

LHV Group

January results
16 February 2021

LHV Group

Strong month in all business lines

Financial results, EURt	13 months	Jan-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue, incl.		9,542	9,542	7,566	9,349	+193
Net interest income		6,717	6,717	5,340	6,848	-131
Net fee and commission income		3,032	3,032	2,166	2,324	+708
Total operating expenses		4,311	4,311	3,497	4,447	-136
Earnings before impairment		5,232	5,232	4,069	4,902	+329
Impairment losses on loans		830	830	147	590	+239
Income tax		621	621	416	592	+29
Net profit, incl.		3,781	3,781	3,506	3,720	+61
attr. to shareholders		3,619	3,619	3,298	3,493	+126
Business volumes, EURm	13 months	Jan-21	YTD21	YTD20	FP YTD	Δ YTD FP
Deposits from customers		4,431	4,431	2,796	4,100	+330
Loans (net)		2,261	2,261	1,739	2,219	+43
Assets under management		1,590	1,590	1,374	1,583	+6
Key figures	13 months	Jan-21	YTD21	YTD20	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		45.2%	45.2%	46.2%	47.6%	- 2.4 pp
pre-tax ROE*		20.7%	21.1%	22.0%	20.7%	+ 0.5 pp
ROE*		17.9%	18.2%	19.5%	17.7%	+ 0.5 pp
Net interest margin (NIM)		1.5%	1.5%	2.1%	1.6%	- 0.1 pp
ROA		0.9%	0.9%	1.3%	0.9%	- 0.0 pp

- Substantial growth in deposits, loans and funds
- Deposits exceed the financial plan for financial intermediaries, increase in loans mainly from corporate loans, record growth in pension funds' volumes as a result of fund units exchange
- LHV Insurance's first contracts signed. Preparations for obtaining a banking licence for UK bank
- January profit 3.8 EURm. Financial plan remains valid

LHV Banking

Strong growth in loan volumes and revenues

Financial results, EURt	13 months	Jan-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue, incl.		8,806	8,806	6,661	8,482	+323
Net interest income		6,843	6,843	5,315	6,923	-79
Net fee and commission income		2,226	2,226	1,339	1,530	+696
Total operating expenses		3,627	3,627	2,932	3,651	-24
Earnings before impairment		5,179	5,179	3,728	4,831	+348
Impairment losses on loans		830	830	147	590	+239
Income tax		586	586	416	592	-6
Net profit		3,763	3,763	3,165	3,648	+115
Business volumes, EURm	13 months	Jan-21	YTD21	YTD20	FP YTD	Δ YTD FP
Deposits from customers		4,453	4,453	2,808	4,122	+331
Loans (net)		2,261	2,261	1,739	2,219	+43
Key figures	13 months	Jan-21	YTD21	YTD20	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		41.2%	41.2%	44.0%	43.0%	- 1.9 pp
Net interest margin (NIM)		1.6%	1.6%	2.1%	1.7%	- 0.1 pp

- The number of bank customers increased by 5,500. The number of active clients decreased as compared to an extraordinary December, however it is offset by the interest in investing among new customers
- Loan portfolio increased by 53 EURm, of which 42.5 EURm came from corporate banking. Substantial growth in loan volumes resulted in higher provisions than projected
- Deposits increased by 311 EURm, biggest increase in financial intermediaries' deposits of 309 EURm

LHV Asset Management

Substantial growth in assets under management

Financial results, EURt	13 months	Jan-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue		870	870	877	826	+43
Total expenses		565	565	489	539	+26
Earnings before taxes		304	304	388	287	+17
Income tax		0	0	0	0	+0
Net profit		304	304	388	287	+17
Business volumes	13 months	Jan-21	YTD21	YTD20	FP YTD	Δ YTD FP
Assets under management, EURm		1,590	1,590	1,374	1,583	+6
Active customers of PII funds, th.		180	180	170	177	+3
Key figures	13 months	Jan-21	YTD21	YTD20	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		65.0%	65.0%	59.1%	65.3%	- 0.3 pp
Funds average return		0.5%	0.5%	0.5%	0.5%	+ 0.1 pp

- As a result of fund units exchange, an all-time high net 38 EURm was transferred to LHV pension funds in January, monthly increase in AUM 52 EURm
- January volatile on stock markets. Largest funds L and XL grew by 0.5%, pension fund Roheline market leader with a 2.6% return
- No significant changes in the number of customers, the number of leaving customers as predicted
- Monthly profit 0.3 EURm, expenses and revenues in line with the financial plan

LHV Insurance

First month of insurance activities

Financial results, EURt	13 months	Jan-21	YTD21	YTD20	FP YTD	Δ YTD FP
Total revenue, incl.		-2	-2	0	124	-127
Net earned premiums		-2	-2	0	290	-292
Net incurred losses		0	0	0	70	-70
Total expenses		115	115	0	144	-29
Earnings before taxes		-117	-117	0	-19	-98
Income tax		0	0	0	0	+0
Net loss		-117	-117	0	-19	-98
Business volumes	13 months	Jan-21	YTD21	YTD20	FP YTD	Δ YTD FP
Gross written premium		4	4	0	4,069	-4,065
No of Customers		24	24	0	na	na
Key figures	13 months	Jan-21	YTD21	YTD20	FP YTD	Δ YTD FP
Net loss ratio		na	na	na	24.1%	na
Net expense ratio		na	na	na	82.5%	na

- Authorisation granted on the last days of 2020 enabled starting with insurance activities, however, sales volumes planned for January were thus shifted to upcoming months
- Signing of home insurance contracts began on small scale to test the information systems and processes
- Development activities continued to start servicing LHV Bank customers from April
- Active recruiting process continues

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