

LHV Group

April results
10 May 2017

LHV Group

Strong net income

Financial results, EURt	13 months	Apr-17	YTD17	YTD16	FP YTD	Δ YTD FP
Total revenue, incl.		4,748	18,571	14,213	18,451	+120
Net interest income		2,866	11,030	9,148	11,561	-531
Net fee and commission income		1,562	6,847	4,700	6,708	+140
Total operating expenses		2,577	10,272	8,905	10,664	-392
Earnings before impairment		2,172	8,299	5,308	7,787	+511
Impairment losses on loans		225	319	612	1,291	-973
Income tax		16	999	101	1,325	-327
Net profit		1,931	6,981	4,595	5,171	+1,810
attr. to owners of the parent		1,770	6,240	4,092	4,656	+1,584
Business volumes, EURm	13 months	Apr-17	YTD17	YTD16	FP YTD	Δ YTD FP
Deposits from customers		819	819	656	812	+7
Loans (net)		570	570	448	571	-2
Assets under management		1,033	1,033	608	1,038	-5
Key figures	13 months	Apr-17	YTD17	YTD16	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		54.3%	55.3%	62.7%	57.8%	- 2.5 pp
ROE (attr. to owners of the parent)		20.3%	18.0%	17.1%	13.5%	+ 4.5 pp
Net interest margin (NIM)		3.6%	3.6%	3.6%	3.8%	- 0.2 pp
ROA		2.4%	2.2%	1.8%	1.7%	+ 0.6 pp

- Solid performance from Bank and Asset Management in April
- Broad revenue base. Gap in interest income related to lower loan balance in beginning of year has started to decrease
- The costs are regular
- In April the cost/income ratio was good 54.3% and ROE 20.3% ahead of financial plan
- Financial plan remains valid

LHV Banking

Strong growth in volumes

Financial results, EURt	13 months	Apr-17	YTD17	YTD16	FP YTD	Δ YTD FP
Total revenue, incl.		3,296	12,544	9,769	12,287	+257
Net interest income		2,539	9,708	7,666	10,114	-406
Net fee and commission income		457	2,276	1,624	2,111	+164
Total operating expenses		1,717	6,619	5,755	6,696	-77
Earnings before impairment		1,579	5,925	4,015	5,591	+334
Impairment losses on loans		187	258	424	971	-713
Net profit		1,391	5,667	3,591	4,620	+1,047
Business volumes, EURm	13 months	Apr-17	YTD17	YTD16	FP YTD	Δ YTD FP
Deposits from customers		827	827	669	824	+3
Loans (net)		564	564	444	565	-0
Key figures	13 months	Apr-17	YTD17	YTD16	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		52.1%	52.8%	58.9%	54.5%	- 1.7 pp
CT1 capital adequacy		14.0%	14.0%	13.6%	14.0%	+ 0.0 pp
Total capital adequacy		17.7%	17.7%	17.0%	17.7%	+ 0.0 pp
Net interest margin (NIM)		3.3%	3.2%	3.1%	3.4%	- 0.2 pp

- Strong revenue base and costs below plans. In April the costs were 0.1 EURm higher due to annual payment to Resulolution Fund
- Strong growth in deposits 16.5 EURm
- Contracts signed in previous months are reaching loan portfolio, increasing the portfolio by 24 EURm, most of the growth came from corporate loans
- Credit quality remains good
- Solid cost/income level

LHV Asset Management

Month as expected

Financial results, EURt	13 months	Apr-17	YTD17	YTD16	FP YTD	Δ YTD FP
Total revenue		1,069	4,471	2,911	4,426	+45
Total expenses		490	2,217	1,871	2,336	-119
Earnings before taxes		579	2,254	1,041	2,090	+165
Income tax		0	951	0	1,275	-324
Net profit		579	1,303	1,041	815	+489
Business volumes	13 months	Apr-17	YTD17	YTD16	FP YTD	Δ YTD FP
Assets under management, EURm		1,033	1,033	608	1,038	-5
Active customers of PII funds, thous.		177	177	135	179	-2
Key figures	13 months	Apr-17	YTD17	YTD16	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		46.9%	51.0%	64.8%	53.6%	- 2.5 pp
Funds average return		0.3%	1.3%	0.9%	1.1%	+ 0.2 pp

- Stable month regarding Pillar II customer movements
- Focus on Estonian direct investments
- Business volumes slightly behind plan. Profit higher due to financial revenues and smaller operating expenses

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