

# LHV Group

July results  
15 August 2023



# LHV Group

## All companies profitable

| Financial results, EURt                   | 13 months        | Jul 23        | YTD23        | YTD22        | FP YTD        | Δ YTD FP        |
|---|------------------|---------------|--------------|--------------|---------------|-----------------|
| <b>Total net income, incl.</b>            |                  | 26,587        | 169,872      | 86,616       | 150,862       | +19,010         |
| Net interest income                       |                  | 22,397        | 140,405      | 62,924       | 121,311       | +19,094         |
| Net fee and commission income             |                  | 4,321         | 28,550       | 24,914       | 29,220        | -670            |
| <b>Total operating expenses</b>           |                  | 9,885         | 73,547       | 47,858       | 67,889        | +5,658          |
| <b>Earnings before impairment</b>         |                  | 16,702        | 96,325       | 38,758       | 82,973        | +13,351         |
| Impairment losses                         |                  | 1,336         | 562          | 247          | 14,169        | -13,607         |
| Income tax expense                        |                  | 1,846         | 13,549       | 6,885        | 11,353        | +2,196          |
| <b>Net profit, incl.</b>                  |                  | 13,519        | 82,213       | 31,625       | 57,451        | +24,762         |
| attr. to shareholders                     |                  | 13,312        | 81,318       | 30,516       | 56,647        | +24,671         |
| <b>Business volumes, EURm</b>             | <b>13 months</b> | <b>Jul 23</b> | <b>YTD23</b> | <b>YTD22</b> | <b>FP YTD</b> | <b>Δ YTD FP</b> |
| Deposits from customers                   |                  | 5,193         | 5,193        | 5,312        | 5,317         | -124            |
| Loans (net)                               |                  | 3,281         | 3,281        | 2,964        | 3,254         | +28             |
| Assets under management                   |                  | 1,496         | 1,496        | 1,304        | 1,499         | -3              |
| Fin. intermediaries' payments, thous. pcs |                  | 4,050         | 24,376       | 15,043       | 17,683        | +6,693          |
| <b>Key figures</b>                        | <b>13 months</b> | <b>Jul 23</b> | <b>YTD23</b> | <b>YTD22</b> | <b>FP YTD</b> | <b>Δ YTD FP</b> |
| Cost / income ratio (C/I)                 |                  | 37.2%         | 43.3%        | 55.3%        | 45.0%         | - 1.7 pp        |
| Net interest margin (NIM)                 |                  | 4.2%          | 3.9%         | 1.6%         | 3.3%          | + 0.6 pp        |
| pre-tax ROE*                              |                  | 37.0%         | 36.1%        | 18.2%        | 26.6%         | + 9.5 pp        |
| ROE*                                      |                  | 32.6%         | 30.9%        | 14.9%        | 22.2%         | + 8.8 pp        |

- Net income better than planned, quality of loan portfolio holds and expenses largely as planned
- All group companies were profitable
- Monthly net profit 13.5 EURm and ROE 32.6%
- Updated financial plan for 2023 will be disclosed by September the latest

