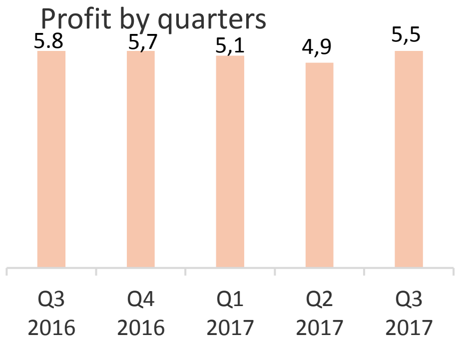
Interim Report January – September 2017 Summary of Results

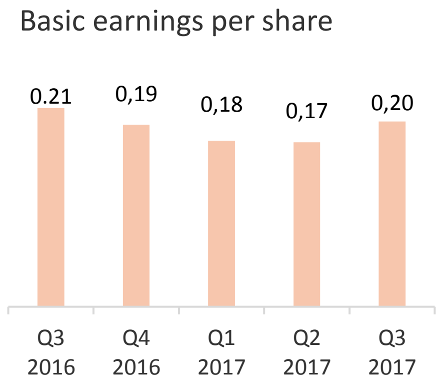
Q3 2017 in comparison with Q2 2017

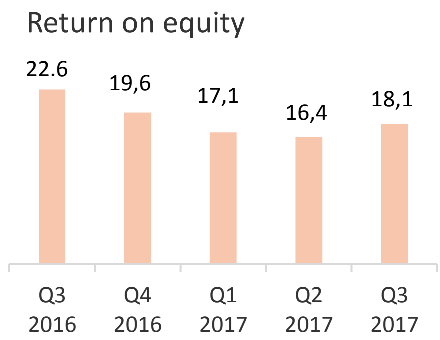
- Net profit EUR 5.5 m (EUR 4.9 m), of which EUR 5.0 m (EUR 4.4 m) is attributable to owners of the parent
- Earnings per share EUR 0.20 (EUR 0.17)
- Net income EUR 14.6 m (EUR 14.8 m)
- Operating expenses EUR 7.8 m (EUR 7.9 m)
- Loan provisions EUR 1.3 m (EUR 1.8 m)
- Return on equity 18.1% (16.4%)
- Capital adequacy 19.2% (19.4%)

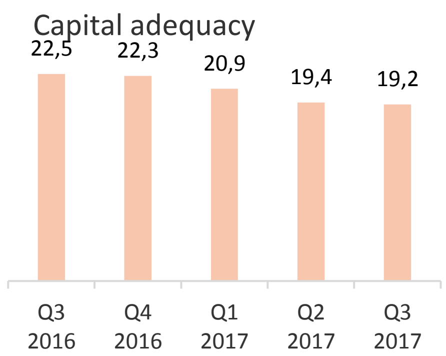
Q3 2017 in comparison with Q3 2016

- Net profit EUR 5.5 m (EUR 5.8 m), of which EUR 5.0 m (EUR 5.3 m) is attributable to owners of the parent
- Earnings per share EUR 0.20 (EUR 0.21)
- Net income EUR 14.6 m (EUR 13.5 m)
- Operating expenses EUR 7.8 m (EUR 7.2 m)
- Loan provisions EUR 1.3 m (EUR 0.5 m)
- Return on equity 18.1% (22.6%)
- Capital adequacy 19.2% (22.5%)









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

Dear investor in LHV,

LHV showed excellent results in Q3. We succeeded in proving the hypothesis that there is enough room in Estonia for LHV to grow multiple times. Compared to Q2, the Bank's customer base grew by 5,000 and the loan portfolio by EUR 48 million. We also achieved record levels of customer activity in payments, card transactions and acceptance of card transactions.

At the same time, we see ourselves more and more as a company who wishes to succeed in tight international competition and seize new business opportunities in a changing world. We acknowledge that changes take place, regardless of whether we are ready or not. LHV prefers to keep pace with the change. We are therefore making a continual effort to expand to the British market.

Opening an LHV Bank branch in London will help us to better serve our customers in the financial technology industry. These are the companies playing the key role in open, borderless banking. As a rule, the financial service infrastructure is closed and expensive. Our role is to serve as a link between technology companies and infrastructure, offering a complete solution to payment system access, acceptance of card payments, electronic banking channels or liquidity management. We are planning to start offering real-time EUR and GBP payment services in the next two years. It would allow us to provide services to a considerable number of payment service providers. LHV stands apart from other banks, when it comes to speed of decision and flexibility of action. This provides us with a clear advantage in setting up a customer relationship.

Separate mention must be made of the 400 client agreements concluded via video identification in Q3. This is a new approach on the Estonian banking market, and a relatively good start. We are expecting a growing interest in video identification among customers, along with an increase in the number of client agreements concluded. Among others, video identification could be a good choice for customers in cities already accommodating LHV's ATMs and benefiting from our housing loan capacity (e.g. Pärnu, Viljandi and Rakvere). All other services in LHV Bank can be rendered via electronic channels. This is why we have made an effort to enhance the convenience of our services. In addition to the internet bank, our loan agreements can now also be accessed via the mobile bank.

The new season of investment services started in Q3. The interest in investing is strong and ever-growing, as evident in the seminars held in both Estonian and Russian, and the Börsihai (Stock Exchange Shark) investment game organised with Toomas the Investor at Äripäev. The Growth Account remains popular, allowing all investment enthusiasts to start out, regardless of the amount or experience.

LHV's pension funds are actively managed and stand apart from those of its competitors in this regard. This is evident in the major OTC investments in Estonia in the last quarters. Among other things, active management means that, when it comes to investing, our focus lies above all on new projects, rather than the purchase of existing assets. In July, we entered into a contract for the construction of two rental houses in Põhja-Tallinn at the expense of the pension funds. The difference in the pension fund investment strategy also means a difference in yield. We believe that, against the backdrop of a high-priced securities market, our investment strategy serves the long-term interests of our customers.

LHV's strong underlying trends are also supported by the Estonian economic environment. Estonia has succeeded in overcoming the long period of active lethargy, failing to reach its potential, and moved on to a period of strong economic growth. The growth in labour expenditure has stabilised, helping to improve corporate profits and contributing to a positive growth in productivity. These trends are more than welcome for economic equilibrium. The previous consumption-based growth would not be sustainable in the long term. Risks lie in the fact that the Estonian economic growth plays a key role in the construction sector, where the growth in volumes and rise in prices is somewhat worrying. Nonetheless, the outlook for the Estonian economy is good. Growth is broad-based, divided in terms of both economic sectors and consumption, export and investments.

The credit market has remained strong, characterised by a growth in loan volumes and a low debt level. All key credit products are growing, including corporate loans and housing loans, albeit the growth in corporate loans has somewhat decelerated in the last 6 months. The financial health of households is quite strong, with the loan-to-deposit ratio at a good level and improving due to a quicker growth in deposit volumes. The share of overdue loans has dropped to 1%, largely covered by write-downs.

The capital requirements established for LHV were lowered in Q3. Pursuant to the SREP assessment of the Financial Supervision Authority, the Supervisory Board of LHV Group decided, by adding the internal buffers, to establish the minimum total capital ratio at 15.06% (previously 16.19%).

Two major amendments in accounting standards will enter into force on 1 January 2018 - IFRS 9 and IFRS 15. The implementation of these regulations will also significantly affect LHV. IFRS 9 will trigger changes in provisioning. In addition to the customer's financial position, the changes in the economic environment, compared to the moment of issue of the loan will need to be taken into account for provisioning. We believe that the provisioning rate specified in our financial statements is largely sufficient in terms of IFRS 9.

The main impact of IFRS 15 has to do with the external costs incurred for engaging a customer. These costs will need to be charged to expenses over the customer's lifetime. So far, the sums paid for the sale of Asset Management's pension funds have been fully charged to expenses straight away. From the moment of the implementation of IFRS 15, the previously incurred expenses will need to be capitalised. The depreciated sales expenses made by Asset Management until 2016 amount to EUR 10.1 million. By this amount, we will increase the retained earnings as at 1 January 2018, as well as intangible assets (capitalised sales expenses). In future periods, we will start charging the capitalised sales expenses to costs over the efficient lifetime of customers.

The group's consolidated profit for Q3 amounted to EUR 5.5 million. This constitutes a EUR 0.6 million decrease from Q2 and a EUR 0.3 million increase from Q3 2016. The increase in the profit for Q3, compared to Q2, can be attributed, above all, to the decrease in loan write-downs in the amount of EUR 0.6 million. Profit was supported by high customer activity Return on equity held by LHV's shareholders amounted to 18.1% in Q3 2017.

The group's consolidated loan portfolio grew by EUR 49 million during the quarter (+ EUR 60 million in Q2) and consolidated deposits by EUR 260 million (+ EUR 210 million in Q2). The volume of funds managed by LHV grew by EUR 33 million in the quarter (+ EUR 14 million in Q2).

The bank posted EUR 4.0 million in profit in Q3, which is EUR 0.6 million more than in the previous quarter. Q3 is characterised by strong customer activity and a growth in loans and deposits. New customer numbers grew by 5,000 during the quarter, with the total number of customers exceeding 128,000.

The Bank's loan portfolio grew by EUR 48 million in Q3, amounting to EUR 647 million. Corporate loans showed the biggest growth among loan portfolios. Loan losses amounted to EUR 1.1 million in Q3 - EUR 0.8 million less than in Q2.

