

# LHV Group

July results  
August 13, 2019

# LHV Group

## Strong growth in business volumes

Financial results, EURt	13 months	Jul-19	YTD19	YTD18	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		6,073	41,858	42,207	41,869	-11
Net interest income		3,719	26,292	23,151	26,350	-58
Net fee and commission income		2,284	15,122	15,731	15,129	-7
<b>Total operating expenses</b>		3,058	21,567	19,547	21,648	-81
<b>Earnings before impairment</b>		3,015	20,291	22,660	20,221	+70
Impairment losses on loans		274	1,923	2,998	2,069	-146
Income tax		208	3,171	2,938	3,126	+44
<b>Net profit, incl.</b>		2,532	15,197	16,723	15,025	+172
attr. to shareholders		2,325	14,113	15,744	13,932	+181
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Jul-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		2,467	2,467	1,607	2,230	+236
Loans (net)		1,163	1,163	783	1,143	+19
Assets under management		1,310	1,310	1,184	1,312	-2
<b>Key figures</b>	<b>13 months</b>	<b>Jul-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		50.4%	51.5%	46.3%	51.7%	- 0.2 pp
pre-tax ROE*		18.4%	18.4%	23.8%	18.1%	+ 0.2 pp
ROE*		16.9%	15.2%	20.5%	15.1%	+ 0.2 pp
Net interest margin (NIM)		1.7%	2.4%	2.2%	2.5%	- 0.0 pp
ROA		1.2%	1.4%	1.6%	1.4%	- 0.0 pp










- Strong growth in business volumes. A good month for customer growth as well as general performance. Growth is broad-based
- Deposit volumes ahead of financial plan due to accumulation of deposits through deposit platforms in order to finance the acquisition of Danske private customers loan portfolio
- Good growth potential of the loan portfolio, the risk level of portfolio is good
- Net profit in July was 2.5 EURm and ytd net profit exceeds financial plan (updated in July) by 0.2 EURm due to lower loan losses

## Business volumes are growing across all business lines

Financial results, EURt		13 months	Jul-19	YTD19	YTD18	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>			4,800	33,747	29,155	33,767	-20
Net interest income			3,737	26,818	21,983	26,870	-52
Net fee and commission income			1,033	6,745	6,835	6,744	+1
<b>Total operating expenses</b>			2,454	17,704	14,257	17,860	-156
<b>Earnings before impairment</b>			2,346	16,043	14,898	15,907	+137
Impairment losses on loans			274	1,923	2,608	2,069	-146
Income tax			208	2,198	1,695	2,154	+44
<b>Net profit</b>			1,863	11,922	10,595	11,684	+238
<b>Business volumes, EURm</b>		<b>13 months</b>	<b>Jul-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers			2,475	2,475	1,620	2,236	+239
Loans (net)			1,163	1,163	783	1,143	+19
<b>Key figures</b>		<b>13 months</b>	<b>Jul-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)			51.1%	52.5%	48.9%	52.9%	- 0.4 pp
Net interest margin (NIM)			1.7%	2.3%	2.1%	2.4%	- 0.0 pp

- Ca 3,000 new bank clients joined in July bringing new record-levels in client activity
- Loan portfolio increased by 45 EURm of which corporate loan portfolio increased by 27 EURm and retail loan portfolio by 18 EURm
- Deposits increased by 384 EURm, of which payment intermediaries deposits increased by 217 EURm, deposits obtained through platforms increased by 99 EURm and regular customers deposits increased by 68 EURm. Financing is now complete to acquire Danske private loan portfolio

## LHV Index Fund continues to be the best performing pension fund in Estonia

Financial results, EURt	13 months	Jul-19	YTD19	YTD18	FP YTD	Δ YTD FP
Total revenue		1,289	8,597	7,947	8,579	+18
Total expenses		509	3,501	3,352	3,469	+32
Earnings before taxes		780	5,096	4,595	5,110	-14
Income tax		0	972	1,100	972	+0
Net profit		780	4,124	3,495	4,138	-14
Business volumes	13 months	Jul-19	YTD19	YTD18	FP YTD	Δ YTD FP
Assets under management, EURm		1,310	1,310	1,184	1,312	-2
Active customers of PII funds, thous.		177	177	179	178	-1
Key figures	13 months	Jul-19	YTD19	YTD18	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		40.7%	41.8%	42.2%	41.4%	+ 0.4 pp
Funds average return		0.5%	3.7%	1.3%	3.2%	+ 0.5 pp

- Equity markets continued to rise in July, LHV Pension Fund Index ytd yield 18.3%
- The best ever month on revenues, monthly net profit 780 EURt, +106 EURt compared to June
- The first direct investment in real estate with a stable rental flow
- In LHV's actively managed pension funds the focus is on OTC assets, the largest pension fund L ytd yield 3.7%

## **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)