

# LHV Group

July results  
August 14, 2018

# LHV Group

## Strong results

Financial results, EURt	13 months	Jul-18	YTD18	YTD17	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		5,224	42,207	33,355	40,856	+1,351
Net interest income		3,124	23,151	19,692	23,037	+114
Net fee and commission income		1,970	15,731	12,343	15,075	+655
<b>Total operating expenses</b>		2,441	19,547	18,137	19,855	-308
<b>Earnings before impairment</b>		2,784	22,660	15,219	21,002	+1,658
Impairment losses on loans		130	2,998	2,017	2,791	+207
Income tax		226	2,938	1,020	2,765	+173
<b>Net profit, incl.</b>		2,428	16,723	12,181	15,445	+1,278
attr. to the owners of the parent		2,270	15,744	10,970	14,500	+1,244
<b>Business volumes, EURm</b>		<b>Jul-18</b>	<b>YTD18</b>	<b>YTD17</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		1,607	1,607	1,013	1,381	+226
Loans (net)		783	783	618	780	+3
Assets under management		1,184	1,184	1,049	1,195	-11
<b>Key figures</b>		<b>Jul-18</b>	<b>YTD18</b>	<b>YTD17</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		46.7%	46.3%	54.4%	48.6%	- 2.3 pp
ROE (attr.to owners of the parent)		18.8%	20.1%	17.7%	18.6%	+ 1.5 pp
Net interest margin (NIM)		2.1%	2.2%	3.4%	2.3%	- 0.1 pp
ROA		1.6%	1.6%	2.1%	1.5%	+ 0.1 pp

- Very active inflow of new banking customers. All major business volumes are growing. Deposits and loans ahead of the financial plan, AUM slightly behind
- Revenues of major business units higher than planned. Costs lower than planned
- Credit quality remains good, only a few customers are under more thorough surveillance
- Net income 2.4 EURm, net profit attr. to shareholders 2.3 EURm. Compared to financial plan updated in May, cumulative net profit 1,3 EURm higher, financial plan remains valid

# LHV Banking

## Summer month with high activity

Financial results, EURt	13 months	Jul-18	YTD18	YTD17	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		4,068	29,155	22,919	28,095	+1,060
Net interest income		3,188	21,983	17,436	21,687	+296
Net fee and commission income		784	6,835	4,292	6,392	+443
<b>Total operating expenses</b>		1,874	14,257	11,384	14,391	-134
<b>Earnings before impairment</b>		2,194	14,898	11,534	13,704	+1,194
Impairment losses on loans		130	2,608	2,002	2,367	+242
Income tax		226	1,695	0	1,566	+128
<b>Net profit</b>		1,838	10,595	9,532	9,770	+824
<b>Business volumes, EURm</b>		<b>Jul-18</b>	<b>YTD18</b>	<b>YTD17</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		1,620	1,620	1,024	1,393	+227
Loans (net)		783	783	611	780	+4
<b>Key figures</b>		<b>Jul-18</b>	<b>YTD18</b>	<b>YTD17</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		46.1%	48.9%	49.7%	51.2%	- 2.3 pp
CT1 capital adequacy		14.2%	14.2%	14.1%	13.2%	+ 1.0 pp
Total capital adequacy		16.9%	16.9%	17.5%	15.7%	+ 1.3 pp
Net interest margin (NIM)		2.2%	2.1%	3.0%	2.2%	- 0.0 pp

- 2,300 new bank customers in July and retail customers activity at record level
- Revenues of all business higher than planned. The costs are seasonally lower
- Loan portfolio increased by 7 EURm, most of it came from retail banking. In the corporate loan portfolio, signed but not yet paid out loans reached record levels
- Deposits increased by 65 EURm, payment intermediaries' deposits increased by 32 EURm and private customers' deposits increased by 7 EURm

## Active sales period increased the number of customers

Financial results, EURt	13 months	Jul-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue		1,211	7,947	7,731	7,937	+10
Total expenses		469	3,352	4,051	3,442	-90
Earnings before taxes		742	4,595	3,679	4,495	+100
Income tax		0	1,100	951	1,100	+0
Net profit		742	3,495	2,728	3,395	+100
<b>Business volumes</b>	<b>13 months</b>	<b>Jul-18</b>	<b>YTD18</b>	<b>YTD17</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Assets under management, EURm		1,184	1,184	1,049	1,195	-11
Active customers of PII funds, thous.		179	179	178	177	+2
<b>Key figures</b>	<b>13 months</b>	<b>Jul-18</b>	<b>YTD18</b>	<b>YTD17</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		39.6%	42.2%	53.2%	43.2%	- 1.0 pp
Funds average return		0.4%	1.3%	1.9%	1.9%	- 0.6 pp

- A more active sales period increased the number of customers by 1.2 thous. (net). 3.5 thous. new customers came in 2.3 thous. 2.3 left
- Revenues ahead of the plan due to financial revenues. Different business expenses have been lower than planned. Profit ahead of the financial plan
- Positive month for funds investing in stock markets

\*Financial reporting is subject to IFRS 15 starting from FY 2018, historic periods presented without changes

## **Madis Toomsalu**

LHV Group Managing Director  
[madis.toomsalu@lhv.ee](mailto:madis.toomsalu@lhv.ee)

## **Meelis Paakspuu**

LHV Group CFO  
[meelis.paakspuu@lhv.ee](mailto:meelis.paakspuu@lhv.ee)