

LHV Group

August results
September 15, 2020



Stronger than average month on main business lines

Financial results, EURt	13 months	Aug-20	YTD20	YTD19	FP YTD	Δ YTD FP
Total revenue, incl.		8,158	60,692	48,416	58,115	+2,578
Net interest income		5,891	43,326	30,479	42,129	+1,196
Net fee and commission income		2,137	17,183	17,432	16,012	+1,171
Total operating expenses		3,593	28,859	24,708	29,628	-769
Earnings before impairment		4,565	31,833	23,708	28,486	+3,347
Impairment losses on loans		-256	7,889	1,994	13,571	-5,682
Income tax		534	4,077	3,451	3,075	+1,002
Net profit, incl.		4,287	19,867	18,264	11,840	+8,027
attr. to shareholders		4,046	18,349	16,963	10,763	+7,586
Business volumes, EURm	13 months	Aug-20	YTD20	YTD19	FP YTD	Δ YTD FP
Deposits from customers		3,134	3,134	2,493	2,881	+253
Loans (net)		1,839	1,839	1,184	1,792	+47
Assets under management		1,482	1,482	1,323	1,405	+77
Key figures	13 months	Aug-20	YTD20	YTD19	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		44.0%	47.6%	51.0%	51.0%	- 3.4 pp
pre-tax ROE*		25.1%	15.9%	18.9%	9.9%	+ 6.0 pp
ROE*		22.2%	13.2%	15.9%	7.9%	+ 5.3 pp
Net interest margin (NIM)		1.9%	2.1%	2.4%	2.1%	+ 0.0 pp
ROA		1.4%	0.9%	1.4%	0.6%	+ 0.4 pp

- Good result was supported by higher revenues due to higher customer activity. In addition, the results were positively affected by better fund performance, lower expenses and reduced provisions
- The volumes of loans, deposits and pension funds exceed the financial plan
- August profit 4.3 EURm, we outperform YTD financial plan by 8.0 EURm. We will decide on the need to change the financial plan in October, when the first grace periods granted in the spring will end

Second consecutive month of strong profitability

Financial results, EURt	13 months	Aug-20	YTD20	YTD19	FP YTD	Δ YTD FP
Total revenue, incl.		7,335	54,580	39,068	52,615	+1,965
Net interest income		5,927	43,318	31,023	42,120	+1,198
Net fee and commission income		1,388	11,420	7,794	10,370	+1,050
Total operating expenses		2,981	24,065	20,296	25,105	-1,039
Earnings before impairment		4,354	30,515	18,772	27,510	+3,005
Impairment losses on loans		-256	7,889	1,994	13,571	-5,682
Income tax		534	3,233	2,479	2,231	+1,002
Net profit		4,076	19,393	14,299	11,709	+7,685
Business volumes, EURm	13 months	Aug-20	YTD20	YTD19	FP YTD	Δ YTD FP
Deposits from customers		3,150	3,150	2,501	2,908	+242
Loans (net)		1,839	1,839	1,184	1,792	+47
Key figures	13 months	Aug-20	YTD20	YTD19	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		40.6%	44.1%	52.0%	47.7%	- 3.6 pp
Net interest margin (NIM)		1.9%	1.9%	2.2%	1.9%	+ 0.0 pp

- The number of customers increased by 3,500, 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 1 EURm and retail loan portfolio grew by 10 EURm. The quality of the loan portfolio remained good and led to a decrease in provisions of 0.3 EURm
- Deposits increased by 64 EURm although we reduced the expensive platform deposits by 39 EURm

Customer growth, Green – the best-performing pension fund in Estonia

Financial results, EURt	13 months	Aug-20	YTD20	YTD19	FP YTD	Δ YTD FP
Total revenue		859	6,086	9,851	5,466	+619
Total expenses		488	4,162	3,970	3,996	+166
Earnings before taxes		372	1,924	5,881	1,470	+454
Income tax		0	844	972	844	+0
Net profit		372	1,080	4,909	626	+454
Business volumes	13 months	Aug-20	YTD20	YTD19	FP YTD	Δ YTD FP
Assets under management, EURm		1,482	1,482	1,323	1,405	+77
Active customers of PII funds, thous.		182	182	177	176	+6
Key figures	13 months	Aug-20	YTD20	YTD19	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		65.1%	72.2%	41.2%	70.8%	+ 1.4 pp
Funds average return		1.0%	3.6%	3.8%	2.2%	+ 1.4 pp

- By the end of August the number of customers increased to 182 thousand. In September a record 16.7 EURm was 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% and 1.2% in August. Pension Fund Green continued to showed the best return on the market with 10.5% increase of share value in August
- The volume of second pillar funds increased by 26 EURm in August. Net profit ahead of financial plan. At the beginning of September, the merger of L and Estonia funds was completed

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