Deposits of customers grew by EUR 259 million in Q3 and reached EUR 1,280 million by the end of the quarter. Demand deposits grew by EUR 279 million, while term deposits shrank by EUR 21 million.

Asset Management posted a profit of EUR 1.7 million in Q3, surpassing the results for the previous quarter by EUR 0.1 million. Asset Management's net fee and commission income increased by EUR 0.1 million to EUR 3.3 million. The operating expenses of Asset Management remained on par with the previous quarter.

In June the share capital of Asset Management was reduced in the amount of EUR 6.6 million. This constituted an intra-group transaction, with the disbursement to LHV Group made in September. The reduction of the share capital was prompted by the pursuit of enhanced efficiency of capital management on the consolidation group level.

The total volume of funds managed by LHV grew by EUR 33 million during the quarter (+ EUR 14 million in Q2). The number of active 2nd-pillar customers grew by 0.3 thousand (by -0.9 thousand in Q2). Several changes occurred in the funds during the quarter: two 3rd-pillar funds were merged; the conditions and the depot bank of two funds were changed; we also published the information on the amendment of the conditions of the actively managed pension funds as of 2018.

Mokilizingas posted EUR 0.1 million in profit in Q3, which is EUR 0.1 million less than in the previous quarter. The financing portfolio grew by EUR 4.2 million during the quarter, amounting to EUR 38 million at the end of the quarter. The credit quality of the portfolio remains stable.

LHV’s outlook for the year ahead is good. We pursue growth in all business directions. The profit posted in the nine months of 2017 is EUR 0.3 million higher than the net profit estimated in the financial plan published in February 2017. The profit forecast of EUR 21.8 million will not be changed. In the medium term, we plan to grow on pace with the general market growth, by adding to our market share through provision of new and modern financial services.

Madis Toomsalu

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Financial Summary

Income statement EUR million	Q3 2017	Q3 2016	Year over year	9M 2017	9M 2016	Year over year
Net interest income	8.86	7.70	15%	25.63	21.72	18%
Net fee and commission income	5.70	5.38	6%	16.19	13.34	21%
Other financial income	0.07	0.45	-84%	1.40	1.80	-22%
Total net operating income	14.63	13.53	8%	43.22	36.86	17%
Other income	-0.04	-0.02	100%	-0.15	0.09	-267%
Operating expenses	-7.84	-7.16	9%	-23.46	-21.09	11%
Loan losses	-1.26	-0.50	152%	-3.19	-1.50	113%
Income tax expenses	-0.04	-0.06	-33%	-1.04	-0.21	395%
Net profit	5.45	5.79	-6%	15.38	14.15	9%
including attributable to owners of the parent	5.03	5.35	-6%	13.92	12.93	8%

Business volumes EUR million	Q3 2017	Q2 2017	Quarter over quarter	Q3 2016	Year over year
Loan portfolio	655.5	606.1	8%	478.3	37%
Financial investments	61.6	60.7	1%	77.7	-21%
Deposits of customers	1 268.2	1 008.2	26%	741.0	71%
Equity (including minority interest)	120.9	114.4	5%	101.8	19%
Equity (owners' share)	114.1	108.6	5%	97.3	17%
Volume of funds managed	1 067.3	1 034.6	3%	937.0	14%
Assets managed by bank	1 158.3	1 075.3	8%	908.4	28%

Ratios EUR million	Q3 2017	Q3 2016	Year over year	9M 2017	9M 2016	Year over year
Average equity (attributable to owners of the parent)	111.1	94.6	16.5	108.3	83.7	24.6
Return on equity (ROE), %	18.1	22.6	-4.5	17,14	20,6	-3,46
Return on assets (ROA), %	1.7	2.7	-1.0	1.3	1.7	-0.4
Interest-bearing assets, average	1 283.4	836.1	447.3	1 164.3	807.7	356.6
Net interest margin (NIM) %	2.76	3.68	-0.92	2.20	3.58	-1.38
Price spread (SPREAD) %	2.67	3.61	-0.94	2.17	3.52	-1.45
Cost/income ratio %	53.7	53.0	0.7	54.4	57.1	-2.7

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

Return on assets (ROA)= net profit for the quarter (share of owners of the parent) / average assets*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 global economic outlook has improved, compared to the beginning of the year, with expectations of a further growth in world economy for the year ahead. The recovery is supported by a noticeable upsurge in trade, growth in investments and industrial output, together with improving business and consumer confidence. At the same time, there is no long-term pressure on the core inflation monitored by the central banks, prompting continuation of the dovish monetary policy. The reversal of the interest rate cycle in the United States is also likely to herald a new era for Europe. Naturally, changes will take time. Growing asset values reflect the low-volatility environment created by the monetary policy of central banks, with investors accepting an increasingly lower long-term yield for the risk taken. Geopolitical tensions have been triggered by the missile tests in North Korea.

The feared elections in France and Germany failed to produce surprises, with the political risk thus dropping. The situation in Spain, conditioned by the Catalan independence referendum, remains tense. With no international support for the Catalan campaign for independence, it is likely that the situation will be solved by way of domestic political agreement. The next important milestone is the elections in Europe's fourth-largest economy, Italy, in the spring of 2018.

Economic growth in the euro area sped up to 2.3% in Q2. The last time we witnessed such a quick growth was more than 6 years ago. The general economic outlook has improved, manifesting on a larger scale, in more countries and sectors. Positive outlook is also creating the settings for the European Central Bank to start scaling down the monetary policy, albeit slowly. According to initial calculations, consumer prices rose by 1.5% in September. Inflationary pressures are low, expected to remain below the long-term average of 2.0%, established as the objective by the European Central Bank. The consensus forecasts a 2.1% economic growth in the euro area for this year, and 1.9% for the next year. Consumption is supported by a continual drop in unemployment and growth in the labour force participation rate, although there is no pressure on wages. The rise in production capacities indicates a growth in demand, but also the need for larger private sector investments. The improvement in foreign demand supports the economy both directly and indirectly. The strengthening of the euro against other currencies is seen as somewhat of a worry. If the trend continues, it will start exerting pressure on the export sector.

The Economic Sentiment Indicator of Estonia's key trade partners in Europe is close to the all-time high achieved during the economic boom in 2007. The improvement in the sentiment, compared to Q2, was the greatest in Lithuania and Finland. But the optimistic outlook for the future is also evident in other countries.

In Sweden, the economic growth accelerated to 3.1% in Q2, which can be considered an excellent result. Domestic demand remained strong. Investment volumes failed to meet expectations, but this was balanced by a strong foreign demand. The previous forecasts for an economic slow-down - perhaps even a welcome phenomenon in Sweden - have been postponed to next year. The consensus forecasts a 3.2% economic growth in Sweden for this year, and 2.5% for the next year. Estonia's interests revolve around the Swedish banks remaining investor-friendly and continual growth in Swedish import volumes, for which the outlook is good.

The Finnish economy continued at a good pace in Q2, growing by 3.0%. The economic sentiment is strong, on a broad basis. Domestic demand remains the driving engine - private consumption was growing the quickest since Q1 2012 and fixed investments the strongest since Q4 2007. The share of foreign demand is rising - net exports contributed nearly a third of the positive result for Q2. The consensus forecasts a 2.7% economic growth in Finland for this year, and 2.1% for the next year. Similarly to Sweden, Estonia's interests lie in further growth in Finnish import volumes. The corresponding outlook is good.

The economic growth in Lithuania - a major destination market for LHV - continued at a good pace, accelerating to 4.0% in Q2. The economic sentiment is strong, on a broad basis. Even more than domestic consumption, this was supported by the growth in foreign demand. The outlook for the upcoming years is excellent. Nonetheless, some changes are likely to occur in the driving engines - the growth in private consumption is expected to slow down due to a deceleration in real wage growth, which in turn will be balanced by the increase in investments. Similarly to Estonia, Lithuania is experiencing problems conditioned by the lack of qualified labour. These problems need to be addressed in a timely manner. The consensus forecasts a 3.7% economic growth in Lithuania for this year, and 3.4% for the next year.

Economic growth in Estonia sped up to 5.7% in Q2. This was supported mainly by the growth in investments, fuelled by the construction sector benefiting from state contracts. On the other hand, the inflation rate, which has rocketed this year, has significantly slowed the growth in private consumption. Consumer prices increased by 3.7% in September. Despite continuation of the quick growth in wages, corporate profits have recovered.

Against the backdrop of a strong first half-year and a positive outlook, economic optimism has increased in Estonia. The sentiment indicators reflecting the different sectors have risen to six-year highs, with the sentiment indicator for retail sales being the only exception. The Ministry of Finance raised the economic growth forecast significantly in September. A growth of 4.3% is expected for the year. With the recovery of investments and an improvement in foreign demand, economic growth has become more broad-based. A growth of 3.3% is forecast for 2018. The role of private consumption is increasing, positively influenced by the rapid increase in income-tax-free minimum wage and low inflation. The key problems revolve around shortage of labour and its potential magnification in connection with the increase in general government expenditure. The priority lies in the achievement of sustainable, long-term economic growth, balanced between the different sectors.

LHV is expecting the positive trends in the Estonian economy to continue in the next twelve months. The economy will continue to grow quickly and exceed the potential long-term sustainability level. The lack of available resources will lay a stronger emphasis on corporate adaptability and productivity enhancement. This requires continuation of additional investments.

