

Company AS LHV Group
Type Company Release
Category Management interim statement or quaterly financial report
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Attachments:

- ASLHV-10001780501-en.pdf (<http://oam.fi.ee/en/download?id=3795>)
- ASLHV-10001780502-en.pdf (<http://oam.fi.ee/en/download?id=3796>)
- ASLHV-10001780503-en.pdf (<http://oam.fi.ee/en/download?id=3797>)
- ASLHV-10001780505-et.pdf (<http://oam.fi.ee/en/download?id=3798>)
- ASLHV-10001780506-et.pdf (<http://oam.fi.ee/en/download?id=3799>)
- ASLHV-10001780507-et.pdf (<http://oam.fi.ee/en/download?id=3800>)

Currency

Title LHV Group unaudited results for Q1 of 2019

In January, February and March 2019, AS LHV Group altogether earnt EUR 5.0 million in consolidated profit. In Q1, the bank earnt EUR 4.2 million and Varahaldus EUR 1.2 million as net profit. LHV Group paid EUR 2.3 million as income tax in Q1. Group's equity ratio was 12.2%.

The Q1 net profit of the consolidation group was EUR 1.7 million less than in Q4 of 2018, however it has increased by EUR 0.7 million y-o-y.

During the quarter, the Group's consolidated net loan portfolio increased by EUR 72 million (+8%; +107 million in Q4 of 2018), to EUR 991 million. Consolidated deposits increased by EUR 145 million (+10%; -215 million in Q4), to EUR 1,567 million. At the same time, the deposits related to payment intermediaries increased by EUR 33 million and those of the regular customers by EUR 112 million.

The volume of funds managed by LHV increased by EUR 43 million over the quarter (+4%; +11 million in Q4), to EUR 1,257 million.

Comment of Madis Toomsalu, the CEO of LHV Group:

"In the first quarter, the growth of our business volumes has been broad-based, while also showing an all-time rapid pace. The number of the bank's customers grew by 9,500, with more than 3,600 customers joining us in March. The number of salary receipts, customers with assets, payments, use of bankcards, investment contracts is higher than ever. LHV's loan portfolio reached EUR 1 billion and the customers' deposits thrived. The total number of LHV's customers exceeded the threshold of 170,000.



The most important highlights of the quarter were the launch of the entrepreneur account and outgoing instant payments, as well as the acquisition of Verso's loan portfolio amounting to EUR 13.2 million. In March, we expanded our ATM network, to speak to a growing number of customers all over Estonia.

In January, LHV Group was chosen as the company with the best investor relations on the Nasdaq Baltic Stock Exchange. We are still most happy about the assessment given to our service quality. To be specific, the survey company Dive rated LHV Pank as the bank offering the best service in Estonia.

LHV Group's profit and profitability were notably influenced by the payment of income tax relating to dividends. All in all, LHV paid EUR 2.3 million as income tax and accordingly, the equity ratio was 12.2% in Q1 of 2019.

By the end of Q1, the consolidated volume of investment funds managed by LHV Varahaldus exceeded the threshold of EUR 1.25 billion; a great part of the growth originated from the recovery of securities markets after the Q4 decline. LHV's actively managed pension funds still have the lowest price risk related to stock exchanges, as the focus is primarily on making OTC investments. From February, there was an annual decline of 2nd pillar pension fund management fees related to volume growth, as a result of which the operating income decreased. The new management fee rates of 2nd pillar funds range from 0.39% to 1.20%. By the end of the quarter, the number of LHV's active 2nd pillar customers exceeded 177 thousand.

LHV's growth trends are supported by the Estonian business environment. The economic growth has been solid and the internal policy risks are managed by the balanced budget, low public sector debt and positive foreign balance.

We expect the slow economic growth to continue; at the same time, forecasting of the surrounding economies has become increasingly complicated. Also, the credit market has remained strong. All of the main credit products, incl. corporate loans and home loans, are growing. The financial health of households is on the strong side, the loan-to-deposit ratio is improving.

