

LHV Group

May results
8 June 2021

LHV Group

Month with strong results and growth

Financial results, EURt	13 months	May-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue, incl.		11,418	50,079	37,057	47,049	+3,030
Net interest income		7,764	35,193	26,683	34,239	+954
Net fee and commission income		3,301	14,572	10,585	11,901	+2,671
Total operating expenses		5,013	23,679	18,374	22,754	+925
Earnings before impairment		6,405	26,400	18,683	24,295	+2,105
Impairment losses on loans		648	2,249	7,198	3,850	-1,601
Income tax		825	3,602	2,809	2,895	+708
Net profit, incl.		4,932	20,548	8,677	17,551	+2,998
attr. to shareholders		4,774	19,895	7,898	16,921	+2,974
Business volumes, EURm	13 months	May-21	YTD21	YTD20	FP YTD	Δ YTD FP
Deposits from customers		5,187	5,187	3,197	4,028	+1,159
Loans (net)		2,356	2,356	1,768	2,323	+33
Assets under management		1,617	1,617	1,418	1,628	-11
Key figures	13 months	May-21	YTD21	YTD20	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		43.9%	47.3%	49.6%	48.4%	- 1.1 pp
pre-tax ROE*		26.4%	23.0%	12.3%	19.4%	+ 3.6 pp
ROE*		22.6%	19.6%	9.3%	16.9%	+ 2.7 pp
Net interest margin (NIM)		1.6%	1.5%	2.1%	1.7%	- 0.1 pp
ROA		1.0%	0.9%	0.7%	0.8%	+ 0.0 pp

- Strong growth in deposits, loans and customer activity. Deposits exceed the financial plan due to increase in financial intermediaries' deposits, volumes of loans and funds largely in line with the plan
- Revenue exceeds the financial plan mainly due to higher fee and commission income, net profit positively affected by higher quality of credit portfolio
- In UK main focus on recruitment of key personnel and preparations for obtaining a banking licence
- Monthly profit 4.9 EURm. Financial plan exceeded by 3.0 EURm










Customer activity high in all business lines

Financial results, EURt	13 months	May-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue, incl.		10,529	46,320	33,286	42,840	+3,481
Net interest income		7,892	35,835	26,569	34,606	+1,229
Net fee and commission income		2,527	10,765	7,016	8,084	+2,681
Total operating expenses		4,131	19,602	15,439	18,462	+1,141
Earnings before impairment		6,398	26,718	17,847	24,378	+2,340
Impairment losses on loans		648	2,249	7,198	3,850	-1,601
Income tax		790	3,419	1,964	2,895	+525
Net profit		4,960	21,050	8,685	17,634	+3,416
Business volumes, EURm	13 months	May-21	YTD21	YTD20	FP YTD	Δ YTD FP
Deposits from customers		5,211	5,211	3,212	4,052	+1,160
Loans (net)		2,356	2,356	1,768	2,323	+33
Key figures	13 months	May-21	YTD21	YTD20	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		39.2%	42.3%	46.4%	43.1%	- 0.8 pp
Net interest margin (NIM)		1.6%	1.6%	2.0%	1.7%	- 0.1 pp

- The number of bank customers increased by 3,900 and the number of active customers by 3,000. Customer activity remains good
- Loan portfolio increased by 35.4 EURm, which is almost evenly distributed between corporates and private individuals. Credit quality remains good
- Deposits increased by 485 EURm, which mainly resulted from an increase in financial intermediaries' deposits. Private individuals' deposits increased by 9 EURm

LHV Asset Management

Volume of assets under management continues to grow

Financial results, EURt	13 months	May-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue		873	4,088	3,642	3,969	+119
Total expenses		518	2,837	2,591	2,791	+45
Earnings before taxes		355	1,251	1,052	1,177	+74
Income tax		0	1,241	844	1,241	+0
Net profit		355	10	207	-64	+74
Business volumes	13 months	May-21	YTD21	YTD20	FP YTD	Δ YTD FP
Assets under management, EURm		1,617	1,617	1,418	1,628	-11
Active customers of PII funds, thous.		174	174	172	178	-3
Key figures	13 months	May-21	YTD21	YTD20	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		59.4%	69.4%	72.6%	70.3%	- 0.9 pp
Funds average return		1.6%	5.2%	1.0%	2.4%	+ 2.8 pp

- Monthly profit 355 EURt, net profit slightly ahead of the financial plan
- Largest funds L and XL with market leading return in May, 1.9% and 1.7%, respectively. Index grew by 0.2%, pension fund Roheline decreased by 0.4% in a month
- The number of customers in II and III pillar stayed on April level, the number of customers leaving the II pillar was modest
- Increase in funds' volume in both II and III pillar resulting mainly from return, AUM increased by 22 EURm in a month

LHV Insurance

Launch of casco and MTPL insurance products

Financial results, EURt	13 months	May-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue, incl.		161	379	0	640	-261
Net earned premiums		201	432	0	1,626	-1,194
Net incurred losses		39	50	0	502	-452
Total expenses		195	712	66	805	-93
Earnings before taxes		-34	-333	-66	-165	-168
Income tax		0	0	0	0	+0
Net profit		-34	-333	-66	-165	-168
Business volumes	13 months	May-21	YTD21	YTD20	FP YTD	Δ YTD FP
Gross written premium, EURt		314	3,197	0	6,260	-3,063
No of Customers (thous.)		129	129	0	na	na
Key figures	13 months	May-21	YTD21	YTD20	FP YTD	Δ YTD FP
Net loss ratio		19.2%	11.7%	na	30.9%	- 19.2 pp
Net expense ratio		97.9%	165.5%	na	79.3%	+ 86.3 pp

- Rapid continuous growth in net earned premiums, +43.8% compared to April
- Volume of losses lower than planned, customer satisfaction index 94%
- Active sales of casco and MTPL insurance began in different sales channels
- Covid-19 coverage was added to LHV private banking customers' travel insurance
- Sales of extended warranty insurance started to recover as restrictions that kept stores closed were eased

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