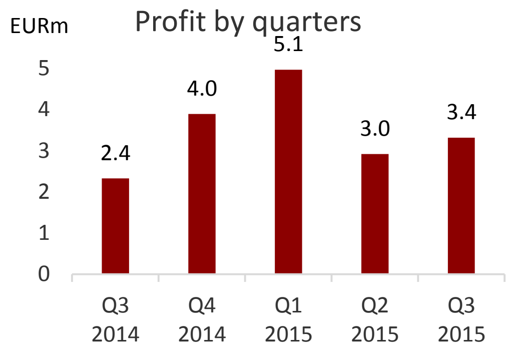
Interim Report January – September 2015
Summary of Results

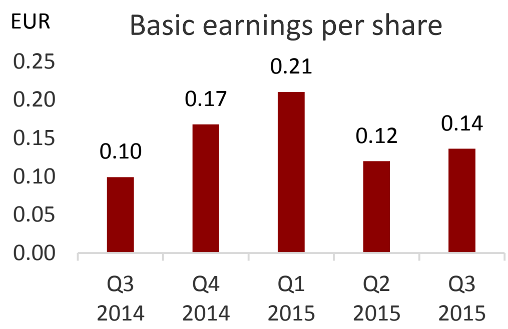
Q3 2015 in comparison with Q2 2015

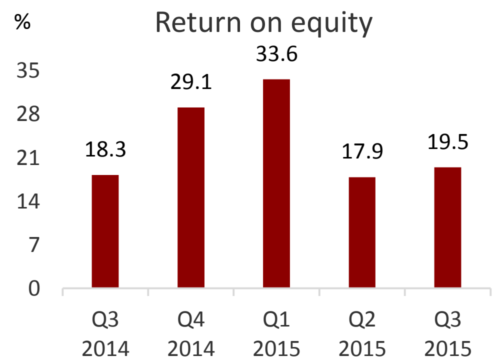
- Net profit EUR 3,4 m (EUR 3,0 m), of which EUR 3,2 m (EUR 2,8 m) is attributable to owners of the parent
- Earnings per share EUR 0,14 (EUR 0,12)
- Net income EUR 10,2 m (EUR 8,8 m)
- Operating expenses EUR 6,1 m (EUR 5,6 m)
- Loan provisions EUR 0,6 m (EUR 0,1 m)
- Return on equity 19,5% (17,9%)
- Capital adequacy 19,5% (20,6%)

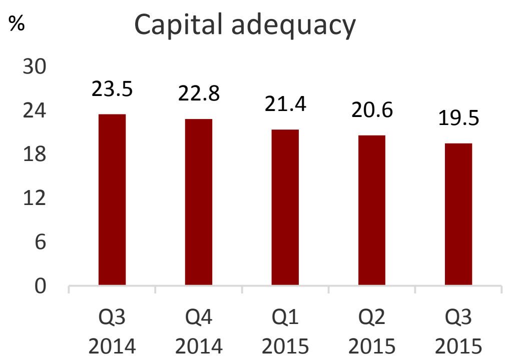
Q3 2015 in comparison with Q3 2014*

- Net profit EUR 3,4 m (EUR 2,4 m), of which EUR 3,2 m (EUR 2,3 m) is attributable to owners of the parent
- Earnings per share EUR 0,14 (EUR 0,10)
- Net income EUR 10,2 m (EUR 7,7 m)
- Operating expenses EUR 6,1 m (EUR 4,8 m)
- Loan provisions EUR 0,6 m (EUR 0,7 m)
- Return on equity 19,5% (18,3%)
- Capital adequacy 19,5% (23,5%)









* Data for 2014 does not include the income and expenses of discontinued operations

Earnings per share and return on equity ratios are based on the profit attributed to the shareholders and equity of AS LHV Group and do not include non-controlling interest.

Managing Director's Statement

Despite tensions brewing on the international markets, the economic environment in LHV's home markets remained stable in Q3. The slowdown in China, the deflationary pressures on developed markets, the US Federal Reserve's interest rate policy and the deepening refugee crisis in Europe have lessened the confidence of market participants and impaired economic activity. The end of August saw a sharp correction on international stock markets - a reminder of the global economy's overall fragility. The short-term forecast for economic growth in Estonia has been corrected down against challenges faced by the transport, agricultural and tourism sectors. Nonetheless, consumer confidence has remained relatively strong, with employment numbers at record levels.

LHV's consolidated profit for Q3 2015 amounted to EUR 3.4 million. This constitutes a EUR 0.4 million increase from Q2, and a EUR 1.0 million increase from Q3 2014. We are very pleased with the results! Both LHV Bank and LHV Asset Management posted a respectable result, while simultaneously reinforcing their outlook for further growth. The Group's consolidated loans grew by EUR 39 million during the quarter (+ EUR 31 million in Q2), with deposits soaring to EUR 80 million (+ EUR 21 million in Q2). In the first nine months of 2015, LHV has earned EUR 11.5 million in profit (+ EUR 5.9 million, year-over-year). Loans have grown by EUR 80 million, deposits by EUR 132 million and the volume of funds managed by LHV by EUR 39 million.

The bank posted EUR 2.2 million in profit in Q3, which is EUR 0.4 million more than in the previous quarter. Both net interest income and net fee and commission income showed a significant growth. Customer activity remained high all through the summer season. At the end of August, the Bank opened its own ATM network and launched its new mobile bank. Customers were also informed of the bank's dauntless pursuit of becoming the third largest and most important full-service bank in Estonia. New customer numbers have increased by 2-4 times upon dissemination of these news.

The Bank's loan portfolio grew by EUR 38 million in Q3, amounting to EUR 393 million. Credit quality remains strong. New loan write-downs totalled EUR 0.4 million. To pursue a well-balanced growth, the bank has decided to be more selective in financing new real estate developments. The bank believes the planned volume of residential and commercial real estate to be extensive enough to prompt a prolongation of the sales period and to exert pressure on prices.

Customer deposits grew by EUR 77 million during the quarter (EUR 22 million in Q2), amounting to EUR 594 million. Demand deposits were the biggest contributors to this growth, with EUR 82 million.

AS LHV Varahaldus posted a profit of EUR 1.2 million in Q3, exceeding the result for the previous quarter by EUR 54 t. Despite relentless growth in fund volumes, the profit of AS LHV Varahaldus has remained roughly the same in the past four quarters. From August 2015, new restrictions apply to management fees for mandatory pension funds. The greater the fund volume, the lower the management fees payable as a percentage of the fund volume. This had an impact on AS LHV Varahaldus' results, significantly lowering the fee and commission income in August.

On a positive note, the conservative investment tactics pursued by AS LHV Varahaldus over the last 12 months have finally paid off. Against the correction of the international stock market, LHV showed the best fund management results in terms of yield in 2015. AS LHV Varahaldus' mandatory pension fund customers are enjoying the highest return on their investment, both long-term and with regard to the current calendar year.

The volume of funds managed by LHV grew by EUR 15 million (+ EUR 2 million in Q2) during the quarter, with the volume of 2nd-pillar pension funds contributing EUR 19 million and the volume of the Persian Gulf Fund shranking by EUR 4 million.

Mokilizingas posted EUR 0.2 million in profit in Q3, remaining on par with the last quarter. The company's loan portfolio grew by EUR 2 million, fuelled by the successful sale of hire-purchase services. Loan quality remains strong. The profit posted in the first nine months shows that Mokilizingas is somewhat behind its profit estimates. Strong price competition is exerting pressure on the margins. Furthermore, the Lithuanian market is well-known for its relatively high direct sales expenses. We are making an effort to gradually enhance profitability and achieve the established objectives via new product offers.

One of LHV's key long-term goals - to become a publicly traded company - was finally achieved, with the subordinated bonds of LHV, subject to redemption in 2024, listed on the NASDAQ Tallinn Stock Exchange on October 5. Public offering of the new subordinated bonds was launched via the stock exchange system on the dame day. We are set to engage EUR 10-15 million in subordinated capital to support the Group's business growth. We have also reaffirmed our plans of listing the shares of LHV on the NASDAQ Tallinn Stock by the summer of 2016.

The year 2015 has proved successful for the LHV Group thus far. The last few months have seen a number of victories of hard labour, along with the consequent inflow of new customers. LHV is going at a good pace, with sights set on a promising horizon.

Erkki Raasuke

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Financial Summary

Income statement EUR million	**Q3 2015**	**Q3 2014**	**Year over year**	**9M 2015**	**9M 2014**	**Year over year**
Net interest income	6,20	4,37	42%	16,86	11,55	46%
Net fee and commission income	3,92	3,24	21%	10,86	9,23	18%
Other financial income	0,08	0,06	33%	0,25	0,42	-40%
Total net operating income	10,20	7,67	33%	27,97	21,20	32%
Other income	0,00	0,00	N/A	0,03	0,00	N/A
Operating expenses	-6,08	-4,83	26%	-17,12	-14,54	18%
Loan losses	-0,56	-0,69	-19%	-1,33	-1,41	-6%
Income tax expenses	-0,06	-0,03	100%	-0,20	-0,11	82%
Discontinued operations	-0,08	0,28	-129%	2,18	0,52	319%
Net profit	3,42	2,40	43%	11,53	5,66	104%
including attributable to owners of the parent	3,18	2,31	38%	10,88	5,29	106%

Business volumes EUR million	**Q3 2015**	**Q2 2015**	**Quarter over quarter**	**Q3 2014**	**Year over year**
Loan portfolio*	396,3	357,6	11%	269,3	47%
Financial investments	159,2	141,3	13%	130,8	22%
Deposits of customers	590,0	510,2	16%	391,9	51%
Equity (including minority interest)	69,9	66,3	5%	53,9	30%
Equity (owners' share)	67,0	63,7	5%	51,9	29%
Volume of funds managed	543,3	527,5	3%	510,6	6%
Assets managed by bank	783,6	589,7	33%	490,0	60%

* Data for 2014 does not include the loan portfolio of discontinued operations

Ratios EUR million	**Q3 2015**	**Q2 2015**	**Year over year**	**9M 2015**	**9M 2014**	**Year over year**
Average equity (attributable to owners of the parent)	65,4	50,6	14,8	62,0	40,5	21,5
Return on equity (ROE), %	19,5	18,3	1,2	23,39	17,50	5,9
Interest-bearing assets, average	659,5	441,1	218,4	608,0	415,3	192,8
Net interest margin (NIM) %	3,76	3,96	-0,20	3,70	3,71	-0,01
Price spread (SPREAD) %	3,68	3,89	-0,21	3,62	3,65	-0,04
Cost/income ratio %	59,6	62,9	-3,3	61,1	68,5	-7,4

* Data for 2014 does not include the loan portfolio of discontinued operations

Explanations to ratios (quarterly ratios have been expressed on an annualised basis)

Average equity (attributable to owners of the parent) = (equity as at the end of the reporting period + equity as at the end of the previous reporting period) / 2

Return on equity (ROE) = net profit for the quarter (share of owners of the parent) / average equity (attributable to owners of the parent) *100

Net interest margin (NIM) = net interest income / interest-bearing assets, average * 100

Price spread (SPREAD) = interest yield from interest-bearing assets – cost of external capital

Interest yield from interest-bearing assets = interest income / interest-bearing assets, average * 100

Cost of external capital = interest expenses / interest-bearing liabilities, average * 100

Cost/income ratio = total operating cost / total income * 100

Operating Environment

The year has seen a rise in geopolitical risks, an economic slowdown an lower-than-estimated inflation rates. Short-term interest rates are at their all-time low, with no changes on the horizon in the eurozone.

