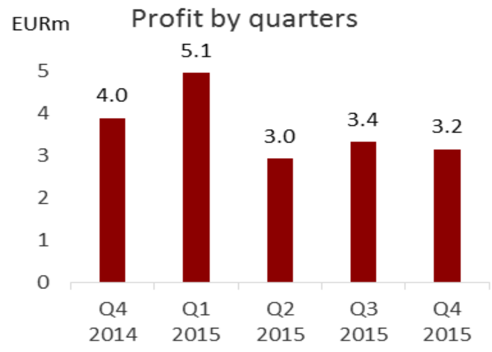
Interim Report January – December 2015
Summary of Results

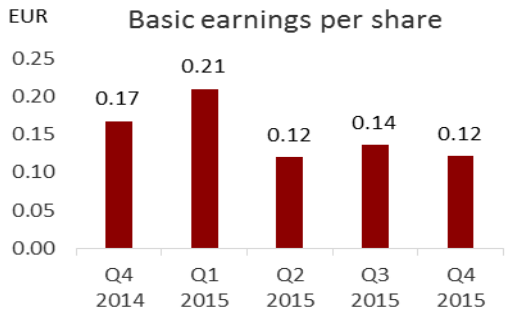
Q4 2015 in comparison with Q3 2015

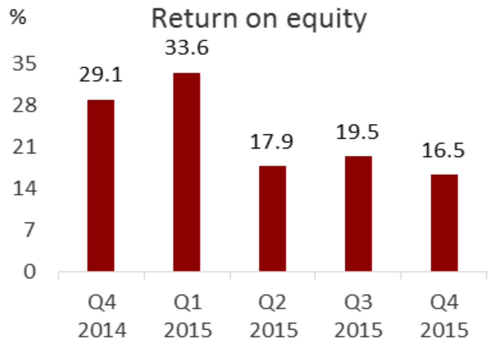
- Net profit EUR 3,2 m (EUR 3,4 m), of which EUR 2,8 m (EUR 3,2 m) is attributable to owners of the parent
- Earnings per share EUR 0,12 (EUR 0,14)
- Net income EUR 10,4 m (EUR 10,2 m)
- Operating expenses EUR 7,0 m (EUR 6,1 m)
- Loan provisions EUR 0,04 m (EUR 0,6 m)
- Return on equity 16,5% (19,5%)
- Capital adequacy 23,4% (19,5%)

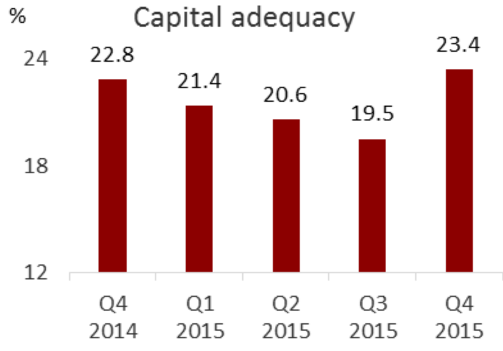
Q4 2015 in comparison with Q4 2014*

- Net profit EUR 3,2 m (EUR 4,0 m), of which EUR 2,8 m (EUR 3,9 m) is attributable to owners of the parent
- Earnings per share EUR 0,12 (EUR 0,17)
- Net income EUR 10,4 m (EUR 8,3 m)
- Operating expenses EUR 7,0 m (EUR 5,4 m)
- Loan provisions EUR 0,04 m (EUR 0,3 m)
- Return on equity 16,5% (29,1%)
- Capital adequacy 23,4% (22,8%)









* 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

For the seventh quarter in a row, the economic environment of our home markets can be characterised as stable but fragile. The end of the year 2015 did not bring any changes in this respect. The economy of developed markets, which has heavily relied on the stimulative measures of central banks since 2009, has failed to recover and gain ground, remaining extremely vulnerable under its gigantic debt burden. Nonetheless, the current stagnation could last for a long time. We must simply learn to live and do business in such an environment.

The Estonian economic growth has dropped to 1% proximity. The employment rate is relatively high but consumer prices have failed to keep pace. One of the most disturbing indicators is the drop in the investments-to-GDP ratio to a 20-year low (if we neglect the indicators for 2009 and 2010). Growth and creation of new growth is difficult without investments.

Credit quality, which is crucial to our business, has remained strong across the market, with the portion of overdue loans shrinking slowly but persistently. Private and corporate loan volumes are growing slowly against the backdrop of historically low interest rates and modest loan burdens.

LHV's consolidated profit for Q4 2015 amounted to EUR 3.2 million, which is EUR 0.2 million less than in Q3 2015 and EUR 0.8 million less than in Q4 2014 (comprised extraordinary revenue). We are quite pleased with the results. The pace was good in the second half of the year and we gained a huge number of new customer. We also made investments in and bore expenses on future business growth. We can sense the low economic activity but this has not hindered us from committing to our efforts and developing new products and services.

The group's consolidated loan portfolio grew by EUR 14 million during the quarter (+ EUR 39 million in Q3) and deposits by EUR 27 million (+ EUR 80 million in Q3). The volume of funds managed by LHV grew by EUR 27 million during the quarter (+ EUR 16 million in Q3).

2015 was a successful year for LHV. We posted a profit of EUR 14.8 million. This constitutes a EUR 5.1 million increase (+53%) from 2014. Loans have grown by EUR 109 million (+36%), deposits by EUR 159 million (+35%) and funds under management by EUR 66 million (+13%), year-over-year.

The bank's profit for Q4 amounted to EUR 2.1 million - EUR 0.1 million less than in Q3. Growing loan volumes boosted interest income. Net fee and commission income remained on par with the previous quarter. Expenses accelerated in Q4, growing by EUR 0.7 million. This can be attributed to the standard end-of-the-year seasonal impact, along with the costs incurred for business growth purposes.

The bank's loan portfolio grew by EUR 13 million in Q4, amounting to a total of EUR 408 million. Credit quality has remained strong. Due to release of previous write-downs, no increase was required in the general allowance for write-downs. Deposits of customers grew by EUR 34 million during the quarter and reached EUR 645 million by the end of the year. For the severalth quarter in a row, the growth in deposits can mainly be attributed to demand deposits. This is a clear indication of the rising role of LHV Bank as a payment intermediary and everyday home bank. The bank's customer numbers have reached 80,000.

LHV Asset Management posted a profit of EUR 1.0 million in Q4, falling EUR 0.2 million short of the result for Q3. Profit was affected by the lowering of commission fees as well as active and successful engagement of new customers. Since the middle of 2014, LHV Asset Management had been losing some pension fund customers due to conservative investment tactics. These trends were reversed in the second half of 2015, with a total of nearly 2,900 new customers added. On the whole, LHV Asset Management ranked first in all categories in terms of yield of 2nd-pillar pension funds managed.

The volume of funds grew by EUR 27 million in Q4, with 2nd-pillar pension funds growing by EUR 30 million. The volume of the SEF-LHV Persian Gulf Fund decreased by EUR 3 million.

Mokilizingas' profit for Q4 amounted to EUR 0.5 million, growing by EUR 0.3 million during the quarter. Loan portfolio grew by EUR 2 million, with the credit quality remaining strong. The end of the year showed good results, allowing the company to catch up with the schedule for achieving the established objectives. Mokilizingas is the second largest hire-purchase provider on the Lithuanian market, and is recognised for the good service and transparent pricing. We feel confident in the consumer financing market, which is subject to ever-strictening regulation, and seize the opportunities to further our business objectives.

In January 2016, LHV Bank announced the closure of the bank's Latvian branch as of March 31. The bank's activities in Latvia have been small-scale, with limited options for growth. In its business pursuits, the bank has been governed, above all, by the business interests of its customers and endeavours to keep pace with the customers. Estonian enterprises currently need more services and support on the Western European front. These trends should be taken into account, when advancing the bank's activities and services. The closure of the office will not incur significant one-off expenses.

