

LHV Group

November results
12 December 2023



LHV Group

Strong income amid interest rates peak

Financial results, EURt	13 months	Nov 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income, incl.		28,771	281,094	153,672	272,626	+8,468
Net interest income		21,827	230,913	113,016	224,968	+5,945
Net fee and commission income		6,590	48,803	40,989	46,156	+2,647
Total operating expenses		11,434	119,467	80,739	118,968	+499
Earnings before impairment		17,338	161,627	72,933	153,658	+7,969
Impairment losses		2,019	7,102	8,594	6,593	+509
Income tax expense		1,989	21,869	12,227	20,546	+1,322
Net profit, incl.		13,330	132,656	52,112	126,518	+6,138
attr. to shareholders		13,138	131,178	50,640	125,348	+5,830
Business volumes, EURm	13 months	Nov 23	YTD23	YTD22	FP YTD	Δ YTD FP
Deposits from customers		5,386	5,386	4,900	5,516	-130
Loans (net)		3,538	3,538	3,200	3,465	+73
Assets under management		1,488	1,488	1,335	1,520	-32
Fin. intermediaries' payments, thous. pcs		4,897	43,647	23,271	37,075	+6,572
Key figures	13 months	Nov 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		39.7%	42.5%	52.5%	43.6%	- 1.1 pp
Net interest margin (NIM)		4.0%	4.0%	1.9%	3.8%	+ 0.1 pp
pre-tax ROE*		34.5%	35.1%	18.9%	33.6%	+ 1.4 pp
ROE*		30.0%	30.0%	15.3%	28.9%	+ 1.2 pp

- All group companies were profitable in November
- Beside interest income, the monthly results have a larger-than-usual share of fee and commission income. Other income and expenses largely as planned
- Monthly net profit 13.3 EURm and ROE 30.0%
- Financial plan holds, higher expenses expected in December

LHV Pank

A month with strong loan growth

Financial results, EURt	13 months	Nov 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income, incl.		23,433	235,209	142,441	226,263	+8,945
Net interest income		19,147	209,046	113,217	201,485	+7,561
Net fee and commission income		4,149	24,789	29,489	23,824	+965
Total operating expenses		7,293	76,656	58,778	77,236	-580
Earnings before impairment		16,140	158,552	83,663	149,027	+9,525
Impairment losses		2,014	6,752	3,291	5,687	+1,066
Income tax expense		1,948	20,357	11,106	18,894	+1,463
Net profit		12,177	131,443	69,266	124,446	+6,997
Business volumes, EURm	13 months	Nov 23	YTD23	YTD22	FP YTD	Δ YTD FP
Deposits from customers		5,197	5,197	4,958	5,234	-37
incl. banking services' deposits		798	798	1,281	896	-97
Loans (net)		3,537	3,537	3,180	3,444	+93
Key figures	13 months	Nov 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		31.1%	32.6%	41.3%	34.1%	- 1.5 pp
Net interest margin (NIM)		3.6%	3.7%	1.9%	3.5%	+ 0.1 pp

- The number of bank customers increased by 3,400. Income is slightly ahead of the plan and expenses are in line with the plan
- Loan portfolio increased by 45 EURm, including corporate loans by 88 EURm and retail loans by 16 EURm. Intra-group loan to LHV Bank decreased by 59 EURm
- Deposits decreased by 77 EURm, including regular customers' deposits by 54 EURm and banking services customers' by 80 EURm. Platform deposits increased by 57 EURm
- Credit quality remains at a good level, but we made precautionary impairments for some customers

Strong growth in stock markets, positive returns on funds

Financial results, EURt	13 months	Nov 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income		731	8,075	7,262	8,111	-36
Total operating expenses		669	6,367	6,657	6,378	-11
EBIT		62	1,708	605	1,733	-25
Net financial income		149	188	22	534	-347
Income tax expense		0	488	830	488	+0
Net profit		211	1,407	-204	1,779	-371
Business volumes	13 months	Nov 23	YTD23	YTD22	FP YTD	Δ YTD FP
Assets under management, EURm		1,488	1,488	1,335	1,520	-32
Active customers of PII funds, thous.		124	124	131	124	-0
Key figures	13 months	Nov 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		76.0%	77.1%	91.4%	73.5%	+ 3.6 pp
Funds average return		1.8%	5.0%	1.9%	6.3%	- 1.3 pp