The unexpected deceleration in Chinese economic growth is quickly becoming a major predicament to global economy. The growth outlook has been repeatedly scaled down during the year. The direct impact of the slowdown is evident in the decrease in global demand and drop in raw material prices, adding to deflationary pressures. In August, the Chinese government devalued the yuan by nearly 3%. Even though the unanticipated manoeuvre enhanced the country's competitive ability, it also raised serious concerns with regard to the wider impact of such measures, including the monetary-political counter-measures of China's trade partners.

While the US economic indicators come out strong, the developments in China are forcing the Federal Reserve to take a more broad-based approach. While the Fed was previously expected to hike interest rates in Q4, the expectations of market players have now shifted towards next year.

In Europe, the stimulus measures taken with the aim of prompting a rise in consumer prices have failed to produce the desired results. Eurozone consumer prices in September were 0.1% lower than last year. Despite expansion of the monetary base, the movement of the euro exchange rates against major currencies has failed to provide any stimulus to the competitive ability of exporters. The quarterly economic growth in the eurozone stood at 0.3%, i.e. a bit lower than in the previous quarter, falling short of the estimations. This is fuelling expectations of additional measures by the European Central Bank.

Among the key trade partners for Estonia, Sweden showed a higher-than-expected growth in Q2, albeit this can be attributed to the drop in import volumes, conditioned by the growth in net export. After several years of negative growth, the Finnish economy is showing some signs of stabilisation, even though the persistent decline in private consumption continues to weaken domestic demand. The Swedish-bound export volumes of Estonia have grown by more than 10%, year over year, while the Finnish-bound volumes are declining.

The economic outlook for the Baltic countries is moderately good. Analysts are forecasting a 2% economic growth for 2015 and a 3% growth for 2016. Estonia and Lithuania have relied more on private consumption, while the Latvian economic growth has been more broad-based. Similarly to Estonia, where growth has been fuelled by private consumption, Latvia and Lithuania are expected to enjoy a further increase in private consumption next year, supported by the growth in real wages and employment numbers. Nonetheless, any positive effect is bound to be temporary. A rate of growth in line with the true potential of the region can thus only be achieved by enhancing the export capability of the Baltic States.

In September, the Ministry of Finance lowered the economic growth forecast. Expectations of this year's export volumes were scaled down significantly, along with expectations of a growth in real wages. Inflation is expected to recover, exerting pressure on private consumption. Even though employment numbers are at record-high levels, the quick growth in wages is damaging the competitiveness of local businesses.

LHV has modest expectations of the next few quarters. Indeed, economic growth may pick up and investment volumes may rise, but the true challenge lies in identifying new sources of economic growth. Economic growth has decelerated in the last four years, with several economic sectors declining for the severalth year in a row. Higher-than-average risks are evident in the agricultural, transport and tourism sector, with risks also growing in the energy sector. The real estate market is showing signs of oversupply of commercial and residential space. To maintain the equilibrium, offers and prices must stabilise, without any external shocks to the local market.

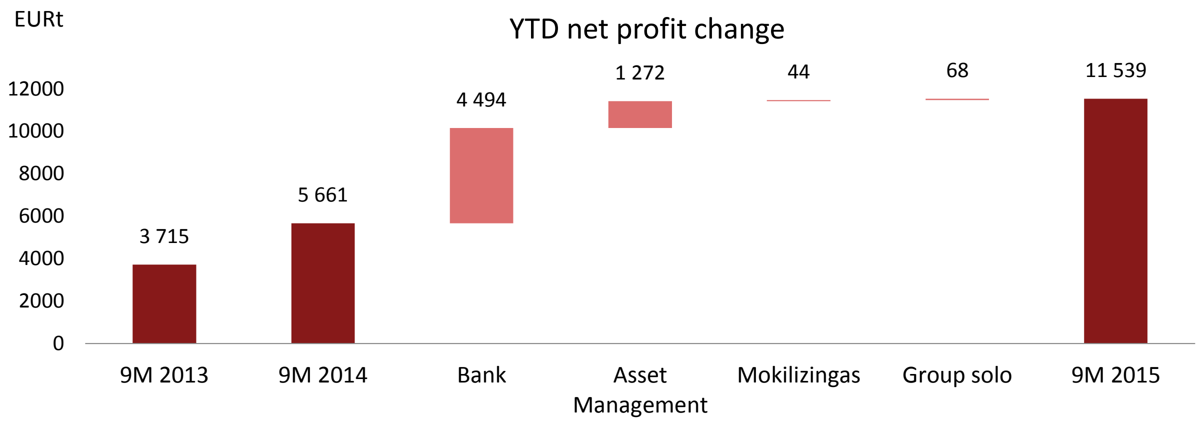
While the growth in real wages and private consumption is expected to slow down significantly, a new source of growth must be found for export and investment purposes. Emphasis must be laid both on the dynamics of Estonian export markets and dispersion of risks related to the main articles of goods exported to our key partners. Investments are currently supported by historically low interest rates as well as availability of local, competitive external capital.

LHV is set to contribute towards the identification and enhancement of new sources of growth, offering a long-term partnership and reasonable financing conditions to companies engaged in creating added value.

Financial Results of the Group

Compared to Q2, the Group's net interest income grew in Q3 by 14%, standing at EUR 6,2 (Q2: 5,4) million. Net fee and commission income grew by 17% and stood at EUR 3,9 (Q2: 3,6) million. Financial income increased by 127% and stood at EUR 0,08 (Q2: -0,3) million. In total, the net income of the Group increased by 17% in Q3, compared to Q2, amounting to EUR 10,2 (Q2: 8,7) million, with expenses climbing by 9% and amounting to EUR 6,1 (Q2: 5,6) million. The Group's operating profit for Q3 amounted to EUR 4,1 (Q2: 3,2) million. Impairments amounted to EUR 0,6 (Q2: 0,1) million in Q3. The Group's total profit for Q3 amounted to EUR 3,4 million (Q2: 3,0). Compared to Q3 2014, the Group's net interest income increased by 42% and net fee and commission income by 21%, with financial income increasing by 33%.

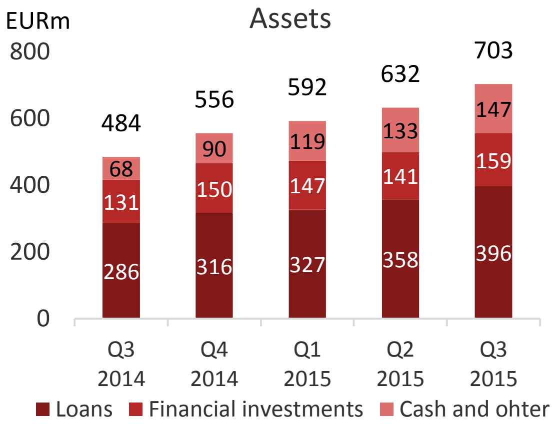
In terms of business entities, AS LHV Pank posted a consolidated profit of EUR 2,2 million, AS LHV Varahaldus a profit of EUR 1,2 million and UAB Mokilizingas a profit of EUR 0,2 million. The LHV Group separately posted a loss of EUR 0,2 million, as it does not have a separate revenue generating unit and the main type of expense of the Group is interest expense from subordinated liabilities.



The Group's volume of deposits as at the end of Q3 amounted to EUR 590 (Q2: 510) million, of which demand deposits formed EUR 389 (Q2: 302) million and term deposits EUR 201 (Q2: 208) million.

As at the end of Q3, the volume of loans granted by the Group amounted to EUR 396 (Q2: 358) million, increasing in Q3 by 13%, and the volume of financial investments to EUR 159 (Q2: 141) million, increasing in Q3 by 11%.

Compared to Q3 2014, the volume of the Group's deposits has increased by 51%, the volume of loans by 47% and the volume of financial investments by 22%.



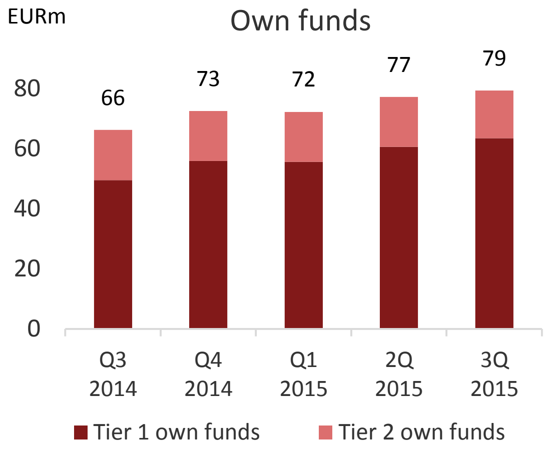
The Group's Liquidity, Capitalisation and Asset Quality

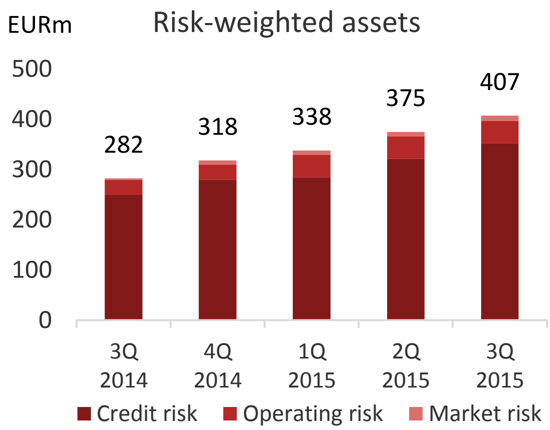
As at 30 September 2015, the Group's own funds stood at EUR 79,4 million (31 December 2014: EUR 72,5 million). The own funds of the Group increased in Q3 due to the interim audit of the Q2 in July.

