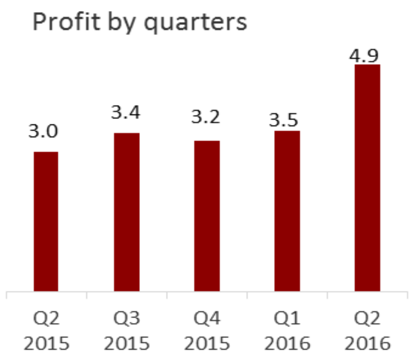
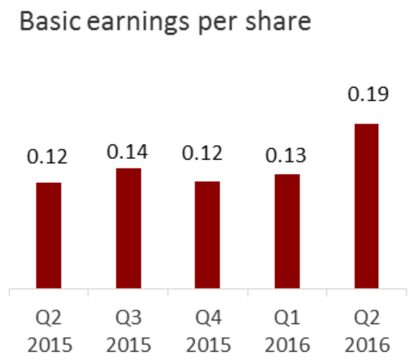
Interim Report January – June 2016
Summary of Results



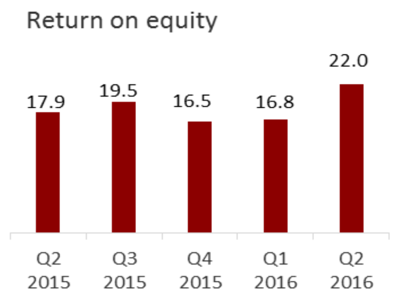
Q2 2016 in comparison with Q1 2015

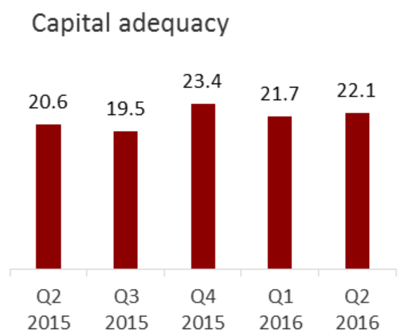
- Net profit EUR 4.9 m (EUR 3.5 m), of which EUR 4.6 m (EUR 3.0 m) is attributable to owners of the parent
- Earnings per share EUR 0.19 (EUR 0.13)
- Net income EUR 12.7 m (EUR 10.6 m)
- Operating expenses EUR 7.1 m (EUR 6.8 m)
- Loan provisions EUR 0.7 m (EUR 0.3 m)
- Return on equity 22.0% (16.8%)
- Capital adequacy 22.1% (21.7%)



Q2 2016 in comparison with Q2 2015

- Net profit EUR 4.9 m (EUR 3.0 m), of which EUR 4.6 m (EUR 2.8 m) is attributable to owners of the parent
- Earnings per share EUR 0.19 (EUR 0.12)
- Net income EUR 12.7 m (EUR 8.8 m)
- Operating expenses EUR 7.1 m (EUR 5.6 m)
- Loan provisions EUR 0.7 m (EUR 0.1 m)
- Return on equity 22.0% (17.9%)
- Capital adequacy 22.1% (20.6%)





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

This interim report of LHV is the first report addressed to more than five thousand investors in shares and more than a thousand investors in bonds. On May 23, the shares of AS LHV Group were admitted for trading on the NASDAQ Tallinn Stock Exchange. In order to support LHV's growth, we engaged a total of EUR 13.9 million from our investors, issuing two million new shares. The public offering addressed to Estonian retail investors was well received - the issue was over-subscribed by more than three times. By the end of the first day of trading, LHV's market value stood at EUR 180 million.

The listing of our shares allowed us to fulfil a major long-term promise to our investors. Nonetheless, it is not designed to transform the plans and ambitions of LHV. Public trading is not the finale - it is the overture to further growth and development. We will maintain our corporate culture, long-term world view, minimum hierarchy and quick decision-making, where necessary, as well as direct communication with customers.

For the economic environment, the second quarter proved nerve-racking. The EU referendum in the United Kingdom fuelled uncertainties months before the decisive day. The ultimate result, somewhat unexpected, triggered abrupt market changes and temporary disorientation. In our understanding, this constitutes a significant turning point in the future of the European Union. The entire concept, built on further expansion and harmonisation, has changed. The next 12 months will expose the true nature of the cracks within the Union, and the potential for fragmentation of the single market. In all likelihood, the entire structure appears much more fragile to the outskirts of Europe than to the core of Brussels. The already colossal challenges are mounting up, and the previously pursued avoid-and-postpone tactics no longer seems to be working. The results are evident in the onslaught of extremist political forces and dynamics, which fail, in their simplicity and naïveté, to provide substantive solutions, only succeeding in fuelling confusion and splitting communities.

The Estonian economic environment remained stable in the second quarter, showing some signs of perturbing trends. Income continued to grow beyond the growth in productivity, with the economic environment in general slowly losing its competitive ability. Investments, in historic terms, remain modest. Fuelled by low interest rates, the real estate sector remains active. Providentially, the price hikes have halted in the last six months.

Even though the global economy remains fragile and the local economy at a standstill, we do not advise enterprises to curtail or postpone their plans. We believe this is the perfect time to make a strong effort. Even with the prevailing uncertainties, we have a good chance of moving forward with our business, proportionally enhancing our diligence and smarts. Everyone can navigate the high tide but only those with quick wits, taking initiative and showing flexibility, can navigate the low tide. And this is exactly who we want to be.

The second quarter was successful for LHV. The group's consolidated profit amounted to EUR 4.9 million. This constitutes a EUR 1.4 million increase from Q1, and a EUR 1.9 million increase from Q2 2015. In addition to core business, profit was fuelled by the extraordinary revenue generated by the Bank in the amount of EUR 0.9 million. Even without the extraordinary revenue, the quarter can be deemed highly successful.

In the first six months of 2016, LHV posted a profit of EUR 8.4 million, i.e. a EUR 0.2 million increase from last year (Q1 2015 included extraordinary revenue from disposal of business operations in Finland). The return on equity held by LHV's shareholders amounts to 19% in the first six months.

The group's consolidated loan portfolio grew by EUR 37 million during the quarter (+ EUR 22 million in Q1) and consolidated deposits by EUR 27 million (+ EUR 28 million in Q1). The volume of funds managed by LHV grew by EUR 294 million during the quarter, and includes the transaction which was completed during the second quarter and under which LHV Asset Management acquired 100% of the shares of AS Danske Capital (EUR 27 million in Q1).

The Bank posted EUR 3.5 million in profit in Q2, which is EUR 0.6 million more than in the previous quarter. The Bank earned EUR 0.9 million in extraordinary revenue from the transaction, under which Visa Inc (USA) made a takeover bid for the acquisition of Visa Europe. Similarly to a range of other European banks, LHV Bank held a small quantity of Visa Europe's shares.

The Bank's strong first half-year relied on interest income from loan products and stable credit quality. Brexit and the sluggish economic growth in Europe has further lowered the short-term interest rates. We can clearly sense and notice how the liquidity buffer held by the Bank is becoming increasingly costlier. These trends are only expected to continue.

The Bank's loan portfolio grew by EUR 37 million in Q2, amounting to a total of EUR 465 million. As previously stated, credit quality has remained strong, supported also by low interest rates. In quarterly comparison, loan impairment has increased by EUR 0.5 million but can mostly be attributed to the growth in consumer financing volumes, with the corresponding products having inherently larger credit costs, along with a higher interest.

Deposits of customers grew by EUR 27 million in Q2 and reached EUR 682 million by the end of the quarter. Demand deposits grew by EUR 40 million, while term deposits shrank by EUR 13 million. New customer flows have remained strong, with the Bank gaining 2 500-3 000 new retail customers with each passing month. The Bank has more than 96 000 customers.

Asset Management posted a profit of EUR 1.6 million in Q2, exceeding the result for the previous quarter by EUR 1.0 million. The Asset Management group incorporates the business operations of Danske Capital since May 2016. This is also the principal reason behind the significant growth in profit and business volumes. The acquisition of Danske Capital, the merger of the companies and the future merger of the funds has proceeded as planned, somewhat faster than initially expected.

The volume of funds grew by EUR 294 million during the quarter, with Danske Capital funds amounting to EUR 250 million, and EUR 44 million attributable to the growth in Asset Management's previous business. The 2nd-pillar funds investing in Asset Management's equity markets have shown the best yields from the beginning of the year. Among conservative funds, Asset Management's funds rank second and fourth. The investment tactics focus on a high-risk environment, aimed at protecting the shareholders' assets against a sudden market decline.

Asset Management is planning to start offering a new investment option to 2nd-pillar pension customers before the end of 2016 – the so-called index fund without active management. We will notify customers of the specific conditions after completion of the regulatory process.

Mokilizingas posted a profit of EUR 0.3 million in Q2, remaining on par with last quarter's result. The amendments of the consumer financing regulations, which entered into force at the beginning of the year, have established restrictions with regard to the volume of new sales on the entire market, including Mokilizingas. We have currently fallen significantly behind our hire-purchase and loan stock estimates and do not expect to cover the gap within the second half of the year. The financing portfolio shrank by EUR 2.5 million in the quarter, amounting to EUR 34.7 million at the end of the quarter. The current portfolio has performed well, with credit quality remaining stable. We have not fallen behind our profit estimates, i.e. we have achieved the desired result through lower business volumes and cost of capital.

Despite the fragile, sluggish economic environment, the outlook for LHV remains moderately good. The activities planned for the first half-year have been completed. There is still a lot of room for advancement and improvement. We are taking the first steps in our next stage of development - we have an inquisitive and enthusiastic mind-set, and the drive to advance the common business with our customers and partners.

