

# LHV Group

April results  
May 12, 2020



# LHV Group

## Results affected by loan impairments

Financial results, EURt	13 months	Apr-20	YTD20	YTD19	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		7,578	30,056	23,494	29,347	+709
Net interest income		5,259	21,582	14,715	21,246	+336
Net fee and commission income		1,999	8,507	8,541	8,317	+189
<b>Total operating expenses</b>		3,540	14,714	12,285	14,745	-31
<b>Earnings before impairment</b>		4,038	15,342	11,209	14,602	+740
Impairment losses on loans		5,627	6,638	994	7,852	-1,214
Income tax		0	2,809	2,519	2,803	+6
<b>Net profit, incl.</b>		-1,589	5,895	7,697	3,947	+1,948
attr. to shareholders		-1,724	5,356	7,195	3,498	+1,857
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Apr-20</b>	<b>YTD20</b>	<b>YTD19</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		3,038	3,038	1,657	2,990	+48
Loans (net)		1,746	1,746	1,016	1,778	-32
Assets under management		1,403	1,403	1,275	1,360	+42
<b>Key figures</b>	<b>13 months</b>	<b>Apr-20</b>	<b>YTD20</b>	<b>YTD19</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		46.7%	49.0%	52.3%	50.2%	- 1.3 pp
pre-tax ROE*		-10.3%	11.7%	18.3%	9.0%	+ 2.7 pp
ROE*		-10.3%	8.0%	13.9%	5.2%	+ 2.7 pp
Net interest margin (NIM)		1.9%	2.2%	2.7%	2.1%	+ 0.0 pp
ROA		-0.6%	0.6%	1.4%	0.4%	+ 0.2 pp

- Usual month in terms of business volumes
- The worsening economic situation led to a monthly loss. The loan impairments made in April are model-based and forward-looking, actual credit portfolio remains strong
- The volume of retail deposits is increasing
- Pension funds performance was very good
- Net loss in April was 1.6 EURm, we are ahead of the ytd financial plan by 1.9 EURm

# LHV Banking

## Predeictive impairments

Financial results, EURt	13 months	Apr-20	YTD20	YTD19	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		<b>6,553</b>	<b>27,100</b>	<b>18,940</b>	<b>26,683</b>	<b>+417</b>
Net interest income		5,234	21,482	15,067	21,147	+336
Net fee and commission income		1,321	5,654	3,842	5,470	+185
<b>Total operating expenses</b>		<b>2,977</b>	<b>12,409</b>	<b>10,136</b>	<b>12,460</b>	<b>-52</b>
<b>Earnings before impairment</b>		<b>3,576</b>	<b>14,691</b>	<b>8,804</b>	<b>14,223</b>	<b>+468</b>
Impairment losses on loans		5,627	6,638	994	7,852	-1,214
Income tax		0	1,964	1,547	1,958	+6
<b>Net profit</b>		<b>-2,051</b>	<b>6,089</b>	<b>6,264</b>	<b>4,413</b>	<b>+1,676</b>
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Apr-20</b>	<b>YTD20</b>	<b>YTD19</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		3,043	3,043	1,673	2,995	+48
Loans (net)		1,746	1,746	1,016	1,778	-32
<b>Key figures</b>	<b>13 months</b>	<b>Apr-20</b>	<b>YTD20</b>	<b>YTD19</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		45.4%	45.8%	53.5%	46.7%	- 0.9 pp
Net interest margin (NIM)		1.9%	2.1%	2.6%	2.0%	+ 0.0 pp

- Revenues and expenses in April as expected but were affected by the write-downs of 5.6 EURm due to the worsened macroeconomic situation
- LHV has given grace period to loans worth ca 178 EURm since the beginning of the crisis
- Corporate loan portfolio increased by 2 EURm and retail loan portfolio grew by 5 EURm
- Deposits increased by 85 EURm, thereof state related deposits increased by 111 EURm, payments intermediaries deposits decreased by 64 EURm and retail deposits increased by 19 EURm

## Strong month in stock markets and LHV pension funds

Financial results, EURt	13 months	Apr-20	YTD20	YTD19	FP YTD	Δ YTD FP
Total revenue		998	2,844	4,881	2,548	+296
Total expenses		500	2,065	1,988	2,030	+35
Earnings before taxes		498	779	2,893	518	+261
Income tax		0	844	972	844	+0
Net profit		498	-65	1,921	-326	+261
<b>Business volumes</b>	<b>13 months</b>	<b>Apr-20</b>	<b>YTD20</b>	<b>YTD19</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Assets under management, EURm		1,403	1,403	1,275	1,360	+42
Active customers of PII funds, thous.		178	178	177	176	+2
<b>Key figures</b>	<b>13 months</b>	<b>Apr-20</b>	<b>YTD20</b>	<b>YTD19</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		73.7%	72.4%	42.3%	71.3%	+ 1.1 pp
Funds average return		3.7%	0.3%	2.6%	0.6%	- 0.2 pp

- Despite the restrictions affecting the global economy, the largest stock markets rise in April. MSCI World grew by 11.1%, S&P500 13.0%
- The returns of the largest funds L and XL were 3.8% and 5.2% respectively in April
- The volume of second pillar funds increased by 56 EURm. Net profit was affected by financial income from own shares of 0.3 EURm
- Second pillar state payments temporarily suspended. The impact to customers is neutral. Might be costly for the taxpayer if the returns stay good

## **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)