

LHV Group

August results
September 11, 2018

High customer numbers and activity, positive gap with the financial plan increased

Financial results, EURt	13 months	Aug-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue, incl.		6,144	48,351	38,276	46,099	+2,252
Net interest income		3,195	26,346	22,590	26,274	+73
Net fee and commission income		2,234	17,964	14,364	17,043	+922
Total operating expenses		2,836	22,383	20,696	22,571	-188
Earnings before impairment		3,308	25,968	17,581	23,528	+2,440
Impairment losses on loans		636	3,634	3,065	3,200	+434
Income tax		227	3,165	1,032	2,915	+250
Net profit, incl.		2,445	19,168	13,483	17,412	+1,756
attr. to the owners of the parent		2,299	18,043	12,157	16,317	+1,726
Business volumes, EURm		Aug-18	YTD18	YTD17	FP YTD	Δ YTD FP
Deposits from customers		1,628	1,628	1,136	1,372	+256
Loans (net)		790	790	638	792	-1
Assets under management		1,195	1,195	1,062	1,209	-14
Key figures		Aug-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		46.2%	46.3%	54.1%	49.0%	- 2.7 pp
ROE (attr.to owners of the parent)		18.7%	19.9%	17.0%	18.1%	+ 1.8 pp
Net interest margin (NIM)		2.1%	2.2%	3.3%	2.3%	- 0.1 pp
ROA		1.6%	1.6%	1.9%	1.5%	+ 0.1 pp

- Very active month for customer contracts. Customer activity has reached new record levels. Deposits exceed the financial plan, loan balance corresponds to the plan, and funds are slightly behind the plan
- Broad income base supported by higher revenues from institutional banking, higher impairments
- Credit quality remains good, only a few customers are under more thorough surveillance
- Net income 2.4 EURm, net profit attr. to shareholders 2.3 EURm. Compared to financial plan updated in May, cumulative net profit 1,8 EURm higher, financial plan remains valid

Record customer activity, additional income covered by impairments

Financial results, EURt	13 months	Aug-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue, incl.		5,007	34,162	26,329	32,175	+1,986
Net interest income		3,259	25,242	20,027	24,994	+248
Net fee and commission income		1,031	7,866	5,118	7,151	+715
Total operating expenses		2,334	16,591	13,166	16,562	+28
Earnings before impairment		2,673	17,571	13,163	15,613	+1,958
Impairment losses on loans		636	3,244	2,997	2,776	+468
Income tax		227	1,921	0	1,717	+205
Net profit		1,811	12,405	10,167	11,120	+1,285
Business volumes, EURm		Aug-18	YTD18	YTD17	FP YTD	Δ YTD FP
Deposits from customers		1,641	1,641	1,147	1,384	+257
Loans (net)		790	790	629	791	-1
Key figures		Aug-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		46.6%	48.6%	50.0%	51.5%	- 2.9 pp
CT1 capital adequacy		15.0%	15.0%	14.2%	13.7%	+ 1.3 pp
Total capital adequacy		17.7%	17.7%	17.4%	16.2%	+ 1.5 pp
Net interest margin (NIM)		2.1%	2.1%	3.0%	2.2%	- 0.1 pp

- 2,400 new bank customers in August and customers activity at record level
- Broad income base supported by higher revenues from institutional banking by 0,7 EURm, costs affected by higher impairments
- Loan portfolio increase by 7 EURm came from retail banking. In the corporate loan portfolio, signed but not yet paid out loans reached record levels
- Deposits increased by 21 EURm, regular customers deposits increased by 35 EURm and payment intermediaries' deposits decreased by 14 EURm

LHV Asset Management

Emerging market assets have decreased

Financial results, EURt	13 months	Aug-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue		1,192	9,138	8,864	9,155	-17
Total expenses		448	3,800	4,452	3,918	-118
Earnings before taxes		743	5,338	4,412	5,237	+101
Income tax		0	1,100	951	1,100	+0
Net profit		743	4,238	3,461	4,137	+101
Business volumes	13 months	Aug-18	YTD18	YTD17	FP YTD	Δ YTD FP
Assets under management, EURm		1,195	1,195	1,062	1,209	-14
Active customers of PII funds, thous.		178	178	177	176	+2
Key figures	13 months	Aug-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		37.3%	41.6%	50.9%	42.7%	- 1.1 pp
Funds average return		0.0%	1.4%	2.1%	2.2%	- 0.8 pp

- Emerging market shares and currencies have been under pressure. On the average, global equity markets this year are higher thanks to the US technology and health sector shares
- The active sales period in July was followed by a calm August, 0.8 thous. new customers joined and 1.8 thous. customers left
- Profit exceeds the financial plan primarily due to lower operating costs

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

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