On 29 January 2016, LHV Asset Management entered into a contract of purchase and sale of shares with Danske Bank A/S Estonia Branch, under which LHV Asset Management purchased 100% of the shares of Danske Capital AS. Completion of the transaction requires the previous approval of the Financial Supervision Authority and the authorisation for concentration by the Competition Board. Danske Capital AS manages three mandatory pension funds and two voluntary pension funds with a volume of EUR 235.8 million and over 43,000 active customers. Upon completion of the transaction, LHV Asset Management's market share in mandatory pension funds will rise to nearly 30%. The year 2015 was very successful for LHV Group. The established objectives were achieved and exceeded. We focus our efforts to create additional value for our customers and further advance our economic environment.

Erkki Raasuke

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Financial Summary

Income statement EUR million	Q4 2015	Q4 2014	Year over year	12M 2015	12M 2014	Year over year
Net interest income	6,37	4,92	29%	23,23	16,47	41%
Net fee and commission income	3,80	3,31	15%	14,66	12,54	17%
Other financial income	0,19	0,09	111%	0,44	0,51	-14%
Total net operating income	10,36	8,32	25%	38,33	29,52	30%
Other income	0,02	-0,02	-200%	0,05	-0,02	-350%
Operating expenses	-6,99	-5,39	30%	-24,11	-19,93	21%
Loan losses	-0,04	-0,27	-85%	-1,37	-1,68	-18%
Income tax expenses	-0,07	-0,04	75%	-0,27	-0,15	80%
Discontinued operations	0,00	1,41	-100%	2,18	1,93	13%
Net profit	3,28	4,01	-18%	14,81	9,67	53%
including attributable to owners of the parent	2,83	3,92	-28%	13,71	9,20	49%

Business volumes EUR million	Q4 2015	Q3 2015	Quarter over quarter	Q4 2014	Year over year
Loan portfolio*	410,0	396,3	3%	301,0	36%
Financial investments	110,1	159,2	-31%	149,5	-26%
Deposits of customers	617,2	590,0	5%	457,9	35%
Equity (including minority interest)	73,2	69,9	5%	58,0	26%
Equity (owners' share)	70,0	67,0	4%	55,9	25%
Volume of funds managed	570,2	543,3	5%	504,3	13%
Assets managed by bank**	1213,0	783,6	55%	546,8	122%

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

**Data for 2015 includes assets which are on custody account temporarily in connection with one single takeover transaction.

Ratios EUR million	Q4 2015	Q3 2015	Year over year	12M 2015	12M 2014	Year over year
Average equity (attributable to owners of the parent)	68,5	53,9	14,6	62,9	43,8	19,1
Return on equity (ROE), %	16,50	29,1	-12,6	21,0	21,04	-0,04
Interest-bearing assets, average	724,8	498,8	226,1	637,2	436,1	201,1
Net interest margin (NIM) %	3,52	3,95	-0,4	3,65	3,78	-0,13
Price spread (SPREAD) %	3,44	3,90	-0,5	3,57	3,72	-0,16
Cost/income ratio %	67,3	64,9	2,4	62,8	67,5	-4,7

* 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 2015 was characterised by emerging geopolitical risks, slowdown in global economy, a further decline in raw material prices and lower-than-expected rate of inflation. In the year 2016, IMF forecasts an acceleration in global economic growth and a rise in consumer prices in developed markets. Interest rates will remain low short-term but the rate hike by the US Federal Reserve marks a difference in the interest rate policies of the United States and Europe.

The unexpected deceleration of economic growth in China still remains the greatest concern for global economy. With the direct impact evident in the plummeting prices of raw materials, oil and metals, which further add to deflationary pressures, the eroding import volumes of the second-largest economy in the world are thwarting global demand. The Chinese government devalued the yuan by nearly 3% in August, and a further 0.5% in January 2016. Even though in its public comments, China has ruled out the possibility of currency manipulation as a monetary policy tool for enhancing competitiveness, the unexpected manoeuvres have raised serious concerns with regard to China's further monetary-political action.

The US economic indicators have appeared strong, encouraging the Federal Reserve to hike interest rates in December, after seven years of standstill. Future steps will depend, above all, on the achievement of employment and inflation targets, albeit market expectations are towards a further hike.

The stimulative measures applied by the European Central Bank in Q1 2015 have failed to yield the desired results with regard to consumer price dynamics. According to Eurostat, consumer prices rose by a measly 0.2% in December, year-over-year. The increase in monetary base has failed to lower the exchange rate of the euro against major currencies, or provide any extra stimulus to exporters' competitiveness. This, in turn, has fuelled expectations of additional measures by the European Central Bank.

The quarter-over-quarter economic growth in the euro area was 0.3% in Q3, i.e. a little slower than in Q1, reflecting, above all, the slowdown in German exports. At the same time, the IMF has raised its growth forecast for the euro area in 2016. Despite stagnation, the euro area remains the only economic power whose forecasts have been raised.

As regards Estonia's key trading partners, the Swedish economy showed a broad-based, quicker-than-expected growth in Q3. On a negative note, the shortage of residential space and quick growth in real estate prices is raising increasingly serious concerns in Sweden. After two quarters of growth, the Finnish economy turned down once again, despite the increase in domestic demand.

The outlook for the Baltic States remains good, but with significant differences between the three countries. Analysts are forecasting an economic growth of 2 to 4% in Estonia, Latvia and Lithuania in 2016. Growth expectations are the lowest for Estonia, and the highest for Lithuania. In 2015, Estonia and Lithuania remained dependent on private consumption while the economic growth in Latvia was broad-based, entailing a growth in private consumption, public sector expenditure and investments. Supported by the growth in real wages and employment numbers, private consumption is expected to serve as a major contributor to economic growth in Latvia and Lithuania in 2016. In Estonia, the ability to boost export will be the key.

Failure to achieve the growth estimations for export and investments was the principal reason why the Bank of Estonia significantly lowered its growth expectations for 2016. Inflation is expected to recover. Along with the deceleration in wage growth, this is bound to exert pressure on private consumption. The rate of employment is at an all-time high.

LHV's expectations of the twelve-month horizon are modestly optimistic. The economic growth is expected to pick up and the volume of investments to grow, albeit at a slower pace. With the rate of growth in real wages and private consumption expected to decelerate, this is bound to affect the trade and real estate sector - the biggest contributors to economic growth in the last quarters. The situation on Estonia's key export markets is becoming increasingly important, along with dispersion of the export-related concentration risk.

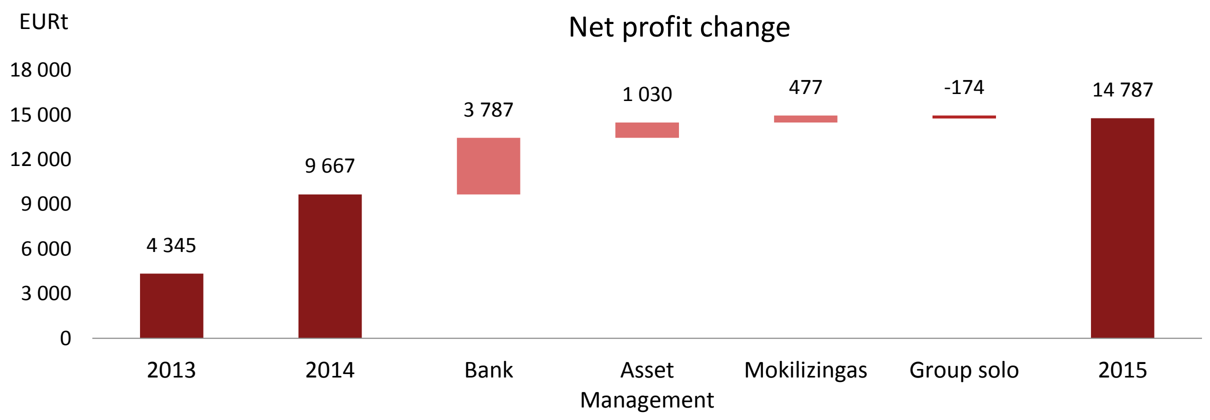
In Estonia, higher-than-average risks are evident in the agriculture, transport and tourism sectors. A fundamental drop in the price of oil, which has mainly echoed in favourable energy prices for the local industry and private consumers, is now forcing the Estonian energy industry to address serious problems. LHV is also taking a more cautious approach to the real estate market, carefully monitoring the dynamics on the local and Scandinavian markets. Supply has increased with regard to both residential space and rental properties. On a positive note, the number of transactions has remained high.

