

LHV Group

May results
June 12, 2018

LHV Group

High activity with strong results

Financial results, EURt	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue, incl.		5,862	22,198	18,571	21,408	+790
Net interest income		3,622	13,817	11,030	13,712	+106
Net fee and commission income		2,169	8,402	6,847	7,568	+834
Total operating expenses		3,068	11,948	10,272	12,025	-76
Earnings before impairment		2,793	10,250	8,299	9,383	+867
Impairment losses on loans		191	1,377	319	1,463	-86
Income tax		250	2,264	999	2,196	+68
Net profit		2,352	6,609	6,981	5,724	+885
attr. to owners of the parent		2,115	6,065	6,240	5,166	+899
Business volumes, EURm	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Deposits from customers		1,435	1,435	819	1,532	-97
Loans (net)		782	782	569	775	+7
Assets under management		1,143	1,143	1,033	1,159	-16
Key figures	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		52.3%	53.8%	55.3%	56.2%	- 2.3 pp
ROE (attr. to owners of the parent)		19.2%	14.1%	18.0%	12.1%	+ 2.0 pp
Net interest margin (NIM)		2.5%	2.3%	3.6%	2.4%	- 0.1 pp
ROA		1.6%	1.1%	2.2%	1.0%	+ 0.1 pp

- Very active month, inflow of new bank customers and customers actively opened brokerage accounts. Record activity in the number of merchants and sales outlets using payment terminals and receiving card payments
- The results were influenced by the sale of Mokilizingas shares, revenues from institutional brokerage services and special provisions of 0.9 EURm
- Credit quality remains good, only a few customers are under more thorough surveillance
- Net income 5.7 EURm, net profit attr. to shareholders 5.5 EURm. Financial plan remains valid

Good results mixed with additional provisions

Financial results, EURt	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue, incl.		4,034	15,445	12,544	14,462	+983
Net interest income		3,262	12,457	9,708	11,611	+846
Net fee and commission income		746	2,997	2,276	2,797	+199
Total operating expenses		2,133	8,230	6,619	8,115	+115
Earnings before impairment		1,901	7,214	5,925	6,347	+867
Impairment losses on loans		105	987	258	1,155	-168
Income tax		183	1,020	0	1,004	+16
Net profit		1,613	5,207	5,667	4,187	+1,020
Business volumes, EURm	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Deposits from customers		1,438	1,438	827	1,539	-101
Loans (net)		771	771	564	762	+9
Key figures	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		52.9%	53.3%	52.8%	56.1%	- 2.8 pp
CT1 capital adequacy		13.7%	13.7%	14.0%	13.3%	+ 0.4 pp
Total capital adequacy		16.4%	16.4%	17.7%	16.0%	+ 0.4 pp
Net interest margin (NIM)		2.3%	2.1%	3.2%	2.0%	+ 0.1 pp

- Exceptional revenues, additional net fees from institutional brokerage activities. Regular costs.
- The loan portfolio was affected by the refinancing of the Mokilizingas loan after the sale of Mokilizingas shares. Without this, the loan portfolio increased by 10 EURm
- Deposits increased by 220 EURm, most of which were related to corporate banking and private banking customers. Private customers' deposits increased by 9 EURm
- 0,9 EURm of provisions made in May came from single customer

LHV Asset Management

Month with good financial indicators

Financial results, EURt	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue		1,155	4,428	4,471	4,493	-65
Total expenses		436	1,922	2,217	1,939	-17
Earnings before taxes		719	2,506	2,254	2,554	-48
Income tax		0	1,100	951	1,095	+5
Net profit		719	1,406	1,303	1,459	-53
Business volumes	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Assets under management, EURm		1,143	1,143	1,033	1,159	-16
Active customers of PII funds, thous.		178	178	177	176	+2
Key figures	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		39.3%	43.2%	51.0%	43.3%	- 0.2 pp
Funds average return		0.5%	0.4%	1.3%	1.1%	- 0.7 pp

- 1.8 thousand new II pillar pension fund customers and total number of active customers increased by 0.2 thousand. AUM increased by 15 EURm
- Costs were lower compared to the plan. Financial revenues ahead of the plan
- The dollar's rise supported funds with higher currency risk and a passive strategy. Actively managed II pillar funds offered stable results

*Financial reporting is subject to IFRS 15 starting from FY 2018, historic periods presented without changes

Madis Toomsalu

LHV Group Managing Director
madis.toomsalu@lhv.ee

Meelis Paakspuu

LHV Group CFO
meelis.paakspuu@lhv.ee