

LHV Group

October results
November 10, 2020



An active month, result affected by the Danske transaction

Financial results, EURt	13 months	Oct-20	YTD20	YTD19	FP YTD	Δ YTD FP
Total revenue, incl.		9,152	77,250	59,492	76,942	+308
Net interest income		6,353	54,951	37,811	55,266	-315
Net fee and commission income		2,332	21,499	21,104	21,313	+186
Total operating expenses		4,428	36,977	31,423	36,299	+678
Earnings before impairment		4,724	40,273	28,069	40,643	-370
Impairment losses on loans		1,405	10,061	1,568	9,849	+212
Income tax		675	5,762	3,848	5,708	+54
Net profit, incl.		2,643	24,451	22,653	25,087	-636
attr. to shareholders		2,412	22,523	20,837	23,151	-627
Business volumes, EURm	13 months	Oct-20	YTD20	YTD19	FP YTD	Δ YTD FP
Deposits from customers		3,334	3,334	2,565	3,214	+120
Loans (net)		2,135	2,135	1,246	2,153	-18
Assets under management		1,496	1,496	1,342	1,508	-12
Key figures	13 months	Oct-20	YTD20	YTD19	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		48.4%	47.9%	52.8%	47.2%	+ 0.7 pp
pre-tax ROE*		14.9%	15.4%	16.7%	15.8%	- 0.4 pp
ROE*		12.9%	12.8%	14.3%	13.2%	- 0.3 pp
Net interest margin (NIM)		1.8%	2.0%	2.2%	2.0%	- 0.0 pp
ROA		0.8%	0.9%	1.3%	0.9%	- 0.0 pp










- The result was affected by one-off costs related to the acquisition of Danske's portfolio, which were recognised in expenses, as well as slightly higher provisions and higher income tax calculation on planned dividends from subsidiaries
- The volumes of loans, deposits and pension funds are in line with the financial plan
- October profit 2.6 EURm, Financial plan remains valid

Successful integration of the Danske portfolio

Financial results, EURt	13 months	Oct-20	YTD20	YTD19	FP YTD	Δ YTD FP
Total revenue, incl.		8,656	69,957	48,508	69,545	+413
Net interest income		6,599	55,225	38,388	55,442	-216
Net fee and commission income		1,566	14,232	9,861	14,084	+148
Total operating expenses		3,732	30,740	25,818	30,152	+588
Earnings before impairment		4,924	39,217	22,691	39,393	-175
Impairment losses on loans		1,405	10,061	1,568	9,849	+212
Income tax		575	4,616	2,876	4,599	+17
Net profit		2,943	24,541	18,246	24,945	-404
Business volumes, EURm	13 months	Oct-20	YTD20	YTD19	FP YTD	Δ YTD FP
Deposits from customers		3,368	3,368	2,577	3,243	+124
Loans (net)		2,135	2,135	1,246	2,153	-18
Key figures	13 months	Oct-20	YTD20	YTD19	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		43.1%	43.9%	53.2%	43.4%	+ 0.6 pp
Net interest margin (NIM)		1.9%	1.9%	2.1%	1.9%	- 0.0 pp

- Danske corporate and local governments loan portfolio acquisition at the beginning of October
- The number of bank customers increased by 5,200, customer activity remains high
- Loan portfolio grace periods end and customers return to regular payment schedules
- 1.4 EURm forward looking provisions were made for a few customers
- Deposits increased by 111 EURm, the main increase from corporate banking deposits by 76 EURm

Increase in the number of customers, pension reform enactment

Financial results, EURt	13 months	Oct-20	YTD20	YTD19	FP YTD	Δ YTD FP
Total revenue		746	7,555	11,514	7,561	-6
Total expenses		532	5,236	4,968	5,236	-0
Earnings before taxes		214	2,319	6,546	2,325	-6
Income tax		0	844	972	844	+0
Net profit		214	1,475	5,574	1,481	-6
Business volumes	13 months	Oct-20	YTD20	YTD19	FP YTD	Δ YTD FP
Assets under management, EURm		1,496	1,496	1,342	1,508	-12
Active customers of PII funds, thous.		184	184	176	184	-0
Key figures	13 months	Oct-20	YTD20	YTD19	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		69.5%	72.0%	44.2%	72.4%	- 0.4 pp
Funds average return		-0.3%	3.0%	4.9%	3.0%	+ 0.0 pp

- The number of customers continued to grow, by the end of October more than 184 thousand active customers
- October was negative for the markets. LHV's more conservative funds M, S and XS showed a positive return, while the value of funds with higher equity risk decreased. Pension fund Roheline remained at the same level, losing 0.1% in value
- The Supreme Court declared the pension reform constitutional, in 2021 there will be several new opportunities for pension savers
- Interest in suspending payments was modest, with 1.2% of LHV's customers using the opportunity

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