

LHV Group

October results
14 November 2023

LHV Group

Strong result in all business lines

| Financial results, EURt | 13 months | Oct 23 | YTD23 | YTD22 | FP YTD | Δ YTD FP |
|---|------------------|---------------|--------------|--------------|---------------|-----------------|
| Total net income, incl. | | 27,558 | 252,322 | 134,332 | 247,272 | +5,050 |
| Net interest income | | 22,938 | 209,086 | 98,318 | 204,311 | +4,776 |
| Net fee and commission income | | 4,367 | 42,213 | 36,973 | 41,539 | +674 |
| Total operating expenses | | 11,564 | 108,033 | 71,303 | 107,631 | +402 |
| Earnings before impairment | | 15,994 | 144,289 | 63,029 | 139,641 | +4,648 |
| Impairment losses | | 2,974 | 5,083 | 8,414 | 4,954 | +129 |
| Income tax expense | | 1,863 | 19,880 | 10,578 | 18,897 | +983 |
| Net profit, incl. | | 11,157 | 119,326 | 44,038 | 115,790 | +3,536 |
| attr. to shareholders | | 10,977 | 118,040 | 42,472 | 114,732 | +3,308 |
| Business volumes, EURm | 13 months | Oct 23 | YTD23 | YTD22 | FP YTD | Δ YTD FP |
| Deposits from customers | | 5,386 | 5,386 | 4,920 | 5,425 | -40 |
| Loans (net) | | 3,425 | 3,425 | 3,172 | 3,424 | +0 |
| Assets under management | | 1,452 | 1,452 | 1,293 | 1,500 | -48 |
| Fin. intermediaries' payments, thous. pcs | | 5,211 | 38,750 | 20,688 | 33,668 | +5,082 |
| Key figures | 13 months | Oct 23 | YTD23 | YTD22 | FP YTD | Δ YTD FP |
| Cost / income ratio (C/I) | | 42.0% | 42.8% | 53.1% | 43.5% | - 0.7 pp |
| Net interest margin (NIM) | | 4.1% | 3.9% | 1.8% | 3.8% | + 0.1 pp |
| pre-tax ROE* | | 29.0% | 35.3% | 17.8% | 34.3% | + 1.0 pp |
| ROE* | | 24.9% | 30.2% | 14.3% | 29.4% | + 0.8 pp |

- All group companies were profitable in October
- Interest income higher than planned, other income and expenses largely as planned
- Results were affected by pre-financing of subordinated loans
- Monthly net profit 11.2 EURm and ROE 24.9%
- Financial plan holds

A month with the historically highest deposit volume

| Financial results, EURt | 13 months | Oct 23 | YTD23 | YTD22 | FP YTD | Δ YTD FP |
|-----------------------------------|------------------|---------------|----------------|----------------|----------------|-----------------|
| Total net income, incl. | | 23,250 | 211,776 | 124,322 | 205,944 | +5,831 |
| Net interest income | | 21,005 | 189,899 | 98,401 | 183,502 | +6,398 |
| Net fee and commission income | | 1,866 | 20,640 | 26,611 | 21,482 | -842 |
| Total operating expenses | | 6,998 | 69,363 | 52,418 | 69,874 | -511 |
| Earnings before impairment | | 16,252 | 142,413 | 71,904 | 136,070 | +6,343 |
| Impairment losses | | 2,954 | 4,738 | 3,112 | 4,186 | +552 |
| Income tax expense | | 1,822 | 18,409 | 9,497 | 17,313 | +1,096 |
| Net profit | | 11,476 | 119,266 | 59,295 | 114,571 | +4,695 |
| Business volumes, EURm | 13 months | Oct 23 | YTD23 | YTD22 | FP YTD | Δ YTD FP |
| Deposits from customers | | 5,274 | 5,274 | 4,952 | 5,215 | +59 |
| incl. banking services' deposits | | 878 | 878 | 1,318 | 896 | -17 |
| Loans (net) | | 3,492 | 3,492 | 3,152 | 3,400 | +92 |
| Key figures | 13 months | Oct 23 | YTD23 | YTD22 | FP YTD | Δ YTD FP |
| Cost / income ratio (C/I) | | 30.1% | 32.8% | 42.2% | 33.9% | - 1.2 pp |
| Net interest margin (NIM) | | 3.9% | 3.7% | 1.9% | 3.6% | + 0.1 pp |

- The number of bank customers increased by 3,800. Income is slightly ahead of the plan and expenses are in line with the plan
- Loan portfolio increased by 40 EURm, including corporate loans by 30 EURm and retail loans by 13 EURm. Intra-group loan to LHV Bank decreased by 3 EURm
- Deposits increased by 18 EURm, including regular customers' deposits by 53 EURm. Banking services and platform deposits decreased by 31 and 3 EURm, respectively
- Credit quality remains at a good level, impairment losses were affected by an additional precautionary model-based impairment