The Group is well capitalised as at the end of the reporting period, with the capital adequacy ratio amounting to 19,5% (31 December 2014: 22,8%).

The Group's liquidity coverage ratio (LCR), as defined by the Basel Committee, stood at 247,51% as at the end of September (31 December 2014: 190%). The Group recognises cash and bond portfolios as liquidity buffers. These accounted for 42% of the balance sheet (31 December 2014: 41%). The ratio of loans to deposits stood at 67% as at the end of the third quarter (31 December 2014: 70%). Group's maturity structure is presented in Note 5.

The Group's credit quality was good. As at the end of September, provisions for estimated loan losses amounted to EUR 4,9 million in the balance sheet, i.e. approximately 1,2% of the loan portfolio (31 December 2014: EUR 4,1 million, 1,3%). Estimated loan losses make up 294,1% of the portfolio of loans overdue for more than 90 days.



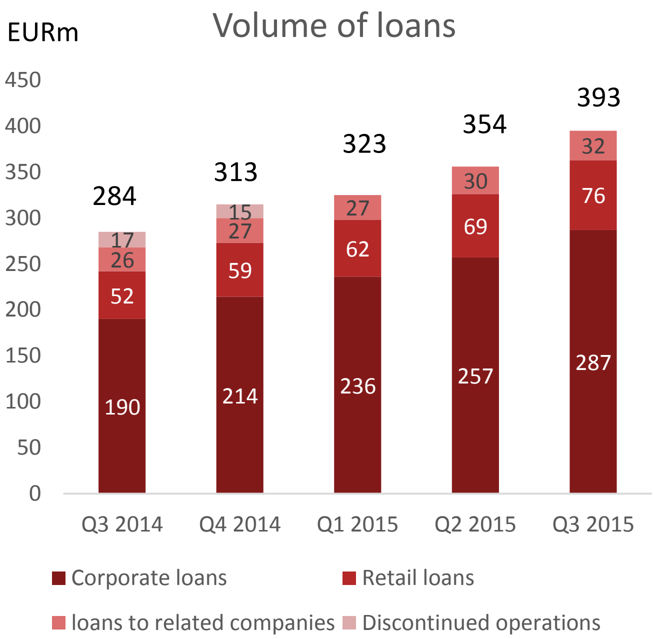


EUR thousand	30.09.2015	Proportion	31.12.2014	Proportion	30.09.2014	Proportion
Loans to customers	401 136		305 099		275 657	
including overdue loans:	11 221	2,8%	12 420	4,1%	12 675	5,3%
1-30 days	6 470	1,6%	4 910	1,6%	6 013	2,5%
31-60 days	2 386	0,6%	1 328	0,4%	1 874	0,8%
61-90 days	715	0,2%	2 755	0,9%	1 603	0,7%
91 and more days	1 649	0,4%	3 427	1,1%	3 185	1,3%
Impairment of loans	-4 851	-1,2%	-4 067	-1,3%	-6 352	-2,6%
Impairment % of loans overdue for more than 90 days	294,1%		118,7%		199,4%	294,1%

Capital base	30.09.2015	31.12.2014
Paid-in share capital	23 356	23 356
Share premium	33 992	33 992
Reserves	895	435
Other reservs	-12	0
Accumulated loss	-2 503	-11 244
Intangible assets (subtracted)	-1 659	-1 574
Profit for the reporting period	7 699	9 203
Non-controlling interest	1 692	1 727
Total Tier 1 capital	**63 460**	**55 895**
Subordinated liabilities	15 900	16 650
Total Tier 2 capital	**15 900**	**16 650**
Net own funds for calculation of capital adequacy	**79 360**	**72 545**
Risk-weighted assets		
Credit institutions and investment companies under standard method	4 177	8 237
Companies under standard method	228 074	153 250
Retail claims under standard method	99 380	101 741
Overdue claims under standard methods	7 583	5 438
Units and shares of investment funds under standard method	6 248	5 608
Shares of associated companies	36	0
Other assets under standard method	7 352	5 675
Total capital required for credit risk and counterparty's credit risk	**352 851**	**279 949**
Currency risk	6 402	5 735
Interest position risk	3 347	2 028
Share position risk	85	96
Operating risk under base method	44 367	30 066
Total risk-weighted assets	**407 051**	**317 874**
Capital adequacy (%)	**19,50**	**22,82**
Tier 1 capital ratio (%)	**15,59**	**17,58**

Overview of AS LHV Pank Consolidation Group

- Strong profit in Q3
- (Net) growth in loan volume in Q3 – EUR 39 million (Q2: EUR 31 million)



EUR million	Q3 2015	Q2 2015	Change %	Q3 2014	Change %	From the beginning of 2015	From the beginning of 2014	Change %
Net interest income	4,98	4,35	14%	3,45	44%	13,5	9,15	48%
Net fee and commission income	1,44	1,01	43%	0,85	69%	3,46	2,56	35%
Other financial income	0,03	-0,21	-114%	0,01	200%	0,06	0,27	-78%
Total net operating income	6,46	5,15	25%	4,32	50%	17,03	11,98	42%
Other income	0,01	0,05	-80%	0,01	0%	0,07	0,03	133%
Operating expenses	-3,82	-3,56	7%	-2,74	39%	-10,83	-8,24	31%
Loan losses	-0,37	0,15	-347%	-0,43	-14%	-0,65	-0,98	-34%
Discontinued operations	-0,08	0	N/A	0,28	-129%	2,18	0,52	319%
Net profit	2,21	1,79	23%	1,44	53%	7,81	3,31	136%
Loan portfolio	393	354	11%	267	47%			
Financial investments	152	135	13%	124	23%			
Deposits of customers	595	518	15%	396	50%			
Subordinated liabilities	15	12	25%	12	25%			
Equity	53	51	4%	42	26%			

In the overview of financial results, the revenue, expenses and loan portfolio of the Finnish branch - a now discontinued operation - are listed separately.

Q3 was successful both in terms of business volumes and profitability. LHV Bank generated EUR 5.0 million in net interest income and EUR 1.4 million in net fee and commission income. In total, the bank's net income amounted to EUR 6.5 million, expenditure to EUR 3.8 million and loan provisions to EUR 0.4 million. The bank's Q3 profit from continued operations amounted to EUR 2.2 million.

The net profit of LHV Bank from continued operations amounted to EUR 2.2 million in Q2. This constitutes an 23% increase from Q2 2015 (1.8) and a 53% increase from Q3 2014 (1.4). Net interest income grew by 14% during the quarter, and net fee and commission income by 43%, compared to Q2. Net operating income increased by 25%.

Securities brokerage remained the greatest contributor to fee and commission income, but the contribution of card fees and transaction fees is already showing a significant trend of growth.

The huge increase in net interest income stems from the growth in business volumes. By the end of Q3, the total volume of the bank's loan portfolios amounted to EUR 393 million (2014: EUR 298 million). The volume of portfolios grew 11% over the quarter. More than 6,000 new customers opened an account with the bank in Q3, with the bank's customer number consequently exceeding 70,000 by the end of the quarter. The customer's use of payment services as well as initiation and acceptance of card payments reached record levels. For the first time, monthly payment volumes exceeded the EUR 1 billion threshold.

Deposits grew by EUR 77 million, amounting to EUR 595 million by the end of the quarter. Demand deposits grew by EUR 82 million, while term deposits shrank by EUR 5 million. It is quite natural for demand deposits to grow more quickly than term deposits in a low interest rate environment, with customers paying less attention to the opening and extension of term deposits.

Loans grew by EUR 39 million, amounting to EUR 393 million by the end of the quarter. Loans to companies grew by EUR 32 million, hire-purchase by EUR 2 million and private loans by EUR 5 million.

The growth of the corporate credit portfolio that contains loans and guarantees met the established target, growing by EUR 102.1 million on an annualised basis (+51%) and EUR 31.1 million on a quarterly basis (+11%). Financial services were the greatest contributor to this growth, including the activities of holding companies, often involving the financing of corporate buyouts. This sector grew by EUR 32.5 million, year over year (+143%). The second largest source of growth was real estate management, which has traditionally been well-financed by commercial banks. Compared to the previous year, loans for real estate purposes grew by EUR 20.1 million (+25%). Compared to last quarter, the greatest volume of loans and guarantees were provided in the financial service area (EUR 14.4 million; +35%), and real estate management (EUR 10.3 million, +11%).

The largest amount of corporate loans was granted to the real estate sector, which accounts for 33% of the bank's total portfolio of corporate loans. A bulk of the real estate loans have been issued for projects with a high-quality rent flow. Real estate development ranks second. A majority of the real estate developments financed are located in Tallinn, with a few also in Tartu. LHV's market share in the financing of new developments in Tallinn was approximately 25% at the end of Q3 2015. LHV's real estate development portfolio is well-positioned for potential changes in market trends – the financed projects have a good location, with major projects nearing completion and the average risk to price ratio standing at 50%.

Alongside the real estate sector, the greatest volume of credit was provided to companies pursuing financial activities (share: 18%), as well as the processing industry (share: 12%). Subjected to special attention due to the geopolitical situation, agriculture accounts for a mere 2% of the portfolio. Credit provided to the agricultural sector saw a quarterly decrease of 3%.

In August, the bank opened its own ATM network, installing the first ten ATMs. User activity in the first few months allows to claim that the launch of the ATM network has been successful. The volume of cash deposits exceeds the volume of cash withdrawals, indicating that the ATMs' primary function of providing the option of making cash deposits has been well achieved. In the locations of the new ATMs, the bank's customers are now using the bank's ATM, rather than the ATMs of other banks. This shows that the ATMs have been well-positioned in terms of location. Based on the statistics and customer feedback collected, the bank decided at the end of the quarter to expand the ATM network and install two new ATMs (in Tartu and Pärnu) in Q4.

