

LHV Group

January results
13 February 2024

Strong income amid high volumes and interest rates

Financial results, EURt	13 months	Jan 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income, incl.		28,945	28,945	21,887	26,333	+2,612
Net interest income		23,974	23,974	17,334	21,341	+2,632
Net fee and commission income		4,834	4,834	3,984	4,846	-12
Total operating expenses		12,207	12,207	9,173	11,826	+381
Earnings before impairment		16,738	16,738	12,713	14,507	+2,231
Impairment losses		956	956	147	981	-25
Income tax expense		2,168	2,168	1,864	1,909	+259
Net profit, incl.		13,615	13,615	10,702	11,618	+1,997
attr. to shareholders		13,623	13,623	10,612	11,617	+2,006
Business volumes, EURm	13 months	Jan 24	YTD24	YTD23	FP YTD	Δ YTD FP
Deposits from customers		5,825	5,825	4,958	5,796	+28
Loans (net)		3,602	3,602	3,204	3,565	+37
Assets under management		1,464	1,464	1,435	1,489	-24
Fin. intermediaries' payments, thous. pcs		5,719	5,719	2,949	4,599	+1,120
Key figures	13 months	Jan 24	YTD24	YTD23	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		42.2%	42.2%	41.9%	44.9%	- 2.7 pp
Net interest margin (NIM)		4.0%	4.1%	3.4%	3.6%	+ 0.4 pp
pre-tax ROE*		33.5%	34.0%	35.7%	29.2%	+ 4.8 pp
ROE*		28.9%	29.4%	30.4%	25.1%	+ 4.3 pp

- Strong start from two banks. Both are supported by larger volumes and a higher interest rate level
- Interest income drives the results, other income and expenses largely in line with the plan
- Monthly net profit 13.6 EURm and ROE 28.9%
- Financial plan holds

Customer activity at a high level and revenues are broad-based

Financial results, EURt	13 months	Jan 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income, incl.		23,862	23,862	20,463	21,001	+2,861
Net interest income		21,635	21,635	17,436	18,179	+3,455
Net fee and commission income		2,201	2,201	2,726	2,731	-530
Total operating expenses		8,283	8,283	6,241	7,241	+1,043
Earnings before impairment		15,578	15,578	14,222	13,760	+1,818
Impairment losses		932	932	147	969	-37
Income tax expense		2,120	2,120	1,824	1,862	+259
Net profit		12,526	12,526	12,252	10,930	+1,596
Business volumes, EURm	13 months	Jan 24	YTD24	YTD23	FP YTD	Δ YTD FP
Deposits from customers		5,585	5,585	5,014	5,516	+70
incl. banking services' deposits		1,028	1,028	1,297	979	+48
Loans (net)		3,512	3,512	3,183	3,505	+7
Key figures	13 months	Jan 24	YTD24	YTD23	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		34.7%	34.7%	30.5%	34.5%	+ 0.2 pp
Net interest margin (NIM)		3.8%	3.8%	3.4%	3.2%	+ 0.6 pp

- The number of bank customers increased by 3,500
- Loan portfolio decreased by 36 EURm, but corporate loans increased by 21 EURm and retail loans by 9 EURm. LHV Bank repaid the loan in full
- Deposits increased by 51 EURm, including regular customers' deposits by 23 EURm and banking services customers' deposits by 37 EURm. Platform deposits decreased by 9 EURm
- Credit quality remains at a good level, but we made precautionary impairments for some customers

LHV Bank

The bank is independently financed, and the loan portfolio is growing

Financial results, EURt	13 months	Jan 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income, incl.		3,834	3,834	84	3,919	-85
Net interest income		2,610	2,610	86	3,514	-904
Net fee and commission income		1,090	1,090	0	405	+685
Other net income		135	135	-2	0	+135
Total operating expenses		2,476	2,476	1,635	3,035	-559
Earnings before impairment		1,358	1,358	-1,551	884	+474
Impairment losses		24	24	0	12	+12
Net profit		3,153	3,153	-1,551	872	+2,281
Business volumes, EURm	13 months	Jan 24	YTD24	YTD23	FP YTD	Δ YTD FP
Deposits from customers		325	325	0	330	-6
Loans (net)		90	90	22	92	-2
Key figures	13 months	Jan 24	YTD24	YTD23	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		64.6%	64.6%	1951.6%	77.4%	- 12.9 pp
Net interest margin (NIM)		8.4%	8.5%	3.0%	10.9%	- 2.4 pp

- Deposits increased by 86 EURm. The loan received from LHV Pank was repaid. LHV Bank fully independently financed
- Loan portfolio grew by 10 EURm. Under the leadership of the new Corporate Loans Manager, the broker network is being expanded, and a third loan product is being introduced to the market
- Net profit includes a one-off income tax revenue from previous years of 1.8 EURm

The increase of II pillar contributions has begun

Financial results, EURt	13 months	Jan 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income		744	744	710	762	-19
Total operating expenses		564	564	551	615	-51
EBIT		180	180	158	147	+32
Net financial income		-38	-38	271	49	-87
Income tax expense		0	0	0	0	+0
Net profit		141	141	430	196	-55
Business volumes	13 months	Jan 24	YTD24	YTD23	FP YTD	Δ YTD FP
Assets under management, EURm		1,464	1,464	1,435	1,489	-24
Active customers of PII funds, thous.		121	121	129	122	-1
Key figures	13 months	Jan 24	YTD24	YTD23	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		80.0%	80.0%	56.2%	75.8%	+ 4.2 pp
Funds average return		-0.7%	-0.7%	2.6%	0.6%	- 1.4 pp

- A weaker month for LHV's actively managed pension funds
- M, L, and XL decreased by 0.4%, 0.8%, and 0.8% respectively. Indeks rose by 1.4%, Roheline gave away most of December's rise and fell by 9.1%
- The volume of pension funds was negatively affected by movements between funds and exits from the II pillar
- The benchmark index's rise was the lowest in recent years, annual growth of 7.4%
- The process for increasing II pillar contributions started, with 2,000 applications in the first month

A large number of damages due to seasonality

Financial results, EURt	13 months	Jan 24	YTD24	YTD23	FP YTD	Δ YTD FP
Total net income, incl.		295	295	268	454	-159
Net earned premiums		2,416	2,416	1,438	2,266	+150
Net incurred losses		1,819	1,819	1,042	1,442	+377
Other net income		-302	-302	-129	-370	+67
Total expenses		455	455	340	484	-28
Technical result		-161	-161	-72	-30	-131
Net investment income		103	103	7	4	+98
Other operating income and expenses		-1	-1	-1	0	-1
Net profit		-59	-59	-66	-26	-34
Business volumes, EURt	13 months	Jan 24	YTD24	YTD23	FP YTD	Δ YTD FP
Gross written premiums		5,078	5,078	3,579	4,697	+381
No of customers (thous.)		163	163	154	na	na
Key figures	13 months	Jan 24	YTD24	YTD23	FP YTD	Δ YTD FP
Net loss ratio		75.3%	75.3%	72.4%	63.7%	+ 11.6 pp
Net expense ratio		31.6%	31.6%	33.9%	37.7%	- 6.0 pp

- 13,700 insurance contracts with a volume of 5,1 EURm were signed
- In November, the number of valid insurance contracts increased to 231,000 policies
- Claims were compensated in the amount of 1.82 EURm and 7,200 new insurance cases were registered
- The number of customers was 163 thousand at the month-end
- Net earned premiums grew by 7% in monthly comparison

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