Erkki Raasuke

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Financial Summary

Income statement EUR million	**Q2 2016**	**Q2 2015**	**Year over year**	**6M 2016**	**6M 2015**	**Year over year**
Net interest income	7.23	5.44	33%	14.02	10.66	32%
Net fee and commission income	4.31	3.60	20%	7.96	6.94	15%
Other financial income	1.15	-0.30	-483%	1.35	0.17	694%
Total net operating income	12.69	8.74	45%	23.33	17.77	31%
Other income	0.13	0.03	333%	0.11	0.03	267%
Operating expenses	-7.10	-5.59	27%	-13.93	-11.04	26%
Loan losses	-0.74	-0.11	573%	-1.00	-0.77	30%
Income tax expenses	-0.07	-0.07	0%	-0.15	-0.14	7%
Discontinued operations	0.00	0.00	-	0.00	2.26	-100%
Net profit	4.91	3.00	64%	8.36	8.11	3%
including attributable to owners of the parent	4.56	2.80	63%	7.58	7.70	-2%

Business volumes EUR million	**Q2 2016**	**Q1 2016**	**Quarter over quarter**	**Q2 2015**	**Year over year**
Loan portfolio	469.3	431.8	9%	357.6	31%
Financial investments	103.9	98.7	5%	141.3	-26%
Deposits of customers	672.0	644.9	4%	510.2	32%
Equity (including minority interest)	4.0	3.7	9%	66.3	-94%
Equity (owners' share)	91.8	73.8	24%	63.7	44%
Volume of funds managed	890.6	596.9	49%	527.5	69%
Assets managed by bank	881.9	752.4	17%	589.7	50%

Ratios EUR million	**Q2 2016**	**Q2 2015**	**Year over year**	**6M 2016**	**6M 2015**	**Year over year**
Average equity (attributable to owners of the parent)	82.8	62.3	20.5	80.9	59.8	21.1
Return on equity (ROE), %	22.0	17.9	4.1	18.7	25.8	-7.0
Interest-bearing assets, average	791.9	605.2	186.7	777.4	596.1	181.3
Net interest margin (NIM) %	3.65	3.59	0.06	3.61	3.58	0.03
Price spread (SPREAD) %	3.57	3.51	0.06	3.53	3.48	0.05
Cost/income ratio %	55.4	63.7	-8.3	59.4	62.0	-2.6

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 started out on a positive note, with expectations of a modest acceleration in global economic growth. The second quarter, however, saw new clouds gathering over the European economy, with growth expectations curbed for various reasons.

With its historic referendum held in June, the United Kingdom decided to leave the European Union. The exit process will likely be a lengthy process and the final impact is difficult to measure. With the British pound having weakened against all major currencies by more than 10% after the referendum, and a considerable risk of a price decline evident on the real estate market, Europe's second-largest economy is struggling to cope with the first shock wave.

For most Member States, Brexit's direct economic impact is likely to remain modest. Rather, problems could unfold from uncertainties and political tensions brewing in Europe, undermining the confidence required for maintaining financial market stability. The economic growth outlook for the region has been revised against these developments, but no major global impact is expected at this point.

The global economy is much more likely to be affected by the deceleration in Chinese economic growth – Chinese economy only showed a year-over-year growth of 6.7% in Q2 2016. The Chinese government has set the target for 2016 at 6.5-7%. The economic indicators of the other global power - the United States of America - appear strong, with the annual economic growth by quarters being a minimum of 2% since the spring of 2014.

The euro area economy grew by 1.7% in Q1, fuelled mainly by household consumption and private sector investments. While the latest forecast of the European Central Bank (ECB) foresaw a 1.4% growth for 2016, the situation in Britain is likely to trigger some downside revisions. As a paradox, the post-Brexit weakening of the euro is bound to support euro area exporters, succeeding where the ECB has failed.

Even though the initial Eurostat data indicate a 0.1% rise in euro area CPI in June, the stimulus measures taken by the ECB at the beginning of 2015 have failed to bear fruit. A similar forecast for 2016 may be overturned, above all, by oil price recovery.

As regards the key trading partners for Estonia, the Swedish economy showed a 4.2% increase in Q1. This growth is expected to continue throughout the year, albeit at a slower pace. The positive outlook is hampered by the UK market making up nearly 7% of Swedish exports. Fuelled by low interest rates, domestic consumption has remained the principal contributor to economic growth in the last few years. With the real estate market heating up, the mortgage conditions have been revised, along with plans of applying further measures.

The Finnish economy grew by 1.6% in Q1, year-over-year, exceeding all expectations and showing the best result since 2012. The economic activity is thus expected to improve in Finland.

The Estonian economy grew by 1.7% in Q1 2016. Even though this constitutes the quickest growth since the end of 2014, the picture was romanticized by the rise in excise duties. The growth expectations of the Bank of Estonia were lowered in June against the general weakness in the external environment. The quick growth in income is expected to continue. Nonetheless, alongside private consumption, the role of exports and investments is becoming increasingly important for economic growth. The forecast for economic growth is 1.8% in 2016 and 2.9% in 2017. Brexit's impact on Estonia will remain indirect, with British exports only contributing a couple of percent. Direct impact will mainly be evident in specific sectors, e.g. timber industry.

LHV is not expecting any abrupt economic changes over the 12-month horizon. Economic growth will largely maintain its current level, failing to achieve its full potential. Rapid growth in wages is exerting pressure on corporate profits. Corporate adaptability and successful enhancement of productivity will thus play an increasingly important role. Entrepreneurs have been quite successful in their efforts, albeit the next qualitative leap would require a significant boost in investments. With the growth in private consumption expected to assume a slower pace, importance must be laid on the performance of Estonian companies on the key export markets, along with dispersion of the export-related concentration risk.

In terms of economic sectors, higher-than-average risks are evident in the agriculture and energy sectors. Oil price stabilisation at a lower level has triggered a substantial business revaluation in the Estonian energy industry, with household consumers emerging as the winners. LHV has also taken a more conservative approach to the real estate market, carefully monitoring the dynamics on the local and Scandinavian markets. Rental property projects involve a significant risk of insufficient demand for absorbing the developed volumes in the near future.

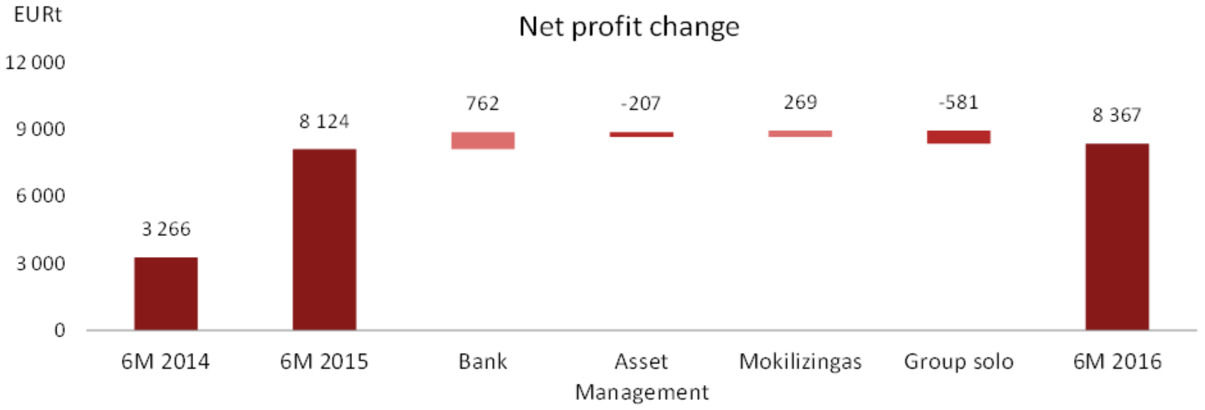
On a positive note, the financing environment remains favourable. The growth in the balance of loans taken from credit institutions has picked up in 2016. The loan to deposit ratio and overdue loans have maintained their post-crisis lows. With the record-low interest rates and interbank competition having a positive impact on local entrepreneurship, the opportunities should be further exploited. LHV stands ready to boldly and efficiently contribute to the search of new sources of growth, offering a long-term partnership to enterprises and making an effort to create additional value.

Financial Results of the Group

Compared to Q1, the Group's net interest income grew in Q2 by 6%, standing at EUR 7.2 (Q1: 6.8) million. Net fee and commission income increased by 18% and stood at EUR 4.3 (Q1: 3.7) million. Financial income increased by 475% and stood at EUR 1.2 (Q1: 0.2) million. The big increase in financial income came from the sale of the bank's shares in VISA Europe Limited, which generated profit of EUR 0.9 million. In total, the net income of the Group increased by 19% in Q2, compared to Q1, amounting to EUR 12.7 (Q1: 10.6) million, with expenses increasing by 4% and amounting to EUR 7.1 (Q1: 6.8) million. The Group's operating profit for Q2 amounted to EUR 5.6 (Q1: 3.8) million. Impairments amounted to EUR 0.7 (Q1: 0.3) million in Q2. The Group's total profit for Q2 amounted to EUR 4.9 million (Q1: 3.5).

