

# LHV Group

January results  
February 12, 2019



# LHV Group

## Good month as expected

Financial results, EURt	13 months	Jan-19	YTD19	YTD18	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		5,738	5,738	5,510	5,698	+39
Net interest income		3,636	3,636	3,401	3,557	+79
Net fee and commission income		1,996	1,996	2,153	2,124	-128
<b>Total operating expenses</b>		2,830	2,830	2,862	2,946	-117
<b>Earnings before impairment</b>		2,908	2,908	2,648	2,752	+156
Impairment losses on loans		478	478	167	284	+194
Income tax		162	162	20	184	-23
<b>Net profit, incl.</b>		2,268	2,268	2,462	2,283	-15
attr. to shareholders		2,062	2,062	2,168	2,087	-24
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Jan-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		1,425	1,425	1,757	1,446	-20
Loans (net)		931	931	740	928	+3
Assets under management		1,233	1,233	1,112	1,220	+13
<b>Key figures</b>	<b>13 months</b>	<b>Jan-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		49.3%	49.3%	51.9%	51.7%	- 2.4 pp
pre-tax ROE*		16.9%	17.2%	20.7%	17.6%	- 0.4 pp
ROE*		15.7%	16.0%	0.0%	16.2%	- 0.2 pp
Net interest margin (NIM)		2.6%	2.6%	2.2%	2.5%	+ 0.1 pp
ROA		1.6%	1.6%	1.6%	1.6%	- 0.0 pp

- Regular month in terms of interest and net fee income
- Customer base and activity are increasing in a good pace
- Good growth potential of the loan portfolio, no additional customers under specific surveillance
- Net profit 2.3 EURm. Financial plan of 2019 is valid

# LHV Banking

## Active start for the year

Financial results, EURt	13 months	Jan-19	YTD19	YTD18	FP YTD	Δ YTD FP
<b>Total revenue, incl.</b>		4,525	4,525	3,809	4,567	-42
Net interest income		3,781	3,781	3,072	3,672	+109
Net fee and commission income		763	763	769	895	-133
<b>Total operating expenses</b>		2,303	2,303	1,942	2,403	-100
<b>Earnings before impairment</b>		2,222	2,222	1,866	2,163	+58
Impairment losses on loans		478	478	116	284	+194
Income tax		162	162	0	184	-23
<b>Net profit</b>		1,582	1,582	1,750	1,694	-113
<b>Business volumes, EURm</b>	<b>13 months</b>	<b>Jan-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Deposits from customers		1,452	1,452	1,771	1,467	-15
Loans (net)		931	931	728	928	+3
<b>Key figures</b>	<b>13 months</b>	<b>Jan-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		50.9%	50.9%	51.0%	52.6%	- 1.7 pp
CT1 capital adequacy		13.3%	13.3%	13.2%	13.5%	- 0.2 pp
Total capital adequacy		16.8%	16.8%	16.1%	17.1%	- 0.3 pp
Net interest margin (NIM)		2.7%	2.7%	2.0%	2.6%	+ 0.1 pp

- Nearly 2,600 new bank customers joined in January
- Ordinary revenues and expenses
- Loan portfolio increased by 12 EURm, of which corporate loan portfolio by 5 EURm and retail loan portfolio by 7 EURm
- Deposits increased by 4 EURm, of which regular customer deposits increased 10 EURm and payment intermediaries deposits decreased by 6 EURm

# LHV Asset Management

## Year started with rising financial markets

Financial results, EURt	13 months	Jan-19	YTD19	YTD18	FP YTD	Δ YTD FP
Total revenue		1,349	1,349	1,172	1,238	+112
Total expenses		473	473	457	484	-11
Earnings before taxes		876	876	715	753	+123
Income tax		0	0	0	0	+0
Net profit		876	876	715	753	+123
<b>Business volumes</b>	<b>13 months</b>	<b>Jan-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Assets under management, EURm		1,233	1,233	1,112	1,220	+13
Active customers of PII funds, thous.		177	177	176	177	+0
<b>Key figures</b>	<b>13 months</b>	<b>Jan-19</b>	<b>YTD19</b>	<b>YTD18</b>	<b>FP YTD</b>	<b>Δ YTD FP</b>
Cost / income ratio (C/I)		38.4%	38.4%	38.6%	39.4%	- 1.1 pp
Funds average return		1.2%	1.2%	-0.1%	0.3%	+ 0.9 pp

- Wide-base growth in stock markets in January, which balanced December's downturn. Return on LHV actively managed II pillar pension funds 0.1% - 2.2%
- Net profit of January is outperforming financial plan, mainly due to higher financial income
- We started to change the pension funds' documentation to utilise the opportunities rising from the changes in regulation

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