

LHV Group

January results
14 February 2017

Good start of the year, costs lower than planned

Financial results, EURt	Jan-17	YTD17	FP YTD	Δ YTD
Total revenue, incl.	4,869	4,869	4,811	+58
Net interest income	2,757	2,757	2,903	-146
Net fee and commission income	1,937	1,937	1,863	+74
Total operating expenses	2,359	2,359	2,607	-248
Earnings before impairment	2,510	2,510	2,204	+306
Impairment losses on loans	-49	-49	300	-350
Income tax	3	3	14	-11
Net profit	2,557	2,557	1,889	+667

Business volumes, EURt	Jan-17	YTD17	FP YTD	Δ YTD
Deposits from customers	770,972	770,972	791,681	-20,709
Loans (net)	537,795	537,795	545,369	-7,574
Assets under management	991,526	991,526	999,657	-8,131

Key figures	Jan-17	YTD17	FP YTD	Δ YTD
Cost / income ratio (C/I)	48.4%	48.4%	54.2%	- 5.7 pp
ROE (attr.to owners of the parent)	26.5%	26.5%	20.0%	+ 6.5 pp
Net interest margin (NIM)	3.5%	3.5%	3.7%	- 0.2 pp
ROA	3.2%	3.2%	2.4%	+ 0.8 pp

- Both Bank and Asset Management delivered better results compared to financial plan
- Strong revenue base
- Costs seasonally lower
- Credit quality remains good, loan impairments affected by the decreased leasing and credit card loans impairments
- Cost/Income on very good level of 48,4% and ROE 26,5%
- Financial plan remains valid

Net profit was affected by lower credit impairments

Financial results, EURt	Jan-17	YTD17	FP YTD	Δ YTD
Total revenue, incl.	3,179	3,179	3,077	+101
Net interest income	2,407	2,407	2,545	-137
Net fee and commission income	601	601	518	+83
Total operating expenses	1,506	1,506	1,648	-142
Earnings before impairment	1,672	1,672	1,429	+243
Impairment losses on loans	-45	-45	229	-274
Net profit	1,717	1,717	1,200	+517
Business volumes, EURt	Jan-17	YTD17	FP YTD	Δ YTD
Deposits from customers	783,343	783,343	799,179	-15,836
Loans (net)	533,264	533,264	539,228	-5,964
Key figures	Jan-17	YTD17	FP YTD	Δ YTD
Cost / income ratio (C/I)	47.4%	47.4%	53.5%	- 6.2 pp
CT1 capital adequacy	14.2%	14.2%	14.4%	- 0.1 pp
Total capital adequacy	18.1%	18.1%	18.3%	- 0.2 pp
Net interest margin (NIM)	3.1%	3.1%	3.3%	- 0.2 pp

- Very good month from Bank was delivered by decent revenue base with partially seasonally lower costs and stable credit quality
- Customer deposits remained stable compared to December
- Modest loans growth after very active December
- Activities started to close down cross-border operations in Lithuania by the end of the first quarter
- For the 5th time, the bank was chosen to be the best Nasdaq participant in the Baltics and for the 2nd consecutive year the best bank for customer service in Estonia according to Dive survey

LHV Asset Management

Year started as expected

Financial results, EURt	Jan-17	YTD17	FP YTD	Δ YTD
Total revenue	1,290	1,290	1,302	-12
Total expenses	511	511	562	-51
Earnings before taxes	779	779	740	+39
Income tax	0	0	0	+0
Net profit	779	779	740	+39
Business volumes	Jan-17	YTD17	FP YTD	Δ YTD
Assets under management, EURt	991,526	991,526	999,657	-8,131
Active customers of PII funds	178,979	178,979	178,582	+397
Key figures	Jan-17	YTD17	FP YTD	Δ YTD
Cost / income ratio (C/I)	39.8%	39.8%	43.7%	- 4.0 pp

- Funds volumes increased as a result of an exchange of shares, but the effect of return to growth of AUM was modest
- New sales was cal as expected. The costs included depreciation 36 EURt of customer contracts
- The new Investment Funds Act that entered into force decreased regulatory own funds requirement

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