Interim Report January – September 2018
Summary of Results

Q3 2018 in comparison with Q2 2018

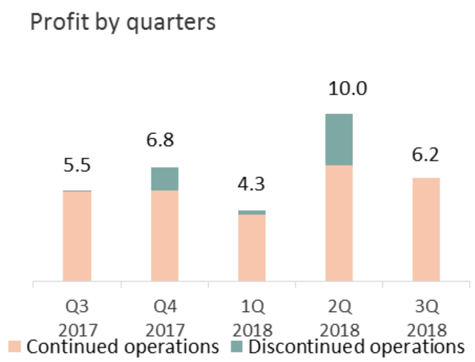
- Net profit EUR 6.2 m (EUR 10.0 m), of which EUR 5.7 m (EUR 9.5 m) is attributable to owners of the parent
- Earnings per share EUR 0.22 (EUR 0.37)
- Net income EUR 15.7 m (EUR 17.0 m)
- Operating expenses EUR 7.9 m (EUR 7.8 m)
- Loan provisions EUR 1.9 m (EUR 1.6 m)
- Income tax expenses EUR 0.5 m (EUR 0.6 m)
- Return on equity 15.9% (27.7%)
- Capital adequacy 18.3% (18.1%)

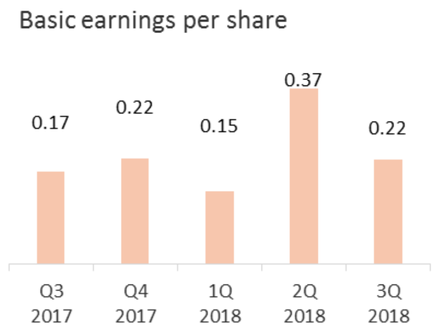
Q3 2018 in comparison with Q3 2017*

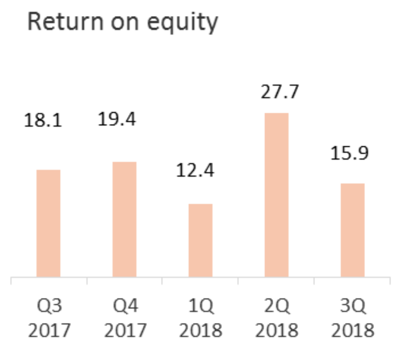
- Net profit EUR 6.2 m (EUR 5.5 m), of which EUR 5.7 m (EUR 5.0 m) is attributable to owners of the parent
- Earnings per share EUR 0.22 (EUR 0.20)
- Net income EUR 15.7 m (EUR 13.3 m)
- Operating expenses EUR 7.9 m (EUR 6.8 m)
- Loan provisions EUR 1.9 m (EUR 1.1 m)
- Income tax expenses EUR 0.5 m (EUR 0 m)
- Return on equity 15.9% (18.1%)
- Capital adequacy 18.3% (19.2%)

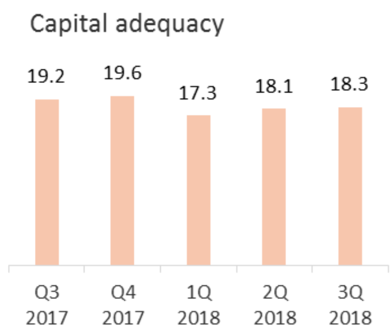
Earnings per share and return on equity ratios are based on the profit attributed to the shareholders and equity of AS LHV Group and do not include non-controlling interest.

*In accordance with IFRS, the proceeds and expenses of the discontinued operations have been separated from the corresponding income and expense items of the current and previous periods of the income statement and shown in a separate line on the income statement. The data with discontinued operations are presented in the LHV Factsheet









Managing Director's Statement

Dear investor in LHV,

In terms of growing numbers and activity of customers, but also the activities of LHV itself, the third quarter was significantly strong.

At the beginning of July, the international business magazine Euromoney named LHV as the best bank in Estonia. For us, it was the first time we received this title. We have put great emphasis on our service and content of products, so this recognition is of utmost importance for the people working at LHV.

Our business is growing. In Q3, the number of bank customers increased by nearly 7,400. At the same time, growth accelerated during the quarter: in September, the number of bank customers increased by 2,600. Loan growth extended to 35, deposit growth to 95, fund growth to 37 million euros. Several activity indicators, including salary receipts, number of customers with assets and payments, use of cards, acceptance of card payments and number of new investment contracts reached record levels. Over the three quarters of the year, more than 20,000 new customers joined LHV Pank.

LHV's Q3 profit was EUR 6.2 million. The quarterly profit was positively influenced by income related to transaction advisory services in the amount of EUR 0.7 million and negatively by specific allowances of EUR 1.2 million. The fact that the very good growth of business volumes is not reflected in the financial results and profit has been somewhat troublesome. The main reason is the allowance related to one client, which has influenced this year's profit by more than EUR 3 million. The rest of the credit portfolio remains strong, and together with growing volumes, interest income is also increasing.

At the end of August, we launched the Youth Bank offer, which contains a more brightly designed youth card, student loan and microinvestment offer. At the same time, we see microinvestment clients as all of those who want to start investing without previous knowledge and favourably, with low regular payments and practically non-existent time expenditure. The demand for such a product is characterised by the exponential growth of new investment contracts concluded at the end of the quarter.

As a major change, we implemented e-identification at the end of the quarter, which enables one to open a bank account without leaving home. With e-identification, the monthly limit of EUR 15,000 applies to using the money. To use a bigger amount, physical identification or video identification must be used when opening the account.

In addition, for convenience, it will be possible to use the LHV bankcard for withdrawing money at the stores together with making a purchase. This cash-back service is provided by Coop stores and Olerex full-service stations for example.

In August, Kadri Kiisel was elected the new head of LHV Pank retail banking and a new member of the management board. As of now, the company's management board consists of seven members. The retail banking area of LHV Pank includes sale and customer service, digital banking and investment and financing products of retail banking.

To improve the financing structure of LHV Pank, we concluded an agreement with the leading European deposit marketplace platform Raisin that now enables the bank to accept new deposits both from the German and Austrian market. This supplements and improves the financing structure of LHV Pank.

In the financial service providers business line, we are focussing on finding new clients and supplementing the product portfolio. The interest of financial service providers in banking services is strong and the number of new clients is expanding continuously. At the same time, the process of becoming a client is notably longer, since on the one hand, the financial service providers often have to pass a lengthy process of applying for different licences, and on the other hand, we put much more emphasis on following anti-money laundering and know your customer (AML/KYC) principles. The UK business is already profitable now, the revenues related to the field are divided between fees related to payments, currency exchange, intermediation of card payments, credit services and management.

On the LHV Group level, we are conducting our first subordinated bond issue within a bond programme approved in this quarter. We intend to use subordinated bonds for financing growth and if necessary, for the redemption of issued bonds. The bonds will be listed on the NASDAQ Tallinn Stock Exchange.

In terms of long-term economic outlook, the biggest concern is the variance of speed in different European regions and overregulation causing stagnation. At least this is the impression, when breathing the air of Brussels and trying to navigate the jungle of pan-European regulations. According to the basics of the market economy, there is no income without risk; accordingly, progressive banning of risk-taking and bureaucratisation also decreases potential development and income. The concern will only get worse, if development in the US and China appears to be faster than that of in Europe.

Focussing on a period of a couple of years, the main scenario is still growth of the economy in the eurozone by a couple of percentage points a year. LHV's growth trends are also supported by the Estonian business environment. The economic growth has been solid and the internal policy risks are managed by the balance budget, the low public sector debt and positive foreign balance. As the main risks, we could point out high dependence on the external environment, rather low private sector investments and labour shortage.

The credit market has remained strong. All of the main credit products, incl. corporate loans and home loans, are growing. The financial health of households is on the strong side, the deposit to loan ratio is improving. The share of overdue loans on the market has fallen below 1%, being largely covered by discounts.

To conclude – as at the end of Q3, LHV has more than 5,500 shareholders, of whom 4,000 are keeping their LHV shares at LHV Pank. As a shareholder, one can contribute actively to the growth of the company's value by using LHV's services, which is why I would be happy to also see the remaining 1,500 shareholders move their shares to LHV Pank.

Strategy

During the quarter, we focussed more on the long-term strategy of LHV. According to this, our home market is Estonia, where we focus on offering a rate of return of the bank of service and pension funds. We want to speak to a growing number of clients, who care about increasing the share of Estonian capital in the offering of local financial services. We try to run our business in a way that the ever increasing efficiency is reflected in the declining cost/income ratio and the shareholders are guaranteed a 20% rate of return before taxes. From the other side, we are also looking for business on foreign markets and have become a company exporting financial services. We have made a very strong start in the UK business line, where our previous activity has yielded profit.