According to the Bank of Estonia, the balance of loans taken from credit institutions increased by 8% in the 11 months of 2014, while the volume of overdue loans decreased. The record-low interest rates are tightening competition on the Baltic banking market and positively affecting local entrepreneurship. LHV stands ready to boldly and efficiently contribute to the search of new sources of growth, offering long-term partnership and reasonable financing conditions to enterprises set to create additional value.

Financial Results of the Group

Compared to Q3, the Group's net interest income grew in Q4 by 3%, standing at EUR 6,4 (Q3: 6,2) million. Net fee and commission income decreased by 3% and stood at EUR 3,8 (Q3: 3,9) million. Financial income increased by 138% and stood at EUR 0,2 (Q3: 0,08) million. In total, the net income of the Group increased by 2% in Q4, compared to Q3, amounting to EUR 10,4 (Q3: 10,2) million, with expenses climbing by 15% and amounting to EUR 7,0 (Q3: 6,1) million. The Group's operating profit for Q4 amounted to EUR 3,4 (Q3: 4,1) million. Impairments amounted to EUR 0,04 (Q32: 0,6) million in Q4. The Group's total profit for Q4 amounted to EUR 3,3 million (Q3: 3,4). Compared to Q4 2014, the Group's net interest income increased by 29% and net fee and commission income by 15%, with financial income increasing by 111%.

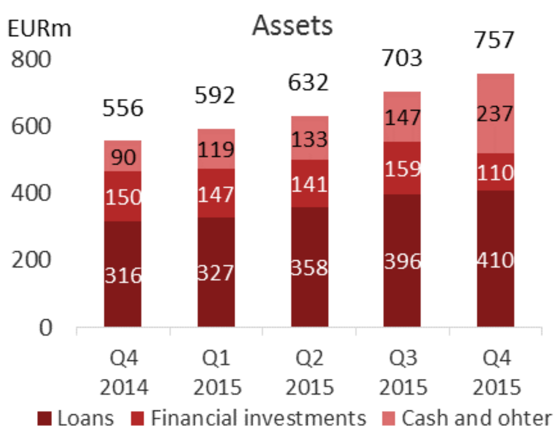
In terms of business entities, AS LHV Pank posted a consolidated profit of EUR 2,1 million, AS LHV Varahaldus a profit of EUR 1,0 million and UAB Mokilizingas a profit of EUR 0,5 million. The LHV Group separately posted a loss of EUR 0,4 million, as it does not have a separate revenue generating unit 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 Q4 amounted to EUR 617 (Q3: 590) million, of which demand deposits formed EUR 433 (Q3: 389) million and term deposits EUR 184 (Q3: 201) million.

As at the end of Q4, the volume of loans granted by the Group amounted to EUR 410 (Q3: 396) million, increasing in Q4 by 3%, and the volume of financial investments to EUR 110 (Q3: 159) million, decreasing in Q4 by 31%.

Compared to Q4 2014, the volume of the Group's deposits has increased by 35%, the volume of loans by 43% and the volume of financial investments by 26%.



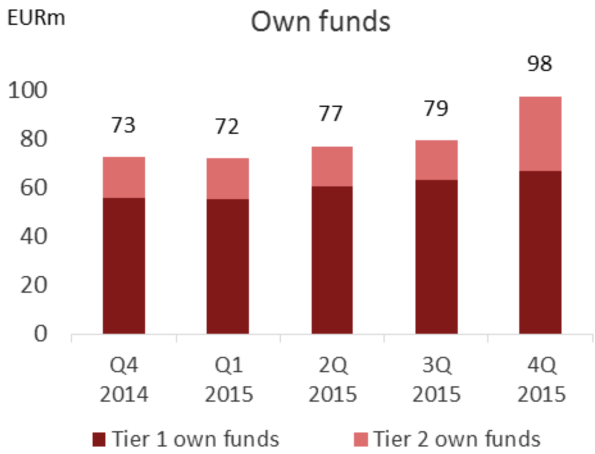
The Group's Liquidity, Capitalisation and Asset Quality

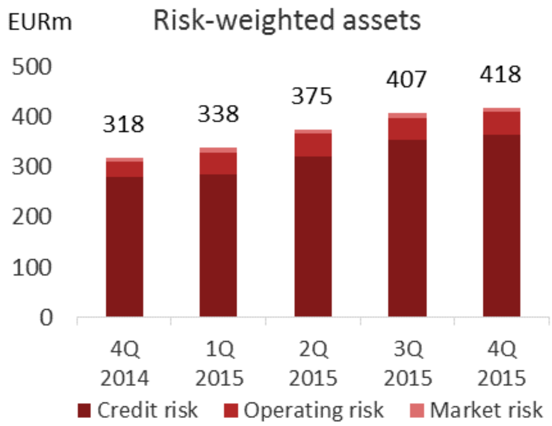
As at 31 December 2015, the Group's own funds stood at EUR 97,7 million (31 December 2014: EUR 72,5 million). The own funds of the Group increased in Q4 due to the interim audit of the Q3 and due to subordinated loan issuing.

The Group is well capitalised as at the end of the reporting period, with the capital adequacy ratio amounting to 23,4% (31 December 2014: 22,8%).

The Group's liquidity coverage ratio (LCR), as defined by the Basel Committee, stood at 271,6% as at the end of December (31 December 2014: 190%). The Group recognises cash and bond portfolios as liquidity buffers. These accounted for 44% of the balance sheet (31 December 2014: 41%). The ratio of loans to deposits stood at 66% as at the end of the fourth 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 December, provisions for estimated loan losses amounted to EUR 4,7 million in the balance sheet, i.e. approximately 1,1% of the loan portfolio (31 December 2014: EUR 4,1 million, 1,3%). Estimated loan losses make up 296,9% of the portfolio of loans overdue for more than 90 days.



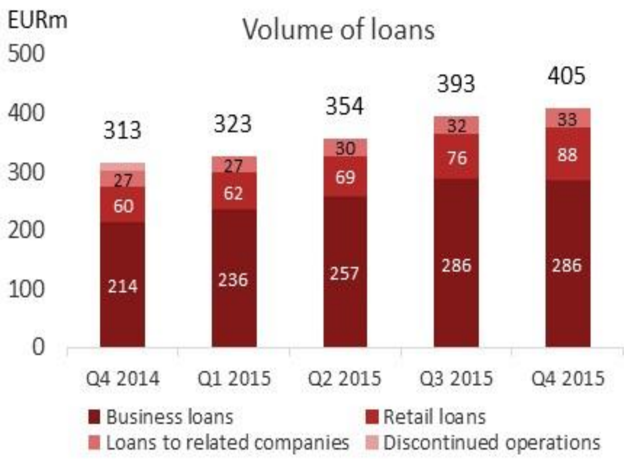


EUR thousand	31.12.2015	Proportion	31.12.2014	Proportion
Loans to customers	414 677		305 099	
including overdue loans:	10 460	2,5%	12 420	4,1%
1-30 days	5 621	1,4%	4 910	1,6%
31-60 days	2 085	0,5%	1 328	0,4%
61-90 days	1 171	0,3%	2 755	0,9%
91 and more days	1 581	0,4%	3 427	1,1%
Impairment of loans	-4 680	-1,1%	-4 067	-1,3%
Impairment % of loans overdue for more than 90 days	296,0%		118,7%	

Capital base	31.12.2015	31.12.2014
Paid-in share capital	23 356	23 356
Share premium	33 992	33 992
Reserves	895	435
Other reservs	-23	0
Accumulated loss	-2 503	-11 244
Intangible assets (subtracted)	-1 734	-1 574
Profit for the reporting period	10 879	9 203
Non-controlling interest	1 937	1 727
Total Tier 1 capital	**66 799**	**55 895**
Subordinated liabilities	30 900	16 650
Total Tier 2 capital	**30 900**	**16 650**
Net own funds for calculation of capital adequacy	**97 699**	**72 545**
Risk-weighted assets		
Credit institutions and investment companies under standard method	5 949	8 237
Companies under standard method	232 779	153 250
Retail claims under standard method	106 445	101 741
Overdue claims under standard methods	7 758	5 438
Units and shares of investment funds under standard method	6 369	5 608
Shares of associated companies	0	0
Other assets under standard method	5 712	5 675
Total capital required for credit risk and counterparty's credit risk	**365 012**	**279 949**
Currency risk	6 527	5 735
Interest position risk	2 342	2 028
Share position risk	87	96
Operating risk under base method	44 367	30 066
Total risk-weighted assets	**418 334**	**317 874**
Capital adequacy (%)	**23,35**	**22,82**
Tier 1 capital ratio (%)	**15,97**	**17,58**

