

LHV Group

August results
11 September 2017

LHV Group

Business volumes at record level

Financial results, EURt	13 months	Aug-17	YTD17	YTD16	FP YTD	Δ YTD FP
Total revenue, incl.		4,921	38,276	32,440	38,451	-175
Net interest income		2,898	22,590	19,131	24,305	-1,715
Net fee and commission income		2,021	14,364	11,439	13,803	+561
Total operating expenses		2,559	20,696	18,690	21,311	-616
Earnings before impairment		2,362	17,581	13,750	17,140	+441
Impairment losses on loans		1,048	3,065	1,266	2,676	+389
Income tax		12	1,032	188	1,427	-395
Net profit		1,302	13,483	12,295	13,036	+447
attr. to owners of the parent		1,186	12,157	11,212	11,772	+385
Business volumes, EURm	13 months	Aug-17	YTD17	YTD16	FP YTD	Δ YTD FP
Deposits from customers		1,136	1,136	710	856	+279
Loans (net)		638	638	484	620	+18
Assets under management		1,062	1,062	927	1,098	-36
Key figures	13 months	Aug-17	YTD17	YTD16	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		52.0%	54.1%	57.6%	55.4%	- 1.4 pp
ROE (attr. to owners of the parent)		12.5%	17.0%	20.6%	16.8%	+ 0.3 pp
Net interest margin (NIM)		2.8%	3.3%	3.7%	3.9%	- 0.6 pp
ROA		1.2%	1.9%	2.3%	2.0%	- 0.1 pp

- Broad revenue base and total revenue is in line with financial plan although the revenue structure is somewhat different. Costs lower than planned
- Minimum CAD target ratio decreased from 16.19% to 15.06%
- Credit quality remains good, focus on some individual clients
- Financial plan remains valid, YTD net profit ahead of financial plan by 0,4 EURm

LHV Banking

Results affected by different costs










Financial results, EURt	13 months	Aug-17	YTD17	YTD16	FP YTD	Δ YTD FP
Total revenue, incl.		3,411	26,329	21,455	25,792	+538
Net interest income		2,590	20,027	16,145	21,270	-1,243
Net fee and commission income		826	5,118	3,432	4,394	+724
Total operating expenses		1,782	13,166	11,506	13,729	-563
Earnings before impairment		1,629	13,163	9,950	12,063	+1,100
Impairment losses on loans		994	2,997	879	2,062	+935
Net profit		634	10,167	9,070	10,001	+166
Business volumes, EURm	13 months	Aug-17	YTD17	YTD16	FP YTD	Δ YTD FP
Deposits from customers		1,147	1,147	720	869	+278
Loans (net)		629	629	479	613	+16
Key figures	13 months	Aug-17	YTD17	YTD16	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		52.2%	50.0%	53.6%	53.2%	- 3.2 pp
CT1 capital adequacy		14.2%	14.2%	14.0%	14.3%	- 0.1 pp
Total capital adequacy		17.4%	17.4%	18.3%	17.8%	- 0.3 pp
Net interest margin (NIM)		2.5%	3.0%	3.1%	3.4%	- 0.5 pp

- Fee income is ahead of financial plan due to revenues from payment and brokerage services. Financial income higher due to revaluation of bond portfolio and currency exchange rates. Interest income is lower mostly due to slower growth of small loan portfolio
- Private customers' deposits increased by 3 EURm to 250 EURm. Deposits growth is mostly influenced by payment intermediaries with total deposits of 330 EURm
- Loan portfolio increased by 18 EURm, corporate loans grew by 11 EURm and retail loans by 7 EURm
- Credit quality remains good, increased impairment losses mostly related with one customer

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LHV Asset Management

Good profitability

Financial results, EURt	13 months	Aug-17	YTD17	YTD16	FP YTD	Δ YTD FP
Total revenue		1,134	8,864	7,827	9,003	-139
Total expenses		401	4,452	4,336	4,487	-34
Earnings before taxes		733	4,412	3,491	4,517	-105
Income tax		0	951	0	1,275	-324
Net profit		733	3,461	3,491	3,242	+219
Business volumes	13 months	Aug-17	YTD17	YTD16	FP YTD	Δ YTD FP
Assets under management, EURm		1,062	1,062	927	1,098	-36
Active customers of PII funds, thous.		177	177	177	181	-4
Key figures	13 months	Aug-17	YTD17	YTD16	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		35.5%	50.9%	56.5%	50.4%	+ 0.5 pp
Funds average return		0.2%	2.1%	2.4%	2.2%	- 0.0 pp

- In August sales costs were lower than usual and profitability was good
- Number of active pension II pillar clients decreased by 0.6 th. Funds AUM increased by 13 EURm
- Actively managed pension funds yield has been very stable from the beginning of year. We keep low risk level in global equity markets

Madis Toomsalu

LHV Group Managing Director
madis.toomsalu@lhv.ee

Meelis Paakspuu

LHV Group CFO
meelis.paakspuu@lhv.ee