

LHV Group

April results
May 10, 2018

Strong month on the basis of all indicators

Financial results, EURt	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue, incl.		5,862	22,198	18,571	21,408	+790
Net interest income		3,622	13,817	11,030	13,712	+106
Net fee and commission income		2,169	8,402	6,847	7,568	+834
Total operating expenses		3,068	11,948	10,272	12,025	-76
Earnings before impairment		2,793	10,250	8,299	9,383	+867
Impairment losses on loans		191	1,377	319	1,463	-86
Income tax		250	2,264	999	2,196	+68
Net profit		2,352	6,609	6,981	5,724	+885
attr. to owners of the parent		2,115	6,065	6,240	5,166	+899
Business volumes, EURm	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Deposits from customers		1,435	1,435	819	1,532	-97
Loans (net)		782	782	569	775	+7
Assets under management		1,143	1,143	1,033	1,159	-16
Key figures	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		52.3%	53.8%	55.3%	56.2%	- 2.3 pp
ROE (attr. to owners of the parent)		19.2%	14.1%	18.0%	12.1%	+ 2.0 pp
Net interest margin (NIM)		2.5%	2.3%	3.6%	2.4%	- 0.1 pp
ROA		1.6%	1.1%	2.2%	1.0%	+ 0.1 pp

- At the Group level, loans grew by 17 EURm and funds by 16 EURm. The decrease in deposits was due to a change in the volume of deposits related to payment intermediaries
- Record activity in the number of merchants and sales locations using payment terminals and receiving card payments. Also, customers activity at record-level in using cards and mobile banking
- Credit quality remains good, only a few clients are under more thorough surveillance
- The updated financial plan will be published on May 17

LHV Banking

All business lines ahead of schedule

Financial results, EURt	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue, incl.		4,034	15,445	12,544	14,462	+983
Net interest income		3,262	12,457	9,708	11,611	+846
Net fee and commission income		746	2,997	2,276	2,797	+199
Total operating expenses		2,133	8,230	6,619	8,115	+115
Earnings before impairment		1,901	7,214	5,925	6,347	+867
Impairment losses on loans		105	987	258	1,155	-168
Income tax		183	1,020	0	1,004	+16
Net profit		1,613	5,207	5,667	4,187	+1,020
Business volumes, EURm	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Deposits from customers		1,438	1,438	827	1,539	-101
Loans (net)		771	771	564	762	+9
Key figures	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		52.9%	53.3%	52.8%	56.1%	- 2.8 pp
CT1 capital adequacy		13.7%	13.7%	14.0%	13.3%	+ 0.4 pp
Total capital adequacy		16.4%	16.4%	17.7%	16.0%	+ 0.4 pp
Net interest margin (NIM)		2.3%	2.1%	3.2%	2.0%	+ 0.1 pp

- The number of customers increased by more than 2,000. A great month, all types of revenues better than planned. The costs are normal
- Deposits decreased by 295 EURm, which was the result of a decrease in the deposits of payment intermediaries. Other deposits increased by 34 EURm
- Loan portfolio increased by 18 EURm
- In April, for the first time advance income tax (14%) was booked

Local investments are more attractive to the funds

Financial results, EURt	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue		1,155	4,428	4,471	4,493	-65
Total expenses		436	1,922	2,217	1,939	-17
Earnings before taxes		719	2,506	2,254	2,554	-48
Income tax		0	1,100	951	1,095	+5
Net profit		719	1,406	1,303	1,459	-53
Business volumes	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Assets under management, EURm		1,143	1,143	1,033	1,159	-16
Active customers of PII funds, thous.		178	178	177	176	+2
Key figures	13 months	Apr-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		39.3%	43.2%	51.0%	43.3%	- 0.2 pp
Funds average return		0.5%	0.4%	1.3%	1.1%	- 0.7 pp

- LHV's actively managed pension funds have offered a more stable result to customers in a turbulent market environment
- Investments into Estonian economy and local companies offer a better risk-return ratio
- Better financial revenues and lower costs reduced the difference compared with financial plan
- The share capital was reduced by 1.2 EURm from 2.7 EURm to 1.5 EURm

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

Madis Toomsalu

LHV Group Managing Director
madis.toomsalu@lhv.ee

Meelis Paakspuu

LHV Group CFO
meelis.paakspuu@lhv.ee