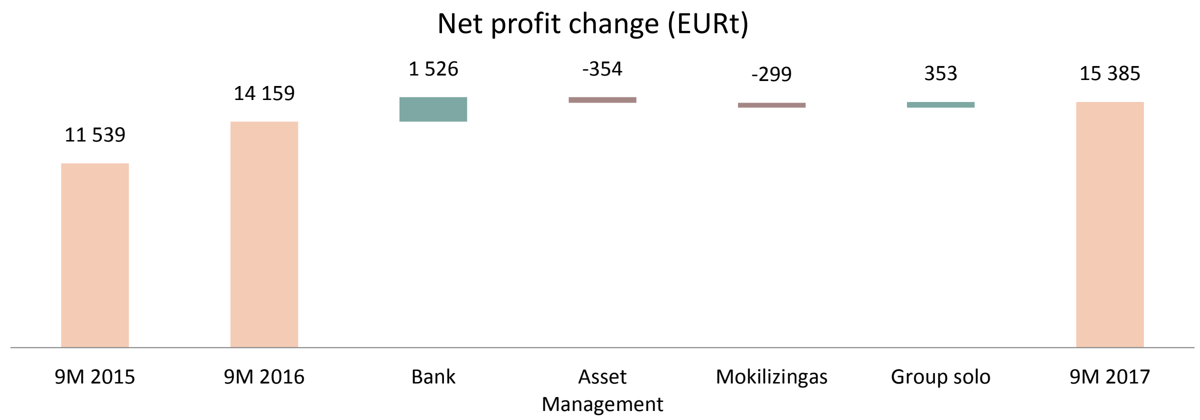
By economic sectors, the risks remain higher-than-average in the overheating construction sector, transport and warehousing, as well as the processing industry, which is facing wage pressures. LHV is taking an increasingly conservative approach to the real estate market, carefully monitoring the dynamics on the local and Scandinavian markets. Rental property projects involve a risk of insufficient demand for absorbing the developed volumes in the near future, with corrections expected in either rental prices or vacancy rates.

On a positive note, the financing environment remains favourable. The quick growth in the balance of loans taken from credit institutions continues, but has somewhat slowed down, compared to Q1. The balance of housing loans is steadily growing. 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

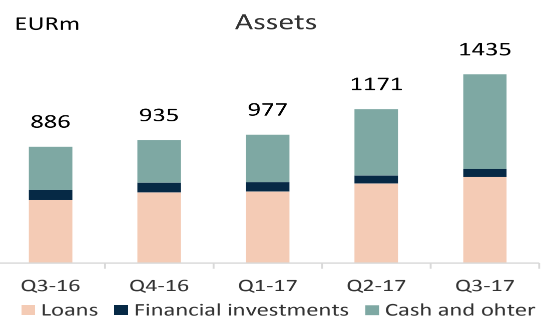
Compared to Q2, the Group's net interest income increased in Q3 by 3%, standing at EUR 8.9 (Q2: 8.6) million. Net fee and commission income increased by 9% and stood at EUR 5.7 (Q2: 5.2) million. Financial income decreased by 92% and stood at EUR 0.07 (Q2: 0.9) million. In total, the net income of the Group decreased by 1% in Q3, compared to Q2 2017, amounting to EUR 14.6 (Q2: 14.8) million, with expenses decreasing by 1% and amounting to EUR 7.8 (Q2: 7.9) million. The Group's operating profit for Q3 amounted to EUR 6.8 (Q2: 6.7) million. Impairments amounted to EUR 1.3 (Q2: 1.8) million in Q3. The Group's total profit for Q3 amounted to EUR 5.5 million (Q2: 4.9). Compared to Q3 2016, the Group's net interest income increased by 15% and net fee and commission income by 6%.

In terms of business entities, AS LHV Pank posted in Q3 a consolidated profit of EUR 4.0 million, AS LHV Varahaldus a profit of EUR 1.7 million and UAB Mokilizingas a profit of EUR 0.1 million. The AS LHV Group on solo bases posted a loss of EUR 0.3 million.



The Group's volume of deposits as at the end of Q3 amounted to EUR 1 268 (Q2: 1 008) million, of which demand deposits formed EUR 1 144 (Q2: 863) million and term deposits EUR 124 (Q2: 145) million.

As at the end of Q3, the volume of loans granted by the Group amounted to EUR 656 (Q2: 606) million, increasing in Q3 by 8%. Compared to Q3 2016, the volume of the Group's deposits has increased by 71% and the volume of loans by 37%.



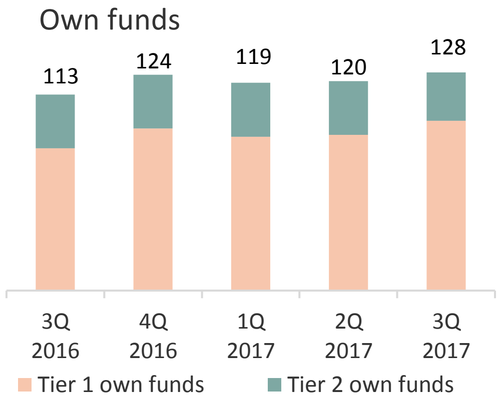
The Group's Liquidity, Capitalisation and Asset Quality

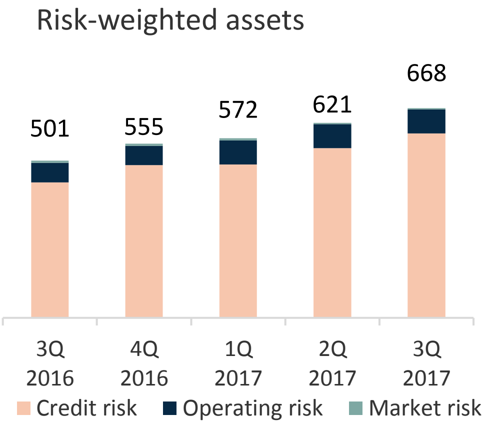
As at 30 September 2017, the Group's own funds stood at EUR 128.4 million (31 December 2016: EUR 123.9 million). In Q3 the level of own funds increased by including the Q1 and Q2 profit to own funds.

Compared to Group's internal capital adequacy ratio target 16.19%, the Group is well capitalised as at the end of the reporting period, with the capital adequacy ratio amounting to 19.2% (31 December 2016: 22.3%).

The Group's liquidity coverage ratio (LCR), as defined by the Basel Committee, stood at 119.06% as at the end of September (31 December 2016: 222%). Banks liquidity situation remained same in Q3, lower LCR levels are related to significantly higher financial intermediates deposits what Bank covers 100% with liquid assets. The Group recognises cash and bond portfolios as liquidity buffers. These accounted for 52% of the balance sheet (31 December 2016: 40%). The ratio of loans to deposits stood at 52% as at the end of the third quarter (31 December 2016: 70%). Group's maturity structure is presented in Note 5.

The Group's credit quality was good. As at the end of September, provisions for estimated loan losses amounted to EUR 8.4 million in the balance sheet, i.e. approximately 1.3% of the loan portfolio (31 December 2016: EUR 5.7 million, 1.1%). Estimated loan losses make up 123.2% (31 December 2016: 210.4%) of the portfolio of loans overdue for more than 90 days. The increase in overdue loans is related to few clients



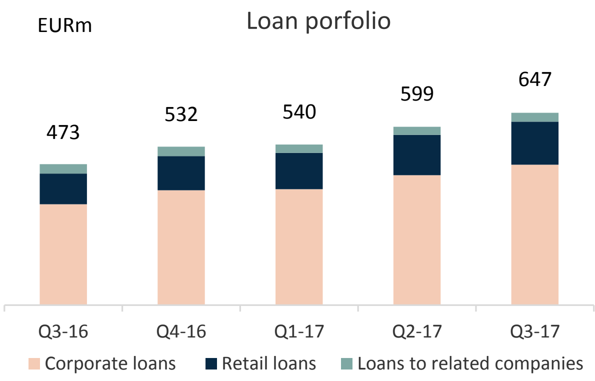


EUR thousand	30.09.2017	Proportion	31.12.2016	Proportion
Loans to customers	663 941		543 382	
including overdue loans:	41 930	6.3%	10 654	2.0%
1-30 days	14 224	2.1%	4 651	0.9%
31-60 days	16 644	2.5%	2 638	0.5%
61-90 days	4 235	0.6%	637	0.1%
91 and more days	6 827	1.0%	2 729	0.5%
Impairment of loans	-8 409	-1.3%	-5 741	-1.1%
Impairment % of loans overdue for more than 90 days	123.2%		210.4%	

Capital base	30.09.2017	31.12.2016	31.12.2015
Paid-in share capital	25 767	25 356	23 356
Share premium	46 304	45 892	33 992
Statutory reserves transferred from net profit	2 471	1 580	895
Other reserves	42	-40	-23
Accumulated deficit	24 468	10 517	-2 503
Intangible assets (subtracted)	-7 952	-8 114	-1 734
Net profit for the reporting period	6 416	17 816	13 705
Non-controlling interest	0	0	1 945
Total Tier 1 capital	**97 516**	**93 007**	**69 633**
Subordinated debt	30 900	30 900	30 900
Total Tier 2 capital	**30 900**	**30 900**	**30 900**
Net own funds for capital adequacy	**128 416**	**123 907**	**100 533**
Capital requirements			
Central governments and central bank under standard method	960	1 498	0
Credit institutions and investment companies under standard method	4 677	7 415	5 949
Companies under standard method	395 898	334 314	232 779
Retail claims under standard method	130 694	114 689	106 445
Public sector under standard method	182	216	0
Housing real estate under standard method	14 776	7 079	0
Overdue claims under standard methods	24 593	2 313	7 758
Investment funds' shares under standard method	6 228	10 886	6 369
Shares under standard method	50	0	0
Other assets under standard method	9 584	7 610	5 712
Total capital requirements for covering the credit risk and counterparty credit risk	**587 642**	**486 020**	**365 012**
Capital requirement against foreign currency risk under standard method	3 353	5 032	6 527
Capital requirement against interest position risk under standard method	412	1 709	2 342
Capital requirement against equity portfolio risks under standard method	615	601	87
Capital requirement against credit valuation adjustment risks under standard method	26	24	0
Capital requirement for operational risk under base method	75 999	61 812	44 367
Total capital requirements for adequacy calculation	**668 047**	**555 198**	**418 334**
Capital adequacy (%)	**19.22**	**22.32**	**24.03**
Tier 1 capital ratio (%)	**14.60**	**16.75**	**16.65**

