

# LHV Group

February results  
10 March 2017

## Good start of the year, February regular

Financial results, EURt	13 months	Feb-17	YTD17	YTD16	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		4,184	9,053	6,872	9,066	-13
Net interest income		2,569	5,326	4,451	5,583	-257
Net fee and commission income		1,594	3,531	2,509	3,393	+138
<b>Total operating expenses</b>		2,398	4,757	4,185	5,250	-493
<b>Earnings before impairment</b>		1,786	4,296	2,688	3,817	+480
Impairment losses on loans		95	46	157	623	-577
Income tax		35	38	47	22	+16
<b>Net profit</b>		1,656	4,213	2,483	3,171	+1,042
attr. to owners of the parent		1,485	3,819	2,188	2,933	+885
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>veebr.17</b>	<b>YTD17</b>	<b>YTD16</b>	<b>FP YTD</b>	<b>Δ YTD</b>
Deposits from customers		775	775	644	787	-12
Loans (net)		536	536	422	540	-4
Assets under management		1,007	1,007	585	1,012	-5
<b>Key figures</b>	<b>13 months</b>	<b>veebr.17</b>	<b>YTD17</b>	<b>YTD16</b>	<b>FP YTD</b>	<b>Δ YTD</b>
Cost / income ratio (C/I)		57.3%	52.5%	60.9%	57.9%	- 5.4 pp
ROE (attr. to owners of the parent)		18.3%	22.6%	18.8%	17.5%	+ 5.1 pp
Net interest margin (NIM)		3.7%	3.6%	3.6%	3.8%	- 0.2 pp
ROA		2.3%	2.8%	2.0%	2.1%	+ 0.7 pp

- Bank and Asset Management results for February are as expected taken into account the short month
- Revenue base is 10% lower due to shorter month
- Expenses are regular
- February Cost/Income is good 57.3% and ROE 18.3%, align with financial plan
- Financial plan remains valid

# LHV Banking

## Results as expected

Financial results, EURt	13 months	Feb-17	YTD17	YTD16	FP YTD	Δ YTD
<b>Total revenue, incl.</b>		2,778	5,957	4,810	5,953	+3
Net interest income		2,254	4,661	3,732	4,884	-223
Net fee and commission income		584	1,185	1,007	1,040	+145
<b>Total operating expenses</b>		1,602	3,108	2,858	3,349	-241
<b>Earnings before impairment</b>		1,176	2,849	1,952	2,604	+244
Impairment losses on loans		67	22	65	461	-439
<b>Net profit</b>		1,109	2,826	1,887	2,143	+683
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Feb-17</b>	<b>YTD17</b>	<b>YTD16</b>	<b>FP YTD</b>	<b>Δ YTD</b>
Deposits from customers		787	787	655	794	-8
Loans (net)		531	531	418	534	-2
<b>Key figures</b>	<b>13 months</b>	<b>Feb-17</b>	<b>YTD17</b>	<b>YTD16</b>	<b>FP YTD</b>	<b>Δ YTD</b>
Cost / income ratio (C/I)		57.7%	52.2%	59.4%	56.3%	- 4.1 pp
CT1 capital adequacy		14.9%	14.9%	14.4%	14.2%	+ 0.8 pp
Total capital adequacy		18.9%	18.9%	18.1%	18.0%	+ 0.8 pp
Net interest margin (NIM)		3.2%	3.2%	3.1%	3.4%	- 0.2 pp

- Lower revenue base due to shorter month, regular cost base
- Credit quality remains stable at good
- Loans to corporates didn't grow in February, but there are lot of transactions in pipeline which could increase loan portfolio in next months
- Bank discontinued offering „liquidity account“ product causing outflow of some larger deposits

## II Pillar management fees decreased 19%

Financial results, EURt	13 months	Feb-17	YTD17	YTD16	FP YTD	Δ YTD
Total revenue		1,029	2,319	1,369	2,273	+46
Total expenses		471	983	760	1,094	-112
Earnings before taxes		557	1,336	609	1,179	+157
Income tax		0	0	0	0	+0
Net profit		557	1,336	609	1,179	+157
<b>Business volumes</b>	<b>13 months</b>	<b>Feb-17</b>	<b>YTD17</b>	<b>YTD16</b>	<b>FP YTD</b>	<b>Δ YTD</b>
Assets under management, EURm		1,007	1,007	585	1,012	-5
Active customers of PII funds, thou.		178	178	131	178	-0
<b>Key figures</b>	<b>13 months</b>	<b>Feb-17</b>	<b>YTD17</b>	<b>YTD16</b>	<b>FP YTD</b>	<b>Δ YTD</b>
Cost / income ratio (C/I)		49.5%	43.9%	53.9%	48.8%	- 4.9 pp
Funds average return		0.6%	0.7%	-0.5%	0.5%	+ 0.2 pp

- II Pillar management fees decreased in average by 19% (regular review based on the AUM of the funds)
- Total AUM reached EURb 1
- Investments to own funds generated larger financial income
- New sales regular, comparable with January

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