

# LHV Group

January results  
February 11, 2020



# LHV Group

## Strong start of the year

Financial results, EURt	13 months	Jan-20	YTD20	YTD19	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		7,566	7,566	5,738	7,112	+454
Net interest income		5,340	5,340	3,636	4,908	+432
Net fee and commission income		2,166	2,166	1,996	2,151	+15
<b>Total operating expenses</b>		3,497	3,497	2,830	3,683	-186
<b>Earnings before impairment</b>		4,069	4,069	2,908	3,429	+640
Impairment losses on loans		147	147	478	456	-308
Income tax		416	416	162	276	+140
<b>Net profit, incl.</b>		3,506	3,506	2,268	2,697	+809
attr. to shareholders		3,298	3,298	2,062	2,459	+839
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Jan-20</b>	<b>YTD20</b>	<b>YTD19</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		2,796	2,796	1,425	2,740	+56
Loans (net)		1,739	1,739	931	1,705	+34
Assets under management		1,374	1,374	1,233	1,372	+2
<b>Key figures</b>	<b>13 months</b>	<b>Jan-20</b>	<b>YTD20</b>	<b>YTD19</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		46.2%	46.2%	49.3%	51.8%	- 5.6 pp
pre-tax ROE*		21.6%	22.0%	17.2%	16.2%	+ 5.8 pp
ROE*		19.2%	19.5%	16.0%	14.6%	+ 4.9 pp
Net interest margin (NIM)		2.1%	2.1%	2.6%	1.9%	+ 0.2 pp
ROA		1.3%	1.3%	1.6%	1.0%	+ 0.3 pp

- Strong start of the year in terms of business volumes, corporate lending is higher than usual
- Revenue higher than forecasted due to higher business volumes and early repayments of acquired Danske portfolio loans
- Credit portfolio remains strong, loan write-downs are lower than planned
- January profit was 3.5 EURm, ahead of the financial plan by 0.8 EURm

## Higher revenues due to higher business volumes

Financial results, EURt	13 months	Jan-20	YTD20	YTD19	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		6,661	6,661	4,525	6,218	+443
Net interest income		5,315	5,315	3,781	4,883	+433
Net fee and commission income		1,339	1,339	763	1,319	+20
<b>Total operating expenses</b>		2,932	2,932	2,303	3,111	-178
<b>Earnings before impairment</b>		3,728	3,728	2,222	3,107	+621
Impairment losses on loans		147	147	478	456	-308
Income tax		416	416	162	276	+140
<b>Net profit</b>		3,165	3,165	1,582	2,375	+790
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Jan-20</b>	<b>YTD20</b>	<b>YTD19</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		2,808	2,808	1,452	2,748	+60
Loans (net)		1,739	1,739	931	1,705	+34
<b>Key figures</b>	<b>13 months</b>	<b>Jan-20</b>	<b>YTD20</b>	<b>YTD19</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		44.0%	44.0%	50.9%	50.0%	- 6.0 pp
Net interest margin (NIM)		2.1%	2.1%	2.7%	1.9%	+ 0.2 pp

- Biggest revenue growth drivers are increased loan portfolio as well as early repayments of loans from acquired Danske loan portfolio, that allowed to recognize these discounts in an income
- Due to small seasonality expenses are lower in the first month as purchases are made in lower volumes
- Corporate loan portfolio increased by 41 EURm and retail loan portfolio volume rose by 11 EURm
- Deposits increased by 95 EURm, while deposits from payment intermediaries increased by 45 EURm

# LHV Asset Management

## Stock market volatility is above average

Financial results, EURt	13 months	Jan-20	YTD20	YTD19	FP YTD	Δ YTD FP
Total revenue		877	877	1,349	858	+19
Total expenses		489	489	473	496	-6
Earnings before taxes		388	388	876	363	+26
Net profit		388	388	876	363	+26
Business volumes	13 months	Jan-20	YTD20	YTD19	FP YTD	Δ YTD FP
Assets under management, EURm		1,374	1,374	1,233	1,372	+2
Active customers of PII funds, thous.		176	176	177	176	+0
Key figures	13 months	Jan-20	YTD20	YTD19	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		59.1%	59.1%	38.4%	59.6%	- 0.4 pp
Funds average return		0.5%	0.5%	1.2%	0.4%	+ 0.0 pp

- January income 877 EURt, 20 EURt higher than forecasted. Net profit in January 388 EURt
- Markets are volatile in the beginning of the year. LHV fund Index yield in January -0.5%, yield of actively managed pension fund L +0.54%
- Valge Maja (real-estate property) investment finalized in January
- Pension reform bill passed the confidence vote in Riigikogu, president did not proclaim the law in the beginning of February and sent it back to Riigikogu

## **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)