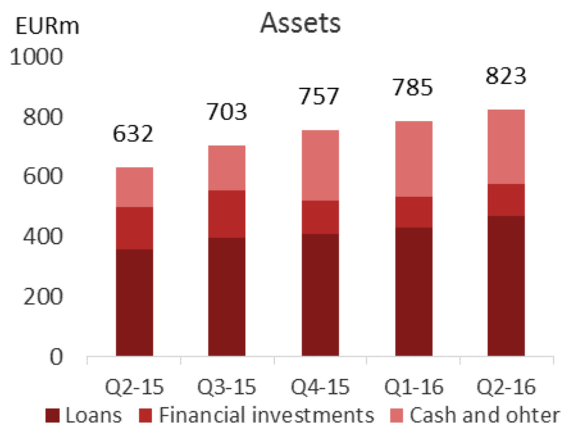
Compared to Q2 2015, the Group's net interest income increased by 33% and net fee and commission income by 20%.

In terms of business entities, AS LHV Pank posted a consolidated profit of EUR 3.5 million, AS LHV Varahaldus a consolidated profit of EUR 1.6 million and UAB Mokilizingas a profit of EUR 0.3 million. The LHV Group separately posted a loss of EUR 0.5 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 Q2 amounted to EUR 672 (Q1: 645) million, of which demand deposits formed EUR 482 (Q1: 442) million and term deposits EUR 190 (Q1: 203) million.

As at the end of Q2, the volume of loans granted by the Group amounted to EUR 469 (Q1: 432) million, increasing in Q2 by 9%. Compared to Q2 2015, the volume of the Group's deposits has increased by 32% and the volume of loans by 31%.



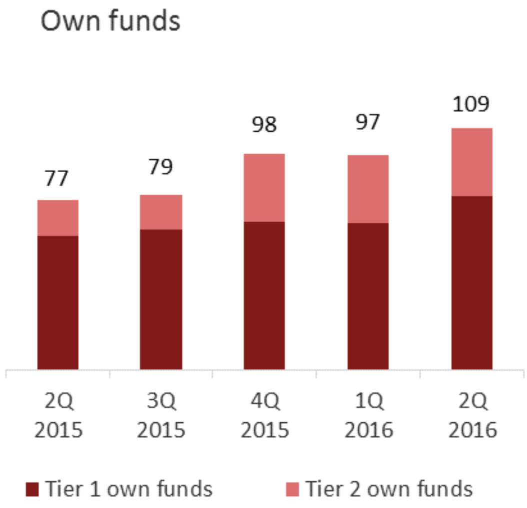
The Group's Liquidity, Capitalisation and Asset Quality

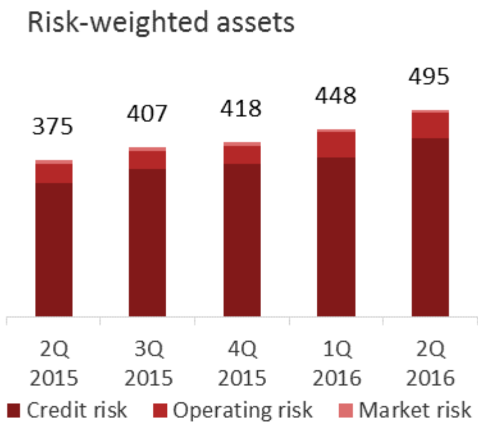
As at 30 June 2016, the Group's own funds stood at EUR 109.4 million (31 March 2016: EUR 97.2 million). The own funds of the Group increased in Q2 by including the Q4 2015 and Q1 2016 profits to own funds. The own funds level also increased due to the share capital issuing.

The Group is well capitalised as at the end of the reporting period, with the capital adequacy ratio amounting to 22.1% (31 March 2016: 21.7%).

The Group's liquidity coverage ratio (LCR), as defined by the Basel Committee, stood at 262% as at the end of June (31 March 2016: 289%). The Group recognises cash and bond portfolios as liquidity buffers. These accounted for 40% of the balance sheet (31 March 2016: 43%). The ratio of loans to deposits stood at 71% as at the end of the second quarter (31 March 2016: 66%). Group's maturity structure is presented in Note 5.

The Group's credit quality was good. As at the end of June, provisions for estimated loan losses amounted to EUR 5.2 million in the balance sheet, i.e. approximately 1.1% of the loan portfolio (31 March 2016: EUR 4.8 million, 1.1%). Estimated loan losses make up 214.1% (31 March 2016: 117.3%) of the portfolio of loans overdue for more than 90 days.



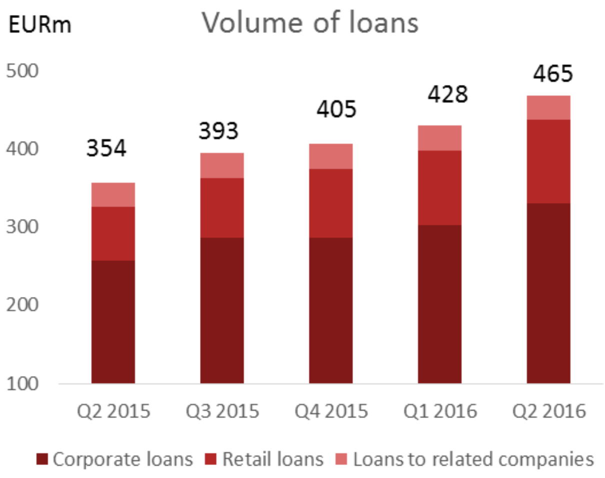


EUR thousand	30.06.2016	Proportion	31.03.2016	Proportion
Loans to customers	474 452		436 673	
including overdue loans:	10 904	2.3%	16 026	3.7%
1-30 days	4 863	1.0%	5 632	1.3%
31-60 days	2 628	0.6%	4 203	1.0%
61-90 days	1 007	0.2%	2 062	0.5%
91 and more days	2 406	0.5%	4 129	0.9%
Impairment of loans	-5 152	-1.1%	-4 842	-1.1%
Impairment % of loans overdue for more than 90 days	214.1%		117.3%	

Capital base	30.06.2016	31.12.2015
Paid-in share capital	25 356	23 356
Share premium	45 892	33 992
Statutory reserves transferred from net profit	-30	895
Other reservs	1 580	-23
Accumulated deficit	10 517	-2 503
Intangible assets (subtracted)	-8 486	-1 734
Net profit for the reporting period	2 051	10 879
Non-controlling interest	1 614	1 937
Total Tier 1 capital	**78 494**	**66 799**
Subordinated debt	30 900	30 900
Total Tier 2 capital	**30 900**	**30 900**
Net own funds for capital adequacy	**109 394**	**97 699**
Capital requirements		
Central governments and central bank under standart method	377	-
Credit institutions and investment companies under standard method	8 938	5 949
Companies under standard method	294 770	232 779
Retail claims under standard method	98 591	106 445
Public sector under standard method	209	-
Housing real estate under standard method	4 473	-
Overdue claims under standard methods	4 555	7 758
Investment funds' shares under standard method	9 108	6 369
Other assets under standard method	5 366	5 712
Total capital requirements for covering the credit risk and counterparty credit risk	**426 387**	**365 012**
Capital requirement against foreign currency risk under standard method	3 969	6 527
Capital requirement against interest position risk under standard method	2 599	2 342
Capital requirement against equity portfolio risks under standard method	564	87
Capital requirement for operational risk under base method	61 811	44 367
Total capital requirements for adequacy calculation	**495 330**	**418 334**
Capital adequacy (%)	**22.09**	**23.35**
Tier 1 capital ratio (%)	**15.85**	**15.97**

Overview of AS LHV Pank Consolidation Group

- (Net) growth in deposit volume in Q2 – EUR 27 million
- (Net) growth in loan volume in Q2 – EUR 37 million (Q1: EUR 23 million)
- Good profitability in Q2
- Increase in number of clients



EUR million	Q2 2016	Q1 2016	Change %	Q2 2015	Change %	From the beginning of 2016	From the beginning of 2015	Change %
Net interest income	6.11	5.68	8%	4.35	40%	11.78	8.52	38%
Net fee and commission income	1.13	1.35	-17%	1.01	11%	2.48	2.02	23%
Other financial income	1.09	0.16	566%	-0.21	-607%	1.25	0.03	4704%
Total net operating income	8.32	7.19	16%	5.15	62%	15.51	10.57	47%
Other income	0.19	0.13	40%	0.05	294%	0.32	0.06	456%
Operating expenses	-4.38	-4.35	1%	-3.56	23%	-8.74	-7.01	25%
Loan losses	-0.63	-0.10	548%	0.15	-508%	-0.73	-0.28	163%
Discontinued operations	0.00	0.00	-	0.0	-	0.00	2.26	-100%
Net profit	3.49	2.87	22%	1.79	95%	6.36	5.6	14%
Loan portfolio	465	428	9%	354	31%			
Financial investments	94	92	3%	135	-30%			
Deposits of customers	683	656	4%	518	32%			
Subordinated liabilities	20	15	33%	12	67%			
Equity	68	65	5%	51	34%			

Q2 was successful both in terms of business volumes and profitability. LHV Bank generated EUR 6.1 million in net interest income and EUR 1.1 million in net fee and commission income. In total, the bank's net income amounted to EUR 8.3 million, expenditure to EUR 4.4 million and loan provisions to EUR -0.6 million. The net profit of LHV Bank amounted to EUR 3.5 million in Q1. This constitutes an 22% increase from Q1 (2.9) and a 95% decrease from Q2 2015 (1.8). Net interest income grew by 8% during the quarter, and net fee and commission income decrease by 17%, compared to Q1. Net operating income increased by 16%.

Securities brokerage fees, transaction fees and fees from cards are greatest contributor to fee and commission income.

