

LHV Group

August results
14 September 2021

Growing business volumes along with strong results

Financial results, EURt	13 months	Aug-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue, incl.		10,791	85,074	60,692	85,933	-859
Net interest income		7,870	60,099	43,326	61,374	-1,274
Net fee and commission income		2,743	24,009	17,183	23,696	+314
Total operating expenses		4,499	40,487	28,859	41,385	-898
Earnings before impairment		6,292	44,587	31,833	44,548	+39
Impairment losses on loans		356	2,856	7,889	3,256	-400
Income tax		901	6,541	4,077	6,519	+22
Net profit, incl.		5,036	35,190	19,867	34,773	+417
attr. to shareholders		4,869	33,984	18,349	33,663	+321
Business volumes, EURm	13 months	Aug-21	YTD21	YTD20	FP YTD	Δ YTD FP
Deposits from customers		5,207	5,207	3,134	5,025	+182
Loans (net)		2,479	2,479	1,839	2,437	+42
Assets under management		1,654	1,654	1,482	1,626	+28
Fin. intermediaries' payments, thous. pcs		2,033	15,869	9,331	na	na
Key figures	13 months	Aug-21	YTD21	YTD20	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		41.7%	47.6%	47.6%	48.2%	- 0.6 pp
Net interest margin (NIM)		1.5%	1.6%	2.1%	1.6%	- 0.0 pp
pre-tax ROE*		25.7%	24.0%	15.9%	23.8%	+ 0.3 pp
ROE*		21.8%	20.3%	13.2%	20.1%	+ 0.2 pp
ROA		1.0%	0.9%	0.9%	0.9%	+ 0.0 pp

- Strong results due to interest income and customer activity
- Investment into a 9.9% share in Bank North
- Moody's assigned a Baa3 rating to LHV Group, with a positive outlook
- In UK main focus on recruitment of key personnel and preparations for obtaining a banking licence
- In order to ensure further growth, additional capital raise in September
- Monthly profit 5 EURm. Financial plan updated in August exceeded by 0.4 EURm

LHV Banking

Strong results in expected pace

Financial results, EURt	13 months	Aug-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue, incl.		9,867	77,956	54,580	78,963	-1,007
Net interest income		7,917	60,232	43,318	61,563	-1,331
Net fee and commission income		1,951	17,876	11,420	17,559	+318
Total operating expenses		3,357	30,043	24,065	30,998	-955
Earnings before impairment		6,511	47,913	30,515	47,965	-52
Impairment losses on loans		356	2,856	7,889	3,256	-400
Income tax		866	6,252	3,233	6,211	+41
Net profit		5,290	38,804	19,393	38,498	+306
Business volumes, EURm	13 months	Aug-21	YTD21	YTD20	FP YTD	Δ YTD FP
Deposits from customers		5,227	5,227	3,150	5,045	+182
Loans (net)		2,479	2,479	1,839	2,437	+42
Key figures	13 months	Aug-21	YTD21	YTD20	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		34.0%	38.5%	44.1%	39.3%	- 0.7 pp
Net interest margin (NIM)		1.6%	1.6%	1.9%	1.6%	- 0.0 pp

- The number of bank customers increased by 5,000 and the number of active customers by 1,900. Customer activity remains high
- Loan portfolio increased by 30 EURm, of which 20 EURm came from corporate and 10 EURm from retail loans. Credit quality remains good
- Deposits increased by 262 EURm, deposits from financial intermediaries increased by 236 EURm, private individuals' deposits increased by 20 EUR
- LHV Bank was recognised as the most attractive employer among economics students in a survey carried out by Instar

LHV Asset Management

Negative impact of pension reform more modest than expected

Financial results, EURt	13 months	Aug-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue		865	6,640	6,086	6,513	+127
Total expenses		496	7,579	4,162	7,717	-138
Earnings before taxes		369	-939	1,924	-1,204	+265
Income tax		0	1,241	844	1,241	+0
Net profit		369	-2,180	1,080	-2,445	+265
Business volumes	13 months	Aug-21	YTD21	YTD20	FP YTD	Δ YTD FP
Assets under management, EURm		1,654	1,654	1,482	1,626	+28
Active customers of PII funds, thous.		175	175	176	175	+0
Key figures	13 months	Aug-21	YTD21	YTD20	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		57.4%	114.1%	72.2%	118.5%	- 4.3 pp
Funds average return		0.5%	6.9%	3.6%	6.9%	+ 0.0 pp

- Monthly profit 369 EURt, profitability ahead of the plan
- Returns of the largest funds L and XL in August 0.4%. Index increased by 2.6%, pension fund Roheline unit value increased by 2.3%
- Both AUM and the number of active customers in II pillar decreased by 20% at the beginning of September
- Impact of pension reform smaller than expected at the beginning of the year – number of leaving customers 15 thousand smaller, AUM 100 EURm higher than expected
- State 4% payments recovered from September for customers continuing in II pillar

LHV Insurance

Growth in sales volumes and high customer satisfaction

Financial results, EURt	13 months	Aug-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue, incl.		120	726	0	738	-12
Net earned premiums		234	1,065	0	1,064	+1
Net incurred losses		104	314	0	283	+31
Total expenses		188	1,243	176	1,222	+21
Earnings before taxes		-68	-517	-176	-484	-33
Net profit		-68	-517	-176	-484	-33
Business volumes	13 months	Aug-21	YTD21	YTD20	FP YTD	Δ YTD FP
Gross written premium, EURt		479	4,688	0	4,853	-165
No of Customers (thous.)		136	136	0	na	na
Key figures	13 months	Aug-21	YTD21	YTD20	FP YTD	Δ YTD FP
Net loss ratio		44.2%	29.5%	na	26.6%	+ 2.9 pp
Net expense ratio		84.7%	119.2%	na	119.0%	+ 0.2 pp

- Continuing growth in net earned premiums, +10% compared to July
- Dwelling insurance for business customers was launched. Development process of new products and insurance coverage extensions continued
- Number of customers increased by 3,981 to 136 thousand
- 109 claims were settled in the amount of 39 EURt, customer satisfaction index stays on a high level of 97%

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