Overview of AS LHV Pank Consolidation Group

- (Net) growth in deposit volume in Q4 – EUR 34 million
- (Net) growth in loan volume in Q4 – EUR 12 million (Q3: EUR 39 million)
- Good profitability in Q4



EUR million	Q4 2015	Q3 2015	Change %	Q4 2014	Change %	From the beginning of 2015	From the beginning of 2014	Change %
Net interest income	5,26	4,98	6%	3,88	35%	18,76	13,04	44%
Net fee and commission income	1,39	1,44	-4%	0,78	78%	4,85	3,33	46%
Other financial income	0,05	0,03	64%	0,07	-25%	0,12	0,34	-66%
Total net operating income	6,70	6,46	4%	4,73	42%	23,73	16,71	42%
Other income	0,02	0,01	133%	-0,01	-450%	0,09	0,03	181%
Operating expenses	-4,56	-3,82	19%	-3,26	40%	-15,38	-11,50	34%
Loan losses	-0,03	-0,37	-92%	-0,03	0%	-0,67	-1,00	-33%
Discontinued operations	0,00	-0,08	-97%	1,41	-100%	2,18	1,92	13%
Net profit	2,14	2,21	-3%	2,84	-25%	9,94	6,16	62%
Loan portfolio	405	393	3%	298	36%			
Financial investments	103	152	-32%	143	-28%			
Deposits of customers	629	595	6%	462	36%			
Subordinated liabilities	31	15	107%	12	158%			
Equity	61	53	15%	45	36%			

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

Q4 was successful both in terms of business volumes and profitability. LHV Bank generated EUR 5,3 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 6,7 million, expenditure to EUR 4,6 million and loan provisions to EUR -0,03 million. The bank's Q4 profit from continued operations amounted to EUR 2,1 million.

The net profit of LHV Bank from continued operations amounted to EUR 2,1 million in Q4. This constitutes an 3% decrease from Q3 2015 (2,2) and a 25% decrease from Q4 2014 (1.4). Net interest income grew by 6% during the quarter, and net fee and commission income decrease by 4%, compared to Q3. Net operating income increased by 4%.

Securities brokerage remained the greatest contributor to fee and commission income, but the contribution of 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 Q4, the total volume of the bank's loan portfolios amounted to EUR 405 million (2014: EUR 298 million). The volume of portfolios grew 3% over the quarter.

More than 7,600 new customers opened a bank account with LHV in Q4, with the total number of customers thus reaching 80,000. The number of private customers grew by 34% and the number of business customers by 51%, year-over-year. Payments, card payments and card payment acceptance remained on a high level, breaking new record with each passing month. Various transaction numbers and volumes effectively doubled during the year.

New products launched by the bank included the additional card payment acceptance services developed in cooperation with EveryPay. In the mobile bank, the option of effecting TransferWise payments was opened for customers in five different currencies. The bank also started providing currency forwards and swaps to investors seeking to hedge the currency risk related to their investment portfolio, and customers engaged in export and import seeking to hedge the currency risk inherent in their business operations and contract.

At the beginning of December, the European Central Bank lowered the key interest rates, raising the bank's costs of holding liquid assets. The bank consequently lowered the interest rates of term deposits in December.

On December 9, the EU regulation establishing a cap on interchange fees of cards issued within the European Economic Area entered into force. This is bound to scale down the bank's revenue from transactions made with the cards issued. Nevertheless, the bank's costs on transactions related to the acceptance of card payments will decrease accordingly. As regards the acceptance of card payments, merchants can benefit from a more favourable price in the future.

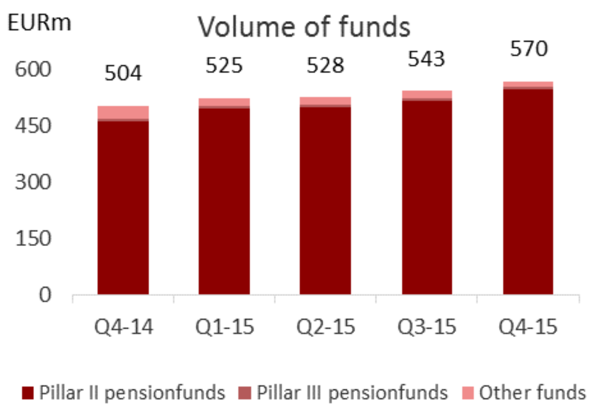
In Q4, the bank started disposing non-performing hire-purchase, small loan and credit card agreements. The claims are assigned regularly, on a monthly basis.

The changes in the organisational structure of the bank took effect at the beginning of 2016. The key changes include singularisation of Private Banking as a separate business area, transformation of the Marketing and Communication Department into a supra-sectoral unit and establishment of a separate Money Laundering Prevention Department and separation of its functions from those of the Compliance Department.

On November 30, the bank terminated its cross-border operations in Latvia. At the beginning of 2016, the decision was taken to close the Latvian branch on 31 March 2016. The bank's operations in Latvia have been small-scale. In its business pursuits, the bank has been governed, above all, by the business interests of its customers and endeavours to keep pace with the customers. Estonian enterprises currently need more services and support on the Western European front. These trends should be taken into account, when advancing the bank's activities and services.

Overview of AS LHV Varahaldus

- Market share of Pillar 2 by volume as at the end of Q4: 21,0% (as at the end of 2014: 21,1%)
- Total volume of Pillar 2 funds: EUR 549 million (as at the end of 2014: EUR 464 million)



EUR million	Q4 2015	Q3 2015	Change %	Q4 2014	Change %	From the beginning of 2015	From the beginning of 2014	Change %
Net fee and commission income	2,25	2,33	-3%	2,4	-6%	9.2	8,46	9%
Net financial income	0,14	0,03	367%	0,02	600%	0.29	0,18	61%
Operating expenses	-1,36	-1,13	20%	-1,17	16%	-4.81	-5,01	-4%
Profit	1,00	1,23	-19%	1,24	-19%	4.66	3,62	29%
Financial investments	7,1	6,96	2%	6,96	2%			
Subordinated liabilities	1,5	1,50	0%	0,55	173%			
Equity	9,15	8,12	13%	8,85	3%			
Assets under management	570,2	543,3	5%	504	13%			

LHV Asset Management generated EUR 2.55 million in operating income in Q4. The management fee for 2nd-pillar pension funds was the principal source of operating income. The methods for reducing the management fee for 2nd-pillar pension funds were implemented in August, with Q4 serving as the first full quarter of lowered management fees. This has triggered a minor decrease in operating income, compared to Q3 (- EUR 0.08 million) and Q2 (- EUR 0.18 million), despite growth in the volume of 2nd-pillar funds.

Operating expenses amounted to EUR 1.35 in Q4 (EUR 1.13 in Q3). Operating expenses previously showed a downward trend against the lowering of marketing expenses. In Q4 however, marketing picked up, triggering a rise in operating expenses.

The volume of funds grew by EUR 27 million to EUR 570 million. The number of active 2nd-pillar pension fund customers grew by 2.5 thousand in Q4. The growth in customer numbers can be attributed to both the small number of customer exits and enhanced sales to new customers.

LHV's 2nd-pillar pension funds ranked first in all risk categories in 2015. Furthermore, the result was achieved in the conditions of a lower volatility in unit price. August, which saw a sharp drop in global equities market, was the turning point for LHV's pension funds. Due to smaller exposure to risks inherent in the equities markets, LHV's funds did better than those of its competitors. LHV's fund manager used the lower price levels to add new positions. The best-yielding 3rd-pillar pension fund in 2015 was also a fund managed by LHV.

