

# LHV Group

May results  
9 June 2017

# LHV Group

## Good revenue base

Financial results, EURt	13 months	May-17	YTD17	YTD16	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		5,190	23,761	18,373	23,363	+397
Net interest income		3,004	14,034	11,621	14,685	-652
Net fee and commission income		1,923	8,770	6,383	8,449	+321
<b>Total operating expenses</b>		2,694	12,966	11,375	13,379	-413
<b>Earnings before impairment</b>		2,496	10,795	6,998	9,984	+811
Impairment losses on loans		183	502	988	1,640	-1,139
Income tax		7	1,006	121	1,347	-342
<b>Net profit</b>		2,307	9,288	5,890	6,996	+2,291
attr. to owners of the parent		2,189	8,428	5,258	6,313	+2,115
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>May-17</b>	<b>YTD17</b>	<b>YTD16</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		870	870	673	832	+39
Loans (net)		576	576	459	587	-11
Assets under management		1,024	1,024	884	1,059	-35
<b>Key figures</b>	<b>13 months</b>	<b>May-17</b>	<b>YTD17</b>	<b>YTD16</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		51.9%	54.6%	61.9%	57.3%	- 2.7 pp
ROE (attr. to owners of the parent)		24.2%	19.3%	16.8%	14.6%	+ 4.7 pp
Net interest margin (NIM)		3.6%	3.6%	3.6%	3.8%	- 0.3 pp
ROA		2.7%	2.3%	1.8%	1.8%	+ 0.5 pp

- Broad revenue base, costs as planned
- In May the cost/income ratio was 51.9% and ROE 24.2%, ahead of financial plan
- Credit quality remains good
- Both Bank and Asset Management cumulative earnings better than planned
- Financial plan remains valid

# LHV Banking

## Good growth of net fees

Financial results, EURt	13 months	May-17	YTD17	YTD16	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		<b>3,721</b>	<b>16,265</b>	<b>12,259</b>	<b>15,592</b>	<b>+673</b>
Net interest income		2,695	12,403	9,765	12,847	-444
Net fee and commission income		758	3,033	2,055	2,666	+367
<b>Total operating expenses</b>		<b>1,689</b>	<b>8,308</b>	<b>7,177</b>	<b>8,520</b>	<b>-212</b>
<b>Earnings before impairment</b>		<b>2,032</b>	<b>7,957</b>	<b>5,082</b>	<b>7,072</b>	<b>+885</b>
Impairment losses on loans		142	399	741	1,245	-845
<b>Net profit</b>		<b>1,890</b>	<b>7,557</b>	<b>4,341</b>	<b>5,827</b>	<b>+1,730</b>
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>May-17</b>	<b>YTD17</b>	<b>YTD16</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		883	883	685	839	+44
Loans (net)		571	571	454	580	-9
<b>Key figures</b>	<b>13 months</b>	<b>May-17</b>	<b>YTD17</b>	<b>YTD16</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		45.4%	51.1%	58.5%	54.6%	- 3.6 pp
CT1 capital adequacy		14.5%	14.5%	13.7%	14.3%	+ 0.2 pp
Total capital adequacy		18.1%	18.1%	18.1%	17.9%	+ 0.2 pp
Net interest margin (NIM)		3.2%	3.2%	3.1%	3.4%	- 0.2 pp

- Realization of several projects increased net fees by 0.2 EURm. Broad revenue base and costs below from planned levels
- Strong growth in deposits 56 EURm of which 44 EURm associated with one payment intermediary
- Loan portfolio increased 7 EURm, most of the growth came from retail loans. Bank's assets exceeded 1 EURb
- Solid cost/income level
- Credit quality remains good

# LHV Asset Management

## Several planned steps realized

Financial results, EURt	13 months	May-17	YTD17	YTD16	FP YTD	Δ YTD FP
Total revenue		1,081	5,552	4,170	5,562	-10
Total expenses		587	2,804	2,377	2,847	-43
Earnings before taxes		494	2,748	1,793	2,715	+33
Income tax		0	951	0	1,275	-324
<b>Net profit</b>		<b>494</b>	<b>1,797</b>	<b>1,793</b>	<b>1,440</b>	<b>+357</b>
Business volumes	13 months	May-17	YTD17	YTD16	FP YTD	Δ YTD FP
Assets under management, EURm		1,024	1,024	884	1,059	-35
Active customers of PII funds, thous.		177	177	176	179	-2
Key figures	13 months	May-17	YTD17	YTD16	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		53.9%	51.6%	57.9%	51.9%	- 0.3 pp
Funds average return		0.1%	1.5%	1.6%	1.3%	+ 0.2 pp

- In 2017 LHV funds have decided to make direct investments into Estonia over 82 EURm
- Client movement decreased the size of pillar II pension funds by 8 EURm. Lower fund size means lower revenues
- Corresponding II pillar funds were united and with that the custodian bank automatically changed
- On 1 June share capital reduction of 6.6 EURm was decided

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