

# LHV Group

August results  
September 10, 2019



# LHV Group

## Strong profit month

Financial results, EURt	13 months	Aug-19	YTD19	YTD18	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		<b>6,559</b>	<b>48,416</b>	<b>48,351</b>	<b>47,932</b>	<b>+484</b>
Net interest income		4,187	30,479	26,346	30,079	+400
Net fee and commission income		2,310	17,432	17,964	17,447	-16
<b>Total operating expenses</b>		<b>3,142</b>	<b>24,708</b>	<b>22,383</b>	<b>24,813</b>	<b>-105</b>
<b>Earnings before impairment</b>		<b>3,417</b>	<b>23,708</b>	<b>25,968</b>	<b>23,119</b>	<b>+590</b>
Impairment losses on loans		71	1,994	3,634	2,534	-540
Income tax		280	3,451	3,165	3,291	+160
<b>Net profit, incl.</b>		<b>3,066</b>	<b>18,264</b>	<b>19,168</b>	<b>17,294</b>	<b>+970</b>
attr. to shareholders		2,850	16,963	18,043	16,008	+955
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Aug-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		2,493	2,493	1,628	2,376	+118
Loans (net)		1,184	1,184	790	1,176	+8
Assets under management		1,323	1,323	1,195	1,327	-4
<b>Key figures</b>	<b>13 months</b>	<b>Aug-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		47.9%	51.0%	46.3%	51.8%	- 0.7 pp
pre-tax ROE*		22.3%	18.9%	23.5%	17.9%	+ 1.0 pp
ROE*		20.3%	15.9%	20.4%	15.0%	+ 0.8 pp
Net interest margin (NIM)		1.8%	2.4%	2.2%	2.4%	- 0.0 pp
ROA		1.3%	1.4%	1.6%	1.3%	+ 0.0 pp

- Good growth in business volumes. A strong month for customer growth and profitability
- Deposit volumes ahead of financial plan due to accumulation of deposits through deposit platforms for financing the acquisition of Danske private customers loan portfolio
- Good growth potential of the loan portfolio, the risk level of portfolio is good. The volumes of assets under management in accordance with the financial plan
- The 3.1 EURm net profit in August includes 0.3 EURm of irregular interest on late payments. We are ahead of the financial plan (updated in July) by 1 EURm due to lower loan write-downs and higher revenues

## Growth in business volumes accompanied by a good profitability

Financial results, EURt	13 months	Aug-19	YTD19	YTD18	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		5,320	39,068	34,162	38,551	+517
Net interest income		4,205	31,023	25,242	30,611	+412
Net fee and commission income		1,049	7,794	7,866	7,789	+5
<b>Total operating expenses</b>		2,592	20,296	16,591	20,454	-159
<b>Earnings before impairment</b>		2,728	18,772	17,571	18,096	+675
Impairment losses on loans		71	1,994	3,244	2,534	-540
Income tax		280	2,479	1,921	2,319	+160
<b>Net profit</b>		2,377	14,299	12,405	13,244	+1,056
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Aug-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		2,501	2,501	1,641	2,381	+120
Loans (net)		1,184	1,184	790	1,176	+8
<b>Key figures</b>	<b>13 months</b>	<b>Aug-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		48.7%	52.0%	48.6%	53.1%	- 1.1 pp
Net interest margin (NIM)		1.8%	2.2%	2.1%	2.3%	- 0.0 pp

- Approximately 3,000 new bank clients joined in August bringing new record-levels in business volumes
- Loan portfolio increased by 21 EURm of which corporate loan portfolio increased by 7 EURm and retail loan portfolio by 14 EURm
- Deposits increased by 26 EURm, while deposits from payment intermediaries decreased by 21 EURm. Financing for Danske private loan portfolio acquisition is secured

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

Financial results, EURt	13 months	Aug-19	YTD19	YTD18	FP YTD	Δ YTD FP
Total revenue		1,254	9,851	9,138	9,865	-14
Total expenses		468	3,970	3,800	3,969	+1
Earnings before taxes		786	5,881	5,338	5,896	-15
Income tax		0	972	1,100	972	+0
Net profit		786	4,909	4,238	4,924	-15
<b>Business volumes</b>	<b>13 months</b>	<b>Aug-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Assets under management, EURm		1,323	1,323	1,195	1,327	-4
Active customers of PII funds, thous.		177	177	178	177	-1
<b>Key figures</b>	<b>13 months</b>	<b>Aug-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		37.1%	41.2%	41.6%	41.1%	+ 0.1 pp
Funds average return		0.2%	3.8%	1.4%	3.2%	+ 0.6 pp

- The situation on equity markets in August was nervous with much higher volatility in comparison to the previous months. LHV Pension Fund Index ytd yield 17.2%
- Operating income 1,254 EURt, monthly net profit 786 EURt. A record month in terms of revenue gained
- In September largest funds management fees decrease by 40%, from now on L and XL funds management fees are 0.72%
- The ytd yield of L fund with the most diversified portfolio is 3.89%

## **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)