Overview of AS LHV Pank Consolidation Group

- (Net) growth in deposit volume in Q3 – EUR 258 million
- (Net) growth in loan volume EUR 48 million
- Clients activity at record level



EUR million	Q3 2017	Q2 2017	Change %	Q3 2016	Change %	From the beginning of 2017	From the beginning of 2016	Change %
Net interest income	7.93	7.66	4%	6.60	20%	22.75	18.38	24%
Net fee and commission income	2.14	1.81	18%	1.47	46%	5.77	3.95	46%
Other financial income	0.03	0.88	-97%	0.30	-92%	1.16	1.55	-25%
Total net operating income	10.10	10.35	-2%	8.37	21%	29.68	23.88	24%
Other income	0.00	-0.05	-102%	0.04	-97%	-0.04	0.36	-110%
Operating expenses	-5.04	-5.06	0%	-4.34	16%	-15.01	-13.07	15%
Loan losses	-1.10	-1.88	-42%	-0.37	201%	-3.05	-1.09	180%
Net profit	3.96	3.36	18%	3,71	7%	11.60	10.07	15%
Loan portfolio	647	599	8%	473	37%			
Financial investments	55	54	2%	67	-18%			
Deposits of customers	1 280	1 022	25%	754	70%			
Subordinated liabilities	20	20	0%	20	0%			
Equity	95	88	8%	72	33%			

Q3 was successful in terms of business volumes. LHV Bank generated EUR 7.9 million in net interest income and EUR 2.1 million in net fee and commission income. In total, the bank's net income amounted to EUR 10.1 million, expenditure to EUR 5.0 million and loan provisions to EUR 1.1 million. The net profit of LHV Bank amounted to EUR 4.0 million in Q3. This constitutes a 18% increase from Q.2 (3.4) and a 7% increase from Q3 2016 (3.7). Net interest income increased 4% compared to previous quarter. Net fee and commission income increased 18% compared to Q2. Net operating income decreased by 2% compared to previous quarter. In Q3 other financial expenses amounted to EUR 0.03 million (Q2: 0.9 million).

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 Q3, the total volume of the bank's loan portfolios amounted to EUR 647 million (Q2: EUR 599 million). The volume of portfolios grew 8% over the quarter.

The corporate credit portfolio that contains loans and guarantees grew by EUR 133.3 million on an annualised basis (+39%) and EUR 33.9 million on a quarterly basis (+8%). The main source of growth was real estate management, which has traditionally been well financed by commercial banks, growing by EUR 47.6 million (+37%). Commercial real estate projects with a strong rental flow were the greatest contributor to growth, followed by loans issued for financial activities, often including the activities of holding companies related to the financing of corporate purchases. Compared to the previous year, loans for financial activities grew by EUR 26.8 million (+42%). Loans issued to the processing industry grew by EUR 25.3 million (+64%).

The greatest contributors to portfolio growth, compared to Q2, included loans and guarantees issued for real estate management (EUR 20.4 million; +13%), processing industry (EUR 11.1 million; +14%), wholesale and retail, as well as motor vehicles sales and repair (EUR 1.5 million; +13%).

The largest amount of corporate loans was granted to the real estate sector, which accounts for 38% of the bank's total portfolio of corporate loans. A bulk of the real estate loans have been issued for projects with a high-quality rent flow. Real estate development ranks second, far behind. A bulk of the real estate developments financed are located in Tallinn, with a few in other major Estonian cities. LHV's market share in the financing of new developments in Tallinn was approximately 25% at the end of Q3 2017. LHV's real estate development portfolio is well-positioned for potential changes in market trends – the financed projects have a good location, with the average risk to price ratio standing at 50%.

Alongside the real estate sector, the greatest volume of credit was provided to companies pursuing financial activities (share: 19%), as well as the processing industry (share: 14%). As regards sectors with a higher-than-average risk, accommodation and catering contributes 1%, construction 3% and transport and warehousing 1% of the total portfolio volume.

The Bank's customer base grew by 5,000 during the quarter. The customer's use of payment services as well as initiation and acceptance of card payments reached record levels during the quarter.

The volume of deposits grew by EUR 259 million during the quarter, with the loan portfolio growing by EUR 48 million. For the second quarter in a row, the main contributor to the growth in deposit volumes (EUR 233 million) was a corporate customer involved in financial technology, with a quick growth in business volumes. The Bank has imposed a negative interest rate on the balance of demand deposits of customers, as the deposits are kept liquid by the Bank in their full extent. Corporate loans showed a strong growth of EUR 34 million. Retail loans grew by EUR 12 million.

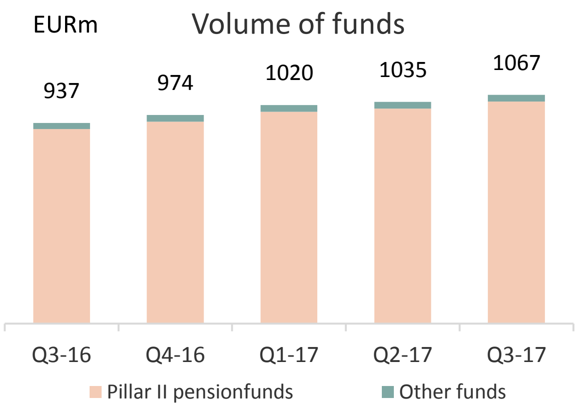
Due to the quicker-than-expected growth in the loan portfolio, the Bank's share capital was increased by EUR 3 million in Q2. The profit for the quarter amounted to EUR 4.0 million.

As a result of the annual capital requirements evaluation process, the Bank's additional own funds requirement was lowered from 1.89% to 1.01% and the internal minimum total capital ratio from 16.19% to 15.06%.

As a new service, the Bank made loan agreements accessible to all internet and mobile bank customers. As an extra, the option of premature termination of standard credit agreements was added for internet bank customers.

Overview of AS LHV Varahaldus

- Fund volumes grew by EUR 33 million
- Focus on direct investments in Estonia



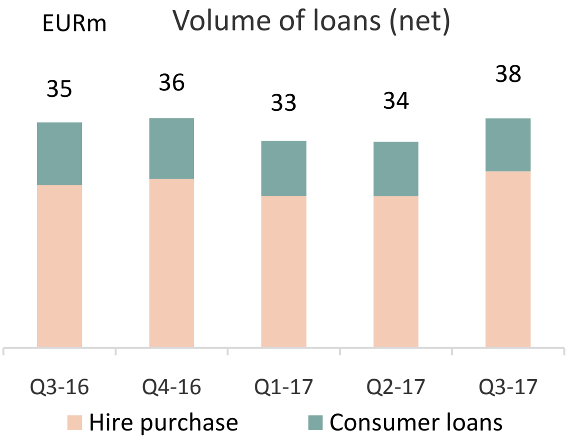
EUR million	Q3 2017	Q2 2017	Change %	Q3 2016	Change %	From the beginning of 2017	From the beginning of 2016	Change %
Net fee and commission income	3.34	3.21	4%	3.79	-12%	9.85	9.02	9%
Net financial income	0.01	0.00	-	0.11	-91%	0.12	0.13	-8%
Operating expenses	-1.67	-1.60	4%	-1.75	-5%	-5.0	-4.79	4%
Profit	1.68	1.61	4%	2.15	-22%	4.97	4.36	14%
Financial investments	6.2	6.2	0%	10.2	-39%			
Subordinated liabilities	2.1	2.1	0%	2.1	0%			
Equity	15.0	13.0	15%	19.2	-22%			
Assets under management	1 067.3	1 034.6	3%	937.0	14%			

The operating income of LHV Asset Management amounted to EUR 3.34 million in Q3 (EUR 3.20 million in Q2). The growth in operating income can be attributed to the growth in total fund volume during the quarter. Operating expenses amounted to EUR 1.57 million in Q3 (EUR 1.49 million in Q2). The increase in sales expenses in Q3 was due to the end of the 2nd-pillar sales season. At the same time, the depository costs of fund assets decreased. The company posted EUR 1.68 million in profit in Q3 (EUR 1.61 million in Q2).

The total volume of funds grew by EUR 33 million (EUR 14 million in Q2). The number of active 2nd-pillar customers grew by 0.3 thousand (by 0.9 thousand in Q2). Unlike the pension funds of LHV's competitors, the pension funds of LHV are actively managed, investing mostly in OTC instruments and in Estonia. As regards investments, LHV's focus lies mainly on new projects, rather than the purchase of existing assets. In July, for instance, a contract was concluded at the expense of the pension funds on the construction of two rental houses in Põhja-Tallinn. The difference in the pension fund investment strategy also means a difference in yield. We believe that, against the backdrop of a high-priced securities market, our investment strategy serves the long-term interests of our customers. Such a strategy serves to ensure a stable growth but is bound to fall behind at a time when the global stock markets are rallying. In the first nine months of the year, passive and active investment strategies have yielded quite similar results: the passive LHV Pension Fund Index +2.19% and LHV's largest active fund LHV Pension Fund L +2.25%.

