

LHV Group

November results
December 10, 2019



Completion of Danske private customers portfolio acquisition

Financial results, EURt	13 months	Nov-19	YTD19	YTD18	FP YTD	Δ YTD FP
Total revenue, incl.		6,150	65,642	64,249	65,890	-248
Net interest income		4,156	41,967	36,173	43,144	-1,177
Net fee and commission income		1,971	23,075	23,987	22,238	+837
Total operating expenses		4,194	35,617	30,941	34,230	+1,387
Earnings before impairment		1,956	30,025	33,308	31,660	-1,635
Impairment losses on loans		1,288	2,856	4,835	4,840	-1,985
Income tax		0	3,848	3,545	3,796	+52
Net profit, incl.		668	23,321	24,929	23,023	+297
attr. to shareholders		413	21,250	23,170	21,143	+107
Business volumes, EURm	13 months	Nov-19	YTD19	YTD18	FP YTD	Δ YTD FP
Deposits from customers		2,627	2,627	1,398	2,560	+67
Loans (net)		1,654	1,654	886	1,721	-67
Assets under management		1,357	1,357	1,217	1,390	-33
Key figures	13 months	Nov-19	YTD19	YTD18	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		68.2%	54.3%	48.2%	52.0%	+ 2.3 pp
pre-tax ROE*		2.6%	15.5%	21.2%	15.5%	- 0.0 pp
ROE*		2.6%	13.2%	18.6%	13.3%	- 0.0 pp
Net interest margin (NIM)		1.8%	2.2%	2.2%	2.3%	- 0.1 pp
ROA		0.3%	1.2%	1.5%	1.2%	- 0.0 pp

- Extraordinary month due to the completion of Danske transaction, which resulted in historically highest growth in business volumes and volume of new customers
- Decrease in monthly profit attributable to non-recurring costs in connection to Danske transaction (portfolio write-downs, state and notary fees for the conversion of collateral)
- Loan write-downs are lower than planned and are likely to remain lower throughout the year
- November profit was 0.7 EURm, ahead of the financial plan (updated in July) by 0.3 EURm

LHV Banking

Month with strong business volumes

Financial results, EURt	13 months	Nov-19	YTD19	YTD18	FP YTD	Δ YTD FP
Total revenue, incl.		5,305	53,813	46,736	53,869	-56
Net interest income		4,131	42,519	35,260	43,598	-1,079
Net fee and commission income		1,176	11,037	10,315	10,127	+910
Total operating expenses		3,608	29,426	23,444	28,159	+1,267
Earnings before impairment		1,697	24,387	23,292	25,710	-1,323
Impairment losses on loans		1,288	2,856	4,445	4,840	-1,985
Income tax		0	2,876	2,301	2,824	+52
Net profit		409	18,655	16,546	18,046	+609
Business volumes, EURm	13 months	Nov-19	YTD19	YTD18	FP YTD	Δ YTD FP
Deposits from customers		2,638	2,638	1,413	2,567	+71
Loans (net)		1,654	1,654	886	1,721	-67
Key figures	13 months	Nov-19	YTD19	YTD18	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		68.0%	54.7%	50.2%	52.3%	+ 2.4 pp
Net interest margin (NIM)		1.7%	2.0%	2.2%	2.1%	- 0.1 pp

- Strong revenue amounts in all business lines. Expenses were impacted by one-time costs related to the acquisition of Danske private customers portfolio
- Loan portfolio increased by 393 EURm due to the addition of Danske portfolio. Corporate loan portfolio volumes remained at the same level and retail loan portfolio volume rose by 13 EURm
- Deposits increased by 61 EURm, while deposits from payment intermediaries increased by 11 EURm

Merger of LHV Pension Fund Eesti with LHV Pension Fund L

Financial results, EURt	13 months	Nov-19	YTD19	YTD18	FP YTD	Δ YTD FP
Total revenue		818	12,332	12,627	12,409	-77
Total expenses		526	5,494	5,337	5,509	-15
Earnings before taxes		292	6,838	7,290	6,900	-62
Income tax		0	972	1,100	972	+0
Net profit		292	5,866	6,190	5,928	-62
Business volumes	13 months	Nov-19	YTD19	YTD18	FP YTD	Δ YTD FP
Assets under management, EURm		1,357	1,357	1,217	1,390	-33
Active customers of PII funds, thous.		177	177	178	178	-2
Key figures	13 months	Nov-19	YTD19	YTD18	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		66.2%	45.6%	42.0%	45.5%	+ 0.1 pp
Funds average return		0.4%	5.3%	1.0%	3.9%	+ 1.4 pp

- November income 818 EURt, net profit 292 EURt
- LHV Index Fund yield in november is 1.8%, ytd yield 23.7%
- The ytd yield of fund L with the most diversified portfolio is 5.3%
- LHV Pension Fund Eesti merger with LHV Pension Fund L announced. Pre-condition for the merger is the approval of the Financial Supervision Authority, the earliest possibility of the merger is May 2020
- Riigikogu has passed a first-reading of reform on changes of mandatory pension funds in December

Madis Toomsalu

LHV Group Managing Director
madis.toomsalu@lhv.ee

Meelis Paakspuu

LHV Group CFO
meelis.paakspuu@lhv.ee