Deposits from customers		4,974	4,974	5,507	5,222	-248
Loans (net)		3,127	3,127	2,733	3,203	-76
Key figures	13 months	Feb 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		46.7%	38.6%	46.5%	36.8%	+ 1.8 pp
Net interest margin (NIM)		3.8%	3.6%	1.5%	3.0%	+ 0.5 pp

- The number of bank customers grew by 4,100, the number of settling customers remained the same
- Growth in interest rates is higher (faster) than planned and this is changing the total client offer
- Loan portfolio decreased by 55 EURm, with corporate loans decreasing by 59 EURm and retail loans increasing by 4 EURm. Credit quality remains at a good level
- Deposits decreased by 40 EURm, including 32 EURm decrease in financial intermediaries' deposits

Compared to January significantly more modest month on the markets

Financial results, EURt	13 months	Feb 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total revenue		671	1,380	1,256	1,365	+15
Total operating expenses		528	1,080	1,097	1,124	-45
EBIT		142	301	159	241	+59
Net financial income		-77	194	-48	98	+95
Income tax expense		0	0	0	0	+0
Net profit		65	495	112	340	+155
Business volumes	13 months	Feb 23	YTD23	YTD22	FP YTD	Δ YTD FP
Assets under management, EURm		1,434	1,434	1,327	1,425	+9
Active customers of PII funds, thous.		130	130	135	131	-1
Key figures	13 months	Feb 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		89.0%	68.6%	90.8%	76.8%	- 8.2 pp
Funds average return		-0.8%	1.8%	0.4%	1.1%	+ 0.7 pp

- Profitability was negatively impacted by net financial loss arising from negative returns of the funds. Pension funds in small minus in February
- Modest movements on stock markets – measured in euros , S&P500 and MSCI World in minimal 0.1% minus
- Larger pension funds M, L and XL decreased by 0.5%, 0.6% and 0.8%, respectively. Pension fund Index decreased by 1.4% and Roheline 2.5%
- Number of customers in growth trend in February, number of active II pillar customers increased by 600

LHV Kindlustus

A stable growth in volumes continues

Financial results, EURt	13 months	Feb 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total revenue, incl.		256	524	55	430	+93
Net earned premiums		1,409	2,848	793	2,599	+249
Net incurred losses		1,012	2,054	682	1,848	+206
Other net income		141	270	57	320	-50
Total expenses		346	686	418	630	+56
Technical result		-90	-162	-363	-200	+38
Net investment income		-7	0	11	3	-3
Other operating income and expenses		0	1	0	0	+1
Net profit		-97	-163	-353	-196	+34
Business volumes	13 months	Feb 23	YTD23	YTD22	FP YTD	Δ YTD FP
Gross written premiums, EURt		2,013	5,592	1,067	3,816	+1,776
No of customers (thous.)		155	155	145	na	na
Key figures	13 months	Feb 23	YTD23	YTD22	FP YTD	Δ YTD FP
Net loss ratio		71.8%	72.1%	85.9%	71.1%	+ 1.0 pp
Net expense ratio		35.0%	34.5%	59.9%	36.6%	- 2.1 pp

- Growth in volume of insurance contracts in all main insurance products
- 11,700 insurance contracts were signed totalling 2.4 EURm
- At month-end 219,000 valid insurance policies
- In total, claims were settled in the amount of 0.8 EURm
- Average insurance premiums have grown and this supports the improvement of efficiency indicators of net loss ratio

LHV UK Ltd

Continued selling corporate loans

Financial results, EURt	13 months	Feb 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total revenue, incl.		80	164	-3	275	-111
Net interest income		80	166	0	275	-109
Other net income		1	-1	-3	0	-1
Total operating expenses		1,776	3,411	1,011	3,401	+9
Earnings before impairment		-1,695	-3,247	-1,014	-3,126	-121
Impairment losses		136	136	0	0	+136
Net profit		-1,831	-3,383	-1,014	-3,126	-256
Business volumes, EURm	13 months	Feb 23	YTD23	YTD22	FP YTD	Δ YTD FP
Loans (net)		21	21	0	21	-0

- An active sales of corporate loans through brokers and direct contacts continued
- Impairment losses on loans related to write-off an acquisition premium of a loan that was repaid early
- Active communication with the supervision authority continued to obtain banking licence and coordination of documentation for business transfer from the branch

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