The increase in net interest income stems from the growth in business volumes. By the end of Q2, the total volume of the bank's loan portfolios amounted to EUR 465 million (Q1 2016: EUR 428 million). The volume of portfolios grew 9% over the quarter.

The corporate credit portfolio that contains loans and guarantees grew by EUR 73.0 million on an annualised basis (+27%) and EUR 27.0 million on a quarterly basis (+8%). The largest source of growth is 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 46.8 million (+52%). Commercial real estate projects with a strong rental flow were the greatest contributor to this growth. Loans issued for financial activities, often including the activities of holding companies related to the financing of corporate purchases, grew by EUR 9.1 million, year-over-year (+22%). Other services ranked second, with the corresponding loan portfolio growing by EUR 7.9 million (340%).

Compared to last quarter, the greatest volume of loans and guarantees were provided in real estate management (EUR 22.0 million; +19%), other services (EUR 7.8 million; +324%) and administrative and auxiliary activities (EUR 4.2 million, +129%).

The largest amount of corporate loans was granted to the real estate sector, which accounts for 40% of the bank's total portfolio of corporate loans. LHV's real estate development portfolio is well positioned against the risk of changes in market trends. A bulk of the real estate loans have been issued for projects with a high-quality rental flow and, as a rule, strong lessees. Real estate developments are a significantly smaller contributor to the portfolio. A majority of the real estate developments financed are located in Tallinn, with a few also in Tartu. The average risk to price ratio stands at 50%.

Alongside the real estate sector, the greatest volume of credit was provided to companies pursuing financial activities (share: 14%), as well as the processing industry (share: 12%). As regards sectors with a higher-than-average risk conditioned by the economic and geopolitical situation, agriculture contributes 1%, accommodation and catering 1% and energy 1% of the total volume of the portfolio. The share of transport has dropped below 1%.

A record number of new accounts were opened in Q2. Customer numbers grew by 7,700, with the bank's customer base reaching 96,000 in the quarter. The customer's use of payment services as well as initiation and acceptance of card payments reached record levels.

Deposit and loan volumes showed a strong growth. Deposits grew by EUR 27.4 million and loans by EUR 37.5 million. The largest growth was evident in corporate loans (EUR 27.2 millions), private loans (EUR 6.1 million), small loans (EUR 3.1 million) and leasing (EUR 2.9 million). The financing provided to Mokilizingas dropped by EUR 2.5 million during the quarter. At the end of the quarter, the bank returned EUR 13 million in TLTRO loan previously taken from the European Central Bank.

A profit of EUR 3.5 million was posted in the quarter. The profit was positively affected by a major international transaction, under which the publicly traded company VISA Inc acquired VISA Europe, which was formerly owned by the banks, by making both a monetary contribution and a non-monetary contribution via the shares of VISA. LHV Bank generated approximately EUR 0.9 million in one-off revenue from the disposal of the share in Q2. The profit was negatively affected by the rise in the small loan provisioning rate and the consequent establishment of an additional provision in the approximate amount of EUR 0.3 million. At the beginning of May, the bank significantly limited the issue of small loans to high-risk customers, with the current small loan provisioning rate thus considered sufficient.

The quality of corporate banking loans retained a good level. Positive changes could be seen among debtors, where the volume of loans overdue for less than 90 days dropped to 0.18% and the volume of loans overdue for more than 90 days to 0.13% of the portfolio by the end of the quarter. The collateral properties of two non-functional loans were realised during the quarter, including the assets of an agricultural group engaged in pig farming, where the realisation process started already in the spring of 2015. By the time of default, LHV Bank's claim against the agricultural group amounted to EUR 1.9 million. LHV Bank did not suffer any credit losses, as the loan was additionally secured with a surety provided by the Rural Development Foundation.

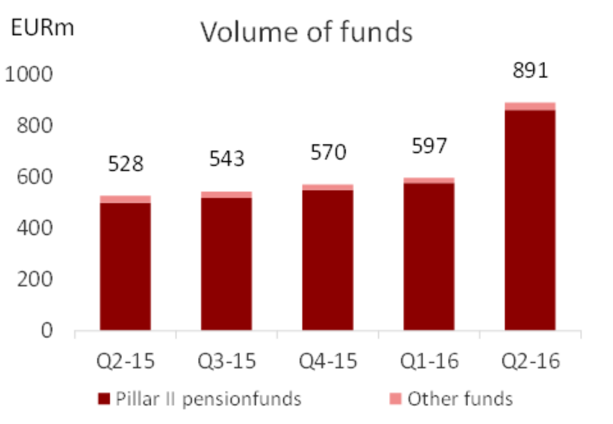
In cooperation with the European Investment Fund, LHV launched a new loan product - the microloan product designed for growth-stage small and medium-sized enterprises. Microloans are issued in the amount of EUR 5 000 to EUR 25 000 for a period of 1 to 5 years and with an interest rate of 6% + 6m Euribor. The microloan is secured by the European Union within the Programme for Employment and Social Innovation.

New developments included the banking interface for business customers, and mobile bank upgrades. The LHV Connect interface allows companies to interface their bank account with the economic or accounting software used. LHV Connect allows to post payments, receive notifications of payments and request account statements. LHV Connect is available to both large enterprises and SMEs. Mobile bank upgrades included an overview of securities held, and password log-in, which is especially important for children and youngsters. The e-invoice option will soon be added to the mobile bank. LHV also continued developing the card payment acceptance options in terminals for the purpose of securing NFC capacity and preparing for the launch of NFC cards, scheduled for this autumn. The maximum limit for NFC payments in Estonia will be established at EUR 10, with the term viipemaksed (tap to pay) introduced in Estonia.

The legislative amendments, which will allow to open bank accounts via video calls in the future, will enter into force in July. Accounts opened via such channels will allow private customers to effect payments in the monthly amount of EUR 10 000 and business customers in the monthly amount of EUR 25 000. In addition to legislative amendments, the Minister of Finance will establish further technical specifications for placing and recording video calls. The bank will soon start developing the technical solutions and processes required for offering new customers the option of remote opening of bank accounts.

Overview of AS LHV Varahaldus

- On May 2, LHV Asset Management purchased 100% of the shares of Danske Capital
- On May 3, LHV Asset Management and Danske Capital entered into a merger agreement. The merger will be completed in July
- The volume of funds grew to EUR 891 million



EUR million	Q2 2016	Q1 2016	Change %	Q2 2015	Change %	From the beginning of 2016	From the beginning of 2015	Change %
Net fee and commission income	3.08	2.15	43%	2.43	27%	5.23	4.62	13%
Net financial income	0.02	0.0	-	-0.11	-118%	0.02	0.12	-83%
Operating expenses	-1.48	-1.56	-5%	-1.15	29%	-3.04	-2.32	31%
Profit	1.62	0.59	175%	1.18	37%	2.21	2.43	-9%
Financial investments	9.0	7.1	27%	6.44	40%			
Subordinated liabilities	2.1	2.1	0%	1.50	40%			
Equity	19.7	18.0	9%	8.97	120%			
Assets under management	890.6	596.9	49%	527.5	69%			

In April, the Financial Supervision Authority and the Competition Authority gave LHV Asset Management permission to purchase Danske Capital. The purchase transaction was concluded on May 2. Upon completion of the audit of Danske Capital's results for the first four months of the year, the final price of the transaction was established at EUR 10,925,087, which is EUR 6,600,000 higher than the net book value.

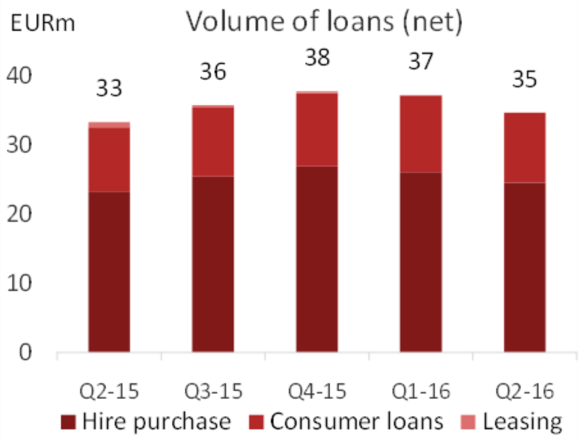
The merger agreement was entered into on May 3, with Danske Capital serving as the company being merged and LHV Asset Management as the merging company. The merger agreement will take effect receiving approval from Financial Supervision Authority. The balance sheet date of the merger is 1 May 2016. By the time of entry into force of the merger, the activities, organisational structure and technical arrangement of Danske Capital will be quite similar to those of LHV Asset Management.

The operating income of LHV Asset Management in Q2 amounted to EUR 3.08 million (EUR 2.15 million in Q1, unconsolidated), of which operating income of Danske Capital amounted to EUR 0.7 million. The increase in operating income can be attributed both to growth in LHV fund volumes and to purchase of Danske Capital.

Consolidated operating expenses for Q2 amounted to EUR 1.48 million (EUR 1.56 million in Q1, unsconsolidated), of which LHV Varahaldus expenses amounted to EUR 1.10. The operating expenses of Danske Varahaldus increased due to restructuring and technical arrangements. The out-of-office 2nd-pillar sales for Q2 remained modest, compared to Q1. Nonetheless, the number of active 2nd-pillar customers grew by 0.8 thousand (by 5 thousand in Q1). The volume of funds grew by EUR 44 million (EUR 27 million in Q1) to EUR 641 million.

