

LHV Group

May results
June 12, 2018

LHV Group

High activity with strong results

Financial results, EURt	13 months	May-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue, incl.		9,794	31,993	23,761	30,825	+1,167
Net interest income		3,086	16,903	14,034	16,835	+67
Net fee and commission income		3,473	11,875	8,770	11,320	+555
Total operating expenses		2,652	14,600	12,966	14,565	+35
Earnings before impairment		7,143	17,393	10,795	16,260	+1,132
Impairment losses on loans		1,191	2,568	502	1,953	+616
Income tax		277	2,541	1,006	2,493	+47
Net profit		5,675	12,284	9,288	11,815	+469
attr. to owners of the parent		5,531	11,596	8,428	11,161	+435
Business volumes, EURm	13 months	May-18	YTD18	YTD17	FP YTD	Δ YTD FP
Deposits from customers		1,647	1,647	870	1,400	+248
Loans (net)		754	754	576	757	-3
Assets under management		1,158	1,158	1,024	1,169	-10
Key figures	13 months	May-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		27.1%	45.6%	54.6%	47.2%	- 1.6 pp
ROE (attr. to owners of the parent)		48.0%	21.2%	19.3%	20.4%	+ 0.8 pp
Net interest margin (NIM)		2.1%	2.3%	3.6%	2.3%	- 0.0 pp
ROA		3.8%	1.6%	2.3%	1.6%	+ 0.0 pp

- Very active month, inflow of new bank customers and customers actively opened brokerage accounts. Record activity in the number of merchants and sales outlets using payment terminals and receiving card payments
- The results were influenced by the sale of Mokilizingas shares, revenues from institutional brokerage services and special provisions of 0.9 EURm
- Credit quality remains good, only a few customers are under more thorough surveillance
- Net income 5.7 EURm, net profit attr. to shareholders 5.5 EURm. Financial plan remains valid










Good results mixed with additional provisions

Financial results, EURt	13 months	May-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue, incl.		5,733	21,178	16,265	20,311	+867
Net interest income		3,149	15,607	12,403	15,347	+260
Net fee and commission income		2,305	5,302	3,033	4,974	+328
Total operating expenses		2,155	10,386	8,308	10,222	+164
Earnings before impairment		3,578	10,792	7,957	10,089	+703
Impairment losses on loans		1,191	2,178	399	1,528	+650
Income tax		277	1,297	0	1,295	+2
Net profit		2,110	7,317	7,557	7,266	+51
Business volumes, EURm	13 months	May-18	YTD18	YTD17	FP YTD	Δ YTD FP
Deposits from customers		1,658	1,658	883	1,412	+247
Loans (net)		754	754	571	757	-3
Key figures	13 months	May-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		37.6%	49.0%	51.1%	50.3%	- 1.3 pp
CT1 capital adequacy		14.1%	14.1%	14.5%	13.3%	+ 0.7 pp
Total capital adequacy		16.9%	16.9%	18.1%	15.9%	+ 1.0 pp
Net interest margin (NIM)		2.2%	2.1%	3.2%	2.1%	- 0.0 pp

- Exceptional revenues, additional net fees from institutional brokerage activities. Regular costs.
- The loan portfolio was affected by the refinancing of the Mokilizingas loan after the sale of Mokilizingas shares. Without this, the loan portfolio increased by 10 EURm
- Deposits increased by 220 EURm, most of which were related to corporate banking and private banking customers. Private customers' deposits increased by 9 EURm
- 0,9 EURm of provisions made in May came from single customer

LHV Asset Management

Month with good financial indicators

Financial results, EURt	13 months	May-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue		1,171	5,600	5,552	5,579	+21
Total expenses		466	2,388	2,804	2,452	-64
Earnings before taxes		705	3,211	2,748	3,127	+85
Income tax		0	1,100	951	1,100	+0
Net profit		705	2,111	1,797	2,027	+85
Business volumes	13 months	May-18	YTD18	YTD17	FP YTD	Δ YTD FP
Assets under management, EURm		1,158	1,158	1,024	1,169	-10
Active customers of PII funds, thous.		178	178	177	175	+3
Key figures	13 months	May-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		39.9%	42.5%	51.6%	43.6%	- 1.0 pp
Funds average return		0.4%	0.8%	1.5%	1.4%	- 0.5 pp

- 1.8 thousand new II pillar pension fund customers and total number of active customers increased by 0.2 thousand. AUM increased by 15 EURm
- Costs were lower compared to the plan. Financial revenues ahead of the plan
- The dollar's rise supported funds with higher currency risk and a passive strategy. Actively managed II pillar funds offered stable results

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

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