In terms of private persons, we are emphasising increasing the customer base and increasing the client activity. We are focussing on bigger Estonian cities, where we wish to speak to an active client who prioritises electronic channels. More than before, we would like to see LHV's clients as young and Russian-speaking people. We are increasing emphasis on the activity of customers. We want to see a settled customer, whose salary is received in LHV and who uses LHV's bankcard for day-to-day financial operations. As regards payments, we are going to offer instant euro payments; for credit products we are focussing on a faster decision-making process. In investment products, we will improve the visibility of products and home loans will be issued on conditions which guarantee a good cost/income ratio and the desired return on equity for shareholders.

In terms of corporates, we focus on increasing the loan portfolio. We are concentrating on customers, for whom it is important that the core of their business activity is understood and that the financing structure is based on it. We continue with a one-step decision-making process, which means that all decisions are made at the site, fast and flexibly.

In the business line of financial service providers, we will continue with supplementing the product portfolio. We will join the pound payment system, following which LHV will be among the first banks in the world that is able to offer real-time euro as well as pound payments. We will continue to offer accounts, payments, acceptance of card payments, loans and currency services. While increasing our customer base, we continue with offering customer-based solutions. Our branch is in London, however the activity of financial service providers is often of a cross-border nature, which is why we are also looking for customers from other European capitals.

In pension funds, our priority is achieving the best rate of return for pension fund customers. We are changing our investment strategy, focussing more than before on finding private investments.

Financial results

The group's consolidated profit of Q3 of 2018 was EUR 6.2 million, decreasing by EUR 3.9 million when compared to Q2 of 2018, and growing by EUR 0.7 million when compared to Q3 of the previous year. Declining profit was to be expected, as the results of Q2 included the sales income of Mokilizingas holding and bigger income of institutional banking transaction advisory services.

The return on equity belonging to LHV's shareholders was 15.9% in Q3 of 2018, having decreased compared to Q2 of 2018 (27.7%) by ca. 12 percentage points.

The Group's consolidated net loan portfolio grew by EUR 35 million during the quarter (EUR 11 million in Q2 of 2018) and the consolidated deposits increased by EUR 95 million (compared to the decline of EUR 183 million in Q2 of 2018). At the same time, the deposits related to payment intermediaries increased by EUR 41 million (growth of EUR 262 million in Q2 of 2018).

The Group's own funds increased by EUR 6.7 million when compared to the previous quarter and risk-weighted assets increased by EUR 26.3 million, raising the Tier 1 and total capital adequacy ratios to 14.4% and 18.3%. The increase in own funds is due to the involvement of the profits of Q2 of 2018 in the Group's own funds.

In Q3, the bank's profit on the consolidated level was EUR 4.4 million, which is EUR 0.8 million lower than the previous quarter (EUR 5.2 million in Q2 of 2018). During the quarter, the number of new clients increased by almost 7,400 (in Q2 of 2018, by 6,800) and the total number of the bank's clients was nearing 154,000.

In Q3 the bank's loan portfolio grew by EUR 35 million (in Q2 of 2018, EUR 23 million), nearing EUR 812 million. Among the loans, entrepreneurship loans grew the most. The impairment of loans amounted to EUR 1.9 million in Q3, which is EUR 0.3 million more than in the previous quarter.

The deposits of the bank's clients increased by EUR 97 million in Q3, of which EUR 41 million is related to the increase in the deposit balances of payment intermediaries. The total volume of deposits reached EUR 1,652 million by the end of Q3, whereas when disregarding the impacts related to payment intermediaries, the demand deposits increased by EUR 42 million, term deposits by EUR 14 million.

In Q3, Varahaldus earnt a profit of EUR 2.1 million (in Q2 of 2018, EUR 2.1 million). The fee and commission income of Varahaldus increased by EUR 0.1 million when compared to the previous quarter, to EUR 3.6 million. The operating costs of Varahaldus remained the same when compared to the previous quarter.

The total volume of funds managed by LHV grew by EUR 37 million over the quarter (by EUR 40 million in Q2 of 2018). The number of active clients of the 2nd pillar decreased by 300 over the quarter (by 400 in Q2 of 2018).

Madis Toomsalu

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Financial Summary

Business volumes EUR million	Q3 2018	Q2 2018	Quarter over quarter	Q3 2017	Year over year
Loan portfolio	812.0	776.5	5%	655.5	24%
Financial investments	48.8	54.1	-10%	61.6	-21%
Deposits of customers	1 637.6	1 542.8	6%	1 268.2	29%
incl. deposits of financial intermediates	511.4	470.4	9%	454.7	12%
Equity (including minority interest)	150.6	143.4	5%	120.9	25%
Equity (owners' share)	147.2	140.4	5%	114.1	29%
Volume of funds managed	1 203.8	1 166.6	3%	1 067.3	13%
Assets managed by bank	1 323.4	1 375.1	-4%	1 158.3	14%

Income statement EUR million	Q3 2018	Q2 2018	Quarter over quarter	Q3 2017*	Year over year	9M 2018	9M 2017*	Year over year
Net interest income	9.45	9.41	0.4%	7.73	22%	27.86	22.18	26%
Net fee and commission income	6.15	7.22	-15%	5.48	12%	18.96	15.62	21%
Other financial income	0.09	0.34	-74%	0.07	29%	0.34	1.40	-76%
Total net operating income	15.69	16.97	-8%	13.28	18%	47.16	39.20	20%
Other income	0.77	-0.01	-	-0.04	-	0.77	-0.15	-
Operating expenses	-7.93	-7.77	2%	-6.77	17%	-23.37	-20.21	16%
Loan losses	-1.86	-1.60	16%	-1.10	69%	-4.34	-3.05	42%
Income tax expenses	-0.50	-0.63	-21%	0.00	-	-3.07	-0.95	223%
Discontinued operations	0.00	3.08	-100%	0.08	-100%	3.32	0.56	493%
Net profit	6.17	10.04	-39%	5.45	13%	20.47	15.40	33%
Including attributable to owners of the parent	5.72	9.53	-40%	5.03	14%	19.20	13.92	38%

Ratios EUR million	Q3 2018	Q2 2018	Month over month	Q3 2017*	Year over year	9M 2018	9M 2017*	Year over year
Average equity (attributable to owners of the parent)	143.8	137.6	6.2	111.1	32.7	133.6	108.3	25.3
Return on equity (ROE), %	15.9	27.7	-11.8	18.1	-2.2	19.15	17.14	2.01
Return on assets (ROA), %	1.4	2.2	-0.8	1.7	-0.3	1.50	1.3	0.2
Interest-bearing assets, average	1 770.3	1 803.5	-33.2	1 283.4	486.9	1 789.4	1 164.3	625.1
Net interest margin (NIM) %	2.14	2.09	-0.05	2.76	-0.62	2.08	2.86	-0.78
Price spread (SPREAD) %	2.10	2.06	-0.04	2.72	-0.62	1.99	2.81	-0.82
Cost/income ratio %	48.2	39.8	8.4	53.7	-5.5	48.8	54.5	-5.7
Profit attributable to owners before income tax	6.3	10.2	-3.9	5.1	1.2	22.2	15.0	7.2

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

*From the reference data the revenue and expenses of discontinued operations are separated

Operating Environment

According to the forecast published by the IMF in October, the previously expected global economic growth will not accelerate any further. Global economic growth will remain at 3.7 percent for this year as well as next year, or at the previous year's level. Revival of trade in goods, which so far supported the recovery, is stagnating. The improvement of the labour market situation is still continuing, however so far, the rise in salaries has been modest. Economic growth is less balanced compared to recent years – there are clearly major economies distinguishing, where the upward cycle has already peaked. The values of increased assets illustrate the current expansive monetary policy, in which the investors have accepted an increasingly lower expected long-term rate of return. The central banks of developed countries led by the US are changing course, as a result of which there are new signs of turning liquidity offer. The volatility of equity markets and the interest rate differential of bonds with different risk level have increased, the currencies of developing countries are under pressure. Risks with a negative impact on the global economy, led by a protectionist economic policy, have rather increased during the interim period. Altogether, we may expect a slowdown of economic growth in the developed countries during the next year close to the long-term sustainable level, which is clearly lower compared to the decade preceding the financial crisis.

