

LHV Group

July results
9 August 2022



Growth in interest income and high quality loan portfolio

Financial results, EURt	13 months	Jul 22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue, incl.		13,929	86,616	74,283	93,723	-7,107
Net interest income		9,951	62,924	52,229	62,485	+438
Net fee and commission income		3,563	24,914	21,875	30,481	-5,567
Total operating expenses		7,912	47,858	35,988	46,343	+1,515
Earnings before impairment		6,016	38,758	38,295	47,380	-8,623
Impairment losses on loans and bonds		-147	247	2,501	5,428	-5,181
Income tax expense		907	6,885	5,640	7,084	-198
Net income, incl.		5,256	31,625	30,154	34,869	-3,243
attr. to shareholders		5,094	30,516	29,115	33,717	-3,201
Business volumes, EURm	13 months	Jul 22	YTD22	YTD21	FP YTD	Δ YTD FP
Deposits from customers		5,312	5,312	4,938	5,797	-484
Loans (net)		2,964	2,964	2,448	2,899	+66
Assets under management		1,304	1,304	1,643	1,344	-40
Fin. intermediaries' payments, thous. pcs		2,006	15,043	15,379	19,315	-4,272
Key figures	13 months	Jul 22	YTD22	YTD21	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		56.8%	55.3%	48.4%	49.4%	+ 5.8 pp
Net interest margin (NIM)		1.8%	1.7%	1.6%	1.6%	+ 0.0 pp
pre-tax ROE*		18.5%	18.2%	23.8%	19.8%	- 1.5 pp
ROE*		15.8%	14.9%	20.1%	16.9%	- 1.9 pp
ROA		0.9%	0.8%	0.9%	0.9%	- 0.1 pp

- Decent growth in net interest income
- Quality of the loan portfolio remains good, loan provisions therefore lower than planned
- In the UK main focus on recruitment of key personnel and obtaining a banking licence
- Monthly profit 5.3 EURm
- Financial plan holds

Customer activity modest during summer

Financial results, EURt	13 months	Jul 22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue, incl.		12,484	79,738	68,088	86,429	-6,691
Net interest income		9,893	62,999	52,315	62,662	+337
Net fee and commission income		2,446	17,879	15,925	23,328	-5,449
Total operating expenses		5,204	35,218	26,686	34,889	+329
Earnings before impairment		7,280	44,521	41,402	51,541	-7,020
Impairment losses on loans and bonds		-147	247	2,501	5,428	-5,181
Income tax expense		866	5,927	5,387	6,388	-462
Net income		6,560	38,347	33,515	39,725	-1,378
Business volumes, EURm	13 months	Jul 22	YTD22	YTD21	FP YTD	Δ YTD FP
Deposits from customers		5,371	5,371	4,964	5,842	-471
Loans (net)		2,965	2,965	2,448	2,899	+66
Key figures	13 months	Jul 22	YTD22	YTD21	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		41.7%	44.2%	39.2%	40.4%	+ 3.8 pp
Net interest margin (NIM)		1.8%	1.7%	1.6%	1.6%	+ 0.0 pp

- The number of bank customers grew by 3,800 and the number of settling customers by 1,200
- Interest income on a decent level, fee and commission income improving
- Loan portfolio increased by 40 EURm, with corporate loans increasing by 15 EURm and retail loans by 25 EURm. Credit quality remains on a good level
- Gap between the actual and planned net income is decreasing
- Deposits decreased by 53 EURm – financial intermediaries’ deposits decreased by 109 EURm, while regular customers’ deposits increased by 55 EURm

LHV Asset Management

High monthly return for pension funds

Financial results, EURt	13 months	Jul 22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue		662	4,620	5,414	4,648	-28
Total operating expenses		597	4,297	7,083	4,013	+284
EBIT		65	323	-1,669	635	-312
Net financial income		278	-30	362	311	-342
Income tax expense		0	830	1,241	830	+0
Net income		343	-537	-2,548	116	-653
Business volumes	13 months	Jul 22	YTD22	YTD21	FP YTD	Δ YTD FP
Assets under management, EURm		1,304	1,304	1,643	1,344	-40
Active customers of PII funds, thous.		132	132	174	130	+1
Key figures	13 months	Jul 22	YTD22	YTD21	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		63.5%	93.6%	122.6%	80.9%	+ 12.7 pp
Funds average return		2.9%	0.1%	6.4%	3.9%	- 3.8 pp

- Operating income as planned, expenses and profitability slightly behind the plan
- Best month of the year on stock markets – measured in euros, S&P500 and MSCI World increased by 12.2% and 10.7%, respectively
- Positive month for all larger pension funds – returns of M, L and XL 1.1%, 2.2% and 3.1%, respectively
- Pension fund Roheline increased by 9.2% and Index by 7.1% within the month
- The number of II pillar withdrawal applications lowest in the last season, exiting volume remains below organic growth

LHV Insurance

Rapidly growing business volumes support improvement in efficiency

Financial results, EURt	13 months	Jul 22	YTD22	YTD21	FP YTD	Δ YTD FP
Total revenue, incl.		177	804	605	1,396	-593
Net earned premiums		709	3,619	830	3,608	+12
Net incurred losses		468	2,543	210	1,953	+589
Total expenses		212	1,573	1,055	1,713	-140
Technical result		-35	-769	-450	-317	-452
Net investments income		-2	-1	0	41	-41
Net income		-38	-772	-449	-276	-496
Business volumes	13 months	Jul 22	YTD22	YTD21	FP YTD	Δ YTD FP
Gross written premium, EURt		1,486	7,845	4,209	6,782	+1,063
No of Customers (thous.)		149	149	132	na	na
Key figures	13 months	Jul 22	YTD22	YTD21	FP YTD	Δ YTD FP
Net loss ratio		66.0%	70.3%	25.3%	54.1%	+ 16.1 pp
Net expense ratio		38.9%	51.0%	128.9%	54.6%	- 3.6 pp

- Rapid growth in business volumes continues, great sales results in July. 12,400 insurance contracts were signed totalling 1.8 EURm
- Gross written premiums and net earned premiums ahead of the financial plan
- Customer satisfaction with claims handling continuously high. In total, 442 claims were settled in the amount of 0.4 EURm. The number of travel interruption claims remains high
- Operating expenses lower than planned. Efficiency improving along with decreasing expense ratio

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