

# LHV Group

May results  
13 June 2023



## A strong month from the banks in terms of growth and profitability

Financial results, EURt	13 months	May 23	YTD23	YTD22	FP YTD	Δ YTD FP
<b>Total net income, incl.</b>		25,399	116,957	60,313	102,519	+14,438
Net interest income		21,793	97,056	43,919	81,800	+15,255
Net fee and commission income		3,934	19,773	17,727	20,491	-718
<b>Total operating expenses</b>		10,859	51,364	32,570	48,576	+2,788
<b>Earnings before impairment</b>		14,540	65,593	27,742	53,943	+11,650
Impairment losses		545	-1,543	443	9,841	-11,384
Income tax expense		1,916	9,955	5,044	7,887	+2,068
<b>Net profit, incl.</b>		12,080	57,181	22,255	36,215	+20,966
attr. to shareholders		11,936	56,480	21,489	35,638	+20,842
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>May 23</b>	<b>YTD23</b>	<b>YTD22</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		5,044	5,044	5,360	5,461	-417
Loans (net)		3,259	3,259	2,843	3,197	+62
Assets under management		1,444	1,444	1,289	1,462	-18
Fin. intermediaries' payments, thous. pcs		3,855	16,477	10,946	12,002	+4,475
<b>Key figures</b>	<b>13 months</b>	<b>May 23</b>	<b>YTD23</b>	<b>YTD22</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		42.8%	43.9%	54.0%	47.4%	- 3.5 pp
Net interest margin (NIM)		4.2%	3.9%	1.6%	3.1%	+ 0.8 pp
pre-tax ROE*		35.8%	36.5%	19.4%	24.4%	+ 12.1 pp
ROE*		30.8%	31.0%	15.8%	20.0%	+ 11.0 pp
ROA		2.3%	2.2%	0.8%	1.4%	+ 0.9 pp

- Net income better than planned, quality of loan portfolio holds and expenses largely as planned
- Pank and Bank are leading the profitability
- Monthly net profit 12.1 EURm and ROE 30.8%
- Financial plan holds, visibility of economic environment below average











# LHV Pank

## A month with a strong growth

Financial results, EURt	13 months	May 23	YTD23	YTD22	FP YTD	Δ YTD FP
<b>Total net income, incl.</b>		<b>21,194</b>	<b>101,426</b>	<b>55,754</b>	<b>91,223</b>	<b>+10,203</b>
Net interest income		19,438	90,327	44,036	79,027	+11,300
Net fee and commission income		2,007	10,988	12,977	12,140	-1,152
<b>Total operating expenses</b>		<b>6,925</b>	<b>33,650</b>	<b>24,639</b>	<b>32,154</b>	<b>+1,496</b>
<b>Earnings before impairment</b>		<b>14,268</b>	<b>67,776</b>	<b>31,115</b>	<b>59,069</b>	<b>+8,707</b>
Impairment losses		358	-1,742	443	9,667	-11,409
Income tax expense		1,823	8,688	4,167	6,391	+2,296
<b>Net profit</b>		<b>12,087</b>	<b>60,830</b>	<b>26,505</b>	<b>43,011</b>	<b>+17,819</b>
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>May 23</b>	<b>YTD23</b>	<b>YTD22</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		5,123	5,123	5,384	5,448	-324
incl. banking services' deposits		1,137	1,137	1,692	1,567	-429
Loans (net)		3,269	3,269	2,843	3,213	+56
<b>Key figures</b>	<b>13 months</b>	<b>May 23</b>	<b>YTD23</b>	<b>YTD22</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		32.7%	33.2%	44.2%	35.2%	- 2.1 pp
Net interest margin (NIM)		3.8%	3.6%	1.6%	3.0%	+ 0.6 pp

- The number of bank customers grew by 3,800 as well as the number of settling customers. Net income is ahead of the plan, expenses are as planned considering the higher than expected deposits' guarantee fund payment rate
- Loan portfolio increased by 112 EURm, with corporate loans increasing by 69 EURm, retail loans by 17 EURm and intragroup loan to LHV Bank by 25 EURm. Credit quality remains at a good level
- Deposits increased by 275 EURm, with regular customers' deposits increasing by 96 EURm, deposits from deposit platform by 68 EURm and financial intermediaries' deposits by 83 EURm. Deposits are in focus