LHV's 2nd-pillar pension funds all produced a positive yield in Q2 (ranging from +0.22% to +0.99%). LHV's funds continue to be positioned in such a way as to minimise the impact of a major equities market decline. For example, LHV's pension funds investing in equities markets stood strongest against the post-Brexit decline. LHV's funds ranked first among pension funds investing 50% and 75% of its assets in equities. With regard to funds investing exclusively in bonds and funds investing 25% of its assets in equities, LHV ranked second.

Overview of UAB Mokilizingas



EUR million	Q2 2016	Q1 2016	Change %	Q2 2015	Change %	From the beginning of 2016	From the beginning of 2015	Change %
Net interest income	1.4	1.4	0%	1.1	27%	2.8	2.2	27%
Net fee and commission income	0.1	0.2	-50%	0.2	-50%	0.3	0.4	-25%
Operating expenses	-1.0	-1.0	0%	-0.8	25%	-2.0	-1.6	25%
Loan losses	0.1	0.2	-50%	-0.2	-50%	0.3	-0.4	-25%
Income tax expenses	-0.1	-0.1	0%	-0.1	0%	-0.2	-0.2	0%
Profit	0.3	0.3	0%	0.2	50%	0.6	0.4	50%
Loan portfolio	37.0	39.0	-5%	33.2	11%			
Equity	5.6	5.3	6%	4.2	33%			

In Hire Purchase (HP) segment Mokilizingas continues to work in a strong collaboration with Bite Lietuva and Senukai, launching seasonal campaigns and supporting the sales. Q2 2016 HP sales amounted to EUR 8 (Q2 2015: 9.3) million. The number of contracts signed decreased by 14%, average contract amount remained stable. Margins remained stable with a slight decrease compared to Q2 2015.

Consumer Loan (CL) sales amounted to EUR 1.6 million and decreased by 38% compared to Q2 2015. The number of contracts signed decreased by 22% and average contract amount decreased by 23%. However, margins increased slightly.

The main event for non-bank consumer credit segment in Lithuania in Q2 2016 was a change of regulation, which tightened the evaluation of clients, eg. more conservative limits to evaluation of income and liabilities of married clients. This brought turbulence in the market, with market players trying to swiftly adapt their systems and processes. Pay-day loan providers were hit hardest, but stable flow of client applications indicates that demand for credit has not subsided. Volatility in sales can still persist in short-to-medium term, as companies are still working out the solutions how to adapt to new regulation and restore sales. At Mokilizingas an ERP integration with largest CL sales partner Paypost was completed in Q2 as expected, which will allow more flexible campaigning options and quicker completion of contract signing process. The renewed self-service website is in progress and expected to be launched in Q3.

In HP side, Mokilizingas continues to work in close cooperation with Bite, developing an invoice consolidation project. The clients will have an option to receive single invoice from Bite and Mokilizingas for telco services and hired handsets, respectively. This will give more flexibility for both companies to promote additional sales, as well as use telco input for management of late payments. Besides, there is ongoing work in other areas to improve customer experience at other POS or e-commerce partners.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

(in thousands of euros)	Note	Q2 2016	6M 2016	Q2 2015	6M 2015
Continuing operations					
Interest income		8 365	16 288	6 485	12 699
Interest expense		-1 135	-2 270	-1 046	-2 038
Net interest income	9	**7 230**	**14 018**	**5 439**	**10 661**
Fee and commission income		5 303	9 816	4 057	7 794
Fee and commission expense		-993	-1 852	-457	-852
Net fee and commission income	10	**4 310**	**7 964**	**3 600**	**6 942**
Net gains/losses from financial assets measured at fair value		1 009	1 203	-362	120
Foreign exchange gains/losses		137	142	60	43
Net gains from financial assets		**1 146**	**1 345**	**-302**	**163**
Other income		138	140	38	48
Other expense		-11	-28	-4	-13
Staff costs	11	-3 504	-6 729	-2 725	-5 310
Administrative and other operating expenses	11	-3 597	-7 201	-2 865	-5 728
Profit before impairment losses on loans and advances		**5 712**	**9 509**	**3 181**	**6 763**
Share of result of associates		0	1	0	0
Impairment losses on loans and advances		-742	-997	-105	-761
Profit before tax		**4 970**	**8 513**	**3 076**	**6 002**
Income tax expense		-69	-146	-67	-136
Net profit for the reporting period from continuing operations		**4 901**	**8 367**	**3 009**	**5 866**
Profit from discontinued operations	12	**0**	**0**	**0**	**2 258**
Net profit for the reporting period	2	**4 901**	**8 367**	**3 009**	**8 124**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale investments:					
Revaluation of available-for-sale financial assets		-648	-7	7	-1
Total profit and other comprehensive income for the reporting period		**4 253**	**8 360**	**3 016**	**8 123**
Total profit of the reporting period attributable to:					
Owners of the parent		4 555	7 574	2 796	7 699
Non-controlling interest		346	793	213	425
Total profit for the reporting period	2	**4 901**	**8 367**	**3 009**	**8 124**
Total comprehensive income attributable to:					
Owners of the parent		3 907	7 567	2 803	7 698
Incl. continuing operations		*3 907*	*7 567*	*2 803*	*5 440*
Incl. discontinued operations		*0*	*0*	*0*	*2 258*
Non-controlling interest		346	793	213	425
Total comprehensive income for the reporting period		**4 253**	**8 360**	**3 016**	**8 123**
Basic earnings per share (in euros)	17	0.19	0.32	0.12	0.33
Diluted earnings per share (in euros)	17	0.18	0.31	0.21	0.32

The Notes on pages 18 to 30 are an integral part of the consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position

(in thousands of euros)	Note	30.06.2016	31.12.2015
Assets			
Due from central bank	4, 5, 6, 13	183 688	199 844
Due from credit institutions	4, 5, 6, 13	15 332	14 735
Due from investment companies	4, 6, 13	37 375	15 922
Available-for-sale financial assets	4, 6, 7	603	3 508
Financial assets at fair value through profit or loss	4, 6, 7	103 333	106 608
Loans and advances to customers	4, 6, 8	469 300	409 997
Receivables from customers		1 988	2 026
Other financial assets		905	940
Other assets		1 169	1 128
Tangible assets		1 002	685
Intangible assets		843	689
Goodwill		7 644	1 044
Total assets	2	**823 182**	**757 126**
Liabilities			
Deposits of customers and loans received	14	672 918	632 760
Financial liabilities at fair value through profit or loss	6	25	89
Accounts payable and other liabilities	15	23 496	20 137
Subordinated debt	6	30 900	30 900
Total liabilities	2	**727 339**	**683 886**
Owner's equity			
Share capital		25 356	23 356
Share premium		45 892	33 992
Statutory reserve capital		1 580	895
Other reserves		887	551
Retained earnings / accumulated deficit		18 094	11 205
Total equity attributable to owners of the parent		**91 809**	**69 999**
Non-controlling interest		4 034	3 241
Total equity		**95 843**	**73 240**
Total liabilities and equity		**823 182**	**757 126**

The Notes on pages 18 to 30 are an integral part of the consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows

(in thousands of euros)	Note	Q2 2016	6M 2016	Q2 2015	6M 2015
Cash flow from operating activities					
Interest received		8 240	16 102	6 395	13 446
Interest paid		-1 052	-2 203	-924	-2 021
Fees and commissions received		5 432	9 927	3 961	7 974
Fees and commissions paid		-997	-1 856	-459	-854
Staff costs paid		-3 460	-6 592	-2 639	-5 148
Administrative and other operating expenses paid		-3 452	-6 941	-3 092	-5 560
Cash flow from operating activities before change in operating assets and liabilities		**4 711**	**8 437**	**3 242**	**7 837**
Net increase/decrease in operating assets:					
Net acquisition/disposal of trading portfolio		-246	-232	-35	-31
Loans and advances to customers		-38 001	-59 757	-31 104	-43 650
Mandatory reserve at central bank		-280	-579	-278	-583
Security deposits		-47	35	-4	-111
Other assets		-1 338	-593	-263	-50
Net increase/decrease in operating liabilities:					
Demand deposits of customers		39 750	49 181	27 481	29 817
Term deposits of customers		-12 735	5 553	-6 818	22 214
Loans received		-	-	5 864	5 645
Repayments of loans received		-14 288	-14 596	-570	-747
Financial liabilities held for trading at fair value through profit and loss		-40	-65	-66	-84
Other liabilities		7 043	3 417	10 840	11 174
Net cash generated/used in operating activities from continuing operations		**-15 471**	**-9 199**	**8 289**	**31 431**
Cash generated from/ used in operating activities from discontinued operations		0	0	0	2 858
Net cash generated from/used in operating activities		**-15 471**	**-9 199**	**8 289**	**34 289**
Cash flow from investing activities					
Purchase of non-current assets		-292	-594	-176	-363
Disposal of non-current assets		10	10	0	0
Acquisition and disposal of associates		-9 114	-9 113	0	0
Proceeds from disposal and redemption of investment securities available for sale		-646	2 259	406	423
Net change of investments at fair value through profit or loss		-1 420	7 911	4 745	7 971
Net cash flow from investing activities		**-11 462**	**473**	**4 975**	**8 031**
Cash flow from financing activities					
Paid in share capital (incl. share premium)		13 900	13 900	0	0
Net cash from financing activities		**13 900**	**13 900**	**0**	**0**
Effect of exchange rate changes on cash and cash equivalents	6	**137**	**142**	**60**	**43**
Net decrease/increase in cash and cash equivalents		**-12 896**	**5 316**	**13 324**	**42 363**
Cash and cash equivalents at the beginning of the period		242 575	224 363	108 671	79 632
Cash and cash equivalents at the end of the period	13	**229 679**	**229 679**	**121 995**	**121 995**