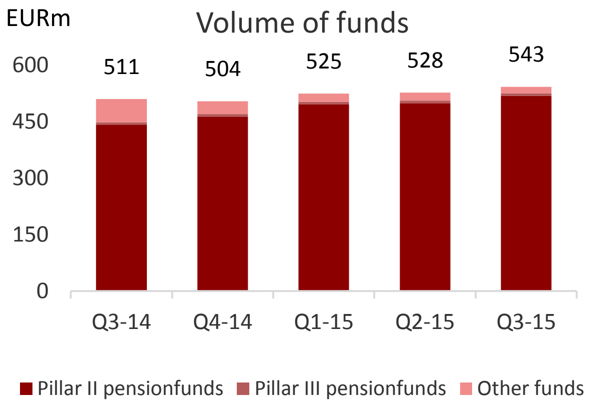
At the end of August, mobile bank version 2.0 was launched for both iOS and Android. The number of payments made via the mobile bank increased significantly over the quarter. Nevertheless, this accounts for merely 4% of all payments made by retail customers.

The bank's subsidiary AS LHV Finance successfully launched the small loan product at the end of the quarter.

Project mapping for the transition to the internal ratings-based (IRB) method was started at the beginning of the year. The project itself was launched in Q2, with active exploitation commencing in Q3.

Overview of AS LHV Varahaldus

- Market share of Pillar 2 by volume as at the end of Q3: 21,1% (as at the end of 2014: 21,1%)
- Total volume of Pillar 2 funds: EUR 538 million (as at the end of 2014: EUR 464 million)



EUR million	Q3 2015	Q2 2015	Change %	Q3 2014	Change %	From the beginning of 2015	From the beginning of 2014	Change %
Net fee and commission income	2,33	2,43	-4%	2,22	5%	6,95	6,06	15%
Net financial income	0,03	-0,11	-127%	0,06	-50%	0,15	0,16	-6%
Operating expenses	-1,13	-1,15	-2%	-1,24	-9%	-3,45	-3,84	-10%
Profit	1,23	1,18	4%	1,04	18%	3,66	2,38	54%
Financial investments	6,96	6,44	8%	6,47	8%			
Subordinated liabilities	1,50	1,50	0%	0,55	173%			
Equity	8,12	8,97	-9%	7,59	7%			
Assets under management	543,3	527,5	3%	511,0	6%			

AS LHV Varahaldus generated EUR 2.33 million in operating income in Q3. The EUR 0.1 million decrease from the previous quarter can be attributed to the lowering of the mandatory pension fund management fees in August. Prompted by the change in the methods for calculating management fees, the management fees for mandatory pension funds immediately dropped by 10% in AS LHV Varahaldus.

Operating expenses amounted to EUR 1.13 million in Q3 (EUR 1.15 million in Q2). Operating expenses have shown a marginal decrease in the last quarters, affected by the decrease in marketing expenses.

The volume of managed funds rose by EUR 16 million during the quarter, totalling EUR 543 million. The number of mandatory pension fund customers remained on par with the last quarter.

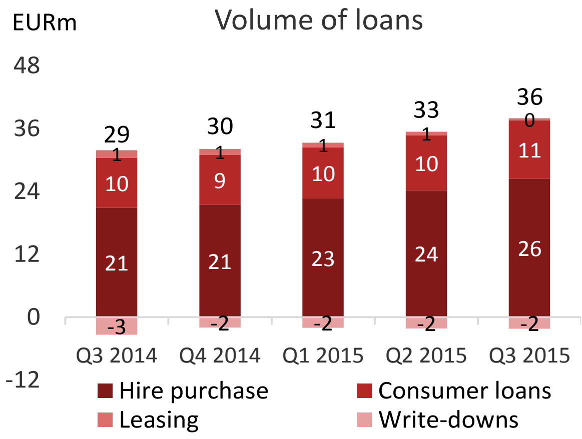
While the year started out with a rise on the financial markets and an upward trend for all Estonian pension funds, the EPI index, which shows pension fund yields, has been dropping ever since the middle of April. LHV's pension funds have been positioned differently from its competitors, striving to hedge the risks stemming from stock markets. This approach found justification in Q3, when the stock markets turned down. As at the end of the quarter, LHV's mandatory pension funds rank first in terms of yield in all risk categories. Furthermore, the LHV Supplementary Pension Fund has provided the highest annual yield among voluntary pension funds. Against the backdrop of lower price levels, LHV's pension funds boosted stock market-related investments in the second half of the quarter.

The yields of the LHV Persian Gulf Fund and LHV World Equities Fund were -9.2% and -6.1% in Q3.

On September 21, LHV Group resolved to reduce the share capital of AS LHV Varahaldus by EUR 2.1 million. The share capital stood at EUR 5.857 million before the reduction, and at EUR 3.757 million thereafter. The reduction of the share capital was prompted by the pursuit of enhanced capital management efficiency on the consolidation group level. AS LHV Varahaldus sees no need to maintain the share capital at its previous level. Even after the reduction of share capital, LHV still fully meets the requirements stipulated in legal acts. The Financial Supervision Authority granted its consent to the reduction of the share capital on September 10. The disbursements from voluntary reserves included, AS LHV Varahaldus will repay a total of EUR 4.45 million of capital to LHV Group.

Overview of UAB Mokilizingas

- Loan portfolio grew by 6% in Q2



EUR million	Q3 2015	Q2 2015	Change %	Q3 2014	Change %	From the beginning of 2015	From the beginning of 2014	Change %
Net interest income	1,3	1,1	18%	1,0	30%	2,2	2,7	30%
Net fee and commission income	0,1	0,2	-50%	0,2	-50%	0,4	0,7	-29%
Operating expenses	-1,0	-0,8	25%	-0,8	25%	-1,6	-2,3	13%
Loan losses	-0,2	-0,2	0%	-0,2	0%	-0,4	-0,4	50%
Income tax expenses	0,0	-0,1	-100%	0,0	N/A	-0,2	-0,1	100%
Profit	0,2	0,2	0%	0,2	0%	0,4	0,6	0%
Loan portfolio	38,0	33,2	14%	31,9	19%			
Equity	4,4	4,2	5%	3,8	16%			

The Lithuanian consumer credit market, which consists of the hire-purchase and consumer loan segments, has been expanding steadily during the financial year 2014 as well as in Q2, with a steady growth also evident in Q3. A new legislation for non-banking financial companies is being prepared in Lithuania to reduce the maximum annual percentage rate allowed and introduce additional rules for non-bank loan providers. The new rules are expected to enter into force within the next quarter. However, none of the suggested changes should have a direct impact on Mokilizingas.

The monthly and annual hire-purchase sales exceeded expectations during the first half-year. Gaining momentum, these trends have continued in Q3. Previous enrichment training sessions and partnership solutions have boosted sales figures and the total portfolio for Q3 well beyond general market growth. Furthermore, a steady rise in the average transaction amount is noticeable throughout 2015. The overall market situation remains stable against the backdrop of tight competition, with the results achieved suggesting a further strengthening of the market position. Online retail sales showed a strong growth, with the trend expected to continue in Q4 and in 2016. Mokilizingas also introduced a new hire-purchase service, providing financing to small businesses. The product can be considered a novelty in the Lithuanian market, with the first results expected in 2016. Overall, growth was achieved at the expense of long-term strategic planning, which aimed at meeting the customers' expectations. Mokilizingas maintains a strong partnership with major customers, while pursuing a closer relationship with smaller businesses.

The consumer loan segment will continue to grow in the second half of the year, but is expected to fall short of the levels witnessed at the beginning of the year. The annual increase in consumer loan volumes is estimated to exceed hire-purchase volumes. After a sharp decline in Q1, the small loan market (loans of up to EUR 290) remains stable, suggesting that the market capacity for such loans has been reached. As a result, payday loan providers have started to actively target and gain market share in the larger loan segment, providing Mokilizingas with the opportunity to pursue a marginal but steady growth within the segment. With a special focus on customer expectations and intensive marketing, the EUR 290 loan segment has grown substantially and is expected to continue to do so, albeit at a slower pace. In terms of sales channels, Mokilizingas markets consumer loans through online self-service as well as physical outlets on the street. In Q3, both channels showed a steady growth, which is expected to continue well into Q4. With the marketing campaigns laying emphasis on longer-term and higher-volume loans, the average loan amount has increased. Overall annual sales have increased by 18%, compared to 2014. Future service development will focus on the improvement of loan disbursement procedures as well as the provision of special offers aimed at further growth in the developing market.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

EUR thousand	Note	Q3 2015	9 months 2015	Q3 2014	9 months 2014
Continued operations					
Interest income		7 204	19 903	5 126	13 803
Interest expense		-1 002	-3 040	-760	-2 254
Net interest income	9	**6 202**	**16 863**	**4 366**	**11 549**
Fee and commission income		4 385	12 179	3 486	9 925
Fee and commission expense		-464	-1316	-247	-690
Net fee and commission income	10	**3 921**	**10 863**	**3 239**	**9 235**
Net gains/losses from financial assets measured at fair value		65	185	61	429
Foreign exchange gains/losses		14	57	0	-9
Net gains from financial assets		**79**	**242**	**61**	**420**
Other income and expenses		1	36	0	0
Personnel expenses	11	-2 653	-7 963	-2 082	-6 191
Operating expenses	11	-3 428	-9 156	-2 742	-8 344
Profit before impairment losses on loans and advances		**4 122**	**10 885**	**2 842**	**6 669**
Impairment losses on loans		-571	-1 332	-691	-1 412
Profit before tax		**3 551**	**9 553**	**2 151**	**5 257**
Income tax expense		-61	-197	-34	-113
Net profit for the reporting period from continued operations		**3 490**	**9 356**	**2 117**	**5 144**
Profit from discontinued operations	12	**-75**	**2 183**	**278**	**517**
Net profit for the reporting period	2	**3 415**	**11 539**	**2 395**	**5 661**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale investments:					
Revaluation of available-for-sale financial assets		-5	-6	3	27
Total comprehensive income for the reporting period		**3 410**	**11 533**	**2 398**	**5 688**
Total profit of the reporting period attributable to:					
Owners of the parent		3 180	10 879	2 311	5 286
Non-controlling interest		235	660	84	375
Total profit for the reporting period	2	**3 415**	**11 539**	**2 395**	**5 661**
Total comprehensive income attributable to:					
Owners of the parent		3 175	10 873	2 314	5 313
Non-controlling interest		235	660	84	375
Total comprehensive income for the reporting period		**3 410**	**11 533**	**2 398**	**5 688**
Basic earnings per share (in euros)	17	0,14	0,47	0,10	0,25
Diluted earnings per share (in euros)	17	0,13	0,45	0,10	0,25

The Notes on pages 17 to 28 are an integral part of the consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position