Eurozone economic growth decelerated in the second quarter to 2.1%. The economic growth based on domestic demand was broad-based, however we can still spot some weakness in export over the two previous quarters. A certain decline of sentiment may be noticed in indicators that reflect the confidence of various sectors. The big picture of the economy is still good and the growth positive regarding all countries. According to the initial assessment, the consumer prices rose 2.1% in September and have remained at the level of the European Central Bank target 2.0% for the last four months, although the core inflation has been lower. According to the current plan, the exit from the current expansive monetary policy will be extremely slow – bond purchasing programme is not to be ended before the year-end and the interest rates shall not be increased before autumn next year. According to the consensus expectations, the economic growth of the Eurozone shall drop to 2.0% in 2018 and to 1.9% in 2019. Since there are various headwinds blowing from export markets, the role of domestic demand and private consumption will become even more important. Consuming is supported positively by an increase in the labour force participation rate and the continuing decrease in the unemployment rate, which is marginally also speeding up wage growth. At the same time, a looser budget policy is expected from the governments. Both internal as well as external risks have increased – the impact of normalising monetary policy on stock and bond markets, the US protectionist economic policy, the so far failed Brexit negotiations, Italy's disputes with the EU on the state budget. Next spring we will see the European Parliament elections, which will add even more tension.

The economic confidence indexes of Estonia's most important European trading partners remain strong and are even close to the highest level of the 19 Eurozone countries within the last two decades.

The Swedish economy grew by 2.5% in the second quarter, which was expected. Strong investment growth with domestic household consumption growth had a positive effect. At the same time, import exceeded the expectations, being positive for Estonia. The Swedish housing market shows signs of temporary stabilisation after a slight correction, however transaction activity remains lower compared to previous years. Extensive offering of new apartments is putting constant pressure on prices and the loan conditions that were tightened in March, clearly decreased the number of new loans taken. Riksbank is expected to raise the interest rates for the first time in spring 2019 at the latest, which will additionally increase the interest cost of borrowers. The sentiment indicators are rather strong, but consumer confidence has decreased. The results of the parliamentary elections in September were as expected, which means a weak government, making it difficult to adopt important decisions. According to consensus expectations, the economic growth of Sweden shall marginally increase in 2018 to 2.7% and will slow down to 2.0% in the next year. Economic growth will remain broad-based, however former growth engines will switch down to a slower gear. For Estonia, the most important trend is the continued growth of Sweden's import volumes, the outlooks of which are good, and the investment-favouring attitude of the banks there.

In the second quarter, the Finnish economic growth decelerated to 2.5%, although the growth is strong and broad-based. The main driver was domestic demand, but a positive contribution also came from net export. In the coming quarters, the growth rate should continue to slow down, mainly due to the decline of foreign demand caused by deceleration of the Eurozone economic growth. According to consensus expectations, the Finnish economic growth will be 2.8% in 2018, however in the next year it will drop to 2.1%. Domestic demand will remain the main driver, influenced positively by continued improvement of the labour market situation and the low level of inflation. From the Estonian point of view, similar to that of Sweden, the continued growth of Finnish import volumes is important, the outlooks of which are good.

In the second quarter of 2018, Estonia's economic growth accelerated marginally to 3.7%, which was to be expected. Economic growth continues to be broad-based - both, domestic as well as foreign demand are strong. The negative effect mainly came from last year's exceptionally high comparison basis for corporate sector investments and negative net export contribution due to strong domestic demand. The biggest contribution among sectors came from construction, processing industry and professional and technical activity, out of which the contribution of the processing industry was the highest in the last three years. The upsurge of minimum wages that came into force in the beginning of the year has not yet significantly stimulated private consumption. The smaller than expected modest impact is explained by several circumstances – according to estimates, the increased excise duties have decreased foreign purchases in Estonia and increased the purchases of Estonians abroad, several employees prefer income tax refund in the next year to using it on a current basis. In addition, consumers are also pressurised by inflation, which increased abruptly last year. In September, consumer prices increased by 3.7%, mainly due to increased excise duties, but also due to increased energy prices and housing-related expenses.

The bigger picture still remains good, which is also confirmed by the new outlook of economic environment published by the Estonian Institute of Economic Research in October. Estonian experts assess the economic climate to be good and outlook stable. The Economic Sentiment Index has slightly declined, however remains higher compared to the long-term average. The picture is also strong by sectors, with only the service sector having a more negative attitude compared to the long-term average. Lack of skilled labour, but also little innovation and decreasing international competitiveness are pointed out as the main factors obstructing business. Private consumption is strong, supported by high confidence and the improved financial situation of families.

According to the forecast, published by the Ministry of Finance in September, the economic growth of Estonia will decrease to 3.6% this year and to 3.0% in 2019. The main growth engine in the next year will be domestic demand, led by private consumption and investments. The growth of foreign demand is showing signs of deceleration, however it remains strong in a historical comparison. Private consumption is still supported by strong growth of salary and employment. Also, the rate of inflation should marginally decrease, supported by the government's decision to forgo the increase in alcohol excise tax. The positive contribution of investments is also restored, which this year is negatively influenced by a high comparison base. The volume of research and development activity is growing fast and capital investment into products related to the right of use of intellectual property is becoming increasingly important. From the risks, we could consider the most important to be developments in the external environment, which could be negatively influenced above all by declined demand caused by trade restrictions and the related insecurity when making investments. Above all, we need to deal with improving the competitiveness in sectors with low profitability within Estonia. It is ever more difficult for the entrepreneurs to find employees – labour shortage is greatest in the construction and service sector.

Over the next twelve months, LHV is expecting a continuation of positive trends in the Estonian economy. Economic growth will decelerate close to the long-term sustainable potential level. The shortage in available resources will continue to increase the significance of the ability of businesses to adapt and be successful in raising productivity, which is why it is necessary to vigorously continue making additional investments. First and foremost, it is important to achieve long-term sustainable economic growth that is in balance between the various sectors.

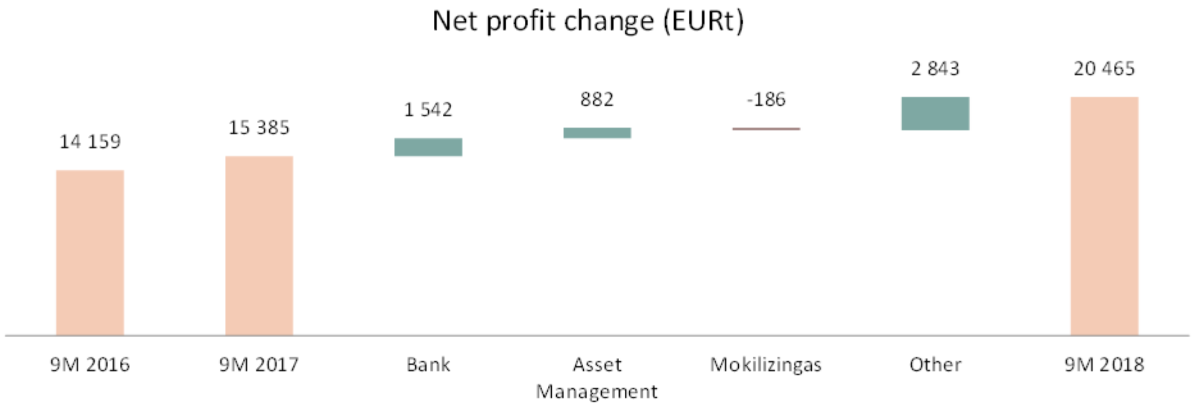
In terms of economic sectors, the risks are above average and might overheat in the building sector, accommodation and catering sector, and transport and storage. LHV is still conservative with regard to the housing market, monitoring the local and Scandinavian market, with increased attention on developments in Sweden. Regarding rental cash flow projects, there is a risk that there will not be enough demand to absorb the volumes being developed in the near future, so that corrections will take place in rental prices or vacancy rates.

As a positive note, we could highlight the still favourable financing environment, which will be influenced in the next years most by the tightening monetary policy of developed countries. The growth rate in the balance of loans taken from credit institutions has slightly slowed down compared to the beginning of the year. The loan demand of households is driven by home loans and car leases. In the first case we may notice the average interest rate of the new loans issued, which has started to increase slightly. Due to moderate investment activity and relatively high own funds, the loans taken by corporates are more modest than that of households. The ratio of loans to deposits and the proportion of overdue loans in the loan portfolio are at the post-crisis low levels. Historically low interest rates and strong competition between banks offer possibilities to local enterprises and they should be taking advantage of them more. LHV wishes to make a big and effective contribution to the finding and supporting of new growth sources, offering entrepreneurs long-term co-operation and value-creating involved thinking.