Larger pension funds preserved the value on falling markets

| Financial results, EURt | 13 months | Oct 23 | YTD23 | YTD22 | FP YTD | Δ YTD FP |
|---------------------------------------|------------------|---------------|--------------|--------------|---------------|-----------------|
| Total net income | | 751 | 7,344 | 6,601 | 7,366 | -22 |
| Total operating expenses | | 539 | 5,698 | 6,046 | 5,804 | -107 |
| EBIT | | 212 | 1,646 | 555 | 1,562 | +84 |
| Net financial income | | -128 | 39 | -188 | 474 | -436 |
| Income tax expense | | 0 | 488 | 830 | 488 | +0 |
| Net profit | | 84 | 1,196 | -463 | 1,548 | -351 |
| Business volumes | 13 months | Oct 23 | YTD23 | YTD22 | FP YTD | Δ YTD FP |
| Assets under management, EURm | | 1,452 | 1,452 | 1,293 | 1,500 | -48 |
| Active customers of PII funds, thous. | | 124 | 124 | 130 | 125 | -0 |
| Key figures | 13 months | Oct 23 | YTD23 | YTD22 | FP YTD | Δ YTD FP |
| Cost / income ratio (C/I) | | 86.5% | 77.2% | 94.3% | 73.6% | + 3.6 pp |
| Funds average return | | -0.6% | 3.1% | -0.4% | 5.7% | - 2.6 pp |

- A month with strong decline on markets. Measured in euros, MSCI World and S&P500 declined by 2.7% and by 2.2%, respectively
- LHV's larger actively managed funds in a slight plus – L and XL rose by 0.1%, M by 1.0% with the month
- Weaker month for funds with high equity risk – Indeks lost 3.7% in value and Roheline lost 10.7%
- Revenues and operating expenses largely in line with the plan. Profitability has been affected by lower-than-expected net financial income from to change in value of own fund units held

A positive month despite the storm damages

| Financial results, EURt | 13 months | Oct 23 | YTD23 | YTD22 | FP YTD | Δ YTD FP |
|-------------------------------------|------------------|---------------|--------------|--------------|---------------|-----------------|
| Total net income, incl. | | 502 | 3,803 | 1,298 | 3,729 | +73 |
| Net earned premiums | | 2,244 | 18,617 | 6,222 | 17,936 | +681 |
| Net incurred losses | | 1,467 | 12,776 | 4,431 | 12,333 | +442 |
| Other net income | | -274 | -2,039 | -493 | -1,874 | -165 |
| Total expenses | | 414 | 3,829 | 2,516 | 3,774 | +55 |
| Technical result | | 88 | -26 | -1,218 | -45 | +19 |
| Net investment income | | 20 | 26 | -16 | 121 | -95 |
| Other operating income and expenses | | 1 | 10 | 4 | 6 | +5 |
| Net profit | | 107 | -11 | -1,238 | 70 | -81 |
| Business volumes, EURt | 13 months | Oct 23 | YTD23 | YTD22 | FP YTD | Δ YTD FP |
| Gross written premiums | | 3,202 | 26,416 | 13,276 | 26,442 | -26 |
| No of customers (thous.) | | 161 | 161 | 150 | na | na |
| Key figures | 13 months | Oct 23 | YTD23 | YTD22 | FP YTD | Δ YTD FP |
| Net loss ratio | | 65.4% | 68.6% | 71.2% | 68.8% | - 0.1 pp |
| Net expense ratio | | 30.5% | 32.0% | 48.4% | 31.9% | + 0.1 pp |

- 15,900 insurance contracts with a volume of 3.2 EURm were signed
- In October, number of valid insurance contracts increased to 227,700 policies
- Claims were compensated in the amount of 1.5 EURm and 6,300 new insurance cases were registered
- Key expense indicators in a downward trend
- Net earned premiums grew 5% in a month

Focus on attracting deposits from retail customers

| Financial results, EURt | 13 months | Oct 23 | YTD23 | YTD22 | FP YTD | Δ YTD FP |
|-----------------------------------|------------------|---------------|--------------|--------------|---------------|-----------------|
| Total net income, incl. | | 3,884 | 28,687 | -60 | 26,362 | +2,325 |
| Net interest income | | 3,165 | 22,435 | -60 | 21,512 | +923 |
| Net fee and commission income | | 707 | 6,319 | 0 | 4,917 | +1,402 |
| Other net income | | 12 | -68 | 0 | -67 | -1 |
| Total operating expenses | | 3,060 | 25,485 | 7,873 | 24,326 | +1,160 |
| Earnings before impairment | | 824 | 3,201 | -7,933 | 2,036 | +1,165 |
| Impairment losses | | 19 | 164 | 66 | 588 | -423 |
| Net profit | | 805 | 3,037 | -7,999 | 1,448 | +1,588 |
| Business volumes, EURm | 13 months | Oct 23 | YTD23 | YTD22 | FP YTD | Δ YTD FP |
| Deposits from customers | | 184 | 184 | 0 | 272 | -87 |
| Loans (net) | | 66 | 66 | 21 | 101 | -35 |
| Key figures | 13 months | Oct 23 | YTD23 | YTD22 | FP YTD | Δ YTD FP |
| Cost / income ratio (C/I) | | 78.8% | 88.8% | na | 92.3% | - 3.4 pp |
| Net interest margin (NIM) | | 10.6% | 13.1% | -0.3% | 11.9% | + 1.2 pp |

- Banking services deposits increased by 19 EURm and retail customers deposits from Raisin platform by 30 EURm. Joining two more deposit platforms in progress
- Started the project of bringing the mobile app and regular customers deposit product to the market
- Loan portfolio increased by 6 EURm

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