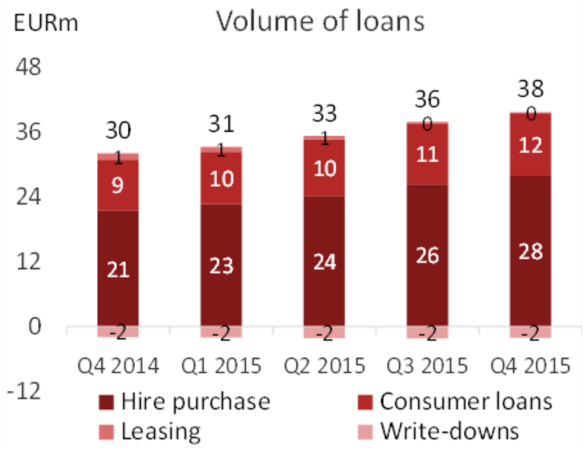
The yields of the LHV Persian Gulf Fund and LHV World Equities Fund were -11.6% and +7.7% in Q4, respectively.

On September 21, LHV Group resolved to reduce the share capital of LHV Asset Management by EUR 2.1 million. The disbursement was made on December 28. Subsequent to the reduction, the share capital of LHV Asset Management amounts to EUR 3.757 million. The reduction of the share capital was prompted by the pursuit of enhanced efficiency of capital management on the consolidation group level.

On 29 January 2016, LHV Asset Management entered into a contract of purchase and sale of shares with Danske Bank A/S Estonia Branch, under which LHV Asset Management plans to purchase 100% of the shares of Danske Capital AS after receiving approvals from the regulators.

Overview of UAB Mokilizingas

- Loan portfolio grew by 5% in Q4



EUR million	Q4 2015	Q3 2015	Change %	Q4 2014	Change %	From the beginning of 2015	From the beginning of 2014	Change %
Net interest income	1,3	1,3	0%	1,2	8%	4,8	3,9	23%
Net fee and commission income	0,2	0,1	100%	0,1	100%	0,7	0,8	-13%
Operating expenses	-0,9	-1,0	-10%	-0,9	0%	-3,5	-3,2	9%
Loan losses	0,0	-0,2	-100%	-0,3	-100%	-0,6	-0,7	-14%
Income tax expenses	-0,1	0,0	N/A	-0,1	0%	-0,3	-0,2	50%
Profit	0,5	0,2	150%	0,1	400%	1,1	0,6	83%
Loan portfolio	40,0	38,0	5%	30,1	33%			
Equity	4,9	4,4	11%	3,9	26%			

Q4 2015 was quite eventful for the consumer credit segment in Lithuania. Subsequent to the regulatory amendment introduced by the supervisory body, which entered into force in February 2016, the maximum interest has been reduced to 75%, with supplementary fees limited to 0.04% per day. Furthermore, no transactions are allowed during the night-time. The amendment has mainly affected small loan providers, prompting reduction of prices and amendments in loan conditions, and tightening competition. Due to repeated breach of regulations, the supervisory body suspended the activities of UAB 4finance. 4finance was charged with the task of operating Vivus.lt and SmsCredit.lt and held a market share of 38% in Lithuania as at Q3 2015.

Hire-purchase sales in Q4 have met the expectations and kept the momentum gained in previous quarters. Competition in the segment peaked in December. As at the end of 2015, total sales amounted to EUR 38.8 million. Mokilizingas maintained its primary focus on strategic partnerships and small partners.

Mokilizingas has kept the momentum of steady growth in the consumer loan segment. Q4 was successful in terms of both online self-service and post outlets. The focus on loans exceeding EUR 1,000 and the successful e-mail campaign boosted the number of transactions and total sales by 16% and 26% respectively, compared to Q4 2014. As at the end of the year, consumer loan sales had grown by 20% and reached a total of EUR 9.5 million. A further steady growth in a highly competitive market is expected in Q1 2016, with an upgrade of the self-service website, ERP integration with Lithuanian post, and enhanced telemarketing activities.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

EUR thousand	Note	Q4 2015	12 months 2015	Q4 2014	12 months 2014
Continued operations					
Interest income		7 465	27 368	5 696	19 499
Interest expense		-1 095	-4 135	-771	-3 025
Net interest income	9	**6 370**	**23 233**	**4 925**	**16 474**
Fee and commission income		4 622	16 801	3 766	13 691
Fee and commission expense		-820	-2 136	-453	-1 143
Net fee and commission income	10	**3 802**	**14 665**	**3 313**	**12 548**
Net gains/losses from financial assets measured at fair value		181	366	99	528
Foreign exchange gains/losses		7	64	-6	-15
Dividends		1	1	0	0
Net gains from financial assets		**189**	**431**	**93**	**513**
Other income and expenses		21	57	-16	-16
Personnel expenses	11	-3 014	-10 977	-2 363	-8 554
Operating expenses	11	-3 974	-13 130	-3 031	-11 375
Profit before impairment losses on loans and advances		**3 394**	**14 279**	**2 921**	**9 590**
Loss from associates accounted for using the equity method		-36	-36	-14	-14
Impairment losses on loans		-35	-1 367	-268	-1 680
Profit before tax		**3 551**	**3 323**	**12 876**	**2 639**
Income tax expense		-72	-269	-38	-151
Net profit for the reporting period from continued operations		**3 251**	**12 607**	**2 601**	**7 745**
Profit from discontinued operations	12	**-2**	**2 181**	**1 405**	**1 922**
Net profit for the reporting period	2	**3 249**	**14 788**	**4 006**	**9 667**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale investments:					
Revaluation of available-for-sale financial assets		-11	-17	-6	21
Total comprehensive income for the reporting period		**3 238**	**14 771**	**4 000**	**9 688**
Total profit of the reporting period attributable to:					
Owners of the parent		2 827	13 706	3 917	9 203
Non-controlling interest		422	1 082	89	464
Total profit for the reporting period	2	**3 249**	**14 788**	**4 006**	**9 667**
Total comprehensive income attributable to:					
Owners of the parent		2 816	13 689	3 911	9 224
Non-controlling interest		422	1 082	89	464
Total comprehensive income for the reporting period		**3 238**	**14 771**	**4 000**	**9 688**
Basic earnings per share (in euros)	17	0,12	0,59	0,17	0,42
Diluted earnings per share (in euros)	17	0,12	0,57	0,17	0,42

The Notes on pages 18 to 29 are an integral part of the consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position

EUR thousand	Note	31.12.2015	31.12.2014
Assets			
Balances with central banks	4, 5, 6, 13	199 844	45 427
Due from credit institutions	4, 5, 6, 13	14 735	24 218
Due from investment companies	4, 6, 13	15 922	14 484
Available-for-sale financial assets	4, 6, 7	3 508	4 273
Financial assets designated at fair value through profit and loss	4, 6, 7	106 608	145 252
Assets of discontinued operations, classified as held for sale		0	15 473
Loans and advances to customers	4, 6, 8	409 997	301 032
Other receivables from customers		2 026	1 566
Other financial assets		940	783
Other assets		1 128	1 265
Goodwill		1 044	1 044
Property, plant and equipment		685	308
Intangible assets		689	530
Investments in associates		0	36
Total assets	2	**757 126**	**555 691**
Liabilities			
Deposits of customers and loans received	14	632 760	475 013
Financial liabilities designated at fair value through profit and loss	6	89	302
Accounts payable and other liabilities	15	20 137	5 473
Liabilities of discontinued operations, classified as held for sale		0	220
Subordinated liabilities	6	30 900	16 650
Total liabilities	2	**683 886**	**497 658**
Owner's equity			
Share capital		23 356	23 356
Share premium		33 992	33 992
Statutory reserve capital		895	435
Other reserves		551	132
Retained earnings / accumulated deficit		11 205	-2 041
Total equity attributable to owners of the parent		**69 999**	**55 874**
Non-controlling interest		3 241	2 159
Total equity		**73 240**	**58 033**
Total liabilities and equity		**757 126**	**555 691**

The Notes on pages 18 to 29 are an integral part of the consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows

