

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

- LHV Group Factbook 2021-Q1-EN.pdf (<http://oam.fi.ee/en/download?id=5415>)
- LHV Group Presentation 2021-Q1-EN.pdf (<http://oam.fi.ee/en/download?id=5416>)
- LHV Group Interim Report 2021-Q1-EN.pdf (<http://oam.fi.ee/en/download?id=5417>)
- LHV Group faktiraamat 2021-Q1-ET.pdf (<http://oam.fi.ee/en/download?id=5418>)
- LHV Group investoresitlus 2021-Q1-ET.pdf (<http://oam.fi.ee/en/download?id=5419>)
- LHV Group vahearuanne 2021-Q1-ET.pdf (<http://oam.fi.ee/en/download?id=5420>)

Currency

Title LHV Group unaudited results for Q1 2021

In the first quarter of 2021, AS LHV Group altogether earned EUR 11.4 million in consolidated net profit. Within the quarter, the bank earned EUR 11.8 million in net profit, including EUR 2.2 million from servicing clients related to the UK branch. Varahaldus generated EUR 0.6 million in net loss, and Kindlustus generated EUR 0.3 million in net loss. The Group's return on equity in Q1 was 18.2%.

Year-on-year, the net profit of LHV Group was EUR 3.9 million (53%) higher in Q1, and EUR 6.6 million (37%) lower than in Q4 2020, when the profit of the Group also included the success fee related to managing pension funds. By the end of Q1, LHV is ahead of the financial plan for 2021, published in February, by EUR 0.9 million.

By the end of March, the consolidation group's volume of assets increased to EUR 5.68 billion. Within the quarter, the volume of the Group's consolidated loan portfolio grew by EUR 96 million (+4%; + EUR 353 million in Q4) to EUR 2.3 billion, and deposits increased by EUR 614 million (+15%; + EUR 904 million in Q4) to EUR 4.73 billion. In terms of growth of deposits, EUR 595 million came on account of financial intermediaries and EUR 54 million from regular clients, the proportion of deposit platforms decreased by EUR 35 million. The total volume of funds managed by LHV increased by EUR 50 million (+3%; + EUR 41 million in Q4), to EUR 1.59 billion.



Income statement, EUR thousand	Q1-2021	Q4-2020	3 months 2021	3 months 2020
Net interest income	20 371	19 893	20 371	16 324
Net fee and commission income	8 640	14 183	8 640	6 508
Net gains from financial assets	-375	1 316	-375	-389
Income from insurance activities	89	0	89	0
Other income	40	57	40	36
Total revenue	28 765	35 449	28 765	22 478
Staff costs	-7 253	-6 368	-7 253	-5 769
Office rent and expenses	-463	-239	-463	-278
IT expenses	-1 005	-964	-1 005	-729
Marketing expenses	-532	-475	-532	-473
Other operating expenses	-4 507	-3 381	-4 507	-3 926
Total operating expenses	-13 760	-11 427	-13 760	-11 175
Earnings before impairment losses	15 005	24 023	15 005	11 303
Impairment losses on loans and advances	-1 601	-2 243	-1 601	-1 011
Income tax	-1 988	-3 741	-1 988	-2 809
Net profit	11 416	18 039	11 416	7 483
Profit attributable to non-controlling interest	373	200	373	404
Profit attributable to share holders of the parent	11 043	17 840	11 043	7 079

Balance sheet, EUR thousand	Mar 2021	Dec 2020	Mar 2020
Cash and cash equivalents	3 193 146	2 393 537	1 284 182
Financial assets	149 739	330 055	231 321



Loans granted	2 322 518	2 225 681	1 746 205
Loan impairments	-18 170	-16 858	-7 296
Receivables from customers	5 185	9 388	2 780
Other assets	30 005	29 604	30 148
Total assets	5 682 423	4 971 407	3 287 341
Demand deposits	4 272 474	3 635 166	2 357 463
Term deposits	461 369	484 604	595 948
Loans received	508 801	468 585	25 687
Loans received and deposits from customers	5 242 644	4 588 355	2 979 098
Other liabilities	74 544	27 776	26 093
Subordinated loans	110 000	110 000	75 000
Total liabilities	5 427 188	4 726 131	3 080 191
Equity	255 235	245 276	207 150
Minority interest	6 756	8 483	4 190
Total liabilities and equity	5 682 423	4 971 407	3 287 341