Several changes occurred in the funds during the quarter: two 3rd-pillar funds were merged; the conditions and the depot bank of two funds were changed; we also published the information on the amendment of the conditions of the actively managed pension funds as of 2018.

Overview of UAB Mokilizingas



EUR million	Q3 2017	Q2 2017	Change %	Q3 2016	Change %	From the beginning of 2017	From the beginning of 2016	Change %
Net interest income	1.1	1.1	0%	1.3	-15%	3.4	4.1	-17%
Net fee and commission income	0.2	0.2	0%	0.1	100%	0.4	0.4	50%
Operating expenses	-1.1	-1.2	-8%	-1.0	10%	-3.0	-3.0	10%
Loan losses	-0.16	0.04	-500%	-0.1	60%	-0.1	-0.4	-65%
Income tax expenses	-0.04	-0.02	100%	-0.1	-60%	-0.1	-0.3	-70%
Profit	0.08	0.2	-60%	0.2	-60%	0.6	0.8	-28%
Loan portfolio	38.0	35.0	9%	38.0	0%			
Equity	7.4	7.3	1%	5.8	28%			

Mokilizingas generated EUR 1.2 million net interest income during Q3 2017 with 8% decrease in comparison of Q3 2016. Total business expenses of Q3 2017 was EUR 1.0 million. When compared to Q3 2016 expenditures increased by 5%, which is related to increase in credit card costs. The net profit amounted EUR 0.1 million in Q3 2017.

In Hire Purchase segment Mokilizingas continues to work in a strong collaboration with main partners, launching seasonal campaigns and supporting the sales. Q3 2017 HP sales were increasing and amounted to EUR 12.3 million (EUR 10.3 million during Q3 2016). The number of contracts signed increased by 26%, average contract amount decreased by 5%. Margin slightly decreased compared to Q3 2016.

Consumer Loan sales amounted to EUR 1.6 million and decreased by 17% compared to Q3 2016. The number of contracts signed decreased by 18% and average contract amount increased by 1%. However, margins are higher than Q3 2016.

After the launch of Credit Card product total number of cards issued is still increasing. Credit limits are stable and above the expected level. Average spending per month is also higher than expected. Portfolio reached EUR 1.9 million. Objectives for Q4 2017 will be dedicated to the enhancement of card usage and product knowledge allocation to the customers. Especially concentrating on the existing card owners, to get in line and exploit high interest-bearing balance perspectives.

2017 Q4 will be dedicated to further optimizing internal processes and business development.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

(in thousands of euros)	Note	Q3 2017	9M 2017	Q3 2016	9M 2016
Continuing operations					
Interest income		10 228	29 187	9 010	25 684
Interest expense		-1 366	-3 554	-1 314	-3 970
Net interest income	9	**8 862**	**25 633**	**7 696**	**21 714**
Fee and commission income		6 832	19 958	6 326	16 142
Fee and commission expense		-1 137	-3 765	-951	-2 803
Net fee and commission income	10	**5 695**	**16 193**	**5 375**	**13 339**
Net gains/losses from financial assets measured at fair value		91	629	485	1 688
Foreign exchange gains/losses		-17	771	-36	106
Net gains from financial assets		**74**	**1 400**	**449**	**1 794**
Other income		0	17	9	149
Other expense		-38	-166	-26	-54
Total other income		**-38**	**-149**	**-17**	**95**
Staff costs	11	-3 508	-10 719	-3 048	-9 777
Administrative and other operating expenses	11	-4 327	-12 734	-4 108	-11 309
Total expenses		**-7 835**	**-23 453**	**-7 156**	**-21 086**
Profit before impairment losses on loans and advances		**6 758**	**19 624**	**6 347**	**15 856**
Share of result of associates		0	0	0	1
Impairment losses on loans and advances		-1 260	-3 193	-522	-1 497
Profit before tax		**5 498**	**16 431**	**5 847**	**14 360**
Income tax expense		-42	-1 046	-55	-201
Net profit for the reporting period	2	**5 456**	**15 385**	**5 792**	**14 159**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale investments:					
Revaluation of available-for-sale financial assets		19	82	-4	-11
Total profit and other comprehensive income for the reporting period		**5 475**	**15 467**	**5 788**	**14 148**
Total profit of the reporting period attributable to:					
Owners of the parent		5 027	13 917	5 345	12 919
Non-controlling interest		429	1 468	447	1 240
Total profit for the reporting period	2	**5 456**	**15 385**	**5 792**	**14 159**
Total comprehensive income attributable to:					
Owners of the parent		5 046	13 999	5 341	12 908
Non-controlling interest		429	1 468	447	1 240
Total comprehensive income for the reporting period		**5 475**	**15 467**	**5 788**	**14 148**
Basic earnings per share (in euros)	16	0.20	0.55	0.21	0.53
Diluted earnings per share (in euros)	16	0.19	0.54	0.21	0.52

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	30.09.2017	31.12.2016
Assets			
Due from central bank	4, 5, 6, 12	669 620	265 127
Due from credit institutions	4, 5, 6, 12	14 912	33 300
Due from investment companies	4, 6, 12	11 860	8 073
Available-for-sale financial assets	4, 6, 7	776	799
Financial assets at fair value through profit or loss	4, 6, 7	60 858	75 391
Loans and advances to customers	4, 6, 8	655 532	537 641
Receivables from customers		8 745	3 479
Other financial assets		2 321	941
Other assets		1 524	1 391
Tangible assets		1 084	1 191
Intangible assets		4 338	4 500
Goodwill		3 614	3 614
Total assets	2	**1 435 184**	**935 447**
Liabilities			
Deposits of customers and loans received	13	1 268 150	777 581
Financial liabilities at fair value through profit or loss	6	0	209
Accounts payable and other liabilities	14	15 228	19 031
Subordinated debt	6	30 900	30 900
Total liabilities	2	**1 314 278**	**827 721**
Owner's equity			
Share capital		25 767	25 356
Share premium		46 304	45 892
Statutory reserve capital		2 471	1 580
Other reserves		1 190	1 244
Retained earnings / accumulated deficit		38 387	28 335
Total equity attributable to owners of the parent		**114 119**	**102 407**
Non-controlling interest		6 787	5 319
Total equity		**120 906**	**107 726**
Total liabilities and equity		**1 435 184**	**935 447**

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	Q3 2017	9M 2017	Q3 2016	9M 2016
Cash flow from operating activities					
Interest received		10 543	29 339	8 654	24 756
Interest paid		-1 373	-3 836	-961	-3 164
Fees and commissions received		6 832	19 958	6 311	16 238
Fees and commissions paid		-1 137	-3 765	-948	-2 804
Other income		-38	-150	0	0
Staff costs paid		-3 375	-10 033	-3 136	-9 728
Administrative and other operating expenses paid		-4 034	-12 753	-3 968	-10 909
Cash flow from operating activities before change in operating assets and liabilities		**7 418**	**18 760**	**5 952**	**14 389**
Net increase/decrease in operating assets:					
Net acquisition/disposal of trading portfolio		734	231	4	-228
Loans and advances to customers		-55 355	-126 647	-9 902	-69 659
Mandatory reserve at central bank		-2 580	-4 950	-708	-1 287
Security deposits		-1 359	-1 380	4	39
Other assets		4 961	5 238	-228	-821
Net increase/decrease in operating liabilities:					
Demand deposits of customers		280 756	519 916	93 708	142 889
Term deposits of customers		-20 837	-28 294	-24 713	-19 160
Repayments of loans received		0	-779	-82	-14 678
Financial liabilities held for trading at fair value through profit and loss		0	-209	-46	-111
Other liabilities		-8 382	-10 507	-11 774	-8 357
Net cash generated from/used in operating activities		**205 356**	**371 379**	**52 215**	**43 016**
Cash flow from investing activities					
Purchase of non-current assets		-264	-736	-674	-1 268
Acquisition and disposal of associates		0	0	0	10
		0	0	0	-10 926
Proceeds from disposal and redemption of investment securities available for sale		88	106	-2 787	1 285
Net change of investments at fair value through profit or loss		-175	16 403	29 493	37 404
Net cash flow from investing activities		**-351**	**15 773**	**26 032**	**26 505**
Cash flows from financing activities					
Paid in share capital (incl. share premium)		194	822	0	13 900
Dividends paid		0	-3 803	0	0
Net cash from financing activities		**194**	**-2 981**	**0**	**13 900**
Effect of exchange rate changes on cash and cash equivalents	6	**-17**	**771**	**-36**	**106**
Net decrease/increase in cash and cash equivalents		**205 182**	**384 942**	**78 211**	**83 527**
Cash and cash equivalents at the beginning of the period		478 524	298 764	229 679	224 363
Cash and cash equivalents at the end of the period	12	**683 706**	**683 706**	**370 890**	**370 890**

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

(in thousands of euros)	Share capital	Share premium	Statutory reserve capital	Other reserves	Accumulated deficit/ retained earnings	Total	Non-controlling interest	Total equity
	Attributable to owners of LHV Group							
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	149	0	149	0	**149**
Profit for the year	0	0	0	0	3 019	3 019	447	**3 466**
Other comprehensive loss	0	0	0	641	0	641	0	**641**
Total profit and other comprehensive income for the reporting period	0	0	0	641	3 019	3 660	447	**4 107**
Balance as at 30.06.2016	**23 356**	**33 992**	**895**	**1 341**	**14 224**	**73 808**	**3 688**	**77 496**
Balance as at 01.01.2017	**25 356**	**45 892**	**1 580**	**1 244**	**28 335**	**102 407**	**5 319**	**107 726**
Transfer to statutory reserve capital	0	0	891	0	-891	0	0	**0**
Paid in share capital	411	412	0	0	0	823	0	**823**
Dividends paid	0	0	0	0	-3 804	-3 804	0	**-3 804**
Share options	0	0	0	-136	830	694	0	**694**
Profit for the year	0	0	0	0	13 917	13 917	1 468	**15 385**
Other comprehensive loss	0	0	0	82	0	82	0	**82**
Total profit and other comprehensive income for the reporting period	0	0	0	82	13 917	13 999	1 468	**15 467**
Balance as at 30.09.2017	**25 767**	**46 304**	**2 471**	**1 190**	**38 387**	**114 119**	**6 787**	**120 906**

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 2016.