EUR thousand	Note	Q4 2015	12M 2015	Q4 2014	12M 2014
Cash flow from operating activities					
Interest received		7 418	27 936	5 401	19 109
Interest paid		-1 328	-4 075	-655	-2 777
Fee and commission income and other income received		4 475	16 874	3 433	13 248
Fees and commissions paid		-820	-2 138	-454	-1 144
Personnel expenses paid		-2 949	-10 880	-2 306	-8 415
Administrative and other operating expenses paid		-3 644	-12 338	-3 122	-10 595
Income tax paid		-72	-269	-38	-151
Cash flow from operating activities before change in operating assets and liabilities		**3 080**	**15 110**	**2 259**	**9 275**
Net increase/decrease in operating assets:					
Net acquisition/disposal of trading portfolio		-3	-17	-7	-5
Loans and advances to customers		-15 148	-96 787	-32 423	-110 526
Term deposits with banks		0	1	494	-1
Mandatory reserve at central bank		-361	-1 640	-676	-1 101
Security deposits		-47	-157	221	-133
Other assets		-11 694	-13 864	89	1 815
Net increase/decrease in operating liabilities:					
Demand deposits of customers		45 687	160 153	65 024	111 970
Term deposits of customers		-18 395	-999	1 168	-6 920
Loans received		0	5 645	-251	13 556
Repayments of loans received		-149	-7 221	0	0
Financial liabilities held for trading at fair value through profit and loss		-109	-213	-60	-131
Other liabilities		24 000	29 133	1 642	-1 376
Net cash generated/used in operating activities from continuing operations		**26 861**	**89 144**	**37 480**	**16 423**
Cash generated from/ used in operating activities from discontinued operations		-2	2 781	3 374	1 865
Net cash generated from/used in operating activities		**26 859**	**91 925**	**40 854**	**18 288**
Cash flow from investing activities					
Purchase of non-current assets		-593	-1 266	-176	-530
Acquisition and disposal of associates		0	0	-1	78
Proceeds from disposal and redemption of investment securities available for sale		334	784	0	7 730
Net change of investments at fair value through profit or loss		49 048	38 974	-18 637	-108 107
Net cash flow from investing activities		**48 789**	**38 492**	**-18 814**	**-100 829**
Cash flow from financing activitises					
Contribution in share capital		0	0	-100	13 825
Subordinated loans received		15 000	15 000	0	15 900
Repayment of subordinated debt		-750	-750	0	-16 450
Net cash flow from financing activities		**14 250**	**14 250**	**-100**	**13 275**
Effect of exchange rate changes on cash and cash equivalents	**6**	**2**	**64**	**-6**	**-15**
Net decrease/increase in cash and cash equivalents		**89 900**	**144 731**	**21 934**	**-69 281**
Cash and cash equivalents at the beginning of the period		134 463	79 632	57 697	148 912
Cash and cash equivalents at the end of the period	**13**	**224 363**	**224 363**	**79 631**	**79 631**

The Notes on pages 18 to 29 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	Accumu-lated 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	-15	0	2 435	0	**2 435**
Paid in share capital	3 500	10 325	0	0	0	13 825	0	**13 825**
Share options	0	0	0	138	0	0	0	**138**
Profit for the year	0	0	0	0	9 203	9 203	464	**9 667**
Other comprehensive income	0	0	0	21	0	21	0	**21**
Total comprehensive income for the reporting period	0	0	0	21	9 203	9 224	464	**9 688**
Balance as at 31.12.2014	**23 356**	**33 992**	**435**	**132**	**-2 041**	**55 874**	**2 159**	**58 033**
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	436	0	436	0	**436**
Net profit	0	0	0	0	13 706	13 706	1 082	**14 788**
Other comprehensive income	0	0	0	-17	0	-17	0	**-17**
Total comprehensive income for the reporting period	0	0	0	-17	13 706	13 689	1 082	**14 771**
Balance as at 31.12.2015	**23 356**	**33 992**	**895**	**551**	**11 205**	**69 999**	**3 241**	**73 240**

The Notes on pages 18 to 29 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 and accordance with International Financial Reporting Standards as adopted by European Union.

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.

These condensed consolidated interim financial statements are 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), OÜ Cuber Tehnology (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.

	Q4 2015				Q4 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)	6 144	-318	2 202	8 028	4 571	-260	1 218	5 529
AS LHV Varahaldus	1	0	2 250	2 251	2	0	2 401	2 403
UAB Mokilizingas	1 638	0	170	1 808	1 383	0	147	1 530
Cuber Tehnology OÜ	0	0	0	0	0	0	0	0
Total	**7 783**	**-318**	**4 622**	**12 087**	**5 956**	**-260**	**3 766**	**9 462**

Generation of operating profit and net profit	Q4 2015 Operating profit	Q4 2015 Impairments	Q4 2015 Income tax	Q4 2015 Discontinued operations	Q4 2015 Net profit	Q4 2014 Operating profit	Q4 2014 Impairments	Q4 2014 Income tax	Q4 2014 Discontinued operations	Q4 2014 Net Profit
AS LHV Pank (consolidated)	2 165	-28	0	-2	2 135	1 465	-28	0	1405	2 842
AS LHV Varahaldus	998	0	0	0	998	1 241	0	0	0	1 241
UAB Mokilizingas	605	-7	-72	0	526	368	-240	-38	0	90
AS LHV Group	-390	0	0	0	-390	-167	0	0	0	-167
Cuber Tehnology OÜ	-20	0	0	0	-20	0	0	0	0	0
Total	**3 360**	**-35**	**-72**	**-2**	**3 249**	**2 907**	**-268**	**-38**	**1 405**	**4 006**

Income of reported segments	12M 2015 Interest income	12M 2015 Intra-segment income	12M 2015 Fee and commission income	12M 2015 Income from external customers	12M 2014 Interest income	12M 2014 Intra-segment income	12M 2014 Fee and commission income	12M 2014 Income from external customers
AS LHV Pank (consolidated)	22 436	-1168	6 942	28 210	15 597	-1138	4 497	18 956
AS LHV Varahaldus	44	0	9 193	9 237	45	0	8 456	8 501
UAB Mokilizingas	6 056	0	666	6 722	4 995	0	738	5 733
Cuber Tehnology OÜ	0	0	0	0	0	0	0	0
Total	**28 536**	**-1168**	**16 801**	**44 169**	**20 637**	**-1138**	**13 691**	**33 190**

Generation of operating profit and net profit	12M 2015 Operating profit	12M 2015 Impairments	12M 2015 Income tax	12M 2015 Discontinued operations	12M 2015 Net profit	12M 2014 Operating profit	12M 2014 Impairments	12M 2014 Income tax	12M 2014 Discontinued operations	12M 2014 Net Profit
AS LHV Pank (consolidated)	8 430	-670	0	2181	9 941	5 168	-1005	0	1922	6 085
AS LHV Varahaldus	4 652	0	0	0	4 652	3 623	0	0	0	3 623
UAB Mokilizingas	2 061	-697	-269	0	1095	1 442	-675	-151	0	616
AS LHV Group	-880	0	0	0	-880	-657	0	0	0	-657
Cuber Tehnology OÜ	-20	0	0	0	-20	0	0	0	0	0
Total	**14 243**	**-1 367**	**-269**	**2 181**	**14 788**	**9 576**	**-1680**	**-151**	**1922**	**9 667**

	31.12.2015 Assets	31.12.2015 Liabilities	31.12.2014 Assets	31.12.2014 Liabilities
AS LHV Pank (consolidated)	739 304	677 934	551 863	506 397
AS LHV Varahaldus	11 038	1891	9 794	941
UAB Mokilizingas	39 558	34 611	31 956	28 104
AS LHV Group	84 237	31 232	70 291	16 729
Cuber Tehnology OÜ	9	0	0	0
Intercompany assets/liabilities	-117 020	-61 782	-108 213	-54 513
Total	**757 126**	**683 886**	**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