The Notes on pages 18 to 30 are an integral part of the consolidated interim financial statements

Condensed Consolidated Interim Statement of Changes in Equity

	Attributable to owners of LHV Group							
(in thousands of euros)	Share capital	Share premium	Statutory reserve capital	Other reserves	Accumulated deficit/ retained earnings	**Total**	Non-controlling interest	**Total equity**
Balance as at 01.01.2015	**23 356**	**33 992**	**435**	**132**	**-2 041**	**55 874**	**2 159**	**58 033**
Share options	0	0	0	172	0	172	0	**172**
Profit for the year	*0*	*0*	*0*	*0*	*7 699*	*7 699*	*425*	***8 124***
Other comprehensive loss	*0*	*0*	*0*	*-1*	*0*	*-1*	*0*	***-1***
Total profit and other comprehensive income for the reporting period	0	0	0	-1	7 699	7 698	425	**8 123**
Balance as at 30.06.2015	**23 356**	**33 992**	**435**	**303**	**5 658**	**63 744**	**2 584**	**66 328**
Balance as at 01.01.2016	**23 356**	**33 992**	**895**	**551**	**11 205**	**69 999**	**3 241**	**73 240**
Transfer to statutory reserve capital	0	0	685	0	-685	0	0	**0**
Share options	0	0	0	343	0	343	0	**343**
Paid in share capital	2 000	11 900	0	0	0	13 900	0	**13 900**
Profit for the year	0	0	0	0	7 574	7 574	793	**8 367**
Other comprehensive loss	0	0	0	-7	0	-7	0	**-7**
Total profit and other comprehensive income for the reporting period	0	0	0	-7	7 574	7 567	793	**8 360**
Balance as at 30.06.2016	**25 356**	**45 892**	**1 580**	**887**	**18 094**	**91 809**	**4 034**	**95 843**

The Notes on pages 18 to 30 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 interim financial statements should be read in conjunction with the group's annual financial statements as at 31 December 2015.

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 Danske Capital (100% interest), AS LHV Finance (65% interest) and UAB Mokilizingas (50% interest + 1 share).

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.

Q2 2016	Retail banking	Private banking	Corporate banking	Asset manage-ment	Hire-purchase and consumer finance in Estonia	Hire-purchase and consumer finance in Lithuania	Treasury activities	Intra-segment elimi-nations	Total
Interest income	1 179	255	4 236	6	1 680	1 657	511	-1 159	8 365
Interest expense	0	0	-1016	-42	-275	-295	-666	1 159	-1 135
Net interest income	**1 179**	**255**	**3 220**	**-36**	**1 405**	**1 362**	**-155**	**0**	**7 230**
Fee and commission income	1 804	198	66	3 076	6	127	26	0	5 303
Fee and commission expense	-789	0	-48	0	-95	-21	-40	0	-993
Net fee and commission income	**1 015**	**198**	**18**	**3 076**	**-89**	**106**	**-14**	**0**	**4310**
Net income	**2 194**	**453**	**3 238**	**3 040**	**1 316**	**1 468**	**-169**	**0**	**11 540**

Net gains from financial assets	905	0	0	60	0	0	181	0	1146
Administrative and other operating expenses, staff costs	-2 039	-203	-1 047	-1 478	-353	-972	-882	0	-6 974
Operating profit	**1 060**	**250**	**2 191**	**1 622**	**963**	**496**	**-870**	**0**	**5 712**
Impairment losses on loans and advances	-66	0	-140	0	-422	-114	0	0	-742
Income tax	0	0	0	0	0	-69	0	0	-69
Net profit	**994**	**250**	**2 051**	**1 622**	**541**	**313**	**-870**	**0**	**4 901**
Total assets	**269 534**	**113 545**	**405 288**	**22 477**	**30 352**	**37 848**	**97 541**	**-153 403**	**823 182**
Total liabilities	**349 751**	**225 079**	**148 832**	**2 803**	**26 814**	**32 248**	**31 176**	**-89 364**	**727 339**

Q2 2015	Retail banking	Private banking	Corporate banking	Asset manage-ment	Hire-purchase and consumer finance in Estonia	Hire-purchase and consumer finance in Lithuania	Treasury activities	Intra-segment elimi-nations	Total
Interest income	963	194	3 407	11	861	1 445	764	-1 160	6 485
Interest expense	0	0	-1168	-30	-149	-284	-575	1 160	-1 046
Net interest income	**963**	**194**	**2 239**	**-19**	**712**	**1 161**	**189**	**0**	**5 439**
Fee and commission income	1 101	145	81	2 428	9	172	121	0	4 057
Fee and commission expense	-301	0	-3	0	-2	-14	-139	2	-457
Net fee and commission income	**800**	**145**	**78**	**2 428**	**7**	**158**	**-18**	**2**	**3 600**
Net income	**1 763**	**339**	**2 317**	**2 409**	**719**	**1 319**	**171**	**2**	**9 039**
Net gains from financial assets	3	0	0	-88	0	0	-217	0	-302
Administrative and other operating expenses, staff costs	-1 807	-209	-838	-1 146	-328	-818	-410	0	-5 556
Operating profit	**-41**	**130**	**1 479**	**1 175**	**391**	**501**	**-456**	**2**	**3 181**
Impairment losses on loans and advances	-73	0	262	0	-35	-259	0	0	-105
Income tax	0	0	0	0	0	-67	0	0	-67
Net profit	**-114**	**130**	**1 741**	**1 175**	**356**	**175**	**-456**	**2**	**3 009**
Total assets	**210 506**	**88 662**	**316 472**	**10 947**	**15 513**	**35 730**	**70 084**	**-115 617**	**632 297**
Total liabilities	**273 450**	**175 976**	**116 363**	**1 977**	**14 178**	**31 494**	**16 743**	**-64 212**	**565 969**

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 2015.

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

30.06.2016	**Estonia**	**Latvia**	**Lit-huania**	**Finland**	**The Nether-lands**	**Ger-many**	**Other EU**	**USA**	**Other**	**Total**
Due from banks and investment companies	191 590	0	3 194	0	0	0	2 475	37 202	1 934	236 395
Financial assets at fair value	10 382	4 406	13 340	0	0	34 471	41 335	2	0	103 936
Loans and advances to customers	422 245	160	35 371	221	5	48	10 751	54	445	469 300
Receivables from customers	1 691	2	293	0	0	0	2	0	0	1 988
Other financial assets	108	0	0	0	0	0	0	797	0	905
Total financial assets	**626 016**	**4 568**	**52 198**	**221**	**5**	**34 519**	**54 563**	**38 055**	**2 379**	**812 524**
Deposits of customers and loans received	595 374	1 662	1 800	785	248	279	33 884	2 215	36 671	672 918
Subordinated dept	30 900	0	0	0	0	0	0	0	0	30 900
Accounts payable and other financial liabilities	25	0	0	0	0	0	0	0	0	25
Financial liabilities at fair value	19 746	0	518	27	0	0	13	3	0	20 307
Total financial liabilities	**646 045**	**1 662**	**2 318**	**812**	**248**	**279**	**33 897**	**2 218**	**36 671**	**724 150**

Unused loan commitments in the amount of EUR 127 466 thousand are for the residents of Estonia.

31.12.2015	**Estonia**	**Latvia**	**Lit-huania**	**Finland**	**The Nether-lands**	**Ger-many**	**Other EU**	**USA**	**Other**	**Total**
Due from banks and investment companies	209 268	0	1 784	0	874	0	1 081	15 786	1 708	**230 501**
Financial assets at fair value	7 501	3 838	3 327	0	0	36 944	47 454	11 051	1	**110 116**
Loans and advances 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 dept	30 900	0	0	0	0	0	0	0	0	**30 900**
Accounts payable and other financial liabilities	16 606	0	639	27	0	0	13	3	0	**17 288**
Financial liabilities at fair value	89	0	0	0	0	0	0	0	0	**89**
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 118 696 thousand are for the residents of Estonia.

