

LHV Group

July results
August 11, 2020



A strong result for both volumes and profitability

Financial results, EURt	13 months	Jul-20	YTD20	YTD19	FP YTD	Δ YTD FP
Total revenue, incl.		8,018	52,534	41,858	50,805	+1,729
Net interest income		5,566	37,434	26,292	36,858	+576
Net fee and commission income		2,351	15,046	15,122	14,019	+1,027
Total operating expenses		3,431	25,267	21,567	25,945	-678
Earnings before impairment		4,587	27,268	20,291	24,860	+2,408
Impairment losses on loans		-539	8,144	1,923	12,136	-3,992
Income tax		579	3,544	3,171	2,851	+692
Net profit, incl.		4,546	15,580	15,197	9,873	+5,707
attr. to shareholders		4,288	14,303	14,113	8,951	+5,352
Business volumes, EURm	13 months	Jul-20	YTD20	YTD19	FP YTD	Δ YTD FP
Deposits from customers		3,070	3,070	2,467	2,896	+174
Loans (net)		1,828	1,828	1,163	1,788	+40
Assets under management		1,455	1,455	1,310	1,396	+59
Key figures	13 months	Jul-20	YTD20	YTD19	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		42.8%	48.1%	51.5%	51.1%	- 3.0 pp
pre-tax ROE*		27.3%	14.6%	18.4%	9.7%	+ 4.9 pp
ROE*		24.0%	11.9%	15.2%	7.5%	+ 4.3 pp
Net interest margin (NIM)		1.8%	2.1%	2.4%	2.1%	- 0.0 pp
ROA		1.5%	0.8%	1.4%	0.5%	+ 0.3 pp

- All major business lines performed strongly. Good result was supported by higher revenues, lower expenses and reduced provisions due to better-than-expected loan portfolio quality
- The volumes of loans, deposits and pension funds exceed the financial plan
- July profit 4.5 EURm, we outperform YTD financial plan by 5.7 EURm. We will decide on the need to change the financial plan in the autumn, when the first grace periods granted in the spring will end

LHV Banking

The month with record profit

Financial results, EURt	13 months	Jul-20	YTD20	YTD19	FP YTD	Δ YTD FP
Total revenue, incl.		7,252	47,245	33,747	45,990	+1,256
Net interest income		5,602	37,391	26,818	36,788	+603
Net fee and commission income		1,610	10,032	6,745	9,089	+943
Total operating expenses		2,839	21,085	17,704	21,956	-871
Earnings before impairment		4,413	26,161	16,043	24,034	+2,127
Impairment losses on loans		-539	8,144	1,923	12,136	-3,992
Income tax		579	2,699	2,198	2,007	+692
Net profit		4,373	15,317	11,922	9,891	+5,426
Business volumes, EURm	13 months	Jul-20	YTD20	YTD19	FP YTD	Δ YTD FP
Deposits from customers		3,087	3,087	2,475	2,908	+179
Loans (net)		1,828	1,828	1,163	1,788	+40
Key figures	13 months	Jul-20	YTD20	YTD19	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		39.1%	44.6%	52.5%	47.7%	- 3.1 pp
Net interest margin (NIM)		1.8%	1.9%	2.3%	1.9%	- 0.0 pp

- Positive results in July: the number of customers increased by 3,300, customer activity was high, portfolios grew. On the cost side, the holidays are concentrated in the summer and therefore costs are lower
- Corporate loan portfolio increased by 10 EURm and retail loan portfolio grew by 14 EURm. The quality of the loan portfolio improved and led to a decrease in provisions of 0.5 EURm
- We will continue to reduce the expensive platform deposits raised last year, which decreased by 89 EURm. Regular deposits and payment intermediaries deposits increased by 25 EURm and 47 EURm respectively

LHV Asset Management

Record number of customers and solid return

Financial results, EURt	13 months	Jul-20	YTD20	YTD19	FP YTD	Δ YTD FP
Total revenue		799	5,226	8,597	4,720	+506
Total expenses		514	3,674	3,501	3,531	+143
Earnings before taxes		285	1,552	5,096	1,189	+363
Income tax		0	844	972	844	+0
Net profit		285	708	4,124	345	+363
Business volumes	13 months	Jul-20	YTD20	YTD19	FP YTD	Δ YTD FP
Assets under management, EURm		1,455	1,455	1,310	1,396	+59
Active customers of PII funds, thous.		181	181	177	177	+4
Key figures	13 months	Jul-20	YTD20	YTD19	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		69.4%	73.3%	41.8%	71.6%	+ 1.7 pp
Funds average return		0.7%	2.6%	3.7%	1.8%	+ 0.8 pp

- By the end of July the number of customers exceeded 180 thousand. In September a record 16.7 EURm will be transferred to LHV pension funds due to customers migrations between pension fund managers
- The returns of the largest funds L and XL were 0.9% in July. Pension Fund Green continued to showed the best return on the market with 5.9% increase of share value
- The volume of second pillar funds increased by 15 EURm in July. Revenue and net profit ahead of financial plan due to good return and AUM growth

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