

# LHV Group

February results  
16 March 2021

## Business volumes growing faster than expected

Financial results, EURt	13 months	Feb-21	YTD21	YTD20	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		<b>8,946</b>	<b>18,489</b>	<b>14,655</b>	<b>18,358</b>	<b>+131</b>
Net interest income		6,561	13,278	10,595	13,425	-147
Net fee and commission income		2,474	5,506	4,068	4,583	+923
<b>Total operating expenses</b>		<b>4,304</b>	<b>8,615</b>	<b>7,237</b>	<b>8,930</b>	<b>-315</b>
<b>Earnings before impairment</b>		<b>4,642</b>	<b>9,873</b>	<b>7,418</b>	<b>9,427</b>	<b>+446</b>
Impairment losses on loans		982	1,812	88	1,093	+719
Income tax		578	1,199	778	1,169	+30
<b>Net profit, incl.</b>		<b>3,082</b>	<b>6,863</b>	<b>6,552</b>	<b>7,165</b>	<b>-302</b>
attr. to shareholders		3,003	6,622	6,066	6,744	-122
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Feb-21</b>	<b>YTD21</b>	<b>YTD20</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		4,776	4,776	2,845	4,115	+661
Loans (net)		2,280	2,280	1,744	2,221	+59
Assets under management		1,573	1,573	1,374	1,591	-18
<b>Key figures</b>	<b>13 months</b>	<b>Feb-21</b>	<b>YTD21</b>	<b>YTD20</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		48.1%	46.6%	49.4%	48.6%	- 2.0 pp
pre-tax ROE*		19.1%	19.4%	20.1%	19.9%	- 0.5 pp
ROE*		16.2%	16.5%	17.8%	17.0%	- 0.4 pp
Net interest margin (NIM)		1.6%	1.6%	2.1%	1.7%	- 0.1 pp
ROA		0.7%	0.8%	1.3%	0.9%	- 0.1 pp

- Strong growth in deposits, loans and customer activity, which builds a solid ground for the upcoming months' revenue
- Interest income below average as February was a short month
- Establishment of UK subsidiary
- LHV Insurance's moderate start and bigger loan provisions related to faster than expected growth in loan portfolio resulted in average monthly profit
- Monthly profit 3.0 EURm. Financial plan remains valid

# LHV Banking

## High customer activity

Financial results, EURt	13 months	Feb-21	YTD21	YTD20	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		<b>8,373</b>	<b>17,179</b>	<b>13,160</b>	<b>16,714</b>	<b>+465</b>
Net interest income		6,691	13,535	10,545	13,568	-33
Net fee and commission income		1,751	3,977	2,580	3,087	+890
<b>Total operating expenses</b>		<b>3,562</b>	<b>7,189</b>	<b>6,127</b>	<b>7,330</b>	<b>-141</b>
<b>Earnings before impairment</b>		<b>4,811</b>	<b>9,989</b>	<b>7,033</b>	<b>9,384</b>	<b>+605</b>
Impairment losses on loans		982	1,812	88	1,093	+719
Income tax		543	1,129	778	1,169	-40
<b>Net profit</b>		<b>3,286</b>	<b>7,049</b>	<b>6,167</b>	<b>7,122</b>	<b>-73</b>
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Feb-21</b>	<b>YTD21</b>	<b>YTD20</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		4,804	4,804	2,858	4,136	+668
Loans (net)		2,280	2,280	1,744	2,221	+59
<b>Key figures</b>	<b>13 months</b>	<b>Feb-21</b>	<b>YTD21</b>	<b>YTD20</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		42.5%	41.9%	46.6%	43.9%	- 2.0 pp
Net interest margin (NIM)		1.6%	1.6%	2.1%	1.7%	- 0.1 pp

- The number of bank customers increased by 5,000 and the number of active clients by 2,000. Customer activity remains good
- Average financial results due to short month
- Loan portfolio increased by 19 EURm. Higher than expected growth in loan volumes resulted in higher provisions
- Deposits increased by 351 EURm, largest increase in financial intermediaries' deposits of 280 EURm. Strong result also in regular customers' deposits

# LHV Asset Management

## Significantly less customers leaving the II pillar than in January

Financial results, EURt	13 months	Feb-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue		708	1,578	1,441	1,557	+21
Total expenses		567	1,133	990	1,062	+71
Earnings before taxes		141	445	451	496	-50
Income tax		0	0	0	0	+0
Net profit		141	445	451	496	-50
<b>Business volumes</b>	<b>13 months</b>	<b>Feb-21</b>	<b>YTD21</b>	<b>YTD20</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Assets under management, EURm		1,573	1,573	1,374	1,591	-18
Active customers of PII funds, thous.		179	179	171	177	+2
<b>Key figures</b>	<b>13 months</b>	<b>Feb-21</b>	<b>YTD21</b>	<b>YTD20</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		80.1%	71.8%	66.5%	68.2%	+ 3.6 pp
Funds average return		0.4%	0.9%	-0.3%	0.9%	+ 0.0 pp

- Management fees of the largest actively managed LHV funds decreased from 0.6% to 0.576%, fees of LHV index funds almost halved
- February volatile on stock markets. Largest funds L and XL grew by 0.4% and 0.7%, respectively, pension fund Roheline decreased by 2.8%, while Index grew by 2.3%
- Customers in early retirement pension age and pensionable age leaving the II pillar. The submission pace of applications for money withdrawal slower than predicted
- Monthly profit 141 EURt, expenses and revenues in line with the financial plan

# LHV Insurance

## Preparations for starting with sales activities

Financial results, EURt	13 months	Feb-21	YTD21	YTD20	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		-1	-3	0	244	-248
Net earned premiums		-1	-4	0	580	-584
Net incurred losses		0	0	0	145	-145
<b>Total expenses</b>		121	236	0	298	-62
<b>Earnings before taxes</b>		-122	-239	0	-54	-185
Income tax		0	0	0	0	+0
<b>Net profit</b>		-122	-239	0	-54	-185
<b>Business volumes</b>	<b>13 months</b>	<b>Feb-21</b>	<b>YTD21</b>	<b>YTD20</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Gross written premium		13	17	0	4,325	-4,309
No of Customers		147	147	0	na	na
<b>Key figures</b>	<b>13 months</b>	<b>Feb-21</b>	<b>YTD21</b>	<b>YTD20</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Net loss ratio		na	na	na	25.0%	na
Net expense ratio		na	na	na	84.3%	na

- Development activities continued to start servicing LHV Bank and Euronics customers
- Authorisation granted on the last days of 2020 enabled starting with insurance activities, however, sales volumes planned for the first quarter were thus shifted to upcoming months
- Active recruiting for positions related to sales activities and claims handling
- Signing of home insurance contracts continued on small scale to test the information systems and processes

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