Financial Results of the Group

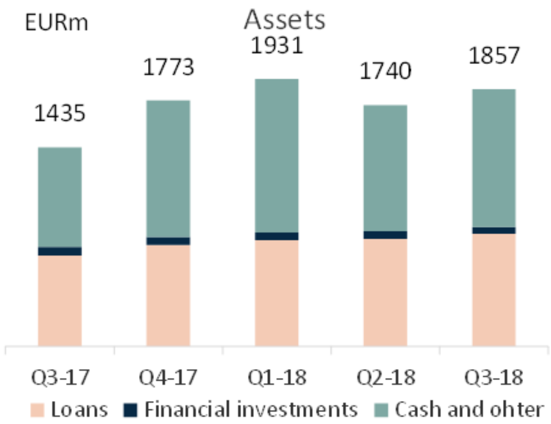
Compared to Q2 2018, the Group's net interest income increased in Q3 by 0.4%, standing at EUR 9.5 (Q2: 9.4) million. Net fee and commission income decreased by 15% and stood at EUR 6.2 (Q2: 7.2) million. In total, the net income of the Group decreased by 9% in Q3, compared to Q2, amounting to EUR 15.7 (Q2: 17.0) million, with expenses increasing by 2% and amounting to EUR 7.9 (Q2: 7.8) million. The Group's operating profit for Q3 amounted to EUR 6.7 (Q2: 10.7) million. The loss from loan impairments mounted to EUR 1.9 million in Q3 (Q2: 1.6). The Group's total profit for Q3 amounted to EUR 6.2 million (Q2: 10.0). Compared to Q3 2017, the Group's net interest income increased by 22% and net fee and commission income by 12%.

In terms of business entities, AS LHV Pank posted in Q2 a consolidated profit of EUR 4.4 million and AS LHV Varahaldus a profit of EUR 2.1 million. The AS LHV Group on solo bases posted a loss of EUR 0.4 million.



The Group's volume of deposits as at the end of Q3 amounted to EUR 1 638 (Q2: 1 543) million, of which demand deposits formed EUR 1 509 (Q2: 1 428) million and term deposits EUR 129 (Q2: 115) million.

As at the end of Q3, the volume of loans granted by the Group amounted to EUR 812 (Q2: 777) million, increasing in Q3 by 5%. Compared to Q3 2017, the volume of the Group's deposits has increased by 29% and the volume of loans by 24%.



The Group's Liquidity, Capitalisation and Asset Quality

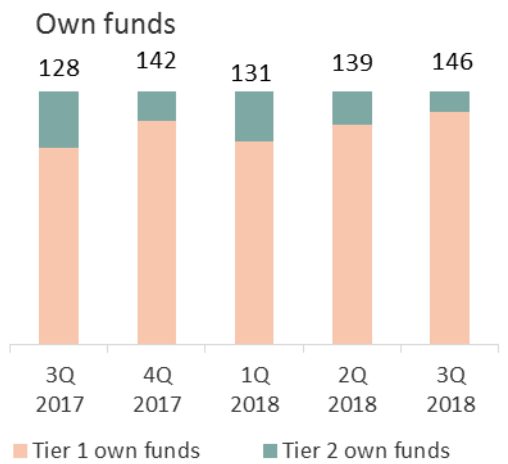
As at 30 September 2018, the Group's own funds stood at EUR 146.0 million (31 December 2017: EUR 141.6 million). LHV Group own funds are calculated based on regulative requirements. In Q3 the level of own funds increased by including the Q2 profit to own funds and by issuing new shares under the employee option program.

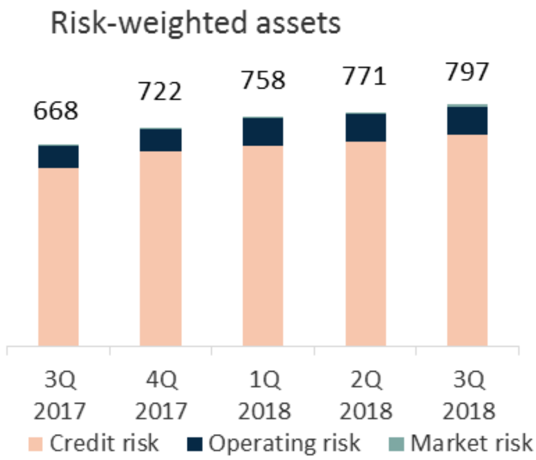
Compared to Group's internal capital adequacy ratio target 15.5%, the Group is well capitalised as at the end of the reporting period, with the capital adequacy ratio amounting to 18.3% (31 December 2017: 19.6%). In addition to total capital adequacy targets the Group has also set internal targets for the core Tier 1 capital adequacy ratio to 10,4% and core Tier 1 capital adequacy ratio to 12.10%. Bank of Estonia informed on 17th of April 2018 that from 1st of January 2019 O-SII buffers for LHV Group will increase by 0.5%. LHV internal capital targets take it into account.

In the end of 2017 Estonian Financial Supervision Authority new prudential ratio - the minimum requirement for own funds and eligible liabilities (MREL), which is valid from 1st of January 2018. This ratio is included into resolution plan and LHV has to keep enough own funds and qualifying liabilities which can be used to cover losses in resolution planning. Minimum requirement was set at 5.79% and will be reviewed annually by Estonian Financial Supervision Authority. Group has set internal MREL minimal target at 6.08%. As of September 30 the MREL ratio was 8.5% (31st of December 2017 8.41%).

The Group's liquidity coverage ratio (LCR), as defined by the Basel Committee, stood at 131.0% as at the end of September (31 December 2017: 121.3%). Banks liquidity situation remained same in Q3, change in LCR levels are related to significantly higher financial intermediates deposits what Bank covers 100% with liquid assets. Excluding the financial intermediates deposits the Groups LCR in 240.0%. The Group recognises cash and bond portfolios as liquidity buffers. These accounted for 54% of the balance sheet (31 December 2017: 57%). The ratio of loans to deposits stood at 50% as at the end of the third quarter (31 December 2017: 48%). 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 10.7 million in the balance sheet, i.e. approximately 1.3% of the loan portfolio (31 December 2017: EUR 8.1 million, 1.1%). Estimated loan losses make up 73.1% (31 December 2017: 46.7%) of the portfolio of loans overdue for more than 90 days. The increase in overdue loans is related to few clients



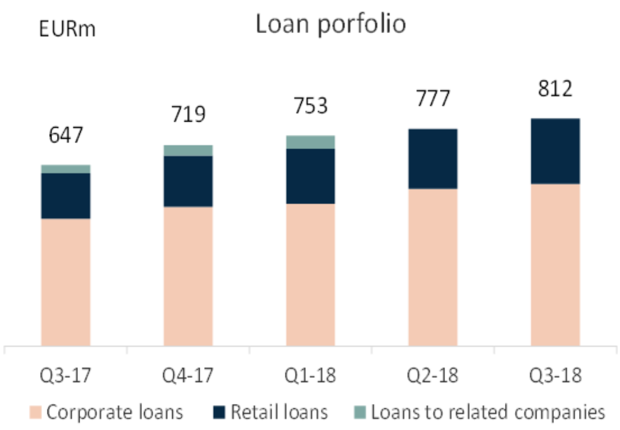


EUR thousand	30.09.2018	Proportion	31.12.2017	Proportion
Loans to customers	822 696		740 169	
including overdue loans:	23 321	2.8%	32 736	4.4%
1-30 days	5 418	0.7%	7 938	1.1%
31-60 days	2 143	0.3%	6 633	0.9%
61-90 days	1 052	0.1%	752	0.1%
91 and more days	14 708	1.8%	17 413	2.4%
Impairment of loans	-10 745	-1.3%	-8 125	-1.1%
Impairment % of loans overdue for more than 90 days	73.1%		46.7%	