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).

NOTE 2 Business Segments

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

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

Q3 2017	**Retail banking**	**Private banking**	**Corporate banking**	**Asset management**	**Hire-purchase and consumer finance in Estonia**	**Hire-purchase and consumer finance in Lithuania**	**Treasury activities**	**Intra-segment eliminations**	**Total**
Interest income	1 782	212	5 069	1	2 078	1 349	1 104	-1 367	10 228
Interest expense	0	0	-1 091	-42	-282	-219	-1 099	1 367	-1 366
Net interest income	**1 782**	**212**	**3 978**	**-41**	**1 796**	**1 130**	**5**	**0**	**8 862**
Fee and commission income	2 591	248	328	3 340	125	218	-18	0	6 832
Fee and commission expense	-905	0	-32	0	-190	-4	-6	0	-1 137
Net fee and commission income	**1 686**	**248**	**296**	**3 340**	**-65**	**214**	**-24**	**0**	**5 695**
Net income	**3 468**	**460**	**4 274**	**3 299**	**1 731**	**1 344**	**-19**	**0**	**14 557**

Net gains from financial assets	1	0	0	49	0	0	24	0	74
Administrative and other operating expenses, staff costs	-2 484	-261	-1 283	-1 671	-426	-1 062	-686	0	-7 873
Operating profit	**985**	**199**	**2 991**	**1 677**	**1 305**	**282**	**-681**	**0**	**6 758**
Impairment losses on loans and advances	-34	0	-873	0	-191	-162	0	0	-1 260
Income tax	0	0	0	0	0	-42	0	0	-42
Net profit	**951**	**199**	**2 118**	**1 677**	**1 114**	**78**	**-681**	**0**	**5 456**
Total assets	**473 643**	**153 798**	**767 812**	**17 500**	**41 114**	**41 457**	**97 411**	**-157 551**	**1 435 184**
Total liabilities	**724 476**	**340 771**	**243 190**	**2 793**	**32 220**	**34 096**	**31 196**	**-94 463**	**1 314 278**

Q3 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	1 293	245	4 517	9	1 853	1 570	845	-1 544	8 788
Interest expense	0	0	-951	-42	-296	-284	-1 063	1 544	-1 092
Net interest income	**1 293**	**245**	**3 566**	**-33**	**1 557**	**1 286**	**-218**	**0**	**7 696**
Fee and commission income	2 085	204	44	3 787	6	137	63	0	6 326
Fee and commission expense	-773	0	-14	0	-97	-18	-49	0	-951
Net fee and commission income	**1 312**	**204**	**30**	**3 787**	**-91**	**119**	**14**	**0**	**5 375**
Net income	**2 605**	**449**	**3 596**	**3 754**	**1 466**	**1 405**	**-204**	**0**	**13 071**
Net gains from financial assets	-3	0	0	146	0	0	306	0	449
Administrative and other operating expenses, staff costs	-2 190	-217	-1 034	-1 750	-349	-1 008	-625	0	-7 173
Operating profit	**412**	**232**	**2 562**	**2 150**	**1 117**	**397**	**-523**	**0**	**6 347**
Impairment losses on loans and advances	-123	0	-106	0	-136	8-135	0	0	-500
Income tax	0	0	0	0	0	-55	0	0	-55
Net profit	**289**	**232**	**2 456**	**2 150**	**981**	**207**	**-523**	**0**	**5 792**
Total assets	**290 724**	**122 472**	**437 151**	**24 513**	**32 953**	**38 344**	**97 464**	**-157 735**	**885 886**
Total liabilities	**378 300**	**243 452**	**160 981**	**5 355**	**28 432**	**32 538**	**31 157**	**-96 155**	**784 060**

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 2016.

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

NOTE 4 Breakdown of Financial Assets and Liabilities by Countries

30.09.2017	**Estonia**	**Latvia**	**Lit-huania**	**Finland**	**The Nether-lands**	**Ger-many**	**Other EU**	**USA**	**Other**	**Total**
Due from banks and investment companies	676 609	47	2 095	0	0	0	3 054	11 746	2 841	**696 392**
Financial assets at fair value	7 437	802	17 569	0	0	33 676	2 147	2	1	**61 634**
Loans and advances to customers	585 800	1 692	37 101	994	91	43	26 415	47	3 349	**655 532**
Receivables from customers	8 174	14	557	0	0	0	0	0	0	**8 745**
Other financial assets	109	0	0	0	0	0	0	2 212	0	**2 321**
Total financial assets	**1 278 129**	**2 555**	**57 322**	**994**	**91**	**33 719**	**31 616**	**14 007**	**6 191**	**1 424 624**
Deposits of customers and loans received	734 436	2 362	796	2 001	12 516	462	488 248	2 852	24 477	**1 268 150**
Subordinated debt	30 900	0	0	0	0	0	0	0	0	**30 900**
Accounts payable and other financial liabilities	8 557	92	2 935	27	0	0	13	3	0	**11 627**
Financial liabilities at fair value	0	0	0	0	0	0	0	0	0	**0**
Total financial liabilities	**773 893**	**2 454**	**3 731**	**2 028**	**12 516**	**462**	**488 261**	**2 855**	**24 477**	**1 310 677**

Unused loan commitments in the amount of EUR 141 781 thousand are for the residents of Estonia and in the amount of EUR 9 118 thousand for the residents of Lithuania.

31.12.2016	**Estonia**	**Latvia**	**Lit-huania**	**Finland**	**The Nether-lands**	**Ger-many**	**Other EU**	**USA**	**Other**	**Total**
Due from banks and investment companies	287 878	0	2 718	0	0	0	5 100	7 919	2 885	**306 500**
Financial assets at fair value	12 316	2 737	18 788	0	0	33 660	8 657	2	30	**76 190**
Loans and advances to customers	484 578	1 880	35 383	512	7	46	14 508	51	676	**537 641**
Receivables from customers	3 110	14	352	0	0	0	3	0	0	**3 479**
Other financial assets	108	0	0	0	0	0	0	833	0	**941**
Total financial assets	**787 990**	**4 957**	**46 915**	**512**	**7**	**33 706**	**28 268**	**8 805**	**3 591**	**924 751**
Deposits of customers and loans received	666 870	1 617	2 024	1 072	1	201	71 983	746	33 067	**777 581**
Subordinated debt	30 900	0	0	0	0	0	0	0	0	**30 900**
Accounts payable and other financial liabilities	14 941	65	928	27	0	0	13	3	0	**15 977**
Financial liabilities at fair value	209	0	0	0	0	0	0	0	0	**209**
Total financial liabilities	**712 920**	**1 682**	**2 952**	**1 099**	**1**	**201**	**71 996**	**749**	**33 067**	**824 667**

Unused loan commitments in the amount of EUR 127 285 thousand are for the residents of Estonia and in the amount of EUR 5 235 thousand for the residents of Lithuania.

NOTE 5 Breakdown of Assets and Liabilities by Contractual Maturity Dates

30.09.2017	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	1 144 113	36 638	83 669	3 919	0	**1 268 339**
Subordinated debt	0	532	1 596	8 511	36 086	**46 725**
Accounts payable and other financial liabilities	0	11 627	0	0	0	**11 627**
Unused loan commitments	0	141 781	0	0	0	**141 781**
Financial guarantees by contractual amounts	0	6 829	0	0	0	**6 829**
Foreign exchange derivatives (gross settled)	0	12 091	0	0	0	**12 091**
Financial liabilities at fair value	0	0	0	0	0	**0**
Total liabilities	**1 144 113**	**209 498**	**85 265**	**12 430**	**36 086**	**1 487 392**
Financial assets by contractual maturity dates						
Due from banks and investment companies	696 392	0	0	0	0	**696 392**
Financial assets at fair value (debt securities)	0	7 750	27 287	17 113	3 229	**55 379**
Loans and advances to customers	0	45 918	162 676	450 152	79 970	**738 716**
Receivables from customers	0	8 745	0	0	0	**8 745**
Other financial assets	0	12091	0	0	0	**12 091**
Foreign exchange derivatives	2 321	0	0	0	0	**2 321**
Total financial assets	**698 713**	**74 504**	**189 963**	**467 265**	**83 199**	**1 513 644**
Maturity gap from financial assets and liabilities	**-445 400**	**-134 994**	**104 698**	**454 835**	**47 113**	**26 252**