31.12.2015	Estonia	Latvia	Lithuania	Finland	The Netherlands	Germany	Other EU	USA	Other	Total
Balances with other banks and investment companies	209 268	0	1 784	0	874	0	1 081	15 786	1 708	**230 501**
Financial instruments and securities	7 501	3 838	3 327	0	0	36 944	47 454	11 051	1	**110 116**
Loans to customers	362 002	585	38 223	20	7	1	9 139	0	20	**409 997**
Receivables from customers	1 784	2	240	0	0	0	0	0	0	**2 026**
Other financial assets	108	0	0	0	0	0	0	832	0	**940**
Total financial assets	**580 663**	**4 425**	**43 574**	**20**	**881**	**36 945**	**57 674**	**27 669**	**1 729**	**753 580**
Deposits of customers and loans received	539 478	2 406	1 776	625	29	302	40 024	2 211	45 909	**632 760**
Subordinated liabilities	30 900	0	0	0	0	0	0	0	0	**30 900**
Interest rate swaps	89	0	0	0	0	0	0	0	0	**89**
Other financial liabilities	16 606	0	639	27	0	0	13	3	0	**17 288**
Total financial liabilities	**587 073**	**2 406**	**2 415**	**652**	**29**	**302**	**40 037**	**2 214**	**45 909**	**681 037**

Unused loan commitments in the amount of EUR 96 973 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	16 650	0	0	0	0	0	0	0	0	**16 650**
Interestswaps	302	0	0	0	0	0	0	0	0	**302**
Other financial liabilities	2 873	0	708	0	0	0	13	3	0	**3 597**
Total financial liabilities	**422 325**	**1 556**	**2 388**	**361**	**2**	**125**	**54 005**	**601**	**14 199**	**495 562**

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

31.12.2015	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	433 027	66 578	110 230	23 284	716	**633 835**
Subordinated liabilities	0	532	1 596	8 511	39 810	**50 449**
Other liabilities	0	17 288	0	0	0	**17 288**
Unused loan commitments	0	96 973	0	0	0	**96 973**
Financial and performance guarantees by contractual amounts	0	5 369	0	0	0	**5 369**
Interest rate swaps	0	26	63	0	0	**89**
Total liabilities	**433 027**	**186 766**	**111 889**	**31 795**	**40 526**	**804 003**
Assets held for managing liquidity risk by contractual maturity dates						
Balances with other banks and investment companies	230 501	0	0	0	0	**230 501**
Bonds at market value	0	19 250	69 590	12 136	2 977	**103 953**
Loans to customers	0	43 364	114 515	280 732	19 297	**457 908**
Receivables from customers	0	2 026	0	0	0	**2 026**
Other finansial assets	940	0	0	0	0	**940**
Total assets held for managing liquidity risk	**231 441**	**64 640**	**184 105**	**292 868**	**22 274**	**795 328**
Maturity gap from financial assets and liabilities	**-201 586**	**-122 126**	**72 216**	**261 073**	**-18 252**	**-8 675**

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	3 597	0	0	0	**3 597**
Unused loan commitments	0	61 334	0	0	0	**61 334**
Financial guarantees by contractual amounts	0	2 899	0	0	0	**2 899**
Interest rate swaps	0	23	161	118	0	**302**
Total liabilities	**272 830**	**144 820**	**111 368**	**20 233**	**22 872**	**572 123**
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	**343 452**
Receivables from customers	0	1 566	0	0	0	**1 566**
Other finansial assets	783	0	0	0	0	**783**
Total assets held for managing liquidity risk	**83 932**	**84 697**	**130 056**	**244 421**	**32 527**	**575 540**
Maturity gap from financial assets and liabilities	**-188 898**	**-60 123**	**18 688**	**224 188**	**9 655**	**3 510**

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

NOTE 6 Open Foreign Currency Positions

31.12.2015	EUR	CHF	GBP	SEK	USD	Other	Total
Assets bearing currency risk							
Balances with other banks and investment companies	218 848	1 638	1 101	587	7 338	988	**230 501**
Securities	71 894	0	0	1	38 213	8	**110 116**
Loans granted	408 803	0	0	79	1 070	44	**409 997**
Receivables from customers	1 945	0	0	0	81	0	**2 026**
Other assets	233	0	0	0	707	0	**940**
Total assets bearing currency risk	**701 723**	**1 638**	**1 101**	**667**	**47 409**	**1 040**	**753 580**
Liabilities bearing currency risk							
Deposits of customers and loans received	579 118	1 605	2 549	353	48 279	857	**632 760**
Interest rate swaps	89	0	0	0	0	0	**89**
Accrued expenses and other liabilities	4 015	45	2 902	308	9 219	799	**17 288**
Subordinated liabilities	30 900	0	0	0	0	0	**30 900**
Total liabilities bearing currency risk	**614 122**	**1 650**	**5 451**	**661**	**57 498**	**1 656**	**681 037**
Off-balance sheet assets by contractual amounts	0	0	4 360	0	10 127	0	**14 487**
Off-balance sheet liabilities by contractual amounts	14 487	0	0	0	0	0	**14 487**
Open foreign currency position	**73 114**	**-12**	**10**	**6**	**38**	**-616**	**72 543**

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	785	2 025	305	35	133	314	**3 597**
Subordinated liabilities	16 650	0	0	0	0	0	**16 650**
Total liabilities bearing currency risk	**434 602**	**2 833**	**580**	**556**	**55 999**	**992**	**495 562**
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**	**-3 452**	**2**	**3**	**-2**	**-210**	**41 473**

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	31.12.2015	Level 1	Level 2	Level 3	31.12.2014
Financial assets at fair value through profit and loss								
Shares and fund units*	352	6349**	0	**6 701**	519	5 588**	0	**6 107**
Available-for-sale bonds	3 508	0	0	**3 508**	4 273	0	0	**4 273**
Bonds at fair value through profit and loss	99 907	0	0	**99 907**	139 145	0	0	**139 145**
Total financial assets	**103 767**	**6349**	**0**	**110 116**	**143 937**	**5 588**	**0**	**149 525**
Financial liabilities at fair value through profit and loss								
Interest rate swaps	0	**89**	0	**89**	0	302	0	**302**
Total financial liabilities	**0**	**89**	**0**	**89**	**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 6 349 (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 31.12.2015 the fair value of corporate loans and overdraft is EUR 48 thousand (0.2%) 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 31 December 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.

From all the subordinated loans received, EUR 15 000 thousand were received in October 2015 and the rest in 2014. Subodinated loans were issued on market terms and considering the movements in loan and interest market, we can say that the market conditions are similar as they were when issuing the subordinated loans so that 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

	31.12.2015	%	31.12.2014	%
Individuals	91 793	22.14%	61 965	20,32%
Real estate activities	106 836	25.76%	87 516	28,68%
Financial activities	46 887	11.31%	22 097	7,24%
Manufacturing	36 919	8.90%	26 804	8,79%
Professional, scientific and technical activities	2 482	0.60%	2 443	0,80%
Wholesale and retail trade	16 563	3.99%	14 838	4,86%
Other service activities	23 184	5.59%	7 646	2,51%
Arts and entertainment	25 724	6.20%	24 812	8,13%
Transportation and storage	14 706	3.55%	11 136	3,65%
Agriculture	8 836	2.13%	8 065	2,64%
Administrative and support service activities	11 355	2.74%	11 321	3,71%
Construction	6 637	1.60%	4 853	1,59%
Education	1 618	0.39%	1 717	0,56%
Information and communication	4 791	1.16%	4 049	1,33%
Other sectors	16 346	3.94%	15 837	5,19%
Total	**414 677**	**100%**	**305 099**	**100%**
Provision	-4 680		-4 067	
Total loan portfolio	**409 997**	**100%**	**301 032**	**100%**

NOTE 9 Net Interest Income

Interest income	**Q4 2015**	**12M 2015**	**Q4 2014**	**12M 2014**
Balances with credit institutions and investment companies	19	94	15	43
Balances with the central bank	-75	-176	-18	19
Bonds	87	395	99	501
Leasing	380	1 388	306	1 024
Leverage loans and lending of securities	129	715	206	833
Consumer loans	674	2 474	575	1 993
Hire purchase	1 885	6 835	1 338	4 442
Business loans	3 801	14 251	2 927	9 768
Other loans	565	1 392	248	876
Total	**7 465**	**27 368**	**5 696**	**19 499**
Interest expense				
Deposits of customers and loans received	-624	-2 763	-467	-1 780
Subordinated liabilities	-471	-1 372	-304	-1 245
including loans between related parties	-110	-411	-99	-327
Total	**-1 095**	**-4 135**	**-771**	**-3 025**
Net interest income	**6 370**	**23 233**	**4 925**	**16 474**

