

# LHV Group

February results  
March 12, 2019

The LHV logo is located in the bottom right corner of the slide. It consists of the letters 'LHV' in a bold, black, sans-serif font. The background of the slide features a large, stylized 'V' shape on the right side, composed of several overlapping, semi-transparent grey triangles that create a sense of depth and movement.

# LHV Group

## Historically best month regarding new customers and loan volumes

Financial results, EURt	13 months	Feb-19	YTD19	YTD18	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		5,422	11,159	10,596	11,032	+128
Net interest income		3,380	7,015	6,581	6,911	+104
Net fee and commission income		1,953	3,949	4,072	4,085	-136
<b>Total operating expenses</b>		2,963	5,792	5,726	6,025	-233
<b>Earnings before impairment</b>		2,459	5,367	4,871	5,007	+360
Impairment losses on loans		338	816	1,046	573	+243
Income tax		153	314	41	328	-13
<b>Net profit, incl.</b>		1,968	4,237	3,784	4,106	+131
attr. to shareholders		1,782	3,844	3,409	3,735	+109
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Feb-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		1,493	1,493	1,714	1,483	+10
Loans (net)		975	975	745	941	+34
Assets under management		1,246	1,246	1,121	1,234	+12
<b>Key figures</b>	<b>13 months</b>	<b>Feb-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		54.6%	51.9%	54.0%	54.6%	- 2.7 pp
pre-tax ROE*		16.1%	16.0%	16.2%	15.7%	+ 0.4 pp
ROE*		14.8%	14.8%	16.1%	14.4%	+ 0.4 pp
Net interest margin (NIM)		2.6%	2.6%	2.2%	2.6%	+ 0.0 pp
ROA		1.5%	1.5%	1.2%	1.5%	+ 0.0 pp

- Historically best month regarding new customers and loan volumes. Growth is broad-based
- Interest and net fee income as expected, minor differences compared to financial plan
- Customer base and activity are increasing in a good pace
- Good growth potential of the loan portfolio, no additional customers under specific surveillance
- Net profit of February 2.0 EURm. Financial plan of 2019 is valid
- March results will be affected by income tax on dividends

## LHV Banking

# Loan growth was powered by the acquisition of Versobank's portfolio

Financial results, EURt	13 months	Feb-19	YTD19	YTD18	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		4,419	8,944	7,420	8,917	+27
Net interest income		3,489	7,271	5,960	7,131	+140
Net fee and commission income		871	1,633	1,485	1,788	-155
<b>Total operating expenses</b>		2,456	4,760	3,958	4,943	-183
<b>Earnings before impairment</b>		1,963	4,184	3,462	3,974	+210
Impairment losses on loans		338	816	907	573	+243
Income tax		153	314	0	328	-13
<b>Net profit</b>		1,472	3,054	2,555	3,073	-19
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Feb-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		1,520	1,520	1,719	1,504	+16
Loans (net)		975	975	735	941	+34
<b>Key figures</b>	<b>13 months</b>	<b>Feb-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		55.6%	53.2%	53.3%	55.4%	- 2.2 pp
CT1 capital adequacy		12.8%	12.8%	15.2%	13.4%	- 0.6 pp
Total capital adequacy		16.2%	16.2%	18.1%	16.9%	- 0.8 pp
Net interest margin (NIM)		2.7%	2.7%	2.0%	2.6%	+ 0.0 pp

- 3,100 new bank customers joined in February
- Ordinary revenues and expenses (considering shorter month)
- Loan portfolio increased by 44 EURm, of which 13 EURm was Versobank's portfolio (of higher quality). Corporate loan portfolio increased by 32 EURm and retail loan portfolio by 12 EURm
- Deposits increased by 68 EURm, of which regular customer deposits increased 36 EURm and payment intermediaries deposits by 32 EURm

## LHV Asset Management

### Pension fund management fees decreased in February

Financial results, EURt	13 months	Feb-19	YTD19	YTD18	Δ YTD FP
Total revenue		1,104	2,454	2,166	+139
Total expenses		477	950	922	-29
Earnings before taxes		627	1,503	1,243	+168
Net profit		627	1,503	1,243	+168
Business volumes	13 months	Feb-19	YTD19	YTD18	Δ YTD FP
Assets under management, EURm		1,246	1,246	1,121	+12
Active customers of PII funds, thous.		177	177	177	-0
Key figures	13 months	Feb-19	YTD19	YTD18	Δ YTD FP
Cost / income ratio (C/I)		44.1%	41.0%	41.9%	- 1.6 pp
Funds average return		0.5%	1.7%	0.0%	+ 1.2 pp

- Similarly to January, stock markets upturn continued in February. Return on LHV actively managed II pillar pension funds -0.1% - 0.6%
- Implementation of volume based, management fee declining coefficients
- Revenues are ahead of plan due to higher financial income, expenses are lower than planned due to postponement of pension application launch
- According to press release published on February 6th, Mihkel Oja will resign from the CEO position of LHV Asset Management

**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)