Profitability ratios	Q1-2021	Q4-2020	3 months 2021	3 months 2020
Return on equity	18,2%	31,3%	18,2%	14,0%
Cost / Income ratio	47,8%	32,2%	47,8%	49,7%
Net gains from financial assets	0,3%	0,4%	0,3%	0,2%

In the LHV loan portfolio, corporate loans increased by EUR 68 million, and retail loans by EUR 28 million within the first quarter. Within a year, LHV Group's loan portfolio has increased by EUR 565 million, i.e., by 33%. Regardless of the quick growth, no compromises have been made in credit quality which remains good; wage subsidies by the State and grace periods offered by banks have enabled to ensure monetary buffers for borrowers. The grace periods granted last year have mostly ended on time; the volume of loans subject to grace periods has decreased from the original EUR 350 million to EUR 60 million by the end of Q1. This year as well, the State has established restrictions to



impede the virus; at the same time, since February, clients have applied for new grace periods only in the extent of EUR 11 million.

LHV has undertaken to support the fulfilment of climate goals. To facilitate the purchase of the most climate-friendly vehicles, we reduced the interest rate of leasing electric vehicles to 1.95% in March. The same interest rate also applies to the green home loan. These are the most favourable interest rates in LHV.

To stimulate investment activity, LHV reduced the services fees for foreign securities in February. Firstly, we introduced the Pension Investment Account, or PIA, to the market which pension savers can use to make investments themselves within the II pillar system. By mid-April, 2000 investors had signed up for a PIA.

Among other important events in the quarter, LHV Group's subsidiary LHV UK Limited was registered in the United Kingdom Companies House in February. Within the quarter, LHV Kindlustus started concluding the first home insurance contracts, and took over extended warranty insurance contracts related to the sale of technological devices by Euronics. LHV bank cards were added the possibility to see one's PIN digitally, and the possibility for private clients to enable the permanent donation function on the debit card, which enables to contribute to charity with every card payment.

Pension funds showed a positive rate of return, although actively managed funds were bested by index funds due to lower equity risk. One part of this relates to maintaining the necessary liquidity in actively managed funds for clients leaving in September. By the end of March, the number of clients leaving the II pillar in September and their volume of assets became clear; these remained lower than estimated.

Comment by Madis Toomsalu, CEO of LHV Group:

"LHV has started out strong this year. We have continued to finance the Estonian economy, made the first successful steps in establishing a bank in the United Kingdom which requires obtaining a regulatory permit; we have vigorously increased our number of clients, strengthened the offers of our services, and once again received recognition for being the bank with the best service.

We have increased our market share in the loan market and grown our role as market leader in the field of investment services. The keywords are activity and the will to contribute to the growth of Estonian capital. LHV has continued to finance clients during the restrictions, as well. In January and February, LHV's market share in granting loans to Estonian companies was over 50%. For home loans, the respective indicator was 12%. Interest in investing continues to grow, when during the quarter, clients concluded nearly 16,000 new investment contracts, and over 8,000 clients with assets were added. In terms of investment services, we contributed to growth with the most complete product portfolio, widely offering investment education, with the best broker service in the Baltics, and with the most favourable service fees.



LHV's market value has increased by over EUR 400 million within the year. I am extremely glad that growing to become the largest listed company in Estonia and the related increase in value is divided between 13,000 shareholders who are Estonian people and companies."

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

In order to introduce the quarterly results, LHV Group will be organising an investor meeting via the Zoom webinar environment. The virtual investor meeting will take place on 20 April at 9:00 before the market opens. The presentation will be in Estonian. We kindly ask you to register at the address https://lhvbank.zoom.us/webinar/register/WN_EL2t_a7xSaGyQX9PBfitlw.

LHV Group is the largest domestic financial group and capital provider in Estonia. LHV Group's key subsidiaries are LHV Pank, LHV Varahaldus, and LHV Kindlustus. LHV employs over 560 people. LHV's banking services are used by nearly 274,000 clients, and pension funds managed by LHV have nearly 177,000 active clients. LHV's UK branch offers banking infrastructure to 150 international financial services companies, via which LHV's payment services reach clients around the world.

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