EUR thousand	Note	30.09.2015	31.12.2014
Assets			
Balances with central banks	4, 5, 6, 13	119 251	45 427
Due from credit institutions	4, 5, 6, 13	14 551	24 218
Due from investment companies	4, 6, 13	6 438	14 484
Available-for-sale financial assets	4, 6, 7	3 844	4 273
Financial assets designated at fair value through profit and loss	4, 6, 7	155 376	145 252
Assets of discontinued operations, classified as held for sale		0	15 473
Loans and advances to customers	4, 6, 8	396 285	301 032
Other receivables from customers		2 590	1 566
Other financial assets		893	783
Other assets		1 635	1 265
Goodwill		1 044	1 044
Property, plant and equipment		416	308
Intangible assets		616	530
Investments in associates		36	36
Total assets	2	**702 975**	**555 691**
Liabilities			
Deposits of customers and loans received	14	605 727	475 013
Financial liabilities designated at fair value through profit and loss	6	198	302
Accounts payable and other liabilities	15	10 542	5 435
Liabilities of discontinued operations, classified as held for sale		0	220
Subordinated liabilities	6	16 650	16 688
Total liabilities	2	**633 177**	**497 658**
Owner's equity			
Share capital		23 356	23 356
Share premium		33 992	33 992
Statutory reserve capital		895	435
Other reserves		418	132
Retained earnings / accumulated deficit		8 378	-2 041
Total equity attributable to owners of the parent		**67 039**	**55 874**
Non-controlling interest		2 819	2 159
Total equity		**69 858**	**58 033**
Total liabilities and equity		**702 975**	**555 691**

The Notes on pages 17 to 28 are an integral part of the consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows

EUR thousand	Note	Q3 2015	9M 2015	Q3 2014	9M 2014
Cash flow from operating activities					
Interest received		7 072	20 518	4 810	13 708
Interest paid		-726	-2 747	-758	-2 122
Fee and commission income and other income received		4 425	12 399	3 441	9 815
Fees and commissions paid		-464	-1 318	-247	-690
Personnel expenses paid		-2 783	-7 931	-2 226	-6 109
Administrative and other operating expenses paid		-3 270	-8 694	-2 539	-7 473
Income tax paid		-61	-197	-34	-113
Cash flow from operating activities before change in operating assets and liabilities		**4 193**	**12 030**	**2 447**	**7 016**
Net increase/decrease in operating assets:					
Net acquisition/disposal of trading portfolio		17	-14	58	2
Loans and advances to customers		-37 989	-81 639	-30 389	-78 103
Term deposits with banks		1	1	-1	-495
Mandatory reserve at central bank		-696	-1 279	-347	-425
Security deposits		1	-110	-49	-354
Other assets		-2 120	-2 170	-309	1 726
Net increase/decrease in operating liabilities:					
Demand deposits of customers		84 649	114 466	32 784	46 946
Term deposits of customers		-4 818	17 396	289	-8 088
Loans received		0	5 645	13 592	13 807
Repayments of loans received		-6 325	-7 072	107	0
Financial liabilities held for trading at fair value through profit and loss		-20	-104	-9	-71
Other liabilities		-6 041	5 133	-3 557	-3018
Net cash generated/used in operating activities from continuing operations		**30 852**	**62 283**	**14 616**	**-21 057**
Cash generated from/ used in operating activities from discontinued operations		-75	2 783	290	-1 509
Net cash generated from/used in operating activities		**30 777**	**65 066**	**14 906**	**-22 566**
Cash flow from investing activities					
Purchase of non-current assets		-310	-673	-103	-354
Acquisition and disposal of associates		0	0	0	79
Proceeds from disposal and redemption of investment securities available for sale		28	451	43	7 730
Net change of investments at fair value through profit or loss		-18 046	-10 075	-28 355	-89 470
Net cash flow from investing activities		**-18 328**	**-10 297**	**-28 415**	**-82 015**
Cash flow from financing activitises					
Contribution in share capital		0	0	100	13 925
Subordinated loans received		0	0	0	15 900
Repayment of subordinated debt		0	0	0	-16 450
Net cash flow from financing activities		**0**	**0**	**100**	**13 375**
Effect of exchange rate changes on cash and cash equivalents	**6**	**19**	**62**	**0**	**-9**
Net decrease/increase in cash and cash equivalents		**12 468**	**54 831**	**-13 409**	**-91 215**
Cash and cash equivalents at the beginning of the period		121 995	79 632	71 106	148 912
Cash and cash equivalents at the end of the period	**13**	**134 463**	**134 463**	**57 697**	**57 697**

The Notes on pages 17 to 28 are an integral part of the consolidated interim financial statements

Condensed Consolidated Interim Statement of Changes in Equity

EUR thousand	Share capital	Share premium	Statutory reserve capital	Other reserves	Accumulated profit/-deficit	**Total equity attributable to owners of the parent**	Non-controlling interest	**Total equity**
Balance as at 01.01.2014	**19 202**	**21 871**	**223**	**-12**	**-11 032**	**30 252**	**1 695**	**31 947**
Paid in statutory reserve capital	0	0	212	0	-212	0	0	**0**
Conversion of subordinated bonds issued in 2012 to share capital	654	1 796	0	39	0	2 489	0	**2 489**
Paid in share capital	3 500	10 325	0	0	0	13 825	0	**13 825**
Profit for the year	*0*	*0*	*0*	*0*	*5 286*	*5 286*	*375*	***5 661***
Other comprehensive income	*0*	*0*	*0*	*27*	*0*	*27*	*0*	***27***
Total comprehensive income for the reporting period	0	0	0	27	5 286	5 313	375	**5 688**
Balance as at 30.09.2014	**23 356**	**33 992**	**435**	**54**	**-5 958**	**51 879**	**2 070**	**53 949**
Balance as at 01.01.2015	**23 356**	**33 992**	**435**	**132**	**-2 041**	**55 874**	**2 159**	**58 033**
Paid in statutory reserve capital	0	0	460	0	-460	0	0	**0**
Share options	0	0	0	299	0	299	0	**299**
Net profit	*0*	*0*	*0*	*0*	*10 879*	*10 879*	*660*	***11 539***
Other comprehensive income	*0*	*0*	*0*	*-13*	*0*	*-13*	*0*	***-13***
Total comprehensive income for the reporting period	0	0	0	-13	10 879	10 866	660	**11 526**
Balance as at 30.06.2015	**23 356**	**33 992**	**895**	**418**	**8 378**	**67 039**	**2 819**	**69 858**

The Notes on pages 17 to 28 are an integral part of the consolidated interim financial statements

Notes to the Condensed Consolidated Interim Financial Statements

NOTE 1 Accounting Policies

The interim financial statements have been prepared in accordance with the international financial reporting standard IAS 34 "Interim Financial Reporting", as adopted in the European Union. The interim financial statements should be viewed together with the Annual Report for the financial year ended on 31 December 2014, which has been prepared in accordance with International Financial Reporting Standards as adopted by European Union for the year ended 31 December 2014.

The accounting policies adopted are consistent with those of the previous financial year. Specification has been added to cash and cash equivalents accounting policy:

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, demand deposits with central bank and other banks and investment companies, term deposits with original maturities of three months or less, that are available for use without any significant restrictions and which are subject to an insignificant risk of changes in value.

The new and revised standard and interpretations which entered into force on 1 January 2015 have no significant impact on the Group's financial statements as at the moment of the preparation of the interim financial statements. These condensed consolidated interim financial statements have been reviewed, not audited and do not contain the entire range of data required for the preparation of the financial statements.

The financial figures of the interim financial statements have been presented in thousands of euros, unless otherwise indicated. The interim financial statements have been consolidated and include the results of AS LHV Group and its subsidiaries AS LHV Varahaldus (100% interest), AS LHV Pank (100% interest), AS LHV Finance (65% interest) and UAB Mokilizingas (50% interest + 1 share).

At 09.01.2015, the Group disposed of the business of the branch in Finland. In the overview of financial results, the revenue, expenses and loan portfolio of the Finnish branch – a now discontinued operation – are listed separately.

NOTE 2 Business Segments

The Group divides its business activities into segments according to its legal structure. The business segments form a part of the Group, with a separate access to financial data and which are subject to regular monitoring of operating profit by the Group's decision-maker. The Management Board of AS LHV Group has been designated as the decision-maker responsible for allocation of funds and assessment of the profitability of the business activities. The result posted by a segment includes revenue and expenditure directly related to the segment.

The revenue of a reported segment includes gains from transactions between the segments, i.e. loans granted by AS LHV Pank to other group companies. The division of interest income and fee and commission income by customer location has been presented in Notes 9 and 10. The breakdown of interest income by customer location does not include the income from current accounts, deposits and investments in securities. The Group does not have any customers, whose income would account for more than 10% of the corresponding type of revenue.

	Q3 2015				**Q3 2014**			
Income of reported segments	**Interest income**	**Intra-segment income**	**Fee and commission income**	**Income from external customers**	**Interest income**	**Intra-segment income**	**Fee and commission income**	**Income from external customers**
AS LHV Pank (consolidated)	5 906	-310	1 887	7 483	4 129	-327	1 094	4 896
AS LHV Varahaldus	15	0	2 330	2 345	18	0	2 221	2 239
UAB Mokilizingas	1 593	0	168	1 761	1 306	0	171	1 477
Total	**7 514**	**-310**	**4 385**	**11 589**	**5 453**	**-327**	**3 486**	**8 612**

Generation of operating profit and net profit	Q3 2015 Operating profit	Q3 2015 Impairments	Q3 2015 Income tax	Q3 2015 Discontinued operations	Q3 2015 Net profit	Q3 2014 Operating profit	Q3 2014 Impairments	Q3 2014 Income tax	Q3 2014 Discontinued operations	Q3 2014 Net Profit
AS LHV Pank (consolidated)	2 648	-366	0	-75	2 207	1 587	-426	0	278	1 439
AS LHV Varahaldus	1 139	0	0	0	1 139	1 043	0	0	0	1 043
UAB Mokilizingas	451	-205	-61	0	185	357	-265	-34	0	58
AS LHV Group	-206	0	0	0	-206	-145	0	0	0	-145
Total	**4 122**	**-571**	**-61**	**-75**	**3 415**	**2 842**	**-691**	**-34**	**278**	**2 395**

Income of reported segments	9M 2015 Interest income	9M 2015 Intra-segment income	9M 2015 Fee and commission income	9M 2015 Income from external customers	9M 2014 Interest income	9M 2014 Intra-segment income	9M 2014 Fee and commission income	9M 2014 Income from external customers
AS LHV Pank (consolidated)	16 292	-850	4 740	20 182	11 026	-878	3 279	13 427
AS LHV Varahaldus	43	0	6 943	6 986	43	0	6 055	6 098
UAB Mokilizingas	4 418	0	496	4 914	3 612	0	591	4 203
Total	**20 753**	**-850**	**12 179**	**32 082**	**14 681**	**-878**	**9 925**	**23 728**