NOTE 5 Breakdown of Assets and Liabilities by Contractual Maturity Dates

30.06.2016	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities by contractual maturity dates						
Deposits from customers and loans received	481 994	71 482	117 101	2 921	0	673 498
Subordinated debt	0	532	1 596	8 511	38 746	49 385
Accounts payable and other financial liabilities	0	20 307	0	0	0	20 307
Unused loan commitments	0	127 466	0	0	0	127 466
Financial guarantees by contractual amounts	0	5 390	0	0	0	5 390
Foreign exchange derivatives (gross settled)	0	23 543	0	0	0	23 543
Financial liabilities at fair value	0	25	0	0	0	25
Total liabilities	**481 994**	**248 745**	**118 697**	**11 432**	**38 746**	**899 614**
Financial assets by contractual maturity dates						
Due from banks and investment companies	236 395	0	0	0	0	**236 395**
Financial assets at fair value (debt securities)	0	67 404	10 013	7 999	9 459	**94 875**
Loans and advances to customers	0	43 844	140 109	308 276	34 638	**526 867**
Receivables from customers	0	1 988	0	0	0	**1 988**
Other financial assets	905	0	0	0	0	**905**
Foreign exchange derivatives	0	23 545	0	0	0	**23 545**
Total financial assets	**237 300**	**136 781**	**150 122**	**316 275**	**44 097**	**884 575**
Maturity gap from financial assets and liabilities	**-244 694**	**-111 964**	**31 425**	**304 843**	**5 351**	**-15 039**

31.12.2015	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities by contractual maturity dates						
Deposits from customers and loans received	433 027	66 578	110 230	23 284	716	**633 835**
Subordinated debt	0	532	1 596	8 511	39 810	**50 449**
Accounts payable and other financial liabilities	0	17 288	0	0	0	**17 288**
Unused loan commitments	0	118 696	0	0	0	**118 696**
Financial guarantees by contractual amounts	0	5 369	0	0	0	**5 369**
Foreign exchange derivatives (gross settled)	0	14 487	0	0	0	**14 487**
Financial liabilities at fair value	0	26	63	0	0	**89**
Total liabilities	**433 027**	**222 976**	**111 889**	**31 795**	**40 526**	**840 213**
Financial assets by contractual maturity dates						
Due from banks and investment companies	230 501	0	0	0	0	**230 501**
Financial assets at fair value (debt securities)	0	19 250	69 590	12 136	2 977	**103 953**
Loans and advances 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 financial assets	940	0	0	0	0	**940**
Foreign exchange derivatives	0	14 487	0	0	0	**14 487**
Total financial assets	**231 441**	**79 127**	**184 105**	**292 868**	**22 274**	**809 815**
Maturity gap from financial assets and liabilities	**-201 586**	**-143 849**	**72 216**	**261 073**	**-18 252**	**-30 398**

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

NOTE 6 Open Foreign Currency Positions

30.06.2016	**EUR**	**CHF**	**GBP**	**SEK**	**USD**	**Other**	**Total**
Assets bearing currency risk							
Due from banks and investment companies	224 286	1 739	6 402	949	1 658	1 361	236 395
Financial assets at fair value	75 272	0	0	3	28 660	1	103 936
Loans and advances to customers	468 051	0	0	1	1 239	9	469 300
Receivables from customers	1 848	0	17	0	117	6	1 988
Other financial assets	211	0	0	0	694	0	905
Total assets bearing currency risk	**769 668**	**1 739**	**6 419**	**953**	**32 368**	**1 377**	**812 524**
Liabilities bearing currency risk							
Deposits from customers and loans received	620 919	1 718	4 472	884	43 760	1 165	672 918
Financial liabilities at fair value	25	0	0	0	0	0	25
Accounts payable and other financial liabilities	5 497	45	12 962	55	1 259	489	20 307
Subordinated debt	30 900	0	0	0	0	0	30 900
Total liabilities bearing currency risk	**657 341**	**1 763**	**17 434**	**939**	**45 019**	**1 654**	**724 150**
Open gross position derivative assets at contractual value	0	0	11 010	0	12 483	52	**23 545**
Open gross position derivative liabilities at contractual value	23 543	0	0	0	0	0	**23 543**
Open foreign currency position	**88 784**	**-24**	**-5**	**14**	**-168**	**-225**	**88 376**

31.12.2015	**EUR**	**CHF**	**GBP**	**SEK**	**USD**	**Other**	**Total**
Assets bearing currency risk							
Due from banks and investment companies	218 849	1 638	1 101	587	7 338	988	**230 501**
Financial assets at fair value	71 894	0	0	1	38 213	8	**110 116**
Loans and advances to customers	408 804	0	0	79	1 070	44	**409 997**
Receivables from customers	1 945	0	0	0	81	0	**2 026**
Other financial assets	233	0	0	0	707	0	**940**
Total assets bearing currency risk	**701 725**	**1 638**	**1 101**	**667**	**47 409**	**1 040**	**753 580**
Liabilities bearing currency risk							
Deposits from customers and loans received	579 117	1 605	2 549	353	48 279	857	**632 760**
Financial liabilities at fair value	89	0	0	0	0	0	**89**
Accounts payable and other financial liabilities	4 015	45	2 902	308	9 219	799	**17 288**
Subordinated debt	30 900	0	0	0	0	0	**30 900**
Total liabilities bearing currency risk	**614 121**	**1 650**	**5 451**	**661**	**57 498**	**1 656**	**681 037**
Open gross position derivative assets at contractual value	0	0	4 360	0	10 127	0	**14 487**
Open gross position derivative liabilities at contractual value	14 487	0	0	0	0	0	**14 487**
Open foreign currency position	**73 117**	**-12**	**10**	**6**	**38**	**-616**	**72 543**

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	30.06.2016	Level 1	Level 2	Level 3	31.12.2015
Financial assets at fair value through profit and loss								
Shares and fund units*	581	9 007	0	**9 588**	352	6 349	0	**6 701**
Available-for-sale bonds and shares	603	0	0	**603**	3 508	0	0	**3 508**
Bonds at fair value through profit and loss	93 745	0	0	**93 745**	99 907	0	0	**99 907**
Total financial assets	**94 929**	**9 007**	**0**	**103 936**	**103 767**	**6 349**	**0**	**110 116**
Financial liabilities at fair value through profit and loss								
Interest rate swaps	0	**25**	0	**25**	0	**89**	0	**89**
Total financial liabilities	**0**	**25**	**0**	**25**	**0**	**89**	**0**	**89**

*Shares and fund units include the Group companies' AS LHV Varahaldus and Danske Capital investments into pension fund units in the amount of EUR 9 007 (31.12.2015: 6 349, only LHV Varahaldus) thousand. Pursuant to the Investment Funds Act, the mandatory shares of LHV Varahaldus and Danske Capital as the management companies is 1% of the number of units in each of the mandatory pension fund managed by it.

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 30.06.2016 the fair value of corporate loans and overdraft is EUR 523 thousand (0.16%) higher than their carrying amount (31.03.2016: 2 081 thousand, 0.69% higher) . 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 June 2016 and 31 March 2016. 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. Subordinated 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

	30.06.2016	%	31.12.2015	%
Individuals	105 474	22.1%	91 793	22.1%
Real estate activities	139 449	29.3%	106 836	25.8%
Manufacturing	42 055	8.9%	36 919	8.9%
Arts and entertainment	27 876	5.9%	25 724	6.2%
Financial activities	46 493	9.8%	46 887	11.3%
Wholesale and retail trade	15 459	3.3%	16 563	4.0%
Administrative and support service activities	11 668	2.5%	11 355	2.7%
Transportation and storage	12 680	2.7%	14 706	3.6%
Agriculture	7 791	1.6%	8 836	2.1%
Other service activities	23 535	5.0%	23 184	5.6%
Construction	10 792	2.3%	6 637	1.6%
Information and communication	7 943	1.7%	4 791	1.2%
Professional, scientific and technical activities	10 716	2.3%	2 482	0.6%
Education	662	0.1%	1 618	0.4%
Other sectors	11 859	2.5%	16 346	3.9%
Total	**474 452**	**100%**	**414 677**	**100%**
Provision	-5 152		-4 680	
Total loan portfolio	**469 300**	**100%**	**409 997**	**100%**

NOTE 9 Net Interest Income

Interest income	**Q2 2016**	**6M 2016**	**Q2 2015**	**6M 2015**
Balances with credit institutions and investment companies	23	55	24	44
Balances with the central bank	-240	-386	-36	-67
Bonds	115	224	98	213
Leasing	382	747	334	641
Leverage loans and lending of securities	178	296	193	404
Consumer loans	1 264	2 398	592	1 148
Hire purchase	1 960	3 955	1 616	3 152
Business loans	4 243	8 167	3 409	6 671
Creditcard loans	130	250	98	191
Other loans	310	582	157	302
Total	**8 365**	**16 288**	**6 485**	**12 699**
Interest expense				
Deposits of customers and loans received	-604	-1 209	-746	-1 441
Subordinated liabilities	-531	-1 061	-300	-597
including loans between related parties	-114	-228	*-100*	*-200*
Total	**-1 135**	**-2 270**	**-1 046**	**-2 038**
Net interest income	**7 230**	**14 018**	**5 439**	**10 661**

Interest income on loans by customer location (interest on bank balances and bonds excluded):	**Q2 2016**	**6M 2016**	**Q2 2015**	**6M 2015**
Estonia	6 789	12 988	4 925	9 626
Latvia	0	11	6	16
Lithuania	1 678	3 396	1 468	2 867
Total	**8 467**	**16 395**	**6 399**	**12 509**

NOTE 10 Net Fee and Commission Income

Fee and commission income	Q2 2016	6M 2016	Q2 2015	6M 2015
Security brokerage and commissions paid	725	1 358	605	1 194
Asset management and similar fees	3 392	5 940	2 669	5 077
Currency conversion revenues	112	386	91	251
Fees from cards and payments	808	1 580	409	730
Fees related to collection of debts	0	0	2	4
Fee from Snoras's portfolio management*	0	45	75	159
Other fee and commission income	266	507	206	379
Total	**5 303**	**9 816**	**4 057**	**7 794**
Fee and commission expense				
Security brokerage and commissions paid	-219	-395	-156	-305
Expenses related to cards	-241	-441	-144	-274
Expenses related to acquiring	-282	-577	-80	-95
Other fee and commission expense	-251	-439	-77	-178
Total	**-993**	**-1 852**	**-457**	**-852**
Net fee and commission income	**4 310**	**7 964**	**3 600**	**6 942**

* Mokilizingas was providing till Q2 2016 portfolio administration services to Snoras Bank, to whom the portfolio was sold in 2011.

