

LHV Group

January results
14 February 2023



LHV Group

Successful start to the year

Financial results, EURt	13 months	Jan 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total revenue, incl.		21,887	21,887	11,678	19,001	+2,885
Net interest income		17,334	17,334	8,675	15,048	+2,286
Net fee and commission income		3,965	3,965	3,284	3,910	+55
Total operating expenses		9,173	9,173	5,878	9,401	-228
Earnings before impairment		12,713	12,713	5,800	9,601	+3,113
Impairment losses		147	147	49	1,739	-1,592
Income tax expense		1,864	1,864	831	1,396	+469
Net profit, incl.		10,702	10,702	4,919	6,466	+4,237
attr. to shareholders		10,612	10,612	4,767	6,406	+4,206
Business volumes, EURm	13 months	Jan 23	YTD23	YTD22	FP YTD	Δ YTD FP
Deposits from customers		4,958	4,958	5,850	5,098	-140
Loans (net)		3,204	3,204	2,720	3,188	+16
Assets under management		1,435	1,435	1,305	1,407	+28
Fin. intermediaries' payments, thous. pcs		2,949	2,949	2,232	2,149	+800
Key figures	13 months	Jan 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		41.9%	41.9%	50.3%	49.5%	- 7.6 pp
Net interest margin (NIM)		3.3%	3.3%	1.5%	2.9%	+ 0.5 pp
pre-tax ROE*		35.1%	35.7%	20.9%	22.3%	+ 13.4 pp
ROE*		29.9%	30.4%	17.9%	18.4%	+ 12.0 pp
ROA		2.0%	2.0%	0.8%	1.2%	+ 0.8 pp

- Three business segments out of four managed to start the year better than planned. The fourth was according to plan
- Revenues slightly better, quality of loan portfolio holds and expenses are as planned
- In the UK main focus on obtaining a banking licence and starting lending activities
- Monthly net profit 10.7 EURm and cost/income ratio good 41.9%
- Financial plan holds

Competition for deposits is increasing

Financial results, EURt	13 months	Jan 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total revenue, incl.		20,463	20,463	11,090	18,131	+2,333
Net interest income		17,436	17,436	8,731	15,346	+2,090
Net fee and commission income		2,726	2,726	2,494	2,773	-48
Total operating expenses		6,241	6,241	4,812	6,562	-321
Earnings before impairment		14,222	14,222	6,278	11,569	+2,653
Impairment losses		147	147	49	1,739	-1,592
Income tax expense		1,824	1,824	791	1,355	+469
Net profit		12,252	12,252	5,438	8,475	+3,777
Business volumes, EURm	13 months	Jan 23	YTD23	YTD22	FP YTD	Δ YTD FP
Deposits from customers		5,014	5,014	5,892	5,144	-130
Loans (net)		3,183	3,183	2,720	3,198	-16
Key figures	13 months	Jan 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		30.5%	30.5%	43.4%	36.2%	- 5.7 pp
Net interest margin (NIM)		3.4%	3.4%	1.5%	2.9%	+ 0.4 pp

- The number of bank customers grew by 4,800 and the number of settling customers by 1,500
- Interest income growth is driving profitability, the pricing of deposits is more and more on higher interest rate levels
- Loan portfolio decreased by 4 EURm, with corporate loans decreasing by 7 EURm and retail loans increasing by 3 EURm. Credit quality remains on a good level
- Deposits increased by 57 EURm, including 16 EURm increase in financial intermediaries' deposits

Strong start to the year, good returns of the funds

Financial results, EURt	13 months	Jan 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total revenue		710	710	635	706	+4
Total operating expenses		551	551	531	540	+11
EBIT		158	158	104	166	-8
Net financial income		271	271	-137	49	+222
Income tax expense		0	0	0	0	+0
Net profit		430	430	-32	215	+214
Business volumes	13 months	Jan 23	YTD23	YTD22	FP YTD	Δ YTD FP
Assets under management, EURm		1,435	1,435	1,305	1,407	+28
Active customers of PII funds, thous.		129	129	135	130	-1
Key figures	13 months	Jan 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		56.2%	56.2%	106.4%	71.5%	- 15.3 pp
Funds average return		2.6%	2.6%	-0.6%	0.6%	+ 2.1 pp

- Profitability was positively impacted by financial income arising from good returns of the funds. Value of own units increased in all funds
- Good start to the year in stock markets – measured in euros, S&P500 and MSCI World increased by 5.2% and 4.7%, respectively
- Returns of larger pension funds M, L and XL were 1.4%, 1.9% and 2.5%, respectively. Pension fund Index increased by 5.4% and Roheline as best in the market by 10.8%
- Slightly over 1,900 customers left the II pillar in the beginning of January, the lowest number so far








Increased volumes support the decline in net loss ratio

Financial results, EURt	13 months	Jan 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total revenue, incl.		268	268	2	144	+124
Net earned premiums		1,438	1,438	395	1,251	+187
Net incurred losses		1,042	1,042	364	898	+143
Other net income		129	129	29	209	-80
Total expenses		340	340	198	316	+24
Technical result		-72	-72	-196	-172	+99
Net investment income		7	7	-1	1	+6
Other operating income and expenses		1	1	0	0	+1
Net profit		-66	-66	-198	-171	+105
Business volumes	13 months	Jan 23	YTD23	YTD22	FP YTD	Δ YTD FP
Gross written premiums, EURt		3,579	3,579	521	1,901	+1,678
No of customers (thous.)		154	154	145	na	na
Key figures	13 months	Jan 23	YTD23	YTD22	FP YTD	Δ YTD FP
Net loss ratio		72.4%	72.4%	92.1%	71.8%	+ 0.6 pp
Net expense ratio		33.9%	33.9%	57.6%	41.9%	- 8.0 pp

- Growth in volume of insurance contracts was strongly supported by addition of health insurance contracts
- 13,900 insurance contracts were signed totalling 4,1 EURm
- Net earned premiums grew by 31% compared to previous month
- In total, claims were settled in the amount of 1.1 EURm
- Average insurance premiums have grown and this supports the decline in efficiency indicators of net loss ratio

LHV UK Ltd

Started selling corporate loans

Financial results, EURt	13 months	Jan 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total revenue, incl.		84	84	0	149	-65
Net interest income		86	86	0	149	-62
Other net income		-2	-2	0	0	-2
Total operating expenses		1 635	1 635	269	1 695	-60
Earnings before impairment		-1 551	-1 551	-269	-1 547	-5
Net profit		-1 551	-1 551	-269	-1 547	-5
Business volumes, EURm	13 months	Jan 23	YTD23	YTD22	FP YTD	Δ YTD FP
Loans (net)		22	22	0	21	+1

- The first business loan projects reached to the Credit Committee
- Cooperation and Services Agreement with LHV Pank was signed for providing services to mutual Banking Services customers since March. Also, 49 employees are transferred from LHV Pank since March
- Credit Line Agreement for 100 GBPm signed with LHV Pank
- Active communication and meetings with the PRA and FCA continue to obtain Banking licence. Preparation of documentation for business transfer from the branch

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