Interest income on loans by customer location (interest on bank balances and bonds excluded):	**Q4 2015**	**12M 2015**	**Q4 2014**	**12M 2014**
Estonia	5 762	20 868	4 191	13 837
Latvia	8	31	11	37
Lithuania	1 664	6 156	1 398	5 062
Total	**7 434**	**27 055**	**5 600**	**18 936**

NOTE 10 Net Fee and Commission Income

Fee and commission income	Q4 2015	12M 2015	Q4 2014	12M 2014
Security brokerage and commissions paid	739	2 572	518	2 175
Asset management and similar fees	2 557	10 227	2 605	9 212
Currency conversion revenues	221	731	139	393
Fees from cards and payments	812	2 128	258	770
Fee from Snoras's portfolio management*	48	276	97	526
Other fee and commission income	245	867	149	615
Total	**4 622**	**16 801**	**3 766**	**13 691**
Fee and commission expense				
Security brokerage and commissions paid	-261	-707	-179	-517
Other fee and commission expense	-559	-1 429	-274	-626
Total	**-820**	**-2 136**	**-453**	**-1 143**
Net fee and commission income	**3 802**	**14 665**	**3 313**	**12 548**

** Mokilizingas provides portfolio management services to Snoras Bank which is in process of liquidation.*

Fee and commission income by customer location:	Q4 2015	12M 2015	Q4 2014	12M 2014
Estonia	4 291	15 441	3 391	11 921
Finland	0	8	6	20
Latvia	18	84	25	113
Lithuania	245	1 008	205	972
Sweden	0	96	139	665
Luxembourg	68	164	0	0
Total	**4 622**	**16 801**	**3 766**	**13 691**

NOTE 11 Operating Expenses

	Q4 2015	12M 2015	Q4 2014	12M 2014
Wages, salaries and bonuses	2 296	8 297	1 814	6 489
Social security and other taxes	718	2 680	549	2 065
Total personnel expenses	**3 014**	**10 977**	**2 363**	**8 554**
IT expenses	370	1 371	324	1 209
Information services and bank services	196	702	186	584
Marketing expenses	1 123	3 896	1 001	4 198
Office expenses	132	447	119	418
Transportation and communication expenses	84	246	45	178
Staff training and business trip expenses	96	312	87	260
Other outsourced services	928	2 909	570	1 899
Other administrative expenses	423	1 331	279	1 003
Depreciation of non-current assets	287	791	157	682
Operational lease payments	234	911	227	850
Other operating expenses	101	214	36	94
Total other operating expenses	**3 974**	**13 130**	**3 031**	**11 375**
Total operating expenses	**6 988**	**24 107**	**5 394**	**19 929**

NOTE 12 Discontinued operations

Profit from discontinued operations	Q4 2015	12M 2015	Q4 2014	12M 2014
Other financial income	0	2 936	0	0
Net interest income	0	0	968	3 870
Net fee and commission income	0	0	42	225
Personnel expenses	0	-1	-138	-538
Operating expenses	-2	-154	-302	-1 271
Impairment losses on loans	0	0	-235	-964
Income tax expenses	0	-600	600	600
Net profit from discontinued operations	**-2**	**2 181**	**1 405**	**1 922**

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

	31.12.2015	31.12.2014
Term deposits with maturity less than 3 months*	30 657	38 702
Legal reserve with the central bank	6 138	4 498
Other receivables from central bank*	193 706	40 929
Total	**230 501**	**84 129**
*Cash and cash equivalents in the Statement of Cash Flows	224 363	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 15 922 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 31 December 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	31.12.2015	31.12.2014
Demand deposits	432 890	273 732
Term deposits	184 332	184 190
Loans received	15 538	17 091
Total	**632 760**	**475 013**
Deposits/loans by customer category		
Individuals	197 348	156 444
Legal persons	427 905	307 671
Public sector	7 507	10 898
Total	**632 760**	**475 013**

Loans received include loans granted by the Estonian Rural Development Foundation in the amount of EUR 2 510 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 13 028 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	31.12.2015	31.12.2014
Trade payables	2 338	1 883
Payables to merchants	684	490
Other short-term liabilities	678	515
Payments in transit	13 455	611
Financial guarantee contracts issued	133	98
Subtotal	**17 288**	**3 597**
Non-financial liabilities		
Tax liabilities	933	491
Payables to employees	1 083	902
Other short-term liabilities	675	301
Performance guarantee contracts issued	158	182
Subtotal	2 849	**1 876**
Total	**20 137**	**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 31 December 2015	7 853	5 369	96 973	**110 195**
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 in 2014, 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.

	Q4 2015	12M 2015	Q4 2014	12M 2014
Profit attributable to owners of the parent (EUR thousand)	2 816	13 689	3 917	9 203
Weighted average number of shares (in thousands of units)	23 356	23 356	23 356	21 623
Basic earnings per share (EUR)	0,12	0,59	0,17	0,42
Weighted average number of shares used for calculating the diluted earnings per shares (in thousands of units)	24 464	24 464	23 974	22 413
Diluted earnings per share (EUR)	0,12	0,57	0,17	0,42

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 31.12.2015 was 97 699 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	**31.12.2015**	**31.12.2014**
Paid-in share capital	23 356	23 356
Share premium	33 992	33 992
Reserves	895	435
Other reserves	-23	0
Accumulated loss	-2 503	-11 244
Intangible assets (subtracted)	-1 734	-1 574
Profit for the reporting period	10 879	9 203
Non-controlling interest	1 937	1 727
Total Tier 1 capital	**66 799**	**55 895**
Subordinated liabilities	30 900	16 650
Total Tier 2 capital	**30 900**	**16 650**
Total net own funds	**97 699**	**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	12M 2015	12M 2014
Interest income	**54**	**45**
incl. management	7	2
incl. shareholders and their related entities that have significant influence	47	43
Fee and commission income	**0**	**0**
incl. shareholders and their related entities that have significant influence	0	0
Interest expenses from deposits	**87**	**63**
incl. management	1	1
incl. shareholders and their related entities that have significant influence	86	62
Interest expenses from subordinated loans	**411**	**228**
incl. management	23	16
incl. shareholders and their related entities that have significant influence	388	212

Balances	31.12.2015	31.12.2014
Loans and receivables as at the year-end	**2 458**	**2 023**
incl. management	641	347
incl. shareholders and their related entities that have significant influence	1 817	1676
Deposits as at the year-end	**13 409**	**11 362**
incl. management	764	1 010
incl. shareholders and their related entities that have significant influence	12 645	10 622
Subordinated loans as at the year-end	**6 113**	**5 700**
incl. management	397	300
incl. shareholders and their related entities that have significant influence	5 716	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 2015, salaries and other compensations paid to the management of the parent AS LHV Group and its subsidiaries totalled EUR 1 196 thousand (2015: EUR 778 thousand), including all taxes. As at 31.12.2015, remuneration for December and accrued holiday pay in the amount of EUR 100 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 31.12.2015 and 31.12.2014 (pension liabilities, termination benefits, etc.). In 2015, the remuneration paid to the members of the Group's Supervisory Board totalled EUR 37 thousand (2014: EUR 25 thousand).
Management is related to the share-based compensation plan. In 2015 the share-based compensation to management amounted to EUR 191 thousand (2014: EUR 70 thousand).

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 31 December 2015, AS LHV Group has 271 shareholders:

- 13 362 004 shares (57,2%) were held by members of the Supervisory Board and Management Board, and related parties.
- 9 206 512 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 31 December 2015:

Number of	Participation	Name of shareholder
3 357 920	14,4%	AS Lõhmus Holdings
2 938 367	12,6%	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 2 938 367 shares, AS Lõhmus Holdings 3 357 920 shares and OÜ Merona Systems 200 000 shares.
Andres Viisemann, Viisemann Investment AG 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 December 2015 period the condensed consolidated interim financial statements of AS LHV Group for the 12-month period ended 31 December 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.

08.02.2016

Erkki Raasuke