Fee and commission income by customer location:	Q2 2016	6M 2016	Q2 2015	6M 2015
Estonia	5 061	9 277	3 724	7 127
Finland	0	0	3	8
Latvia	0	17	25	48
Lithuania	186	419	268	515
Sweden	0	0	37	96
Luxembourg	56	103	0	0
Total	**5 303**	**9 816**	**4 057**	**7 794**

NOTE 11 Operating Expenses

	Q2 2016	6M 2016	Q2 2015	6M 2015
Wages, salaries and bonuses	2 647	5 092	2 072	4 042
Social security and other taxes*	857	1 637	653	1 268
Total personnel expenses	**3 504**	**6 729**	**2 725**	**5 310**
IT expenses	430	873	301	641
Information services and bank services	173	348	180	343
Marketing expenses	797	1 885	742	1 582
Office expenses	139	284	87	215
Transportation and communication expenses	69	125	53	103
Staff training and business trip expenses	101	193	90	147
Other outsourced services	822	1 511	630	1 250
Other administrative expenses	494	913	353	614
Depreciation of non-current assets	235	440	165	318
Operational lease payments	237	475	226	443
Other operating expenses	100	154	38	72
Total other operating expenses	**3 597**	**7 201**	**2 865**	**5 728**
Total operating expenses	**7 101**	**13 930**	**5 590**	**11 038**

*lump-sum payment of social, health and other insurances

NOTE 12 Discontinued operations

Profit from discontinued operations	Q2 2016	6M 2016	Q2 2015	6M 2015
Other financial income	0	0	0	2 936
Total expenses	0	0	0	-678
Net profit from discontinued operations	**0**	**0**	**0**	**2 258**

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

	30.06.2016	31.12.2015
Term deposits with maturity less than 3 months*	59 310	30 657
Legal reserve with the central bank	6 716	6 138
Other receivables from central bank*	170 369	193 706
Total	**236 395**	**230 501**
*Cash and cash equivalents in the Statement of Cash Flows	229 679	224 363

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 37 375 thousand (31 December 2015: EUR 15 922 thousand). All other demand and term deposits are held with credit institutions and the central bank.

The minimum reserve requirement as at 30 June 2016 was 1% (31 December 2015: 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	Individuals	Legal entities	Public sector	30.06.2016
Demand deposits	163 627	317 082	1 285	481 994
Term deposits	77 307	101 711	10 204	189 222
Loans received	0	0	914	914
Accrued interest liability	372	402	14	788
Total	**241 306**	**419 195**	**12 417**	**672 918**

Deposits/loans by type	Individuals	Legal entities	Public sector	31.12.2015
Demand deposits	127 084	303 153	2 573	432 810
Term deposits	81 949	98 242	3 478	183 669
Loans received	0	13 000	2 510	15 510
Accrued interest liability	322	424	25	771
Total	**209 355**	**414 819**	**8 586**	**632 760**

Loans received include loans granted by the Estonian Rural Development Foundation in the amount of EUR 914 thousand (31 December 2015: EUR 2 510 thousand) for the purpose of financing loans to small companies in rural areas and overdraft received. The loan from the European Central Bank in the amount of EUR 13 000 thousand was paid back during the reporting period (the balance as of 31 December 2015: EUR 13 000 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	30.06.2016	31.12.2015
Trade payables and payables to merchants	2 352	3 022
Other short-term financial liabilities	360	473
Accrued interest on subordinated loans	204	205
Payments in transit	17 266	13 455
Financial guarantee contracts issued	125	133
Subtotal	**20 307**	**17 288**
Non-financial liabilities		
Performance guarantee contracts issued	152	158
Tax liabilities	773	933
Payables to employees	1 338	1 083
Other short-term liabilities	926	675
Subtotal	**3 189**	**2 849**
Total	**23 496**	**20 137**

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 June 2016	9 478	5 390	127 466	**142 334**
Liability in the contractual amount as at 31 December 2015	7 853	5 369	118 696	**131 918**

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. For calculation of diluted earnings per share for 2015 the annual average potential shares from subordinated bonds is used. The last convertible bonds were redeemed in October 2015.

	Q2 2016	6M 2016	Q2 2015	6M 2015
Total profit (incl. discontinued operations) attributable to owners of the parent (EUR thousand)	4 555	7 574	2 796	7 699
Weighted average number of shares (in thousands of units)	24 356	23 856	23 356	23 356
Basic earnings per share (EUR)	0.19	0.32	0.12	0.33
Weighted average number of shares used for calculating the diluted earnings per shares (in thousands of units)	24 836	24 336	24 114	24 044
Diluted earnings per share (EUR)	0.18	0.31	0.11	0.32

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 30.06.2016 was 109 394 thousand euros (31.12.2015: 97 699 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	**30.06.2016**	**31.12.2015**
Paid-in share capital	25 356	23 356
Share premium	45 892	33 992
Reserves	1 580	895
Other reserves	-30	-23
Accumulated loss	10 517	-2 503
Intangible assets (subtracted)	-8 486	-1 734
Profit for the reporting period	2 051	10 879
Non-controlling interest	1 614	1 937
Total Tier 1 capital	**78 494**	**66 799**
Subordinated liabilities	30 900	30 900
Total Tier 2 capital	**30 900**	**30 900**
Total net own funds	**109 394**	**97 699**

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;
- members of the management board 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	6M 2016	6M 2015
Interest income	**30**	**24**
incl. management	7	1
incl. shareholders and their related entities that have significant influence	23	23
Interest expenses from deposits	**0**	**19**
incl. management	0	0
incl. shareholders and their related entities that have significant influence	0	19
Interest expenses from subordinated loans	**228**	**199**
incl. management	14	11
incl. shareholders and their related entities that have significant influence	214	188

Balances	30.06.2016	31.12.2015
Loans and receivables as at the year-end	**1 494**	**2 458**
incl. management	624	641
incl. shareholders and their related entities that have significant influence	870	1 817
Deposits as at the year-end	**12 379**	**13 409**
incl. management	544	764
incl. shareholders and their related entities that have significant influence	11 835	12 645
Subordinated loans as at the year-end	**6 113**	**6 113**
incl. management	397	397
incl. shareholders and their related entities that have significant influence	5 716	5 716

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 Q2, salaries and other compensations paid to the management of the parent AS LHV Group and its subsidiaries totalled EUR 313 thousand (Q2 2015: EUR 336 thousand), including all taxes. As at 30.06.2016, remuneration for June and accrued holiday pay in the amount of EUR 107 thousand (31.12.2015: EUR 100 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 30.06.2016 and 31.12.2015 (pension liabilities, termination benefits, etc.). In Q2 2016, the remuneration paid to the members of the Group's Supervisory Board totalled EUR 10 thousand (Q2 2015: EUR 10 thousand).

Management is related to the share-based compensation plan. In Q2 2016 the share-based compensation to management amounted to EUR 99 thousand (Q2 2015: EUR 51 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 25 356 005 ordinary shares, with a nominal value of 1 euro.

As at 30 June 2016, AS LHV Group has 5 345 shareholders:

- 12 992 796 shares (51.2%) were held by members of the Supervisory Board and Management Board, and related parties.
- 12 363 209 shares (48.8%) were held by Estonian entrepreneurs and investors, and related parties.

Top ten shareholders as at 30 June 2016:

Number of	Participation	Name of shareholder
3 357 920	13.2%	AS Lõhmus Holdings
2 938 367	11.6%	Rain Lõhmus
1 638 844	6.5%	Andres Viisemann
1 418 000	5.6%	Ambient Sound Investments OÜ
1 210 215	4.8%	OÜ Krenno
999 456	3.9%	AS Genteel
951 978	3.8%	AS Amalfi
696 297	2.7%	OÜ Kristobal
653 165	2.6%	SIA Krugmans
576 667	2.3%	Bonaares OÜ

Shares held by members of the Management Board and Supervisory Board

Erkki Raasuke holds 81 436 shares.
Rain Lõhmus holds 2 938 367 shares, AS Lõhmus Holdings 3 357 920 shares and OÜ Merona Systems 240 000 shares.
Andres Viisemann holds 1 638 844 shares, Viisemann Holdings OÜ holds 434 925 shares and Viisemann Investment AG holds 400 000 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 999 456 shares.
Heldur Meerits does not hold shares. AS Amalfi holds 951 978 shares.
Raivo Hein does not hold shares. OÜ Kakssada Kakskümmend Volti holds 529 690 shares.
Sten Tamkivi holds 355 shares. OÜ Seikatsu holds 1 825 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

AS LHV Finance
Supervisory board: Erki Kilu, Rain Lõhmus, Veiko Poolgas, Jaan Koppel
Management board: Kalev Karus

OÜ Cuber Tehnology
Management board: Rain Lõhmus

UAB Mokilizingas
Supervisory board: AS LHV Group, AS LHV Pank, UAB „K2Z", KŪB „RAZFin
Management board: Erki Kilu, Jurgis Rubazevicius, Benas Pavlauskas, Mantas Jonuška
CEO: Benas Pavlauskas

Signatures of the Management Board to the Condensed Consolidated Interim Report

The Management Board has prepared the summary of results for January to June 2016 period the condensed consolidated interim financial statements of AS LHV Group for the 6-month period ended 30 June 2016.

The management board confirms that according to their best knowledge the interim report presents a fair view of LHV Group AS's assets, liabilities, financial position and profit or loss of the issuer and the entities involved in the consolidation as a whole according to the International Financial Reporting Standards as they are adopted by the European Union and contains a description of the main risks and doubts.

18.07.2016

Erkki Raasuke