Generation of operating profit and net profit	9M 2015 Operating profit	9M 2015 Impairments	9M 2015 Income tax	9M 2015 Discontinued operations	9M 2015 Net profit	9M 2014 Operating profit	9M 2014 Impairments	9M 2014 Income tax	9M 2014 Discontinued operations	9M 2014 Net Profit
AS LHV Pank (consolidated)	6 265	-642	0	2 183	7 806	3 703	-977	0	517	3 243
AS LHV Varahaldus	3 654	0	0	0	3 654	2 382	0	0	0	2 382
UAB Mokilizingas	1 456	-690	-197	0	569	1 074	-435	-113	0	526
AS LHV Group	-490	0	0	0	-490	-490	0	0	0	-490
Total	**10 885**	**-1 332**	**-197**	**2 183**	**11 539**	**6 669**	**-1 412**	**-113**	**517**	**5 661**

	30.09.2015 Assets	30.09.2015 Liabilities	31.12.2014 Assets	31.12.2014 Liabilities
AS LHV Pank (consolidated)	703 999	650 521	551 863	506 397
AS LHV Varahaldus	12 114	3 990	9 794	941
UAB Mokilizingas	38 220	33 799	31 956	28 104
AS LHV Group	70 141	16 773	70 291	16 729
Intercompany assets/liabilities	-121 499	-71 966	-108 213	-54 513
Total	**702 975**	**633 117**	**555 691**	**497 658**

NOTE 3 Risk Management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2014.

There have been no changes in the risk management department or in any risk management policies since the year end.

NOTE 4 Breakdown of Financial Assets and Liabilities by Countries

30.09.2015	Estonia	Latvia	Lithuania	Finland	The Netherlands	Germany	Other EU	USA	Other	Total
Balances with other banks and investment companies	127 554	8	2 520	0	554	3	3 034	6 312	255	**140 240**
Financial instruments and securities	7 366	3 731	3 360	0	0	13 113	95 050	36 599	1	**159 220**
Loans to customers	338 452	429	36 273	14 107	7	1	7 003	0	13	**396 285**
Receivables from customers	2 321	2	259	4	0	0	3	0	1	**2 590**
Other financial assets	108	0	0	0	0	0	0	785	0	**893**
Total financial assets	**475 801**	**4 170**	**42 412**	**14 111**	**561**	**13 117**	**105 090**	**43 696**	**270**	**699 228**
Deposits of customers and loans received	504 442	1 820	1 451	642	53	198	59 250	213	37 658	**605 727**
Subordinated liabilities	16 650	0	0	0	0	0	0	0	0	**16 650**
Interest rate swaps	198	0	0	0	0	0	0	0	0	**198**
Other financial liabilities	7 221	0	507	0	0	0	13	9	0	**7 750**
Total financial liabilities	**528 511**	**1 820**	**1 958**	**642**	**53**	**198**	**59 263**	**222**	**37 658**	**630 325**

Unused loan commitments in the amount of EUR 113 863 thousand are for the residents of Estonia.

31.12.2014	Estonia	Latvia	Lithuania	Finland	Netherlands	Germany	Other EU	USA	Other	Total
Balances with other banks and investment companies	61 800	295	2 504	1 902	550	1	2 691	14 268	118	**84 129**
Financial instruments and securities	6 919	4 237	3 828	0	285	14 313	76 287	43 656	0	**149 525**
Loans to customers	264 008	521	30 919	2 444	15	0	3 108	0	17	**301 032**
Receivables from customers	1 383	2	180	0	0	0	0	0	1	**1 566**
Other financial assets	108	0	0	0	0	0	0	675	0	**783**
Total financial assets	**334 218**	**5 055**	**37 431**	**4 346**	**850**	**14 314**	**82 086**	**58 599**	**136**	**537 035**
Deposits of customers and loans received	402 500	1 556	1 680	361	2	125	53 992	598	14 199	**475 013**
Subordinated liabilities	16 688	0	0	0	0	0	0	0	0	**16 688**
Other financial liabilities	2 835	0	708	0	0	0	13	3	0	**3 559**
Total financial liabilities	**422 023**	**1 556**	**2 388**	**361**	**2**	**125**	**54 005**	**601**	**14 199**	**495 260**

Unused loan commitments in the amount of EUR 61 334 thousand are for the residents of Estonia.

NOTE 5 Breakdown of Assets and Liabilities by Contractual Maturity Dates

30.09.2015	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities by contractual maturity dates						
Deposits of customers and loans received	389 311	84 845	116 237	15 480	781	**606 654**
Subordinated liabilities	0	301	904	4 823	20 986	**27 014**
Other liabilities	0	11 611	0	0	0	**11 611**
Unused loan commitments	0	113 863	0	0	0	**113 863**
Financial and performance guarantees by contractual amounts	0	15 188	0	0	0	**15 188**
Interest rate swaps	0	71	127	0	0	**198**
Total liabilities	**389 311**	**225 879**	**117 268**	**20 303**	**21 767**	**774 528**
Assets held for managing liquidity risk by contractual maturity dates						
Balances with other banks and investment companies	140 240	0	0	0	0	**140 240**
Bonds at market value	0	86 657	50 419	13 140	2 977	**153 193**
Loans to customers	0	46 138	123 935	238 128	31 940	**440 140**
Receivables from customers	0	1 566	0	0	0	**1 566**
Total assets held for managing liquidity risk	**140 240**	**134 361**	**174 354**	**251 268**	**34 917**	**735 139**
Maturity gap from financial assets and liabilities	**-249 071**	**-91 518**	**57 086**	**230 965**	**13 150**	**-39 389**

It is possible to take a short-term loan from the central bank against the security of the majority of instruments in the bond portfolio.

31.12.2014	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities by contractual maturity dates						
Deposits of customers and loans received	272 830	76 666	110 303	15 292	982	**476 073**
Subordinated liabilities	0	301	904	4 823	21 890	**27 918**
Other liabilities	0	4 855	0	0	0	**4 855**
Unused loan commitments	0	61 334	0	0	0	**61 334**
Financial guarantees by contractual amounts	0	9 791	0	0	0	**9 791**
Interest rate swaps	0	24	161	118	0	**303**
Total liabilities	**272 830**	**152 971**	**111 368**	**20 233**	**22 872**	**580 274**
Assets held for managing liquidity risk by contractual maturity dates						
Balances with other banks and investment companies	83 149	980	0	0	0	**84 129**
Bonds at market value	0	55 516	51 555	33 279	5 353	**145 703**
Loans to customers	0	26 635	78 501	211 142	27 174	**343 451**
Receivables from customers	0	1 566	0	0	0	**1 566**
Total assets held for managing liquidity risk	**83 149**	**84 697**	**130 056**	**244 421**	**32 527**	**574 849**
Maturity gap from financial assets and liabilities	**-189 681**	**-68 274**	**18 688**	**224 188**	**9 655**	**-5 425**

All cashflows from financial assets and –liabilities except derivatives include all contractual cash flows.

NOTE 6 Open Foreign Currency Positions

30.09.2015	EUR	CHF	GBP	SEK	USD	Other	Total
Assets bearing currency risk							
Balances with other banks and investment companies	130 359	664	5 618	574	2 006	1 019	**140 240**
Securities	122 608	0	0	2	36 539	71	**159 220**
Loans granted	394 666	0	0	77	1 513	29	**396 285**
Receivables from customers	2 557	0	8	0	23	2	**2 590**
Other assets	207	0	0	0	686	0	**893**
Total assets bearing currency risk	**650 397**	**664**	**5 626**	**652**	**40 768**	**1 122**	**699 228**
Liabilities bearing currency risk							
Deposits of customers and loans received	552 638	622	3 054	633	47 823	957	**605 727**
Interest rate swaps	198	0	0	0	0	0	**198**
Accrued expenses and other liabilities	4 418	45	2 553	21	562	151	**7 750**
Subordinated liabilities	16 650	0	0	0	0	0	**16 650**
Total liabilities bearing currency risk	**573 904**	**667**	**5 607**	**654**	**48 385**	**1 108**	**630 325**
Off-balance sheet assets by contractual amounts	0	0	0	0	7 662	0	**7 662**
Off-balance sheet liabilities by contractual amounts	7 662	0	0	0	0	0	**7 662**
Open foreign currency position	**68 831**	**-4**	**18**	**-1**	**45**	**13**	**68 902**

31.12.2014	EUR	LTL	LVL	SEK	USD	Other	Total
Assets bearing currency risk							
Balances with other banks and investment companies	79 917	826	576	538	1 507	765	**84 129**
Securities	102 888	2 970	0	2	43 664	1	**149 525**
Loans granted	271 057	29 019	6	19	915	16	**301 032**
Receivables from customers	1 390	174	0	0	2	0	**1 566**
Other assets	149	0	0	0	634	0	**783**
Total assets bearing currency risk	**455 401**	**32 989**	**582**	**559**	**46 722**	**782**	**537 035**
Liabilities bearing currency risk							
Deposits of customers and loans received	416 865	808	275	521	55 866	678	**475 013**
Interest rate swaps	302	0	0	0	0	0	**302**
Accrued expenses and other liabilities	747	3 321	305	35	133	314	**4 855**
Subordinated liabilities	16 688	0	0	0	0	0	**16 688**
Total liabilities bearing currency risk	**434 602**	**4 129**	**580**	**556**	**55 999**	**992**	**496 858**
Off-balance sheet assets by contractual amounts	33 608	0	0	0	9 275	0	**42 883**
Off-balance sheet liabilities by contractual amounts	9 275	33 608	0	0	0	0	**42 883**
Open foreign currency position	**45 132**	**-4 748**	**2**	**3**	**-2**	**-210**	**40 177**

NOTE 7 Fair Value of Financial Assets and Liabilities

The Management Board of the Group has determined the fair value of assets and liabilities recognised at amortised cost in the balance sheet. To determine the fair value, future cash flows are discounted based on the market interest curve.