31.12.2016	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	624 219	67 007	83 814	3 357	0	**778 397**
Subordinated debt	0	532	1 596	8 511	37 682	**48 321**
Accounts payable and other financial liabilities	0	15 977	0	0	0	**15 977**
Unused loan commitments	0	132 520	0	0	0	**132 520**
Financial guarantees by contractual amounts	0	5 442	0	0	0	**5 442**
Foreign exchange derivatives (gross settled)	0	15 156	0	728	0	**15 884**
Financial liabilities at fair value	0	209	0	0	0	**209**
Total liabilities	**624 219**	**236 843**	**85 410**	**12 596**	**37 682**	**996 750**
Financial assets by contractual maturity dates						
Due from banks and investment companies	306 427	73	0	0	0	**306 500**
Financial assets at fair value (debt securities)	0	7 666	36 123	18 474	3 613	**65 876**
Loans and advances to customers	0	42 969	140 761	381 350	40 710	**605 791**
Receivables from customers	0	3 479	0	0	0	**3 479**
Other financial assets	941	0	0	0	0	**941**
Foreign exchange derivatives	0	15 156	0	728	0	**15 884**
Total financial assets	**307 368**	**69 343**	**176 884**	**400 552**	**44 323**	**998 471**
Maturity gap from financial assets and liabilities	**-316 851**	**-167 500**	**91 474**	**387 956**	**6 641**	**1 720**

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

30.09.2017	EUR	CHF	GBP	SEK	USD	Other	Total
Assets bearing currency risk							
Due from banks and investment companies	689 890	2 150	1 190	802	604	1 757	**696 392**
Financial assets at fair value	23 132	0	0	4	38 487	11	**61 634**
Loans and advances to customers	654 074	0	6	4	1 433	15	**655 532**
Receivables from customers	8 497	1	118	17	62	50	**8 745**
Other financial assets	288	0	0	0	2 033	0	**2 321**
Total assets bearing currency risk	**1 375 881**	**2 151**	**1 313**	**827**	**42 618**	**1 833**	**1 424 624**
Liabilities bearing currency risk							
Deposits from customers and loans received	1 209 476	2 165	8 874	1 735	44 180	1 719	**1 268 150**
Financial liabilities at fair value	0	0	0	0	0	0	**0**
Accounts payable and other financial liabilities	9 171	29	1 259	75	287	806	**11 627**
Subordinated debt	30 900	0	0	0	0	0	**30 900**
Total liabilities bearing currency risk	**1 249 547**	**2 194**	**10 133**	**1 810**	**44 467**	**2 525**	**1 310 677**
Open gross position derivative assets at contractual value	0	0	8 870	985	1 899	337	**12 091**
Open gross position derivative liabilities at contractual value	12 091	0	0	0	0	0	**12 091**
Open foreign currency position	**114 243**	**-44**	**50**	**2**	**50**	**-355**	**113 947**

31.12.2016	EUR	CHF	GBP	SEK	USD	Other	Total
Assets bearing currency risk							
Due from banks and investment companies	278 929	1 994	13 061	3 942	6 668	1 906	**306 500**
Financial assets at fair value	34 505	0	0	1	41 243	441	**76 190**
Loans and advances to customers	535 747	4	4	2	1 873	11	**537 641**
Receivables from customers	3 255	1	43	6	171	3	**3 479**
Other financial assets	211	0	0	0	730	0	**941**
Total assets bearing currency risk	**852 647**	**1 999**	**13 108**	**3 951**	**50 685**	**2 361**	**924 751**
Liabilities bearing currency risk							
Deposits from customers and loans received	700 874	1 983	13 264	3 869	55 924	1 667	**777 581**
Financial liabilities at fair value	0	0	0	0	72	137	**209**
Accounts payable and other financial liabilities	8 116	2	1 226	65	5 341	1 227	**15 977**
Subordinated debt	30 900	0	0	0	0	0	**30 900**
Total liabilities bearing currency risk	**739 890**	**1 985**	**14 490**	**3 934**	**61 337**	**3 031**	**824 667**
Open gross position derivative assets at contractual value	1 675	0	1 398	0	11 548	1 263	**15 884**
Open gross position derivative liabilities at contractual value	13 440	0	0	0	876	1 568	**15 884**
Open foreign currency position	**100 992**	**14**	**16**	**17**	**21**	**-975**	**100 084**

NOTE 7 Fair Value of Financial Assets and Liabilities

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

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

	Level 1	Level 2	Level 3	30.09.2017	Level 1	Level 2	Level 3	31.12.2016
Financial assets at fair value through profit and loss								
Shares and fund units*	437	6 208	50	**6 695**	408	10 866	50	**11 324**
Available-for-sale bonds and shares	776	0	0	**776**	799	0	0	**799**
Bonds at fair value through profit and loss	54 152	0	0	**54 152**	63 817	0	0	**63 817**
Interest rate swaps and foreign exchange forwards	0	11	0	**11**	0	250	0	**250**
Total financial assets	**55 365**	**6 219**	**50**	**61 634**	**65 024**	**11 116**	**50**	**76 190**
Financial liabilities at fair value through profit and loss								
Interest rate swaps and foreign exchange	0	0	0	**0**	0	209	0	**209**
Total financial liabilities	**0**	**0**	**0**	**0**	**0**	**209**	**0**	**209**

*Shares and fund units include the Group companies' AS LHV Varahaldus investment into pension fund units in the amount of EUR 6 208 (31.12.2016: 10 866) 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.

Hierarchy levels:

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

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

As at 30.09.2017 the fair value of corporate loans and overdraft is EUR 1 388 thousand (0.31%) lower than their carrying amount (31.12.2016: 2 354 thousand, 0.63% lower). Loans are issued in the bank's business segments on market conditions. Therefore, the fair value of loans does not materially differ from their carrying amount as at 30 September 2017 and 31 December 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

	30.09.2017	%	31.12.2016	%
Individuals	160 569	24.2%	125 125	23.0%
Real estate activities	173 939	26.2%	149 145	27.4%
Manufacturing	65 747	9.9%	43 541	8.0%
Arts and entertainment	30 549	4.6%	29 143	5.4%
Financial activities	91 240	13.7%	68 985	12.7%
Wholesale and retail trade	19 601	3.0%	14 721	2.7%
Administrative and support service activities	15 453	2.3%	11 953	2.2%
Transportation and storage	5 533	0.8%	12 835	2.4%
Agriculture	6 592	1.0%	8 341	1.5%
Other service activities	16 508	2.5%	15 021	2.8%
Construction	20 471	3.1%	11 688	2.2%
Information and communication	8 602	1.3%	9 611	1.8%
Professional, scientific and technical activities	14 257	2.1%	12 451	2.3%
Education	2 206	0.3%	1 297	0.2%
Other sectors	32 674	4.9%	29 525	5.4%
Total	**663 941**	**100%**	**543 382**	**100%**
Provision	-8 409		-5 741	
Total loan portfolio	**655 532**	**100%**	**537 641**	**100%**

NOTE 9 Net Interest Income

Interest income	**Q3 2017**	**9M 2017**	**Q3 2016**	**9M 2016**
Balances with credit institutions and investment companies	8	18	14	69
Bonds	47	164	85	309
Leasing	437	1 402	404	1 151
Leverage loans and lending of securities	-12	47	92	388
Consumer loans	1 584	4 495	1 393	3 791
Hire purchase	1 671	5 234	1 919	5 874
Business loans	5 768	15 903	4 601	12 768
Creditcard loans	180	511	144	394
Other loans	545	1 413	358	940
Total	**10 228**	**29 187**	**9 010**	**25 684**
Interest expense				
Deposits of customers and loans received	-316	-896	-556	-1 765
Balances with the central bank	-514	-1 058	-222	-608
Subordinated liabilities	-536	-1 600	-536	-1 597
including loans between related parties	-84	-243	-114	-342
Total	**-1 366**	**-3 554**	**-1 314**	**-3 970**
Net interest income	**8 862**	**25 633**	**7 696**	**21 714**

Interest income on loans by customer location (interest on bank balances and bonds excluded):	**Q3 2017**	**9M 2017**	**Q3 2016**	**9M 2016**
Estonia	8 825	24 850	7 317	20 305
Latvia	0	0	0	11
Lithuania	1 348	4 155	1 594	4 990
Total	**10 173**	**29 005**	**8 911**	**25 306**

NOTE 10 Net Fee and Commission Income

Fee and commission income	Q3 2017	9M 2017	Q3 2016	9M 2016
Security brokerage and commissions paid	566	2 476	785	2 143
Asset management and similar fees	3 763	11 045	4 126	10 066
Currency conversion revenues	163	665	240	626
Fees from cards and payments	1 716	4 244	910	2 490
Fee from Snoras's portfolio management*	0	0	0	45
Other fee and commission income	624	1 528	265	772
Total	**6 832**	**19 958**	**6 326**	**16 142**
Fee and commission expense				
Security brokerage and commissions paid	214	165	-208	-603
Expenses related to cards	-487	-1 425	-232	-673
Expenses related to acquiring	-225	-1 102	-268	-845
Other fee and commission expense	-639	-1 403	-243	-682
Total	**-1 137**	**-3 765**	**-951**	**-2 803**
Net fee and commission income	**5 695**	**16 193**	**5 375**	**13 339**

