

LHV Group

November results
December 11, 2018



Solid outcome on the basis of all indicators

Financial results, EURt	13 months	Nov-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue, incl.		5,513	64,249	53,126	62,074	+2,175
Net interest income		3,351	36,173	32,042	36,093	+80
Net fee and commission income		2,086	23,987	20,189	23,083	+904
Total operating expenses		2,966	30,941	29,337	30,646	+295
Earnings before impairment		2,546	33,308	23,789	31,428	+1,881
Impairment losses on loans		-90	4,835	3,430	4,286	+549
Income tax		184	3,545	1,106	3,436	+109
Net profit, incl.		2,452	24,929	19,253	23,706	+1,223
attr. to shareholders		2,161	23,170	17,197	22,137	+1,033
Business volumes, EURm	13 months	Nov-18	YTD18	YTD17	FP YTD	Δ YTD FP
Deposits from customers		1,398	1,398	1,316	1,343	+54
Loans (net)		886	886	699	824	+61
Assets under management		1,217	1,217	1,093	1,256	-39
Key figures	13 months	Nov-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		53.8%	48.2%	55.2%	49.4%	- 1.2 pp
pre-tax ROE*		19.0%	21.2%	18.1%	20.4%	+ 0.8 pp
ROE*		17.5%	18.6%	17.1%	17.9%	+ 0.8 pp
Net interest margin (NIM)		2.5%	2.2%	3.1%	2.3%	- 0.1 pp
ROA		1.8%	1.5%	1.8%	1.5%	- 0.0 pp

- Active month for customer contracts, in total 2800 new customers. Record levels in customer activity. Deposits and loans exceed financial plan, fund volumes are slightly behind
- Subordinated bond issue was strongly oversubscribed, issue volume was increased to 20 EURm
- Good growth potential of the loan portfolio, no additional customers under specific surveillance
- Net profit 2.5 EURm. Cumulative net profit exceeds financial plan (updated in May) by 1.2 EURm. Financial plan remains valid

* ROE is based on LHV Group net profit and equity attributable to the owners of AS LHV Group

LHV Banking

Good result driven by loan growth

Financial results, EURt	13 months	Nov-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue, incl.		4,380	46,736	36,107	44,641	+2,095
Net interest income		3,414	35,260	28,312	35,020	+240
Net fee and commission income		897	10,315	7,062	9,549	+766
Total operating expenses		2,323	23,444	18,712	22,872	+572
Earnings before impairment		2,056	23,292	17,395	21,769	+1,523
Impairment losses on loans		-90	4,445	3,402	3,862	+583
Income tax		184	2,301	0	2,237	+64
Net profit		1,962	16,546	13,993	15,670	+876
Business volumes, EURm	13 months	Nov-18	YTD18	YTD17	FP YTD	Δ YTD FP
Deposits from customers		1,413	1,413	1,329	1,356	+58
Loans (net)		886	886	690	824	+62
Key figures	13 months	Nov-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		53.0%	50.2%	51.8%	51.2%	- 1.1 pp
CT1 capital adequacy		14.0%	14.0%	13.9%	13.9%	+ 0.0 pp
Total capital adequacy		16.5%	16.5%	17.0%	16.4%	+ 0.0 pp
Net interest margin (NIM)		2.5%	2.2%	2.8%	2.3%	- 0.1 pp

- Nearly 2,800 new bank customers in November, of which 600 also redirected their salary to LHV
- Both revenues and expenses are regular with some year-end seasonality effects
- Loan portfolio increased by 36 EURm, of which corporate loan portfolio by 25 EURm and retail loan portfolio by 11 EURm
- Payment intermediaries' deposits decreased by 89 EURm. Regular customers deposits increased by 19 EURm, of which private customers' deposits by 6.4 EURm
- Decrease in consumer financing provisions in amount of 0.3 EURm

LHV Asset Management

Sales period increased customer base

Financial results, EURt	13 months	Nov-18	YTD18	YTD17	FP YTD	Δ YTD FP
Total revenue		1,188	12,627	12,255	12,829	-202
Total expenses		560	5,337	6,218	5,484	-147
Earnings before taxes		628	7,290	6,038	7,345	-55
Income tax		0	1,100	951	1,100	+0
Net profit		628	6,190	5,087	6,245	-55
Business volumes	13 months	Nov-18	YTD18	YTD17	FP YTD	Δ YTD FP
Assets under management, EURm		1,217	1,217	1,093	1,256	-39
Active customers of PII funds, thous.		178	178	178	177	+1
Key figures	13 months	Nov-18	YTD18	YTD17	FP YTD	Δ YTD FP
Cost / income ratio (C/I)		47.1%	42.0%	51.3%	42.8%	- 0.8 pp
Funds average return		0.0%	1.0%	2.7%	3.0%	- 2.1 pp

- 3.0 thousand new customers joined during the last month of the sales period, 2.1 thousand customers left. YTD customer base has increased by 1.2 thousand customers
- Returns of 3 largest funds were close to 0, however YTD return is positive and is outperforming competitors' comparable funds
- Net profit in November 0.6 EURm. Due to sales period, marketing expenses higher than average

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

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