The below table provides an overview of the assessment techniques, which depend on the hierarchy of assets and liabilities measured at fair value:

	Level 1	Level 2	Level 3	30.09.2015	Level 1	Level 2	Level 3	31.12.2014
Financial assets at fair value through profit and loss								
Shares and fund units*	0	6 563**	0	**6 563**	0	6 107**	0	**6 107**
Available-for-sale bonds	3 844	0	0	**3 844**	4 273	0	0	**4 273**
Bonds at fair value through profit and loss	148 813	0	0	**148 813**	139 145	0	0	**139 145**
Total financial assets	**152 657**	**6 563**	**0**	**159 220**	**143 418**	**6 107**	**0**	**149 525**
Financial liabilities at fair value through profit and loss								
Interest rate swaps	0	198	0	**198**	0	302	0	**302**
Total financial liabilities	**0**	**198**	**0**	**198**	**0**	**302**	**0**	**302**

*Shares and fund units include the Group companies' AS LHV Varahaldus investment into pension fund units in the amount of EUR 6 228 (31.12.2014: 5 588) thousand. Pursuant to the Investment Funds Act, the mandatory shares of LHV Varahaldus as the management company is 1% of the number of units in each of the mandatory pension fund managed by it.

** The mandatory pension fund shares were disclosed as level 1 in 2014 financial statements, however due to above information the comparatives information has been restated in this condensed interim financial statements.

Hierarchy levels:

1. Level 1 – the price quoted on active market
2. Level 2 – a technique which uses market information as input (rates and interest curves of arms-length transactions)
3. Level 3 – other methods (e.g. discounted cash flow method) with estimations as input

Interest rate swaps are instruments, where the fair value is determined via the model-based approach by using the inputs available on the active market. The fair value of such non-market derivatives is calculated as a theoretical net present value (NPV), by using independent market parameters and without assuming the presence of any risks or uncertainties. The NPV is discounted by using the risk-free profitability rate available on the market.

AS at 30.09.2015 the fair value of corporate loans and overdraft is EUR 369 thousand (0.13%) lower than their carrying amount (31.12.2014: 228 thousand, 1% lower) . Loans are issued in the bank's business segments on market conditions. Therefore, the fair value of loans does not materially differ from their carrying amount as at 30 September 2015 and 31 December 2014. In determining the fair value of loans, considerable management judgements are used (discounted cash flow method with current market interest is used for the valuation). Loans issued are thus categorised under hierarchy level 3.

Lease interest rates offered to customers generally correspond to interest rates prevailing in the market for such products. Considering that the interest rate environment has been relatively stable since the Group started to provide leasing, consequently the fair value of lease agreements does not materially differ from their carrying amount. As significant management judgment is required to determine fair value, leases are classified as level 3 in the fair value hierarchy.

Leveraged loans, hire-purchase and credit cards granted to customers are of sufficiently short-term nature and they have been issued at market terms, therefore the fair market rate of interest and also the fair value of loans do not change significantly during the loan term. The effective interest rate of consumer loans issued is at the same level as the interest rate of the loan product offered in the market and it can be stated that the carrying amount of loans does not significantly differ from their fair value. The fair value level of leveraged loans, hirepurchase, credit cards and consumer loans is 3 as significant judgmental assumptions are used for the valuation process.

Other receivables from customers, along with accrued expenses and other current receivables have been generated in the course of ordinary business and are subject to payment over a short period of time. Their fair value does not thus differ from the carrying amount. These receivables and payables do not bear any interest. The fair value of accounts payable, accrued expenses and other payables is determined based on hierarchy level 3.

Customer deposits with fixed interest rates are mostly short-term with the deposits priced pursuant to market conditions. The fair value of the deposits determined via discounting future cash flows does not thus materially differ from the carrying amount. In determining the fair value of customer deposits, considerable management judgements are used. Customer deposits are thus categorised under hierarchy level 3.

A bulk of the subordinated loans were received in 2014, and the remainder in 2012. The interest rate levels of these loans are more or less the same. Considering the short term of the loan received in June 2014, no major changes have occurred in the interest rate levels. Thus, the fair value of the loans does not materially differ from their net book value. In determining the fair value of loans, considerable management judgements are used. Loans issued are thus categorised under hierarchy level 3.

NOTE 8 Breakdown of Loan Portfolio by Economic Sectors

	30.09.2015	%	31.12.2014	%
Individuals	80 315	19,70%	61 965	20,32%
Real estate activities	107 184	27,11%	87 516	28,68%
Financial activities	51 240	8,73%	22 097	7,24%
Manufacturing	34 777	9,63%	26 804	8,79%
Professional, scientific and technical activities	2 314	1,13%	2 443	0,80%
Wholesale and retail trade	16 123	4,72%	14 838	4,86%
Other service activities	17 651	2,72%	7 646	2,51%
Arts and entertainment	26 387	7,31%	24 812	8,13%
Transportation and storage	13 684	3,97%	11 136	3,65%
Agriculture	8 583	2,42%	8 065	2,64%
Administrative and support service activities	11 152	4,08%	11 321	3,71%
Construction	6 514	1,68%	4 853	1,59%
Education	1 659	0,47%	1 717	0,56%
Information and communication	6 208	1,87%	4 049	1,33%
Other sectors	17 345	4,46%	15 837	5,19%
Total	**401 136**	**100%**	**305 099**	**100%**
Provision	-4 851		-4 067	
Total loan portfolio	**396 285**	**100%**	**301 032**	**100%**

NOTE 9 Net Interest Income

Interest income	**Q3 2015**	**9M 2015**	**Q3 2014**	**9M 2014**
Balances with credit institutions and investment companies	31	75	13	28
Balances with the central bank	-34	-101	-11	37
Bonds	95	308	129	402
Leasing	367	1 008	273	718
Leverage loans and lending of securities	182	586	196	627
Consumer loans	652	1 800	530	1418
Hire purchase	1 798	4 950	1 177	3 104
Business loans	3 779	10 450	2 597	6 841
Other loans	334	827	222	628
Total	**7 204**	**19 903**	**5 126**	**13 803**
Interest expense				
Deposits of customers and loans received	-698	-2 139	-457	-1313
Subordinated liabilities	-304	-901	-303	-941
including loans between related parties	-100	-300	-99	-228
Total	**-1 002**	**-3 040**	**-760**	**-2 254**
Net interest income	**6 202**	**16 863**	**4 366**	**11 549**

Interest income on loans by customer location (interest on bank balances and bonds excluded):	**Q3 2015**	**9M 2015**	**Q3 2014**	**9M 2014**
Estonia	5 480	15 106	3 662	9 647
Latvia	7	23	11	26
Lithuania	1 625	4 492	1 323	3 664
Total	**7 112**	**19 621**	**4 996**	**13 337**

NOTE 10 Net Fee and Commission Income

Fee and commission income	Q3 2015	9M 2015	Q3 2014	9M 2014
Security brokerage and commissions paid	639	1 833	481	1 657
Asset management and similar fees	2 593	7670	2 421	6 607
Currency conversion revenues	259	510	104	254
Fees from cards and payments	586	1 316	208	512
Fee from Snoras's portfolio management*	69	228	118	429
Other fee and commission income	239	622	154	466
Total	**4 385**	**12 179**	**3 486**	**9 925**
Fee and commission expense				
Security brokerage and commissions paid	-141	-446	-111	-338
Other fee and commission expense	-323	-870	-136	-352
Total	**-464**	**-1 316**	**-247**	**-690**
Net fee and commission income	**3 921**	**10 863**	**3 239**	**9 235**

** Mokilizingas provides portfolio management services to Snoras Bank, to whom the portfolio was sold in 2011.*

Fee and commission income by customer location:	Q3 2015	9M 2015	Q3 2014	9M 2014
Estonia	4 023	11 150	3 038	8 530
Finland	0	8	6	14
Latvia	18	66	23	88
Lithuania	248	763	226	767
Sweden	0	96	193	526
Luxembourg	96	96	0	0
Total	**4 385**	**12 179**	**3 486**	**9 925**

NOTE 11 Operating Expenses

	Q3 2015	9M 2015	Q3 2014	9M 2014
Wages, salaries and bonuses	1 959	6 001	1 554	4 675
Social security and other taxes	694	1 962	528	1 516
Total personnel expenses	**2 653**	**7 963**	**2 082**	**6 191**
IT expenses	360	1 001	323	885
Information services and bank services	163	506	127	398
Marketing expenses	1 191	2 773	1 042	3 197
Office expenses	100	315	101	299
Transportation and communication expenses	59	162	52	133
Staff training and business trip expenses	69	216	49	173
Other outsourced services	731	1 981	444	1 329
Other administrative expenses	294	908	219	724
Depreciation of non-current assets	186	504	160	525
Operational lease payments	234	677	214	623
Other operating expenses	41	113	11	58
Total other operating expenses	**3 428**	**9 156**	**2 742**	**8 344**
Total operating expenses	**6 081**	**17 119**	**4 824**	**14 535**

NOTE 12 Discontinued operations

Profit from discontinued operations	Q3 2015	9M 2015	Q3 2014	9M 2014
Other financial income	0	2 936	0	0
Net interest income	0	0	1 030	2 902
Net fee and commission income	0	0	78	183
Personnel expenses	-1	-1	-122	-400
Operating expenses	-74	-152	-293	-969
Impairment losses on loans	0	0	-415	-1 199
Income tax expenses	0	-600	0	0
Net profit from discontinued operations	**-75**	**2 183**	**278**	**517**

NOTE 13 Balances with the Central Bank, Credit Institutions and Investment Companies

	30.09.2015	31.12.2014
Term deposits with maturity less than 3 months*	20 989	38 702
Legal reserve with the central bank	5 777	4 498
Other receivables from central bank*	113 474	40 929
Total	**140 240**	**84 129**
*Cash and cash equivalents in the Statement of Cash Flows	134 463	79 631

The breakdown of receivables by countries has been presented in Note 4. Demand deposits include receivables from investment companies in the total amount of EUR 6 438 thousand (31 December 2014: EUR 14 484 thousand). All other demand and term deposits are held with credit institutions and the central bank. The minimum reserve requirement as at 30 September 2015 was 1% (2014: 1%) of all financial resources (customer deposits and loans received). The reserve requirement is to be fulfilled as a monthly average in euros or in the foreign financial assets approved by the central bank.

NOTE 14 Deposits of Customers and Loans Received

Deposits/loans by type	30.09.2015	31.12.2014
Demand deposits	389 279	273 732
Term deposits	200 769	184 190
Loans received	15 679	17 091
Total	**605 727**	**475 013**
Deposits/loans by customer category		
Individuals	190 530	156 444
Legal persons	408 384	307 671
Public sector	6 813	10 898
Total	**605 727**	**475 013**

Loans received include loans granted by the Estonian Rural Development Foundation in the amount of EUR 2 658 thousand (31 December 2014: EUR 3 557 thousand) for the purpose of financing loans to small companies in rural areas, overdraft received, and the loan from the European Central Bank in the amount of EUR 13 020 thousand (31 December 2014: EUR 13 005 thousand). As a rule, the nominal interest rate of the deposits of customers and loans granted equals to their effective interest rate, as no other significant fees have been paid.