# LHV Bank

## For a July a month with a high level of activity

| Financial results, EURt           | 13 months        | Jul 23        | YTD23        | YTD22        | FP YTD        | Δ YTD FP        |
|-----------------------------------|------------------|---------------|--------------|--------------|---------------|-----------------|
| <b>Total net income, incl.</b>    |                  | 21,087        | 144,127      | 79,736       | 131,610       | +12,518         |
| Net interest income               |                  | 19,508        | 128,502      | 62,999       | 115,060       | +13,442         |
| Net fee and commission income     |                  | 1,816         | 14,875       | 17,879       | 16,471        | -1,596          |
| <b>Total operating expenses</b>   |                  | 6,097         | 47,966       | 35,216       | 44,060        | +3,906          |
| <b>Earnings before impairment</b> |                  | 14,990        | 96,161       | 44,521       | 87,549        | +8,612          |
| Impairment losses                 |                  | 1,321         | 332          | 247          | 13,878        | -13,547         |
| Income tax expense                |                  | 1,806         | 12,200       | 5,927        | 9,776         | +2,424          |
| <b>Net profit</b>                 |                  | 11,864        | 83,629       | 38,347       | 63,895        | +19,734         |
| <b>Business volumes, EURm</b>     | <b>13 months</b> | <b>Jul 23</b> | <b>YTD23</b> | <b>YTD22</b> | <b>FP YTD</b> | <b>Δ YTD FP</b> |
| Deposits from customers           |                  | 5,269         | 5,269        | 5,371        | 4,969         | +300            |
| incl. banking services' deposits  |                  | 1,040         | 1,040        | 1,646        | 1,000         | +40             |
| Loans (net)                       |                  | 3,302         | 3,302        | 2,965        | 3,232         | +70             |
| <b>Key figures</b>                | <b>13 months</b> | <b>Jul 23</b> | <b>YTD23</b> | <b>YTD22</b> | <b>FP YTD</b> | <b>Δ YTD FP</b> |
| Cost / income ratio (C/I)         |                  | 28.9%         | 33.3%        | 44.2%        | 33.5%         | - 0.2 pp        |
| Net interest margin (NIM)         |                  | 3.7%          | 3.5%         | 1.6%         | 3.2%          | + 0.3 pp        |

- The number of bank customers grew by 3,500. Net income is ahead of the plan, expenses also slightly ahead considering the higher than planned deposits' guarantee fund payment rate
- Loan portfolio increased by 26 EURm, with retail loans increasing by 12 EURm and intragroup loan to LHV Bank by 14 EURm, volume of corporate loans remained the same. Credit quality remains at a good level
- Deposits increased by 137 EURm, with regular customers' deposits increasing by 80 EURm, deposits from deposit platform by 27 EURm and financial intermediaries' deposits by 30 EURm. Deposits are in focus

## A month with strong results, all funds with positive yield

| Financial results, EURt               | 13 months        | Jul 23        | YTD23        | YTD22        | FP YTD        | Δ YTD FP        |
|---------------------------------------|------------------|---------------|--------------|--------------|---------------|-----------------|
| Total net income                      |                  | 763           | 5,099        | 4,620        | 5,063         | +37             |
| Total operating expenses              |                  | 485           | 4,005        | 4,297        | 4,018         | -14             |
| <b>EBIT</b>                           |                  | 278           | 1,095        | 323          | 1,044         | +50             |
| Net financial income                  |                  | 123           | 302          | -30          | 350           | -48             |
| Income tax expense                    |                  | 0             | 488          | 830          | 488           | -0              |
| <b>Net profit</b>                     |                  | 401           | 909          | -537         | 906           | +3              |
| <b>Business volumes</b>               | <b>13 months</b> | <b>Jul 23</b> | <b>YTD23</b> | <b>YTD22</b> | <b>FP YTD</b> | <b>Δ YTD FP</b> |
| Assets under management, EURm         |                  | 1,496         | 1,496        | 1,304        | 1,499         | -3              |
| Active customers of PII funds, thous. |                  | 127           | 127          | 132          | 133           | -6              |
| <b>Key figures</b>                    | <b>13 months</b> | <b>Jul 23</b> | <b>YTD23</b> | <b>YTD22</b> | <b>FP YTD</b> | <b>Δ YTD FP</b> |
| Cost / income ratio (C/I)             |                  | 54.7%         | 74.1%        | 93.6%        | 74.2%         | - 0.1 pp        |
| Funds average return                  |                  | 1.4%          | 4.2%         | 0.1%         | 3.9%          | + 0.3 pp        |








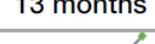


- Revenues, operating expenses and also net profit according to the plan
- The II pillar exiting period ending with July the most modest so far, approximately 1500 people will be exiting LHV funds in the beginning of January
- Number of active customers behind the plan, market share stays largely on the same level
- Measured in euros S&P500 and MSCI rose by 2.3% in July. The yields of the largest pension funds M, L and XL were 0.8%, 1.1% and 1.5%, respectively. Pension fund Index rose 3.3% and Roheline 2.6%

