

LHV Group

February results
March 13, 2018



Volumes growing, net profit influenced mainly by IFRS related provisions

Financial results, EURt	13 months	Feb-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue, incl.		5,086	10,596	9,053	10,388	+208
Net interest income		3,180	6,581	5,326	6,585	-4
Net fee and commission income		1,919	4,072	3,531	3,738	+334
Total operating expenses		2,864	5,726	4,757	5,921	-195
Earnings before impairment		2,222	4,871	4,296	4,467	+403
Impairment losses on loans		879	1,046	46	598	+448
Income tax		21	41	38	44	-4
Net profit		1,322	3,784	4,213	3,825	-41
attr. to owners of the parent		1,241	3,409	3,819	3,368	+41
Business volumes, EURm	13 months	Feb-18	YTD18	YTD17	FP YTD	Δ YTD FP
Deposits from customers		1,714	1,714	775	1,584	+130
Loans (net)		745	745	536	742	+3
Assets under management		1,121	1,121	1,007	1,131	-11
Key figures	13 months	Feb-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		56.3%	54.0%	52.5%	57.0%	- 3.0 pp
ROE (attr. to owners of the parent)		12.1%	16.3%	22.6%	16.2%	+ 0.1 pp
Net interest margin (NIM)		2.2%	2.2%	3.6%	2.3%	- 0.1 pp
ROA		0.9%	1.2%	2.8%	1.3%	- 0.1 pp

- Loan portfolio increased by 5 EURm and funds by 8 EURm. The decrease in deposits was mainly due to a change of deposits related to payment intermediaries
- Il pillar pension funds management fees decreased 6% from February
- The net profit was mainly influenced by IFRS related modelled provisions
- Credit quality remains good, only a few clients are under more thorough surveillance
- Financial plan is on track

Strong month, outcome influenced by provisions

Financial results, EURt	13 months	Feb-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue, incl.		3,611	7,420	5,957	7,004	+416
Net interest income		2,887	5,960	4,661	5,595	+365
Net fee and commission income		716	1,485	1,185	1,382	+103
Total operating expenses		2,016	3,958	3,108	4,007	-50
Earnings before impairment		1,596	3,462	2,849	2,997	+465
Impairment losses on loans		791	907	22	494	+413
Net profit		805	2,555	2,826	2,503	+52
Business volumes, EURm	13 months	Feb-18	YTD18	YTD17	FP YTD	Δ YTD FP
Deposits from customers		1,719	1,719	787	1,588	+131
Loans (net)		735	735	531	729	+5
Key figures	13 months	Feb-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		55.8%	53.3%	52.2%	57.2%	- 3.9 pp
CT1 capital adequacy		15.2%	15.2%	14.9%	14.1%	+ 1.1 pp
Total capital adequacy		18.1%	18.1%	18.9%	17.0%	+ 1.1 pp
Net interest margin (NIM)		2.0%	2.0%	3.2%	2.0%	+ 0.0 pp

- A decent revenue base for a short month. Revenues slightly ahead of plan in all sectors. Operating costs as expected
- Deposits decreased by 52 EURm due to a change of deposits related to payment intermediaries. Private deposits increased by 8 EURm
- Loan portfolio increased by 6 EURm, incl. 4 EURm of Mokilizingas' loan
- Credit quality remains good, we made special provisions 0,3 EURm and the remaining impairment volatility was caused by the application of the new standard

LHV funds stable despite turbulent markets

Financial results, EURt	13 months	Feb-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue		994	2,166	2,319	2,219	-53
Total expenses		465	922	983	948	-26
Earnings before taxes		529	1,243	1,336	1,271	-27
Income tax		0	0	0	0	+0
Net profit		529	1,243	1,336	1,271	-27
Business volumes	13 months	Feb-18	YTD18	YTD17	FP YTD	Δ YTD FP
Assets under management, EURm		1,121	1,121	1,007	1,131	-11
Active customers of PII funds, thous.		177	177	178	175	+2
Key figures	13 months	Feb-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		45.8%	41.9%	43.9%	42.9%	- 1.0 pp
Funds average return		0.0%	0.0%	0.7%	0.5%	- 0.5 pp

- LHV's actively managed pension funds have started the year well considering the financial markets increased volatility
- The difference compared to the plan in terms of the volume and profit derives from the return on pension funds
- The average level of II pillar management fees decreased 6% from February
- Dividend payment to LHV Group in the amount of 4.4 EURm (payment on March 1)

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

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