

LHV Group

November results
12 December 2017

Record level business volumes and interest income, good growth in Lithuania

Financial results, EURt	13 months	Nov-17	YTD17	YTD16	FP YTD	Δ YTD FP
Total revenue, incl.		5,288	53,126	45,583	54,174	-1,048
Net interest income		3,255	32,042	27,166	34,339	-2,296
Net fee and commission income		2,248	20,189	16,885	19,389	+800
Total operating expenses		3,085	29,338	26,186	29,542	-204
Earnings before impairment		2,203	23,788	19,398	24,632	-844
Impairment losses on loans		112	3,430	907	3,742	-312
Income tax		54	1,106	234	1,502	-396
Net profit		2,036	19,253	18,257	19,388	-135
attr. to owners of the parent		1,631	17,197	16,232	17,513	-316
Business volumes, EURm	13 months	Nov-17	YTD17	YTD16	FP YTD	Δ YTD FP
Deposits from customers		1,316	1,316	762	886	+430
Loans (net)		699	699	520	653	+46
Assets under management		1,093	1,093	959	1,145	-52
Key figures	13 months	Nov-17	YTD17	YTD16	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		58.3%	55.2%	57.4%	54.5%	+ 0.7 pp
ROE (attr. to owners of the parent)		17.0%	17.2%	20.7%	17.8%	- 0.6 pp
Net interest margin (NIM)		2.9%	3.1%	3.7%	3.9%	- 0.8 pp
ROA		1.8%	1.8%	2.4%	2.2%	- 0.3 pp

- Loan portfolio increased by 26 EURm and funds by 9 EURm, fluctuation of deposits due to payment intermediaries' deposits. Mokilizingas portfolio increased by 2 EURm
- Lower than planned interest revenues offset by higher net fees and lower expenses
- Net profit 2.0 EURm of which 0.4 EURm was related to Mokilizingas' switching to EIR
- Credit quality remains good, focus on some individual clients
- Financial plan remains valid

LHV Banking

High customer activity

Financial results, EURt	13 months	Nov-17	YTD17	YTD16	FP YTD	Δ YTD FP
Total revenue, incl.		3,288	36,107	29,637	36,456	-349
Net interest income		2,718	28,312	23,126	30,041	-1,729
Net fee and commission income		772	7,062	4,957	6,236	+826
Total operating expenses		1,899	18,712	16,113	19,025	-313
Earnings before impairment		1,389	17,395	13,524	17,431	-36
Impairment losses on loans		162	3,402	1,358	2,931	+471
Net profit		1,227	13,993	12,167	14,500	-506
Business volumes, EURm	13 months	Nov-17	YTD17	YTD16	FP YTD	Δ YTD FP
Deposits from customers		1,329	1,329	770	899	+430
Loans (net)		690	690	515	646	+44
Key figures	13 months	Nov-17	YTD17	YTD16	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		57.8%	51.8%	54.4%	52.2%	- 0.4 pp
CT1 capital adequacy		13.9%	13.9%	14.9%	14.5%	- 0.5 pp
Total capital adequacy		17.0%	17.0%	18.9%	17.8%	- 0.8 pp
Net interest margin (NIM)		2.4%	2.8%	3.2%	3.5%	- 0.7 pp

- Increase in net fee and commission income due to high customer activity and institutional banking. Lower net interest income due to smaller amount of loans with higher margin
- Deposits increased by 197 EURm of which payment intermediary's deposits increased by 168 EURm. Retail banking private customers' deposits increased 4 EURm
- The loan portfolio increased by 26 EURm of which 15 EURm came from corporate loans, 9 EURm from retail loans and 2 EURm from Mokilizingas
- Credit quality remains good

LHV Asset Management

Seasonally active sales period

Financial results, EURt	13 months	Nov-17	YTD17	YTD16	FP YTD	Δ YTD FP
Total revenue		1,111	12,255	11,573	12,533	-278
Total expenses		731	6,218	6,100	6,219	-1
Earnings before taxes		381	6,038	5,473	6,314	-276
Income tax		0	951	0	1,275	-324
Net profit		381	5,087	5,473	5,039	+48
Business volumes	13 months	Nov-17	YTD17	YTD16	FP YTD	Δ YTD FP
Assets under management, EURm		1,093	1,093	959	1,145	-52
Active customers of PII funds, thous.		178	178	180	183	-6
Key figures	13 months	Nov-17	YTD17	YTD16	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		64.7%	51.3%	53.3%	50.1%	+ 1.2 pp
Funds average return		-0.1%	2.7%	2.4%	3.0%	- 0.3 pp

- In the context of decreasing financial markets, actively managed LHV pension funds showed the best performance
- Pillar II sales and marketing costs were seasonally higher
- Assets under management increased by 9 EURm and number of active Pillar II pension fund clients increased by 600

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