- Strong recovery in the markets after several months of decline. Measured in euros, MSCI World and S&P500 rose by 6.0% and by 5.8%, respectively
- All LHV pension funds with positive returns. The largest funds L and XL increased in value by 1.4% and 1.7%, respectively
- Pension fund Indeks rose by 5.4% in the month, Roheline by 3.1%
- Revenues and operating expenses largely in line with the plan. Net profit behind the plan due to lower-than-expected net financial income
- At the end of November, the names of LHV III pillar funds changed

The positive trend in results continues

Financial results, EURt	13 months	Nov 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income, incl.		521	4,324	1,480	4,193	+130
Net earned premiums		2,196	20,814	7,259	19,903	+911
Net incurred losses		1,412	14,188	5,190	13,608	+580
Other net income		-263	-2,302	-589	-2,101	-200
Total expenses		442	4,271	2,816	4,173	+98
Technical result		79	53	-1,336	21	+32
Net investment income		7	33	-25	145	-112
Other operating income and expenses		-2	-12	-4	-6	-7
Net profit		84	74	-1,365	160	-86
Business volumes, EURt	13 months	Nov 23	YTD23	YTD22	FP YTD	Δ YTD FP
Gross written premiums		2,528	28,944	15,182	29,128	-185
No of customers (thous.)		164	164	150	na	na
Key figures	13 months	Nov 23	YTD23	YTD22	FP YTD	Δ YTD FP
Net loss ratio		64.3%	68.2%	71.5%	68.4%	- 0.2 pp
Net expense ratio		32.2%	32.0%	46.9%	31.9%	+ 0.1 pp

- 14,400 insurance contracts with a volume of 2.5 EURm were signed
- In November, the number of valid insurance contracts increased to 228,700 policies
- Claims were compensated in the amount of 1.4 EURm and 6,900 new insurance cases were registered
- Number of customers increased
- Net earned premiums at a stable level

The volumes of retail customers' deposits and corporate loans increasing

Financial results, EURt	13 months	Nov 23	YTD23	YTD22	FP YTD	Δ YTD FP
Total net income, incl.		3,820	32,506	53	29,915	+2,591
Net interest income		3,088	25,523	49	24,549	+974
Net fee and commission income		637	6,956	0	5,433	+1,524
Other net income		94	26	4	-67	+94
Total operating expenses		2,664	28,150	9,757	26,862	+1,288
Earnings before impairment		1,155	4,357	-9,704	3,053	+1,303
Impairment losses		5	169	66	726	-557
Net profit		1,151	4,187	-9,770	2,327	+1,860
Business volumes, EURm	13 months	Nov 23	YTD23	YTD22	FP YTD	Δ YTD FP
Deposits from customers		229	229	0	309	-81
Loans (net)		76	76	21	115	-40
Key figures	13 months	Nov 23	YTD23	YTD22	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		69.8%	86.6%	18441.4%	89.8%	- 3.2 pp
Net interest margin (NIM)		10.3%	14.2%	0.3%	11.0%	+ 3.3 pp

- Banking services customers' deposits increased by 8 EURm, and retail customers' deposits from Raisin platform by 36 EURm. Joined also Flagstone deposit platform in the beginning of December
- Loan portfolio grew by 9 EURm. New Head of Credit will start in London in January. Hiring 4-5 additional Loan Managers in London and in Manchester
- Received full MasterCard and Visa membership. Acquiring service launches in December

Madis Toomsalu

LHV Group CEO

madis.toomsalu@lhv.ee

Meelis Paakspuu

LHV Group CFO

meelis.paakspuu@lhv.ee