Capital base	30.09.2018	31.12.2017	31.12.2016
Paid-in share capital	26 016	25 767	25 356
Share premium	46 653	46 304	45 892
Statutory reserves transferred from net profit	3 451	2 471	1 580
Other reserves	0	36	-40
Accumulated deficit	50 193	24 468	10 517
Intangible assets (subtracted)	-19 010	-7 940	-8 114
Net profit for the reporting period	9 444	19 603	17 816
Other adjustments	-1 629	0	0
Total Tier 1 capital	**115 118**	**110 709**	**93 007**
Subordinated debt	30 900	30 900	30 900
Total Tier 2 capital	**30 900**	**30 900**	**30 900**
Net own funds for capital adequacy	**146 018**	**141 609**	**123 907**
Capital requirements			
Central governments and central bank under standard method	922	945	1 498
Credit institutions and investment companies under standard method	6 883	6 950	7 415
Companies under standard method	495 006	428 428	334 314
Retail claims under standard method	128 469	144 237	114 689
Public sector under standard method	303	185	216
Housing real estate under standard method	32 424	20 039	7 079
Overdue claims under standard methods	7 868	20 956	2 313
Investment funds' shares under standard method	16 236	6 281	10 886
Other assets under standard method	13 069	13 824	7 610
Total capital requirements for covering the credit risk and counterparty credit risk	**701 180**	**641 845**	**486 020**
Capital requirement against foreign currency risk under standard method	3 906	3 551	5 032
Capital requirement against interest position risk under standard method	83	412	1 709
Capital requirement against equity portfolio risks under standard method	562	585	601
Capital requirement against credit valuation adjustment risks under standard method	96	15	24
Capital requirement for operational risk under base method	91 575	75 999	61 812
Total capital requirements for adequacy calculation	**797 402**	**722 407**	**555 198**
Capital adequacy (%)	**18.31**	**19.60**	**22.32**
Tier 1 capital ratio (%)	**14.44**	**15.32**	**16.75**

Overview of AS LHV Pank Consolidation Group

- (Net) growth in loan volume EUR 35 million
- Net profit EUR 4.4 million
- Increase in customer activity



EUR million	Q3 2018	Q2 2018	Change %	Q3 2017	Change %	From the beginning of 2018	From the beginning of 2017	Change %
Net interest income	9.65	9.60	0.4%	7.93	22%	28.44	22.75	25%
Net fee and commission income	2.59	3.80	-32%	2.14	21%	8.64	5.77	50%
Other financial income	0.05	0.25	-78%	0.03	116%	0.24	1.16	-80%
Total net operating income	12.29	13.65	-10%	10.10	22%	37.32	29.68	26%
Other income	0.77	0.03	2 384%	0.00	-	0.83	-0.04	-2 466%
Operating expenses	-6.32	-6.29	1%	-5.04	25%	-18.70	-15.01	25%
Loan losses	-0.50	-0.63	-21%	0.00	-	-1.97	0.00	-
Income tax expenses	-1.86	-1.60	16%	-1.10	69%	-4.34	-3.05	42%
Net profit	4.38	5.16	-15%	3.96	11%	13.14	11.60	13%
Loan portfolio	812	777	5%	647	25%			
Financial investments	41	46	-11%	55	-26%			
Deposits of customers	1 652	1 555	6%	1 280	29%			
incl. deposits of financial intermediates	511	470	9%	455	12%			
Subordinated liabilities	20	20	0%	20	0%			
Equity	120	115	4%	95	26%			

Q3 was successful in terms of business volumes. LHV Bank generated EUR 9.7 million in net interest income and EUR 2.6 million in net fee and commission income. In total, the bank's net income amounted to EUR 12.3 million, expenditure to EUR 6.3 million and loan provisions to EUR 1.9 million. The net profit of LHV Pank amounted to EUR 4.4 million in Q3. This constitutes a 15% decrease from Q2 (5.2) and a 11% increase from Q3 2017 (4.0). Net interest income increased 0.4% compared to previous quarter. Net fee and commission income decreased 32% compared to Q2. Net operating income decreased by 10% compared to previous quarter. In Q3 other financial income amounted to EUR 0.1 million (Q2: financial income 0.3 million).
Securities brokerage fees, transaction fees and fees from cards are greatest contributor to fee and commission income. The quarterly profit before taxes was EUR 4.9 million and net profit EUR 4.4 million. As at the end of the quarter, the net profit exceeded the financial plan by EUR 0.6 million. A positive contribution to the profit came from the EUR 1.5 million bigger than planned fee and commission income and a negative contribution from the EUR 1.2 million higher than planned specific provision of loans.

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 812 million (Q2: EUR 777 million). The volume of portfolios grew 5% over the quarter.

The corporate credit portfolio containing loans and guarantees grew by EUR 128.8 million (+27%) over the year and by EUR 20.8

million (+4%) in a quarterly comparison. The greatest source of growth was loans for immovable property related activities, which is traditionally the most financed field by commercial banks, growing by EUR 49.6 million (+28%). Strong commercial real estate projects earning rental income were the main source of the growth. These were followed by loans issued for administration and support activities, which increased by EUR 22.0 million (+242%) per year. Compared to the previous year, loans issued to the processing industry grew by EUR 16.9 million (+26%).

In comparison to the second quarter of the year, the portfolio growth was most influenced by loans and guarantees issued for immovable property related activities (EUR 21.7 million; +11%), followed by the processing industry (EUR 9.7 million; +13%) and sector engaged in art, entertainment and leisure (EUR 4.0 million; +13%).

The most corporate loans were granted in the real estate sector, which makes up 38% of the bank's corporate loan portfolio. The biggest part of real estate loans was granted to high-quality projects earning rental income; a significantly smaller part went to real estate developments. Most of the funded real estate developments are located in Tallinn; a few are also in other bigger cities of Estonia. Upon funding the new developments in Tallinn, LHV's market share was approximately one fifth at the end of the third quarter of 2018. LHV's real estate development portfolio is also well-positioned in the event of changing market trends – the financed developments are in good locations and the risk and planned price ratio for the projects remains at an average of 50%.

After the real estate sector, the most credit has been issued to companies in the financial and insurance activities sector (14% share) and the processing industry (14% share). Among sectors with higher than average credit risk, accommodation and catering comprise 2%, construction 3%, and transport and storage 1% of the portfolio.

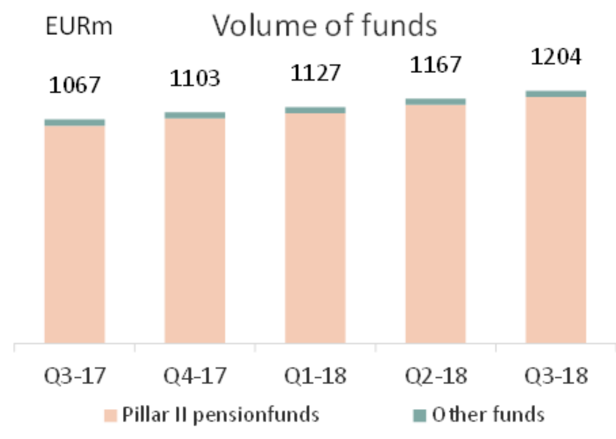
In Q3, the number of new customers at the bank increased by more than 7,300 and the total number of clients exceeded the threshold of 150,000. New record levels were achieved in customer activity. During the quarter, the bank's deposit volume grew by EUR 97 million and the loan volume by EUR 35 million. The growth of the deposit and loan base was very strong. The deposits of regular customers grew by EUR 56 million and those of the financial intermediaries by EUR 41 million. Corporate loans grew by EUR 15 million and retail loans by EUR 20 million.

A cooperation agreement was concluded at the beginning of the quarter with deposit marketplace Raisin, the aim of which is to involve more longer-term deposits. In the middle of the quarter, the Youth Bank offer was launched, consisting of a debit card with purchase insurance and partner benefits, state student loan and microinvestments. A low value payment was launched, where a private client can make up to five consecutive payments in the amount of up to EUR 30 without entering PIN2 and with a possibility to withdraw cash at the stores together with making a purchase. At the end of the quarter, the bank started e-identification, which enables adult private persons to open a bank account in the internet bank with an ID-card, Mobile-ID or Smart-ID. With e-identification, a legally required monthly limit of EUR 15,000 applies to using the money.

In connection with Brexit, the registration process of the bank's UK branch as a bank branch of a third country was commenced both with the Estonian as well as the UK supervision authorities.

Overview of AS LHV Varahaldus

- The quarterly profit was EUR 2.1 million
- The volume of funds is EUR 1 204 million, growth of EUR 37 million



EUR million	Q3 2018	Q2 2018	Change %	Q3 2017	Change %	From the beginning of 2018	From the beginning of 2017	Change %
Net fee and commission income	3.56	3.42	4%	3.34	7%	10.32	9.85	5%
Net financial income	-0.02	0.05	-140%	0.01	-300%	-0.03	0.12	-125%
Operating expenses	-0.95	-0.95	0%	-1.57	-39%	-2.94	-4.7	-37%
Depreciation of non-current assets	-0.45	-0.45	0%	-0.1	350%	-1.35	-0.3	350%
Profit	2.14	2.07	3%	1.68	27%	6.00	4.97	21%
Financial investments	7.5	7.8	-4%	6.2	21%			
Subordinated liabilities	2.1	2.1	0%	2.1	0%			
Equity	27.0	24.0	13%	15.0	80%			
Assets under management	1 203.8	1 166.6	3%	1 067.3	13%			

In Q3, the operating income of LHV Varahaldus was EUR 3.56 million (EUR 3.42 million in Q2). Operating income grew along with the volume of funds. The total volume of funds managed by LHV grew by EUR 37 million over the quarter (by EUR 40 million in Q2).

