

LHV Group

January results
February 13, 2018

LHV Group

Strong trends are driving the future

Financial results, EURt	13 months	Jan-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue, incl.		5,522	5,522	4,869	5,376	+146
Net interest income		3,401	3,401	2,757	3,392	+8
Net fee and commission income		2,153	2,153	1,937	1,952	+201
Total operating expenses		2,874	2,874	2,359	2,965	-91
Earnings before impairment		2,648	2,648	2,510	2,411	+237
Impairment losses on loans		167	167	-49	239	-72
Income tax		20	20	3	24	-4
Net profit		2,462	2,462	2,557	2,148	+314
attr. to owners of the parent		2,168	2,168	2,334	1,886	+283
Business volumes, EURm	13 months	Jan-18	YTD18	YTD17	FP YTD	Δ YTD FP
Deposits from customers		1,757	1,757	771	1,602	+155
Loans (net)		740	740	538	727	+13
Assets under management		1,112	1,112	992	1,118	-6
Key figures	13 months	Jan-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		52.0%	52.0%	48.4%	55.2%	- 3.1 pp
ROE (attr. to owners of the parent)		20.2%	20.2%	26.5%	17.6%	+ 2.6 pp
Net interest margin (NIM)		2.2%	2.2%	3.5%	2.3%	- 0.1 pp
ROA		1.6%	1.6%	3.2%	1.4%	+ 0.1 pp

- Loan portfolio increased by 8 EURm and funds by 9 EURm. Growth in deposits by EUR 220m is driven mainly by 184 EURm change in account balance of one payment intermediary
- Credit quality remains good, only a few clients are under more thorough surveillance
- Net profit 2.5 EURm outperforms financial plan
- Financial plan is on track

LHV Banking










Good start for the year

Financial results, EURt	13 months	Jan-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue, incl.		3,809	3,809	3,179	3,591	+218
Net interest income		3,072	3,072	2,407	2,892	+180
Net fee and commission income		769	769	601	684	+85
Total operating expenses		1,942	1,942	1,506	2,011	-69
Earnings before impairment		1,866	1,866	1,672	1,580	+287
Impairment losses on loans		116	116	-45	192	-76
Net profit		1,750	1,750	1,717	1,388	+363
Business volumes, EURm	13 months	Jan-18	YTD18	YTD17	FP YTD	Δ YTD FP
Deposits from customers		1,771	1,771	783	1,612	+159
Loans (net)		728	728	533	715	+13
Key figures	13 months	Jan-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		51.0%	51.0%	47.4%	56.0%	- 5.0 pp
CT1 capital adequacy		13.2%	13.2%	14.2%	16.3%	- 3.1 pp
Total capital adequacy		16.1%	16.1%	18.1%	13.3%	+ 2.7 pp
Net interest margin (NIM)		2.0%	2.0%	3.1%	2.0%	+ 0.0 pp

- Year end growth in new loans increased interest income. Growth in fee and commission income due to high client activity. Market expenses lower due to seasonality effects.
- Growth in deposits by 221 EURm. Payment intermediaries' deposits reach 790 EURm, corporate banking 159 EURm, retail banking 553 EURm, private banking 255 EURm
- Loan portfolio increased by 9 EURm, incl. 4 EURm of Mobilizingas' loan and 3 EURm increase in retail loans
- Credit quality remains good, implementation of IFRS 9 increased provisions only by 0.1 EURm

LHV Asset Management

Establishment of pension fund Estonia 100

Financial results, EURt	13 months	Jan-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue		1,172	1,172	1,290	1,194	-22
Total expenses		457	457	511	467	-10
Earnings before taxes		715	715	779	727	-12
Income tax		0	0	0	0	+0
Net profit		715	715	779	727	-12
Business volumes	13 months	Jan-18	YTD18	YTD17	FP YTD	Δ YTD FP
Assets under management, EURm		1,112	1,112	992	1,118	-6
Active customers of PII funds, thous.		176	176	179	175	+1
Key figures	13 months	Jan-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		38.6%	38.6%	39.8%	39.3%	- 0.7 pp
Funds average return		-0.1%	-0.1%	0.1%	0.3%	- 0.3 pp

- Year started with increasing markets, following with markets falling. LHV funds had a stable beginning of the year
- During the first half of the year, we will launch a pension fund that invests in Estonian assets
- Implementation of IFRS 15 brings along capitalization and amortization of selling costs*. Results more stable

*Financial reporting is subject to IFRS 15 starting from FY 2018, historic periods presented without changes

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