NOTE 15 Accounts payable and other liabilities

Financial liabilities	30.09.2015	31.12.2014
Trade payables	1 064	1 845
Payables to merchants	487	490
Other short-term liabilities	368	613
Payments in transit	6 296	611
Subtotal	**7 893**	**3 559**
Non-financial liabilities		
Tax liabilities	895	491
Payables to employees	1 094	902
Other short-term liabilities	660	483
Subtotal	**2 649**	**1 876**
Total	**10 542**	**5 435**

Payables to employees consist of unpaid salaries; bonus accruals and vacation pay accrual for the reporting period and the increase in liabilities is caused by the increase in the number of employees during the year. Payments in transit consist of foreign payments and payables to customers related to intermediation of securities transactions. All liabilities, except for financial guarantees, are payable within 12 months and are therefore recognised as current liabilities.

NOTE 16 Contingent Liabilities

Irrevocable transactions	Performance guarantees	Financial guarantees	Unused loan commitments	Total
Liability in the contractual amount as at 30 September 2015	8 673	6 515	113 863	**129 051**
Liability in the contractual amount as at 31 December 2014	6 892	2 899	61 334	**71 125**

NOTE 17 Basic Earnings and Diluted Earnings Per Share

In order to calculate basic earnings per share, net profit has been divided by the weighted average number of shares issued. In order to calculate diluted earnings per share, contingent shares have been added to ordinary shares in accordance with the right of the shareholders of subordinated shares issued in December 2012 to convert bonds to shares, if the issuer conducts a new issue of shares with a price up to 10% lower than the price of the new issue of shares.

	Q3 2015	9M 2015	Q3 2014	9M 2014
Profit attributable to owners of the parent (EUR thousand)	3 415	10 879	2 311	5 286
Weighted average number of shares (in thousands of units)	23 356	23 356	23 356	21 046
Basic earnings per share (EUR)	0,14	0,47	0,1	0,25
Weighted average number of shares used for calculating the diluted earnings per shares (in thousands of units)	24 464	24 371	23 974	21 893
Diluted earnings per share (EUR)	0,13	0,45	0,1	0,25

NOTE 18 Capital Management

The goal of the Group's capital management is to:

- ✓ ensure continuity of the Group's business and ability to generate return for its shareholders;
- ✓ maintain a strong capital base supporting the development of business;
- ✓ comply with capital requirements as established by supervision authorities.

The amount of capital that the Group managed as of 30.09.2015 was 79 360 thousand euros (31.12.2014: 72 545 thousand euros). The goals of the Group's capital management are set based on both the regulative requirements and additional internal buffer.

The Group follows the general principles in its capital management:

- The Group must be adquatly capitalized at all times, ensuring the necessary capital to ensure economic preservation and enables financing of new profitable growth opportunities;
- The main focus of the capital management is on tier 1 own funds, because only tier 1 own funds can absorbe losses. All other capital layers in use are dependent of tier 1 own funds volume;
- Capital of the Group can be divided in two: 1) regulative minimum capital and 2) capital buffer held by the Group. In order to reach its long-term economic goals the Group must on one hand strive towards proportional lowerinf of the regulative minimumcapital (through minimizing risks and high transparency). On the other hand, the Group must strive towards sufficient and conservative capital reserve, which will esure economic preservation even in the event of severe negative risk scenario;
- The risk appetite set by the Group is an important input to capital management planning and capital goal setting. Higher risk appetite requires marinating higher capital buffer.

Capital base	**30.09.2015**	**31.12.2014**
Paid-in share capital	23 356	23 356
Share premium	33 992	33 992
Reserves	895	435
Other reserves	-12	0
Accumulated loss	-2 503	-11 244
Intangible assets (subtracted)	-1 659	-1 574
Profit for the reporting period	7 699	9 203
Non-controlling interest	1 692	1 727
Total Tier 1 capital	**63 460**	**55 895**
Subordinated liabilities	15 900	16 650
Total Tier 2 capital	**15 900**	**16 650**
Total net own funds	**79 360**	**72 545**

The Group has complied with all capital requirements during the financial year and in previous year.

NOTE 19 Transactions with related parties

In preparing the financial statements of the Group, the following entities have been considered related parties:

- owners that have significant impact on the Group and the entities related to them;
- associates;
- members of the management board, head of internal audit unit and legal entities controlled by them (together referred to as management);
- members of the supervisory board;
- close relatives of the persons mentioned above and the entities related to them.

Transactions	9M 2015	9M 2014
Interest income	**37**	**45**
incl. management	2	2
incl. shareholders and their related entities that have significant influence	35	43
Fee and commission income	**6**	**0**
incl. shareholders and their related entities that have significant influence	6	0
Interest expenses from deposits	**25**	**63**
incl. management	0	1
incl. shareholders and their related entities that have significant influence	25	62
Interest expenses from subordinated loans	**299**	**228**
incl. management	16	16
incl. shareholders and their related entities that have significant influence	283	212

Balances	30.09.2015	31.12.2014
Loans and receivables as at the year-end	**2 066**	**2 023**
incl. management	479	347
incl. shareholders and their related entities that have significant influence	1 587	1676
Deposits as at the year-end	**5 840**	**11 362**
incl. management	160	1 010
incl. shareholders and their related entities that have significant influence	6 680	10 622
Subordinated loans as at the year-end	**5 700**	**5 700**
incl. management	300	300
incl. shareholders and their related entities that have significant influence	5 400	5 400

The table provides an overview of the material balances and transactions involving related parties. All other transactions involving the close relatives and the entities related to members of the management board and supervisory board and the minority shareholders of the parent company AS LHV Group have occurred according to the overall price list.

Loans granted to related parties are issued at market conditions.

In the first nine months of 2015, salaries and other compensations paid to the management of the parent AS LHV Group and its subsidiaries totalled EUR 992 thousand (9M 2014: EUR 813 thousand), including all taxes. As at 30.09.2015, remuneration for September and accrued holiday pay in the amount of EUR 102 thousand (31.12.2014: EUR 140 thousand) is reported as a payable to management (Note 15). The Group did not have any long-term payables or commitments to the members of the Management Board and the Supervisory Board as at 30.09.2015 and 31.12.2014 (pension liabilities, termination benefits, etc.). In the first nine months of 2015, the remuneration paid to the members of the Group's Supervisory Board totalled EUR 27 thousand (9M 2014: EUR 11 thousand).
Management is related to the share-based compensation plan. In the first nine months of 2015 the share-based compensation to management amounted to 92 thousand euros (9M 2014: 0 thousand euros).

The Group has signed contracts with the members of the Management Board, which do not provide for severance benefits upon termination of the contract. In any matters not regulated by the contract, the parties adhere to the procedure specified in the legislation of the Republic of Estonia.

Shareholders of AS LHV Group

AS LHV Group has a total of 23 356 005 ordinary shares, with a nominal value of 1 euro.

As at 30 Septmeber 2015, AS LHV Group has 269 shareholders:

- 13 370 738 shares (57,2%) were held by members of the Supervisory Board and Management Board, and related parties.
- 9 197 778 shares (39,4%) were held by Estonian entrepreneurs and investors, and related parties.
- 787 489 shares (3,4%) was held by LHV's current and former employees, and related parties.

Top ten shareholders as at 30 September 2015:

Number of	Participation	Name of shareholder
3 357 920	14,4%	AS Lõhmus Holdings
2 978 367	12,8%	Rain Lõhmus
1 637 897	7,0%	Andres Viisemann
1 418 000	6,1%	Ambient Sound Investments OÜ
1 210 215	5,2%	OÜ Krenno
995 000	4,3%	AS Genteel
931 978	4,0%	AS Amalfi
696 297	3,0%	OÜ Kristobal
653 165	2,8%	SIA Krugmans
576 667	2,5%	Bonaares OÜ

Shares held by members of the Management Board and Supervisory Board

Erkki Raasuke holds 80 000 shares.
Rain Lõhmus holds 2 978 367 shares, AS Lõhmus Holdings 3 357 920 shares and OÜ Merona Systems 200 000 shares.
Andres Viisemann, parties related to him and Viisemann Holdings OÜ hold a total of 2 472 822 shares.
Tauno Tats does not hold shares. Ambient Sound Investments OÜ holds 1 418 000 shares.
Tiina Mõis does not hold shares. AS Genteel holds 995 000 shares.
Heldur Meerits does not hold shares. AS Amalfi holds 931 978 shares.
Raivo Hein does not hold shares. OÜ Kakssada Kakskümmend Volti holds 536 651 shares.
Sten Tamkivi does not hold shares. OÜ Seikatsu holds 1 266 shares.

Supervisory Boards and Management Boards of AS LHV Group and its Subsidiaries

AS LHV Group
Supervisory Board: Raivo Hein, Rain Lõhmus, Heldur Meerits, Tiina Mõis, Tauno Tats, Andres Viisemann, Sten Tamkivi
Management Board: Erkki Raasuke

AS LHV Varahaldus
Supervisory Board: Erki Kilu, Erkki Raasuke, Andres Viisemann
Management Board: Mihkel Oja, Joel Kukemelk

AS LHV Pank
Supervisory Board: Raivo Hein, Rain Lõhmus, Heldur Meerits, Tiina Mõis, Erkki Raasuke, Andres Viisemann, Sten Tamkivi
Management Board: Jüri Heero, Erki Kilu, Andres Kitter, Meelis Paakspuu, Indrek Nuume, Martti Singi

UAB Mokilizingas
Supervisory Board: AS LHV Group, AS LHV Pank, UAB „K2Z", KŪB „RAZFin
Management Board: Khalid Bouzerda, Erki Kilu, Erkki Raasuke, Alvydas Žabolis
Managing director: Jurgis Rubazevicius

Signatures of the Management Board to the Condensed Consolidated Interim Report

The Management Board has prepared the summary of results for January to September 2015 period the condensed consolidated interim financial statements of AS LHV Group for the 9-month period ended 30 September 2015. The condensed consolidated interim financial statements present a true and fair view of the Group's financial position, the results of operations and its cash flows.

29.10.2015

Erkki Raasuke