Operating expenses in Q3 amounted to EUR 1.41 million (in Q2, 1.40 million), including the amortisation of fixed assets in the amount of EUR 0.45 million (same as the last quarter). In addition to this, sales expenses were capitalised in the amount of EUR 0.42 million (EUR 0.28 million in Q2). Capitalised sales expenses were higher, as Q3 was a more active sales period. Q3 profit was EUR 2.14 million (EUR 2.07 million in Q2).

The rates of return of bigger LHV 2nd pillar funds in Q3 were close to +0.5%. Conservative funds were slightly in the red. While on the global stock markets, 3 US sectors have been notably in the green this year, the rate of return of other sectors and regions has either been 0 (e.g. Europe) or negative (developing markets). When investing the funds' assets, LHV has continued the strategy where we focus primarily on local investment opportunities.

The number of active clients of the 2nd pillar decreased by 0.3 thousand over the quarter (decrease by 0.4 thousand in Q2). The number of clients is still higher by 0.5 thousand YTD. Movement of customers between the pension funds has slightly decreased compared to the previous period.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

(in thousands of euros)	Note	Q3 2018	9M 2018	Q3 2017	9M 2017
Continuing operations					
Interest income		11 355	33 425	9 098	25 729
Interest expense		-1 901	-5 564	-1 366	-3 554
Net interest income	9	**9 454**	**27 861**	**7 732**	**22 175**
Fee and commission income		8 175	24 466	6 614	19 364
Fee and commission expense		-2 028	-5 514	-1 133	-3 752
Net fee and commission income	10	**6 147**	**18 952**	**5 481**	**15 612**
Net gains/losses from financial assets measured at fair value		13	267	91	629
Foreign exchange gains/losses		77	71	-17	771
Net gains from financial assets		**90**	**338**	**74**	**1 400**
Other income		783	808	0	17
Other expense		-13	-40	-38	-166
Total other income		**770**	**768**	**-38**	**-149**
Staff costs	11	-3 779	-11 463	-3 065	-9 486
Administrative and other operating expenses	11	-4 152	-11 908	-3 708	-10 727
Total expenses		**-7 931**	**-23 371**	**-6 773**	**-20 213**
Profit before impairment losses on loans and advances		**8 530**	**24 548**	**6 473**	**18 825**
Impairment losses on loans and advances		-1 859	-4 337	-1 098	-3 050
Profit before tax		**6 671**	**20 211**	**5 378**	**15 775**
Income tax expense		-501	-3 070	0	-951
Net profit for the reporting period from continued operations	2	**6 170**	**17 141**	**5 378**	**14 824**
Profit from discontinued operations	12	**0**	**3 324**	**78**	**561**
Net profit for the reporting period	2	**6 170**	**20 465**	**5 456**	**15 385**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale investments:					
Revaluation of available-for-sale financial assets		76	-36	19	82
Total profit and other comprehensive income for the reporting period		**6 246**	**20 429**	**5 475**	**15 467**
Total profit of the reporting period attributable to:					
Owners of the parent		5 715	19 189	5 027	13 917
Non-controlling interest		455	1 276	429	1 468
Total profit for the reporting period	2	**6 170**	**20 465**	**5 456**	**15 385**
Total comprehensive income attributable to:					
Owners of the parent		5 791	19 153	5 046	13 999
Non-controlling interest		455	1 276	429	1 468
Total comprehensive income for the reporting period		**6 246**	**20 429**	**5 475**	**15 467**
Basic earnings per share (in euros)	17	0.22	0.74	0.20	0.55
Diluted earnings per share (in euros)	17	0.22	0.73	0.19	0.54

The Notes on pages 19 to 34 are an integral part of the consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position

(in thousands of euros)	Note	30.09.2018	31.12.2017
Assets			
Due from central bank	4, 5, 6, 13	926 047	920 714
Due from credit institutions	4, 5, 6, 13	25 912	26 312
Due from investment companies	4, 6, 13	13 535	14 186
Available-for-sale financial assets	4, 6, 7	220	775
Financial assets at fair value through profit or loss	4, 6, 7	48 609	55 859
Loans and advances to customers	4, 6, 8	811 951	732 043
Receivables from customers		7 370	9 800
Other financial assets		2 687	2 289
Other assets		822	1 516
Tangible assets		1 258	1 421
Intangible assets		15 396	4 327
Goodwill		3 614	3 614
Total assets	2	**1 857 421**	**1 772 856**
Liabilities			
Deposits of customers and loans received	14	1 649 879	1 542 929
Financial liabilities at fair value through profit or loss	6	2	2
Accounts payable and other liabilities	15	26 020	71 070
Subordinated debt	6	30 900	30 900
Total liabilities	2	**1 706 801**	**1 644 901**
Owner's equity			
Share capital		26 016	25 767
Share premium		46 653	46 304
Statutory reserve capital		3 451	1 413
Other reserves		1 671	2 507
Retained earnings / accumulated deficit		69 382	44 071
Total equity attributable to owners of the parent		**147 173**	**120 062**
Non-controlling interest		3 447	7 893
Total equity		**150 620**	**127 955**
Total liabilities and equity		**1 857 421**	**1 772 856**

The Notes on pages 19 to 34 are an integral part of the consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows

(in thousands of euros)	Note	Q3 2018	9M 2018	Q3 2017	9M 2017
Cash flow from operating activities					
Interest received		11 511	32 767	9 194	25 205
Interest paid		-2 163	-4 881	-1 155	-3 160
Fees and commissions received		8 175	24 466	6 615	19 364
Fees and commissions paid		-2 028	-5 514	-1 133	-3 752
Other income		770	797	-38	-150
Staff costs paid		-4 209	-10 966	-2 932	-8 800
Administrative and other operating expenses paid		-3 368	-9 708	-3 385	-9 761
Income tax		-631	-2 569	0	-951
Cash flow from operating activities before change in operating assets and liabilities		**8 057**	**24 392**	**7 166**	**17 995**
Net increase/decrease in operating assets:					
Net acquisition/disposal of trading portfolio		-36	-85	734	231
Loans and advances to customers		-37 969	-95 788	-50 974	-125 145
Mandatory reserve at central bank		92	-994	-2 580	-4 950
Security deposits		-340	-398	-1 359	-1 380
Other assets		-510	-1 062	5 135	5 673
Net increase/decrease in operating liabilities:					
Demand deposits of customers		80 995	98 883	280 756	519 916
Term deposits of customers		13 802	1 768	-20 837	-28 294
Loans received		6 250	6 250	0	0
Repayments of loans received		0	0	0	-779
Financial liabilities held for trading at fair value through profit and loss		-6	-1	0	-209
Other liabilities		10 198	-36 630	-10 789	-13 227
Discontinued operations		0	-270	-1 896	1 548
Net cash generated from/used in operating activities		**80 533**	**-3 935**	**205 356**	**371 379**
Cash flow from investing activities					
Purchase of non-current assets		-205	-1 289	-264	-736
Proceeds from disposal of subsidiary		0	5 046	0	0
Proceeds from disposal and redemption of investment securities available for sale		631	519	88	106
Net change of investments at fair value through profit or loss		4 749	7 574	-175	16 403
Net cash flow from investing activities		**5 175**	**11 850**	**-351**	**15 773**
Cash flows from financing activities					
Contribution in share capital		598	598	194	822
Dividends paid		0	-5 295	0	-3 803
Net cash from financing activities		**598**	**-4 697**	**194**	**-2 981**
Effect of exchange rate changes on cash and cash equivalents	6	**77**	**71**	**-17**	**771**
Net decrease/increase in cash and cash equivalents		**86 383**	**3 289**	**205 182**	**384 942**
Cash and cash equivalents at the beginning of the period		862 743	945 837	478 524	298 764
Cash and cash equivalents at the end of the period	13	**949 126**	**949 126**	**683 706**	**683 706**

The Notes on pages 19 to 34 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 equity attributable to owners of LHV Group**	Non-controlling interest	**Total equity**
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**
Share options	0	0	0	-136	830	694	0	**694**
Dividends paid	0	0	0	0	-3 804	-3 804	0	**-3 804**
Paid in share capital	411	412	0	0	0	823	0	**823**
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**
Balance as at 01.01.2018	**25 767**	**46 304**	**2 471**	**1 449**	**44 071**	**120 062**	**7 893**	**127 955**
Changes in accounting policies	0	0	0	0	10 617	10 617	0	**10 617**
Disposal of tubsidiary	0	0	0	0	0	0	- 4 550	**-4 550**
Transfer to statutory reserve capital	0	0	980	0	-980	0	0	**0**
Dividends paid	0	0	0	0	-4 123	-4 123	-1 172	**-5 295**
Share options	0	0	0	258	608	866	0	**866**
Paid in share capital	249	349	0	0	0	598	0	**598**
Profit for the year	0	0	0	*0*	19 189	19 189	1 276	**20 465**
Other comprehensive loss	0	0	0	-36	*0*	-36	*0*	**-36**
Total profit and other comprehensive income for the reporting period	0	0	0	-36	19 189	19 153	1 276	20 429
Balance as at 30.09.2018	**26 016**	**46 653**	**3 451**	**1 671**	**69 382**	**147 173**	**3 447**	**150 620**

The Notes on pages 19 to 34 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 2017.