## Growth of insurance portfolio continued

| Financial results, EURt             | 13 months        | Jul 23        | YTD23        | YTD22        | FP YTD        | Δ YTD FP        |
|-------------------------------------|------------------|---------------|--------------|--------------|---------------|-----------------|
| <b>Total net income, incl.</b>      |                  | 467           | 2,279        | 804          | 2,375         | -97             |
| Net earned premiums                 |                  | 2,067         | 12,105       | 3,619        | 10,090        | +2,015          |
| Net incurred losses                 |                  | 1,363         | 8,563        | 2,543        | 6,804         | +1,759          |
| Other net income                    |                  | 237           | 1,263        | 273          | 910           | +353            |
| <b>Total expenses</b>               |                  | 323           | 2,574        | 1,573        | 2,457         | +117            |
| <b>Technical result</b>             |                  | 144           | -295         | -769         | -81           | -214            |
| Net investment income               |                  | -14           | 14           | -1           | 36            | -22             |
| Other operating income and expenses |                  | 1             | 7            | 2            | 0             | +7              |
| <b>Net profit</b>                   |                  | 129           | -288         | -772         | -46           | -242            |
| <b>Business volumes, EURt</b>       | <b>13 months</b> | <b>Jul 23</b> | <b>YTD23</b> | <b>YTD22</b> | <b>FP YTD</b> | <b>Δ YTD FP</b> |
| Gross written premiums              |                  | 2,582         | 18,271       | 7,845        | 14,902        | +3,369          |
| No of customers (thous.)            |                  | 161           | 161          | 149          | na            | na              |
| <b>Key figures</b>                  | <b>13 months</b> | <b>Jul 23</b> | <b>YTD23</b> | <b>YTD22</b> | <b>FP YTD</b> | <b>Δ YTD FP</b> |
| Net loss ratio                      |                  | 65.9%         | 70.7%        | 70.3%        | 67.4%         | + 3.3 pp        |
| Net expense ratio                   |                  | 27.5%         | 32.4%        | 51.0%        | 33.4%         | - 1.0 pp        |

- 13,300 insurance contracts were signed totalling 2.6 EURm
- In July number of valid insurance policies grew to 224,500
- In total, claims were settled in the amount of 1.4 EURm and 4,600 new insurance cases were registered
- Net loss ratio and net expense ratio were better than planned
- Net earned premiums grew 7.7% in a monthly comparison

## Monthly growth of the loan portfolio 16 EURm

| Financial results, EURt           | 13 months   | Jul 23        | YTD23        | YTD22        | FP YTD        | Δ YTD FP        |
|-----------------------------------|---|---------------|--------------|--------------|---------------|-----------------|
| <b>Total net income, incl.</b>    |  | 4,093         | 17,116       | -75          | 12,145        | +4,971          |
| Net interest income               |  | 3,252         | 13,434       | -74          | 2,144         | +11,290         |
| Net fee and commission income     |  | 817           | 3,725        | 0            | 10,001        | -6,276          |
| Other net income                  |  | 24            | -43          | -2           | 0             | -43             |
| <b>Total operating expenses</b>   |  | 2,691         | 16,612       | 4,540        | 15,053        | +1,559          |
| <b>Earnings before impairment</b> |  | 1,403         | 503          | -4,615       | -2,908        | +3,411          |
| Impairment losses                 |  | 15            | 50           | 0            | 291           | -241            |
| <b>Net profit</b>                 |  | 1,387         | 453          | -4,615       | -3,199        | +3,652          |
| <b>Business volumes, EURm</b>     | <b>13 months</b>  | <b>Jul 23</b> | <b>YTD23</b> | <b>YTD22</b> | <b>FP YTD</b> | <b>Δ YTD FP</b> |
| Loans (net)                       |  | 47            | 47           | 0            | 40            | +7              |
| <b>Key figures</b>                | <b>13 months</b>  | <b>Jul 23</b> | <b>YTD23</b> | <b>YTD22</b> | <b>FP YTD</b> | <b>Δ YTD FP</b> |
| Cost / income ratio (C/I)         |  | 65.7%         | 97.1%        | -6013.8%     | 123.9%        | - 26.9 pp       |

- Deposits and payment volumes of financial intermediaries as well as corporate loans increased during the month
- Business transfer and introduction of new IT system in August, change of the loan system in early September
- Preparations for raising deposits through the deposit platform after the business transfer

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