

LHV Group

July results
9 August 2017

High quality results based on strong underlying trends

Financial results, EURt	13 months	Jul-17	YTD17	YTD16	FP YTD	Δ YTD FP
Total revenue, incl.		4,868	33,355	27,913	33,291	+64
Net interest income		2,921	19,692	16,551	21,007	-1,315
Net fee and commission income		1,845	12,343	9,733	11,975	+367
Total operating expenses		2,515	18,137	16,372	18,623	-487
Earnings before impairment		2,353	15,219	11,542	14,668	+551
Impairment losses on loans		85	2,017	1,037	2,312	-295
Income tax		16	1,020	174	1,399	-379
Net profit		2,252	12,181	10,331	10,956	+1,225
attr. to owners of the parent		2,081	10,970	9,367	9,890	+1,080
Business volumes, EURm	13 months	Jul-17	YTD17	YTD16	FP YTD	Δ YTD FP
Deposits from customers		1,013	1,013	683	846	+167
Loans (net)		618	618	476	609	+9
Assets under management		1,049	1,049	912	1,085	-36
Key figures	13 months	Jul-17	YTD17	YTD16	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		51.7%	54.4%	58.7%	55.9%	- 1.6 pp
ROE (attr. to owners of the parent)		22.4%	17.7%	20.2%	16.2%	+ 1.5 pp
Net interest margin (NIM)		3.0%	3.4%	3.7%	3.9%	- 0.5 pp
ROA		2.2%	2.1%	2.2%	2.0%	+ 0.1 pp

- Broad revenue base, costs better than planned
- In July the cost/income ratio was 51.7% and ROE 22.4%, ahead of financial plan
- Credit quality remains good, focus on some individual clients
- Both Bank and Asset Management cumulative earnings better than planned
- Financial plan remains valid

LHV Banking

High profitability in July

Financial results, EURt	13 months	Jul-17	YTD17	YTD16	FP YTD	Δ YTD FP
Total revenue, incl.		3,367	22,919	18,531	22,297	+622
Net interest income		2,610	17,436	13,919	18,381	-945
Net fee and commission income		664	4,292	2,964	3,804	+488
Total operating expenses		1,419	11,384	9,962	11,844	-460
Earnings before impairment		1,948	11,534	8,569	10,452	+1,082
Impairment losses on loans		50	2,002	720	1,779	+223
Net profit		1,898	9,532	7,849	8,674	+859
Business volumes, EURm	13 months	Jul-17	YTD17	YTD16	FP YTD	Δ YTD FP
Deposits from customers		1,024	1,024	694	859	+165
Loans (net)		611	611	472	602	+9
Key figures	13 months	Jul-17	YTD17	YTD16	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		42.1%	49.7%	53.8%	53.1%	- 3.4 pp
CT1 capital adequacy		14.1%	14.1%	13.4%	13.9%	+ 0.2 pp
Total capital adequacy		17.5%	17.5%	17.7%	17.5%	+ 0.0 pp
Net interest margin (NIM)		2.7%	3.0%	3.1%	3.4%	- 0.4 pp

- Customer activity has reached new record levels. Broad revenue base and costs seasonally lower
- Private customers' deposits increased by 3 EURm to 247 EURm
- Loan portfolio increased 12 EURm, most of the growth came from corporate loans
- Very good cost/income level
- Credit quality remains good, focus on some individual clients

The number of customers increased during the last month of the sales season

Financial results, EURt	13 months	Jul-17	YTD17	YTD16	FP YTD	Δ YTD FP
Total revenue		1,120	7,731	6,594	7,834	-104
Total expenses		728	4,051	3,906	4,051	+1
Earnings before taxes		392	3,679	2,688	3,784	-104
Income tax		0	951	0	1,275	-324
Net profit		392	2,728	2,688	2,509	+220
Business volumes	13 months	Jul-17	YTD17	YTD16	FP YTD	Δ YTD FP
Assets under management, EURm		1,049	1,049	912	1,085	-36
Active customers of PII funds, thous.		178	178	178	181	-4
Key figures	13 months	Jul-17	YTD17	YTD16	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		65.3%	53.2%	60.3%	52.4%	+ 0.8 pp
Funds average return		0.3%	1.9%	2.0%	1.9%	+ 0.0 pp

- The number of active customers of pillar II pension funds increased by 0.9 thousand. AUM increased by 14 EURm
- Costs higher due to seasonally higher pillar II pension funds sales activities
- LHV pension funds will start investing in tenancy buildings to be built in Tallinn

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