Yet, the sector is increasingly influenced by regulatory issues, such as the wish of certain parties to dismantle the 2nd pillar pension. By accusing it of having an insufficient rate of return, productivity is not being improved, but instead, the intention is to destroy the message that we need to save and thus, the development of Estonian capital and capital markets is reversed. The planned changes will be paid by the next generation together with tax increases. This cannot be a goal. We hope that a reasonable dialogue is achieved between the public and those making the decisions."

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Income statement, EUR t	Q1-2019	Q4-2018	Q1-2018
+-----+-----+-----+-----+			



Net interest income	10 945 10 289 10 195
+-----+-----+-----+	
Net fee and commission income	6 225 6 094 6 232
+-----+-----+-----+	
Net gains from financial assets	178 104 -87
+-----+-----+-----+	
Other income	-23 108 -4
+-----+-----+-----+	
Total revenue	17 324 16 595 16 337
+-----+-----+-----+	
Staff costs	-4 553 -4 293 -4 142
+-----+-----+-----+	
Office rent and expenses	-229 -536 -494
+-----+-----+-----+	
IT expenses	-629 -735 -552
+-----+-----+-----+	
Marketing expenses	-708 -599 -890
+-----+-----+-----+	
Other operating expenses	-2 987 -2 621 -2 802
+-----+-----+-----+	
Total operating expenses	-9 105 -8 783 -8 880
+-----+-----+-----+	
EBIT	8 219 7 811 7 457
+-----+-----+-----+	
Earnings before impairment losses	8 219 7 811 7 457
+-----+-----+-----+	
Impairment losses on loans and advances	-951 -543 -1 186
+-----+-----+-----+	
Income tax	-2 265 -544 -2 014
+-----+-----+-----+	
Net profit for the reporting period from continued operations	5 002 6 725 4 256
+-----+-----+-----+	
Profit/-loss from discontinued operations	0 0 0
+-----+-----+-----+	
Net profit	5 002 6 725 4 256
+-----+-----+-----+	
Profit attributable to non-controlling interest	312 676 306
+-----+-----+-----+	
Profit attributable to share holders of the parent	4 690 6 049 3 951
+-----+-----+-----+	
+-----+-----+-----+	
Balance sheet, EURt	March 2019 Dec 2018 March 2018
+-----+-----+-----+	
Cash and cash equivalents	764 778 682 658 1 071 822
+-----+-----+-----+	
Financial assets	26 205 47 153 57 091



Loans granted	1 001 963	929 037	774 760
Loan impairments	-11 216	-10 276	-9 111
Receivables from customers	7 275	3 721	12 250
Other assets	29 308	24 807	24 028
Total assets	1 818 313	1 677 100	1 930 839
Demand deposits	1 422 922	1 304 265	1 598 606
Term deposits	144 082	117 933	126 749
Loans received	21 638	21 584	6 018
Loans received and deposits from customers	1 588 642	1 443 782	1 731 373
Other liabilities	22 325	24 655	26 796
Subordinated loans	50 900	50 900	30 900
Total liabilities	1 661 866	1 519 337	1 789 069
Equity	156 447	157 763	141 770
Minority interest	3 234	4 123	7 027
Total liabilities and equity	1 818 313	1 677 100	1 930 839

AS LHV Group reports are available at <https://investor.lhv.ee/en/reports/>.

LHV will organize an investor meeting to introduce the quarterly results, to be held on 16 April at 18.00 in LHV Tallinn office (Tartu mnt 2, I floor). The presentation will be made in Estonian. To participate, please register at <https://fp.lhv.ee/academy/558>. A real-time video broadcast is made of the investor meeting on LHV's Facebook page www.facebook.com/LHVPank (<http://www.facebook.com/LHVPank>).

LHV Group is the largest domestic financial group and capital provider in Estonia. LHV Group's key subsidiaries are LHV Pank and LHV Varahaldus. LHV employs about 400 people. More than 171,000 customers use LHV's banking services. Pension funds managed by LHV have over 177,000 active clients.

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