## Market lead by biggest tech companies, in other sectors more complicated

Financial results, EURt	13 months	May 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income		748	3,607	3,317	3,573	+33
Total operating expenses		525	2,939	3,118	2,906	+33
<b>EBIT</b>		224	668	199	668	+0
Net financial income		-24	92	-50	249	-156
Income tax expense		0	488	830	488	-0
<b>Net profit</b>		200	272	-681	428	-156
<b>Business volumes</b>	<b>13 months</b>	<b>May 23</b>	<b>YTD23</b>	<b>YTD22</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Assets under management, EURm		1,444	1,444	1,289	1,462	-18
Active customers of PII funds, thous.		129	129	130	131	-2
<b>Key figures</b>	<b>13 months</b>	<b>May 23</b>	<b>YTD23</b>	<b>YTD22</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		72.4%	79.5%	95.4%	76.0%	+ 3.4 pp
Funds average return		-0.2%	2.0%	0.5%	2.8%	- 0.8 pp

- Since beginning of June LHV Varahaldus has new additional management board member Eve Sirel, areas of responsibility risk and operations
- Revenues and operating expenses according to expectations, profitability slightly below the plan mainly due to lower financial income
- Measured in euros S&P500 rose by 4.0%, while Euro Stoxx 50 decreased by 2.2%. The largest pension funds L and XL decreased in a month 0.4% and 0.6%, respectively. Pension fund Index rose by 1.7%% and Roheline lost 0.8% in value

## Growth of insurance portfolio continued

Financial results, EURt	13 months	May 23	YTD23	YTD22	FP YTD	Δ YTD FP
<b>Total net income, incl.</b>		324	1,333	422	1,474	-141
Net earned premiums		1,875	8,111	2,318	7,016	+1,095
Net incurred losses		1,365	5,965	1,726	4,865	+1,100
Other net income		186	813	170	677	+136
<b>Total expenses</b>		412	1,775	1,105	1,714	+61
<b>Technical result</b>		-88	-441	-683	-240	-201
Net investment income		3	18	10	21	-3
Other operating income and expenses		1	4	1	0	+4
<b>Net profit</b>		-86	-427	-674	-219	-208
<b>Business volumes, EURt</b>	<b>13 months</b>	<b>May 23</b>	<b>YTD23</b>	<b>YTD22</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Gross written premiums		2,401	12,910	4,910	10,202	+2,708
No of customers (thous.)		160	160	148	na	na
<b>Key figures</b>	<b>13 months</b>	<b>May 23</b>	<b>YTD23</b>	<b>YTD22</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Net loss ratio		72.8%	73.5%	74.5%	69.3%	+ 4.2 pp
Net expense ratio		33.4%	32.7%	55.0%	34.1%	- 1.3 pp

- Increase in claim loss allowances affected technical result, portfolio grows stably
- 12,600 insurance contracts were signed totalling 2.7 EURm
- In May number of valid insurance policies grew by 1,300 to 221,900
- In total, claims were settled in the amount of 1.3 EURm
- Started using new claims handling software which improves transparency of claims handling process for customers

## Loan portfolio growth will start to presume active raise of deposits

Financial results, EURt	13 months	May 23	YTD23	YTD22	FP YTD	Δ YTD FP
<b>Total net income, incl.</b>		2,952	9,722	-52	6,599	+3,123
Net interest income		2,548	7,666	-51	658	+7,008
Net fee and commission income		438	2,108	0	5,941	-3,833
Other net income		-35	-52	-2	0	-52
<b>Total operating expenses</b>		2,686	11,213	2,851	10,170	+1,043
<b>Earnings before impairment</b>		266	-1,491	-2,903	-3,571	+2,080
Impairment losses		6	19	0	174	-156
<b>Net profit</b>		259	-1,510	-2,903	-3,746	+2,236
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>May 23</b>	<b>YTD23</b>	<b>YTD22</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Loans (net)		29	29	0	32	-3

- Net income higher because interest rates for cash held in central banks higher than planned, however deposit base is lower than planned
- Loan portfolio has started to stably grow
- Next step is raising deposits via deposit platform and develop own product
- Business transfer and start of using new IT system in August

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