The accounting policies adopted are consistent with those of the previous financial year except for the financial reporting standards that are presented at the end of this report in Note 19. 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) and AS LHV Finance (65% interest). As of March 31 the quarterly report included also the results of UAB Mokilizingas (50% interest+1 share) which in current report is presented as discontinued operations as UAB Mokilizinas was sold in Q2.

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 2018	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	2 432	276	6 491	0	2 376	0	1 445	-1 665	11 355
Interest expense	0	0	-1 133	-42	-319	0	-2 072	1 665	-1 901
Net interest income	**2 432**	**276**	**5 358**	**-42**	**2 057**	**0**	**-627**	**0**	**9 454**
Fee and commission income	3 577	290	48	3 560	131	0	569	0	8 175
Fee and commission expense	-1 813	0	7	0	-162	0	-60	0	-2 028
Net fee and commission income	**1 764**	**290**	**55**	**3 560**	**-31**	**0**	**509**	**0**	**6 147**
Net income	**4 196**	**566**	**5 413**	**3 518**	**2 026**	**0**	**-118**	**0**	**15 601**

Net gains from financial assets	-7	0	0	36	0	0	61	0	90
Administrative and other operating expenses, staff costs	-3 040	-165	-775	-1 412	-485	0	-1 284	0	-7 161
Operating profit	**1 149**	**401**	**4 638**	**2 142**	**1 541**	**0**	**-1 341**	**0**	**8 530**
Impairment losses on loans and advances	-26	0	-1 593	0	-240	0	0	0	-1 859
Income tax	-152	-9	-284	0	0	0	-56	0	-501
Discontinued operations	0	0	0	0	0	0	0	0	0
Net profit	**971**	**392**	**2 761**	**2 142**	**1 301**	**0**	**-1 397**	**0**	**6 170**
Total assets	**1 117 435**	**104 927**	**595 514**	**29 391**	**48 788**	**0**	**107 730**	**-146 364**	**1 857 421**
Total liabilities	**1 240 672**	**268 080**	**198 718**	**2 790**	**38 915**	**0**	**31 224**	**-73 598**	**1 706 801**

Q3 2017	**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	1 782	212	5 069	1	2 078	0	1 104	-1 367	8 879
Interest expense	0	0	-1 091	-42	-282	0	-1 099	1 367	-1 147
Net interest income	**1 782**	**212**	**3 978**	**-41**	**1 796**	**0**	**5**	**0**	**7 732**
Fee and commission income	2 591	248	328	3 340	125	0	-18	0	6 614
Fee and commission expense	-905	0	-32	0	-190	0	-6	0	-1 133
Net fee and commission income	**1 686**	**248**	**296**	**3 340**	**-65**	**0**	**-24**	**0**	**5 481**
Net income	**3 468**	**460**	**4 274**	**3 299**	**1 731**	**0**	**-19**	**0**	**13 213**
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	0	-686	0	-6 811
Operating profit	**985**	**199**	**2 991**	**1 677**	**1 305**	**0**	**-681**	**0**	**6 476**
Impairment losses on loans and advances	-34	0	-873	0	-191	0	0	0	-1 098
Income tax	0	0	0	0	0	0	0	0	0
Discontinued operations	0	0	0	0	0	78	0	0	78
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**

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 2017.

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

30.09.2018	Estonia	Latvia	Lithuania	Finland	The Netherlands	Germany	Other EU	USA	Other	Total
Due from banks and investment companies	942 247	0	0	0	0	0	8 703	11 990	2 554	**965 494**
Financial assets at fair value	8 196	784	17 204	0	0	1	22 615	29	0	**48 829**
Loans and advances to customers	773 780	86	16 858	1 261	1	1	18 561	176	1 227	**811 951**
Receivables from customers	7 364	1	5	0	0	0	0	0	0	**7 370**
Other financial assets	112	0	0	0	0	0	0	2 575	0	**2 687**
Total financial assets	**1 731 699**	**871**	**34 067**	**1 261**	**1**	**2**	**49 879**	**14 770**	**3 781**	**1 836 331**
Deposits of customers and loans received	1 053 152	10 217	754	4 377	1 205	5 681	535 382	2 308	36 803	**1 649 879**
Subordinated debt	30 900	0	0	0	0	0	0	0	0	**30 900**
Accounts payable and other financial liabilities	23 048	0	4	27	0	0	13	3	0	**23 095**
Financial liabilities at fair value	7	0	0	0	0	0	0	0	0	**7**
Total financial liabilities	**1 107 102**	**10 217**	**758**	**4 404**	**1 205**	**5 681**	**535 395**	**2 311**	**36 803**	**1 703 876**

Unused loan commitments in the amount of EUR 269 215 thousand are for the residents of Estonia.

31.12.2017	Estonia	Latvia	Lithuania	Finland	The Netherlands	Germany	Other EU	USA	Other	Total
Due from banks and investment companies	919 599	47	2 528	0	0	0	3 051	28 152	7 835	**961 212**
Financial assets at fair value	7 466	779	17 456	0	0	29 867	1 064	2	0	**56 634**
Loans and advances to customers	650 871	3 644	46 269	998	91	42	26 580	45	3 503	**732 043**
Receivables from customers	8 481	372	947	0	0	0	0	0	0	**9 800**
Other financial assets	109	0	0	0	0	0	0	2 180	0	**2 289**
Total financial assets	**1 586 526**	**4 842**	**67 200**	**998**	**91**	**29 909**	**30 695**	**30 379**	**11 338**	**1 761 978**
Deposits of customers and loans received	848 642	5 024	825	2 717	12 505	632	639 608	2 855	30 121	**1 542 929**
Subordinated debt	30 900	0	0	0	0	0	0	0	0	**30 900**
Accounts payable and other financial liabilities	60 382	3 047	3 360	27	0	0	13	3	0	**66 832**
Financial liabilities at fair value	2	0	0	0	0	0	0	0	0	**2**
Total financial liabilities	**939 926**	**8 071**	**4 185**	**2 744**	**12 505**	**632**	**639 621**	**2 858**	**30 121**	**1 640 663**

Unused loan commitments in the amount of EUR 168 228 thousand are for the residents of Estonia and in the amount of EUR 11 345 thousand for the residents of Lithuania.

NOTE 5 Breakdown of Assets and Liabilities by Contractual Maturity Dates

30.09.2018	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	1 508 571	43 893	80 848	11 956	5 129	**1 650 397**
Subordinated debt	0	532	1 596	8 511	33 958	**44 597**
Accounts payable and other financial liabilities	0	23 095	0	0	0	**23 095**
Unused loan commitments	0	269 215	0	0	0	**269 215**
Financial guarantees by contractual amounts	0	10 055	0	0	0	**10 055**
Foreign exchange derivatives (gross settled)	0	34 278	0	698	0	**34 976**
Financial liabilities at fair value	0	2	0	0	0	**2**
Total liabilities	**1 508 571**	**381 070**	**82 444**	**21 165**	**39 087**	**2 032 337**
Financial assets by contractual maturity dates						
Due from banks and investment companies	965 494	0	0	0	0	**965 494**
Financial assets at fair value (debt securities)	0	60	23 329	15 668	2 084	**41 141**
Loans and advances to customers	0	26 048	158 039	602 441	127 479	**914 007**
Receivables from customers	0	7 370	0	0	0	**7 370**
Other financial assets	2 687	0	0	0	0	**2 687**
Foreign exchange derivatives (gross settled)	0	34 276	0	700	0	**34 976**
Total financial assets	**968 181**	**67 754**	**181 368**	**618 809**	**129 563**	**1 965 675**
Maturity gap from financial assets and liabilities	**-540 390**	**-313 316**	**98 924**	**597 644**	**90 476**	**-66 662**

