

LHV Group

May results
June 11, 2019

The LHV logo is located in the bottom right corner of the slide. It consists of the letters 'LHV' in a bold, black, sans-serif font. The background of the slide features a large, stylized 'V' shape on the right side, composed of several overlapping, semi-transparent white and light gray geometric shapes that create a sense of depth and movement.

LHV Group

Historically the fastest growth in loan volumes

Financial results, EURt	13 months	May-19	YTD19	YTD18	FP YTD	Δ YTD FP
Total revenue, incl.		6 373	29 867	31 993	28 911	+956
Net interest income		4 122	18 837	16 903	18 314	+523
Net fee and commission income		2 263	10 803	11 875	10 512	+292
Total operating expenses		3 125	15 410	14 600	14 902	+507
Earnings before impairment		3 248	14 457	17 393	14 008	+449
Impairment losses on loans		314	1 308	2 568	1 797	-489
Income tax		249	2 768	2 541	3 230	-462
Net profit, incl.		2 684	10 381	12 284	8 982	+1 399
attr. to shareholders		2 511	9 706	11 596	8 366	+1 341
Business volumes, EURm	13 months	May-19	YTD19	YTD18	FP YTD	Δ YTD FP
Deposits from customers		1 928	1 928	1 647	1 600	+328
Loans (net)		1 076	1 076	754	1 013	+64
Assets under management		1 279	1 279	1 158	1 283	-4
Key figures	13 months	May-19	YTD19	YTD18	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		49.0%	51.6%	45.6%	51.5%	+0.0 pp
pre-tax ROE*		20.7%	18.8%	25.6%	17.4%	+1.4 pp
ROE*		18.8%	14.9%	21.5%	12.9%	+2.0 pp
Net interest margin (NIM)		2.4%	2.7%	2.3%	2.6%	+0.1 pp
ROA		1.5%	1.4%	1.6%	1.2%	+0.2 pp

- Historically the fastest growth in loan volumes. A strong month for customer and deposit growth as well as general performance. Growth is broad-based
- The volume of deposits outperforms the financial plan to finance Danske private loan portfolio acquisition
- Good growth potential of the loan portfolio, the risk level of portfolio is strong
- Net profit of May was 2.7 EURm and ytd net profit exceeds financial plan by 1.4 EURm

LHV Banking

The Bank is growing at full speed – both loans and deposits are at record levels

Financial results, EURt	13 months	May-19	YTD19	YTD18	FP YTD	Δ YTD FP
Total revenue, incl.		5 227	24 167	21 178	23 488	+679
Net interest income		4 180	19 247	15 607	18 876	+371
Net fee and commission income		1 035	4 878	5 302	4 618	+259
Total operating expenses		2 636	12 772	10 386	12 166	+606
Earnings before impairment		2 591	11 395	10 792	11 322	+73
Impairment losses on loans		314	1 308	2 178	1 797	-489
Income tax		249	1 796	1 297	2 258	-462
Net profit		2 027	8 291	7 317	7 268	+1 024
Business volumes, EURm	13 months	May-19	YTD19	YTD18	FP YTD	Δ YTD FP
Deposits from customers		1 947	1 947	1 658	1 615	+332
Loans (net)		1 076	1 076	754	1 012	+64
Key figures	13 months	May-19	YTD19	YTD18	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		50.4%	52.8%	49.0%	51.8%	+1.1 pp
Net interest margin (NIM)		2.4%	2.6%	2.1%	2.6%	-0.1 pp

- 2,800 new bank clients joined in May bringing new record-levels in client activity
- Loan portfolio increased by almost 60 EURm of which corporate loan portfolio increased by 41.7 EURm and retail loan portfolio by 18 EURm
- Deposits increased by 274 EURm, of which payment intermediaries deposits increased by 40 EURm, deposits obtained through platforms increased by 92 EURm and regular customers deposits increased by 142 EURm. Deposits are deliberately above the financial plan for the financing of Danske private loan portfolio acquisition

LHV Asset Management

Despite the fall of stock markets, LHV's largest funds retained the assets

Financial results, EURt	13 months	May-19	YTD19	YTD18	FP YTD	Δ YTD FP
Total revenue		1 198	6 078	5 600	5 940	+138
Total expenses		449	2 437	2 388	2 486	-49
Earnings before taxes		748	3 641	3 211	3 454	+187
Income tax		0	972	1 100	972	-0
Net profit		748	2 669	2 111	2 482	+187
Business volumes	13 months	May-19	YTD19	YTD18	FP YTD	Δ YTD FP
Assets under management, EURm		1 279	1 279	1 158	1 283	-4
Active customers of PII funds, thous.		177	177	178	177	+0
Key figures	13 months	May-19	YTD19	YTD18	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		36.6%	41.1%	42.5%	42.2%	-1.1 pp
Funds average return		-0.1%	2.5%	0.8%	1.4%	+1.1 pp

- There was a correction of stock markets in May (average decline of over 5%). Return on LHV actively managed II pillar pension funds was between -0.4% and +0.4%
- The terms of the II pillar pension funds management were changed. Following the fall of the base management fee due to happen in September, the XL, L, M and Estonian fund would be entitled to receive the performance fee.
- In addition to the fee changes, the investment restrictions are also eased (beginning from May and September)
- Vahur Vallistu was appointed as a new CEO as of 6th of June

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