

LHV Group

August results
12 September 2023

Profitability in line with the updated higher financial plan

Financial results, EURt	13 months	Aug 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income, incl.		27,103	196,976	100,922	196,010	+965
Net interest income		22,766	163,171	73,538	162,007	+1,164
Net fee and commission income		3,987	32,537	28,487	32,739	-202
Total operating expenses		11,845	85,392	54,530	85,229	+163
Earnings before impairment		15,259	111,583	46,392	110,781	+802
Impairment losses		607	1,169	3,362	2,061	-892
Income tax expense		2,453	16,002	8,128	15,394	+608
Net profit, incl.		12,199	94,412	34,902	93,326	+1,086
attr. to shareholders		12,048	93,366	33,603	92,505	+862
Business volumes, EURm	13 months	Aug 23	YTD23	YTD22	FP YTD	Δ YTD FP
Deposits from customers		5,345	5,345	5,189	5,243	+102
Loans (net)		3,324	3,324	3,017	3,343	-19
Assets under management		1,501	1,501	1,308	1,514	-13
Fin. intermediaries' payments, thous. pcs		4,548	28,924	16,970	27,232	+1,692
Key figures	13 months	Aug 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		43.7%	43.4%	54.0%	43.5%	- 0.1 pp
Net interest margin (NIM)		4.1%	3.9%	1.7%	3.9%	- 0.0 pp
pre-tax ROE*		34.5%	35.9%	17.7%	35.5%	+ 0.4 pp
ROE*		28.7%	30.7%	14.3%	30.4%	+ 0.2 pp

- In August LHV Bank took over the customers and business operations of the branch
- All group companies were profitable in August
- Both income and expenses are in line with the updated financial plan
- Monthly net profit 12.2 EURm and ROE 28.7%
- Financial plan holds











LHV Bank

A month with a good loan sales

Financial results, EURt	13 months	Aug 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income, incl.		22,408	166,536	92,994	164,593	+1,943
Net interest income		20,328	148,831	73,629	146,463	+2,367
Net fee and commission income		1,571	16,446	20,379	17,156	-710
Total operating expenses		7,281	55,248	40,579	55,527	-279
Earnings before impairment		15,127	111,288	52,414	109,066	+2,222
Impairment losses		523	855	362	1,570	-715
Income tax expense		2,412	14,612	7,129	13,948	+664
Net profit		12,192	95,821	44,924	93,549	+2,273
Business volumes, EURm	13 months	Aug 23	YTD23	YTD22	FP YTD	Δ YTD FP
Deposits from customers		5,243	5,243	5,246	5,090	+153
incl. banking services' deposits		971	971	1,416	897	+75
Loans (net)		3,412	3,412	3,018	3,348	+64
Key figures	13 months	Aug 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		32.5%	33.2%	43.6%	33.7%	- 0.6 pp
Net interest margin (NIM)		3.7%	3.6%	1.7%	3.6%	- 0.0 pp

- The number of bank customers decreased by 1,000. Net income is slightly ahead of the plan. The strong quality of the loan portfolio is reflected in smaller impairment losses
- Loan portfolio increased by 110 EURm, of which corporate loans increased by 20 EURm, retail loans by 14 EURm, and intragroup loan to LHV Bank by 75 EURm. Credit quality stays at a good level
- Deposits decreased by 27 EURm, of which regular customers' deposits decreased by 20 EURm, banking services deposits by 69 EURm, and deposits from deposit platform increased by 62 EURm. Deposits are in focus

Assets under management crossed 1.5 EURb

Financial results, EURt	13 months	Aug 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income		768	5,867	5,297	5,868	-0
Total operating expenses		582	4,587	4,863	4,660	-73
EBIT		186	1,281	434	1,208	+73
Net financial income		-98	204	-45	356	-152
Income tax expense		0	488	830	488	+0
Net profit		88	996	-441	1,075	-79
Business volumes	13 months	Aug 23	YTD23	YTD22	FP YTD	Δ YTD FP
Assets under management, EURm		1,501	1,501	1,308	1,514	-13
Active customers of PII funds, thous.		127	127	132	127	+0
Key figures	13 months	Aug 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		86.9%	75.5%	92.6%	74.1%	+ 1.4 pp
Funds average return		-0.3%	3.8%	-0.3%	4.5%	- 0.7 pp

- Revenues, operating expenses and also net profit largely according to the plan
- Stock market decline in August resulted in 0.1 EURm net financial loss, monthly results are sensitive to fund movements through own fund units held
- Assets under management crossed 1.5 EURb
- Measured in euros, S&P500 decreased by 0.2%, MSCI World by 0.8% and MSCI Emerging Markets by 4.9%. Returns of LHV M, L and XL were 0.5%, 0.2% and 0.0%, respectively. Pension fund Index declined by 2.2% and Roheline by 7.8%

Key indicators have reached a stable level

Financial results, EURt	13 months	Aug 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income, incl.		472	2,751	919	2,800	-50
Net earned premiums		2,131	14,236	4,407	13,966	+269
Net incurred losses		1,408	9,971	3,151	9,748	+223
Other net income		-251	-1,514	-337	-1,418	-96
Total expenses		431	3,005	1,807	2,991	+15
Technical result		41	-255	-888	-190	-64
Net investment income		-6	8	8	75	-67
Other operating income and expenses		1	8	2	6	+2
Net profit		34	-254	-883	-121	-134
Business volumes, EURt	13 months	Aug 23	YTD23	YTD22	FP YTD	Δ YTD FP
Gross written premiums		2,333	20,604	9,384	21,145	-541
No of customers (thous.)		160	160	149	na	na
Key figures	13 months	Aug 23	YTD23	YTD22	FP YTD	Δ YTD FP
Net loss ratio		66.1%	70.0%	71.5%	69.8%	+ 0.2 pp
Net expense ratio		32.2%	32.3%	48.7%	32.1%	+ 0.3 pp

- 13,900 insurance contracts were signed totalling 2.3 EURm
- In August number of valid insurance policies grew to 225,700
- Claims were compensated in the amount of 1.4 EURm and 5,300 new insurance cases were registered
- Net loss ratio and net expense ratio at stable level
- Net earned premiums grew 3.1% in monthly comparison

Business activities transferred from branch to LHV Bank

Financial results, EURt	13 months	Aug 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income, incl.		3,361	20,477	-83	19,519	+958
Net interest income		2,678	16,112	-86	15,683	+429
Net fee and commission income		699	4,424	0	3,903	+521
Other net income		-16	-59	3	-67	+8
Total operating expenses		3,203	19,815	5,437	19,176	+639
Earnings before impairment		159	662	-5,520	343	+319
Impairment losses		84	134	0	311	-177
Net profit		74	528	-5,520	32	+496
Business volumes, EURm	13 months	Aug 23	YTD23	YTD22	FP YTD	Δ YTD FP
Deposits from customers		145	145	0	197	-51
Loans (net)		55	55	0	74	-19
Key figures	13 months	Aug 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		95.3%	96.8%	na	98.2%	- 1.5 pp
Net interest margin (NIM)		14.2%	12.8%	-0.6%	13.1%	- 0.3 pp

- First month with deposits on balance sheet. Loan portfolio increased by 8 EURm
- Business activities transferred from branch to LHV Bank, branch closure to follow
- New IT system implemented
- Initiated raising deposits from Raisin platform
- Loan system changed

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