

LHV Group

February results
March 10, 2020



LHV Group

Month with good revenue base

Financial results, EURt	13 months	Feb-20	YTD20	YTD19	FP YTD	Δ YTD FP
Total revenue, incl.		7,090	14,655	11,159	13,720	+936
Net interest income		5,255	10,595	7,015	9,587	+1,007
Net fee and commission income		1,902	4,068	3,949	4,027	+42
Total operating expenses		3,741	7,237	5,792	7,387	-150
Earnings before impairment		3,349	7,418	5,367	6,332	+1,086
Impairment losses on loans		-59	88	816	889	-801
Income tax		363	778	314	515	+263
Net profit, incl.		3,046	6,552	4,237	4,928	+1,624
attr. to shareholders		2,768	6,066	3,844	4,472	+1,594
Business volumes, EURm	13 months	Feb-20	YTD20	YTD19	FP YTD	Δ YTD FP
Deposits from customers		2,845	2,845	1,493	2,806	+39
Loans (net)		1,744	1,744	975	1,725	+19
Assets under management		1,374	1,374	1,246	1,389	-15
Key figures	13 months	Feb-20	YTD20	YTD19	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		52.8%	49.4%	51.9%	53.8%	- 4.5 pp
pre-tax ROE*		19.2%	20.1%	16.0%	14.7%	+ 5.4 pp
ROE*		16.9%	17.8%	14.8%	13.2%	+ 4.6 pp
Net interest margin (NIM)		2.1%	2.1%	2.6%	1.9%	+ 0.2 pp
ROA		1.2%	1.3%	1.5%	1.0%	+ 0.3 pp

- Usual month in terms of business volumes
- Revenue higher than planned due to higher business volumes and early repayments of acquired Danske portfolio loans
- Credit portfolio remains strong, loan write-downs are lower than planned
- Net profit in February was 3.0 EURm, ytd profit ahead of the financial plan by 1.6 EURm

LHV Banking

Business volumes continue to grow

Financial results, EURt	13 months	Feb-20	YTD20	YTD19	FP YTD	Δ YTD FP
Total revenue, incl.		6,500	13,160	8,944	12,107	+1,053
Net interest income		5,230	10,545	7,271	9,539	+1,006
Net fee and commission income		1,242	2,580	1,633	2,536	+44
Total operating expenses		3,195	6,127	4,760	6,235	-108
Earnings before impairment		3,305	7,033	4,184	5,872	+1,161
Impairment losses on loans		-59	88	816	889	-801
Income tax		363	778	314	515	+263
Net profit		3,002	6,167	3,054	4,468	+1,699
Business volumes, EURm	13 months	Feb-20	YTD20	YTD19	FP YTD	Δ YTD FP
Deposits from customers		2,858	2,858	1,520	2,815	+43
Loans (net)		1,744	1,744	975	1,725	+19
Key figures	13 months	Feb-20	YTD20	YTD19	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		49.2%	46.6%	53.2%	51.5%	- 4.9 pp
Net interest margin (NIM)		2.1%	2.1%	2.7%	1.9%	+ 0.2 pp

- Nothing extraordinary in the February results. Higher revenues due to higher loan portfolio volumes
- Corporate loan portfolio decreased by 6 EURm and retail loan portfolio grew by 11 EURm
- Deposits increased by 49 EURm, incl. deposits from payment intermediaries grew by 19 EURm

Stock markets are in decline due to coronavirus

Financial results, EURt	13 months	Feb-20	YTD20	YTD19	FP YTD	Δ YTD FP
Total revenue		563	1,441	2,454	1,543	-102
Total expenses		500	990	950	1,000	-10
Earnings before taxes		63	451	1,503	543	-92
Net profit		63	451	1,503	543	-92
Business volumes	13 months	Feb-20	YTD20	YTD19	FP YTD	Δ YTD FP
Assets under management, EURm		1,374	1,374	1,246	1,389	-15
Active customers of PII funds, thous.		177	177	177	176	+1
Key figures	13 months	Feb-20	YTD20	YTD19	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		75.8%	66.5%	41.0%	67.1%	- 0.5 pp
Funds average return		-0.7%	-0.3%	1.7%	0.8%	- 1.1 pp

- All major stock markets continued to decline in February. Measured in euros, MSCI World fell by 7.6%, S&P500 fell by 7.7%
- In February management fees of major funds M, L and XL fell from previous 0.72% to 0.6%
- Main reason for net profit being behind the plan in February was equity instruments value decrease in amount of 90 EURt due to stock markets decline
- Pension reform left in the background due to coronavirus. It is expected to be sent back to president in the first half of March

Madis Toomsalu

LHV Group Managing Director
madis.toomsalu@lhv.ee

Meelis Paakspuu

LHV Group CFO
meelis.paakspuu@lhv.ee