* 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:	Q3 2017	9M 2017	Q3 2016	9M 2016
Estonia	6 563	19 131	6 059	15 336
Latvia	0	6	0	17
Lithuania	216	664	215	634
Luxembourg	50	154	52	155
Total	**6 829**	**19 955**	**6 326**	**16 142**

NOTE 11 Operating Expenses

	Q3 2017	9M 2017	Q3 2016	9M 2016
Wages, salaries and bonuses	2 609	8 092	2 091	7 183
Social security and other taxes*	899	2 627	957	2 594
Total personnel expenses	**3 508**	**10 719**	**3 048**	**9 777**
IT expenses	474	1 342	429	1 302
Information services and bank services	151	537	228	576
Marketing expenses	1 301	3 563	1 289	3 174
Office expenses	118	390	120	404
Transportation and communication expenses	76	236	65	190
Staff training and business trip expenses	141	334	111	304
Other outsourced services	799	2 523	828	2 339
Other administrative expenses	557	1 771	547	1 460
Depreciation of non-current assets	360	1 074	218	658
Operational lease payments	288	827	236	711
Other operating expenses	62	137	37	191
Total other operating expenses	**4 327**	**12 734**	**4 108**	**11 309**
Total operating expenses	**7 835**	**23 453**	**7 156**	**21 086**

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

NOTE 12 Balances with the Central Bank, Credit Institutions and Investment Companies

	30.09.2017	31.12.2016
Term deposits with maturity less than 3 months*	26 772	41 373
Legal reserve with the central bank	12 686	7 736
Other receivables from central bank*	656 934	257 391
Total	**696 392**	**306 500**
*Cash and cash equivalents in the Statement of Cash Flows	683 706	298 764

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 11 860 thousand (31 December 2016: EUR 8 073 thousand). All other demand and term deposits are held with credit institutions and the central bank.

The minimum reserve requirement as at 30 September 2017 was 1% (31 December 2016: 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 13 Deposits of Customers and Loans Received

Deposits/loans by type	Individuals	Legal entities	Public sector	30.09.2017
Demand deposits	250 611	884 539	8 893	1 144 043
Term deposits	55 157	62 596	6 116	123 869
Loans received	0	0	0	0
Accrued interest liability	146	87	5	238
Total	**305 914**	**947 222**	**15 014**	**1 268 150**

Deposits/loans by type	Individuals	Legal entities	Public sector	31.12.2016
Demand deposits	202 725	413 141	8 260	624 126
Term deposits	63 749	81 945	6 469	152 163
Loans received	0	0	778	778
Accrued interest liability	209	285	20	514
Total	**266 683**	**495 371**	**15 527**	**777 581**

As of 31 December 2016 loans received include loans granted by the Estonian Rural Development Foundation in the amount of EUR 778 thousand for the purpose of financing loans to small companies in rural areas and overdraft received. As 30.06.2017 the loan from Estonian Rural Development Foundation was repaid. 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 14 Accounts payable and other liabilities

Financial liabilities	**30.09.2017**	**31.12.2016**
Trade payables and payables to merchants	5 836	3 016
Other short-term financial liabilities	1 697	1 551
Accrued interest on subordinated loans	209	210
Payments in transit	3 760	11 063
Financial guarantee contracts issued	128	137
Subtotal	**11 627**	**15 977**
Non-financial liabilities		

Performance guarantee contracts issued	170	228
Tax liabilities	969	886
Payables to employees	1 195	1 020
Other short-term liabilities	1 267	920
Subtotal	**3 601**	**3 054**
Total	**15 228**	**19 031**

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 15 Contingent Liabilities

Irrevocable transactions	**Performance guarantees**	**Financial guarantees**	**Unused loan commitments**	**Total**
Liability in the contractual amount as at 30 September 2017	11 437	6 829	150 899	**169 165**
Liability in the contractual amount as at 31 December 2016	12 695	5 442	132 520	**150 657**

NOTE 16 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.

	Q3 2017	**9M 2017**	**Q3 2016**	**9M 2016**
Total profit attributable to owners of the parent (EUR thousand)	5 027	13 917	5 345	12 919
Weighted average number of shares (in thousands of units)	25 562	25 425	25 356	24 356
Basic earnings per share (EUR)	0.20	0.55	0.21	0.53
Weighted average number of shares used for calculating the diluted earnings per shares (in thousands of units)	26 097	25 938	25 836	24 836
Diluted earnings per share (EUR)	0.19	0.54	0.21	0.52

NOTE 17 Capital Management

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

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

The amount of capital that the Group managed as of 30.09.2017 was 128 416 thousand euros (31.12.2016: 123 907 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 adequately 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 absorb 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 lowering 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 ensure economic preservation even in the event of severe negative risk scenario;
- The risk appetite set by the Group is an important input to capital management planning and capital goal setting. Higher risk appetite requires marinating higher capital buffer.

Capital base	**30.09.2017**	**31.12.2016**
Paid-in share capital	25 767	25 356
Share premium	46 304	45 892
Reserves	2 471	1 580
Other reserves	42	-40
Accumulated loss	24 468	10 517
Intangible assets (subtracted)	-7 952	-8 114
Profit for the reporting period	6 416	17 816
Total Tier 1 capital	**97 516**	**93 007**
Subordinated liabilities	30 900	30 900
Total Tier 2 capital	**30 900**	**30 900**
Total net own funds	**128 416**	**123 907**

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

NOTE 18 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	9M 2017	9M 2016
Interest income	**51**	**39**
incl. management	22	10
incl. shareholders and their related entities that have significant influence	29	29
Fee and commission income	**4**	**1**
Incl. management	0	1
incl. shareholders and their related entities that have significant influence	4	0
Interest expenses from deposits	**30**	**4**
incl. management	0	0
incl. shareholders and their related entities that have significant influence	30	4
Interest expenses from subordinated loans	**253**	**343**
incl. management	5	21
incl. shareholders and their related entities that have significant influence	248	322

Balances	30.09.2017	31.12.2016
Loans and receivables as at the year-end	**2 779**	**2 708**
incl. management	1 726	1 596
incl. shareholders and their related entities that have significant influence	1 054	1 112
Deposits as at the year-end	**17 609**	**7 430**
incl. management	355	236
incl. shareholders and their related entities that have significant influence	17 254	7 194
Subordinated loans as at the year-end	**4 799**	**4 799**
incl. management	104	104
incl. shareholders and their related entities that have significant influence	4 695	4 695

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 Q3, salaries and other compensations paid to the management of the parent AS LHV Group and its subsidiaries totalled EUR 346 thousand (Q3 2016: EUR 288 thousand), including all taxes. As at 30.09.2017, remuneration for September and accrued holiday pay in the amount of EUR 83 thousand (31.12.2016: EUR 92 thousand) is reported as a payable to management (Note 14). The Group did not have any long-term payables or commitments to the members of the Management Board and the Supervisory Board as at 30.09.2017 and 31.12.2016 (pension liabilities, termination benefits, etc.). In Q3 2017, the remuneration paid to the members of the Group's Supervisory Board totalled EUR 6 thousand (Q3 2016: EUR 9 thousand).

Management is related to the share-based compensation plan. In Q3 2017 the share-based compensation to management amounted to EUR 105 thousand (Q3 2016: EUR 99 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 25 767 342 ordinary shares, with a nominal value of 1 euro.

As at 30 September 2017, AS LHV Group has 5 181 shareholders:

- 13 084 986 shares (50.78%) were held by members of the Supervisory Board and Management Board, and related parties.
- 12 682 356 shares (49.22%) were held by Estonian entrepreneurs and investors, and related parties.

Top ten shareholders as at 30 September 2017:

Number of	Participation	Name of shareholder
3 357 920	13.0%	AS Lõhmus Holdings
2 538 367	9.9%	Rain Lõhmus
2 052 344	8.0%	Viisemann Investments AG
1 595 620	6.2%	Ambient Sound Investments OÜ
1 210 215	4.7%	OÜ Krenno
999 456	3.9%	AS Genteel
951 978	3.7%	AS Amalfi
722 297	2.8%	OÜ Kristobal
600 165	2.3%	SIA Krugmans
589 177	2.3%	OÜ Bonaares

Shares held by members of the Management Board and Supervisory Board

Madis Toomsalu holds 19 488 shares.
Rain Lõhmus holds 2 538 367 shares, AS Lõhmus Holdings 3 357 920 shares and OÜ Merona Systems 581 718 shares.
Andres Viisemann holds 57 130 shares, Viisemann Holdings OÜ holds 434 925 shares and Viisemann Investment AG holds 2 052 344 shares.
Tauno Tats does not hold shares. Ambient Sound Investments OÜ holds 1 595 620 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 490 190 shares and Lame Maakera OÜ holds 3 670 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: Madis Toomsalu

AS LHV Varahaldus
Supervisory board: Erki Kilu, Madis Toomsalu, Andres Viisemann
Management board: Mihkel Oja, Joel Kukemelk

AS LHV Pank
Supervisory board: Raivo Hein, Rain Lõhmus, Heldur Meerits, Tiina Mõis, Madis Toomsalu, Andres Viisemann
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: Nele Roostalu

OÜ Cuber Tehnology
Management board: Jüri Laur

UAB Mokilizingas
Supervisory board: AS LHV Group, AS LHV Pank, UAB „K2Z", KŪB „RAZFin
Management board: Erki Kilu, Jurgis Rubazevicius, Benas Pavlauskas, Jonė Virbickienė
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 September 2017 period the condensed consolidated interim financial statements of AS LHV Group for the 9-month period ended 30 September 2017.

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.

23.10.2017

Madis Toomsalu