31.12.2017	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	1 409 662	37 104	90 332	3 335	2 864	**1 543 297**
Subordinated debt	0	532	1 596	8 511	35 554	**46 193**
Accounts payable and other financial liabilities	0	66 832	0	0	0	**66 832**
Unused loan commitments	0	179 572	0	0	0	**179 572**
Financial guarantees by contractual amounts	0	5 999	0	0	0	**5 999**
Foreign exchange derivatives (gross settled)	0	11 825	0	661	0	**12 486**
Financial liabilities at fair value	0	2	0	0	0	**2**
Total liabilities	**1 409 662**	**301 8668**	**91 928**	**12 507**	**38 418**	**1 854 381**
Financial assets by contractual maturity dates						
Due from banks and investment companies	961 212	0	0	0	0	**961 212**
Financial assets at fair value (debt securities)	0	180	30 952	17 005	2 084	**50 221**
Loans and advances to customers	0	55 668	171 720	488 968	95 517	**811 873**
Receivables from customers	0	9 800	0	0	0	**9 800**
Other financial assets	2 289	0	0	0	0	**2 289**
Foreign exchange derivatives	0	11 825	0	661	0	**12 486**
Total financial assets	**963 501**	**77 473**	**202 672**	**506 634**	**97 601**	**1 847 881**
Maturity gap from financial assets and liabilities	**-446 161**	**-224 393**	**110 744**	**494 127**	**59 183**	**-6 500**

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

30.09.2018	EUR	CHF	GBP	SEK	USD	Other	Total
Assets bearing currency risk							
Due from banks and investment companies	943 870	2 588	4 123	2 715	1 002	11 196	**965 494**
Financial assets at fair value	22 586	0	19	1	26 203	19	**48 829**
Loans and advances to customers	795 806	4	14 821	700	599	21	**811 951**
Receivables from customers	6 404	0	666	41	119	140	**7 370**
Other financial assets	614	0	0	0	2 073	0	**2 687**
Total assets bearing currency risk	**1 769 280**	**2 591**	**19 629**	**3 457**	**29 997**	**11 377**	**1 836 331**
Liabilities bearing currency risk							
Deposits from customers and loans received	1 554 464	2 588	45 406	5 953	34 136	7 332	**1 649 879**
Financial liabilities at fair value	0	0	0	0	2	0	**2**
Accounts payable and other financial liabilities	14 263	6	284	412	210	7 920	**23 095**
Subordinated debt	30 900	0	0	0	0	0	**30 900**
Total liabilities bearing currency risk	**1 599 627**	**2 594**	**45 690**	**6 365**	**34 348**	**15 252**	**1 703 876**
Open gross position derivative assets at contractual value	698	0	25 921	2 912	5 128	3 575	**38 234**
Open gross position derivative liabilities at contractual value	37 536	0	0	0	698	0	**38 234**
Open foreign currency position	**132 815**	**-2**	**-140**	**4**	**79**	**-300**	**132 455**

31.12.2017	EUR	CHF	GBP	SEK	USD	Other	Total
Assets bearing currency risk							
Due from banks and investment companies	922 431	2 587	28 237	892	1 359	5 706	**961 212**
Financial assets at fair value	21 998	0	0	4	34 603	29	**56 634**
Loans and advances to customers	730 165	0	4	14	1 832	28	**732 043**
Receivables from customers	9 357	7	204	11	145	76	**9 800**
Other financial assets	288	0	0	0	2 001	0	**2 289**
Total assets bearing currency risk	**1 684 239**	**2 594**	**28 445**	**921**	**39 940**	**5 839**	**1 761 978**
Liabilities bearing currency risk							
Deposits from customers and loans received	1 457 593	2 534	33 134	3 558	42 646	3 464	**1 542 929**
Financial liabilities at fair value	0	0	0	1	1	0	**2**
Accounts payable and other financial liabilities	63 596	66	259	82	54	2 775	**66 832**
Subordinated debt	30 900	0	0	0	0	0	**30 900**
Total liabilities bearing currency risk	**1 552 089**	**2 600**	**33 393**	**3 641**	**42 701**	**6 239**	**1 640 663**
Open gross position derivative assets at contractual value	699	0	4 959	2 763	3 615	450	**12 486**
Open gross position derivative liabilities at contractual value	11 787	0	0	0	699	0	**12 486**
Open foreign currency position	**121 062**	**-7**	**10**	**43**	**155**	**51**	**121 315**

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	30.09.2018	Level 1	Level 2	Level 3	31.12.2017
Financial assets at fair value through profit and loss								
Shares and fund units*	493	7 500	0	**7 993**	430	6 261	0	**6 691**
Available-for-sale bonds and shares	0	0	220	**220**	555	0	220	**775**
Bonds at fair value through profit and loss	40 575	0	0	**40 575**	49 138	0	0	**49 138**
Interest rate swaps and foreign exchange forwards	0	41	0	**41**	0	30	0	**30**
Total financial assets	**41 068**	**7 541**	**220**	**48 829**	**50 123**	**6 291**	**220**	**56 634**
Financial liabilities at fair value through profit and loss								
Interest rate swaps and foreign exchange	0	2	0	**2**	0	2	0	**2**
Total financial liabilities	**0**	**2**	**0**	**2**	**0**	**2**	**0**	**2**

*Shares and fund units include the Group companies' AS LHV Varahaldus investment into pension fund units in the amount of EUR 7 500 (31.12.2017: 6 261) thousand. Pursuant to the Investment Funds Act, the mandatory shares of LHV Varahaldus as the management company is 0.5% 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 30.09.2018 the fair value of corporate loans and overdraft is EUR 5 948 thousand (1.11%) lower than their carrying amount (31.12.2017: 1 009 thousand, 0.1% 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 September 2018 and 31 December 2017. 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

	30.09.2018	%	31.12.2017	%
Individuals	188 550	22.9%	191 744	25.9%
Real estate activities	204 923	24.9%	197 697	26.7%
Manufacturing	84 771	10.3%	68 252	9.2%
Arts and entertainment	89 089	10.8%	29 292	4.0%
Financial activities	21 028	2.6%	78 113	10.6%
Wholesale and retail trade	24 516	3.0%	21 112	2.9%
Administrative and support service activities	9 570	1.2%	33 947	4.6%
Transportation and storage	34 665	4.2%	5 876	0.8%
Agriculture	7 456	0.9%	8 717	1.2%
Other service activities	18 335	2.2%	15 485	2.1%
Construction	41 524	5.0%	19 421	2.6%
Information and communication	34 891	4.2%	8 439	1.1%
Professional, scientific and technical activities	2 192	0.3%	13 958	1.9%
Education	4 485	0.5%	2 218	0.3%
Other sectors	56 701	6.9%	45 897	6.2%
Total	**822 696**	**100%**	**740 168**	**100%**
Provision	-10 745		-8 125	
Total loan portfolio	**811 951**	**100%**	**732 043**	**100%**

NOTE 9 Net Interest Income

Interest income	**Q3 2018**	**9M 2018**	**Q3 2017**	**9M 2017**
Balances with credit institutions and investment companies	45	103	8	18
Bonds	32	105	47	164
Leasing	543	1 841	437	1 402
Leverage loans and lending of securities	111	353	-12	47
Consumer loans	1 377	3 820	1 063	2 858
Hire purchase	999	3 026	1 015	3 161
Business loans	7 073	19 905	5 720	16 155
Creditcard loans	194	568	180	511
Other loans	981	3 704	640	1 413
Total	**11 355**	**33 425**	**9 098**	**25 729**
Interest expense				
Deposits of customers and loans received	-483	-1 285	-316	-896
Balances with the central bank	-886	-2 682	-514	-1 058
Subordinated liabilities	-532	-1 597	-536	-1 600
including loans between related parties	-88	-264	-84	-253
Total	**-1 901**	**- 5 564**	**-1 366**	**-3 554**
Net interest income	**9 454**	**27 861**	**7 732**	**22 175**

Interest income on loans by customer location (interest on bank balances and bonds excluded):	**Q3 2018**	**9M 2018**	**Q3 2017**	**9M 2017**
Estonia	11 278	32 694	8 825	24 850
Lithuania	0	523	217	696
Total	**11 278**	**33 217**	**9 042**	**25 546**

NOTE 10 Net Fee and Commission Income

Fee and commission income	Q3 2018	9M 2018	Q3 2017	9M 2017
Security brokerage and commissions paid	597	3 152	566	2 476
Asset management and similar fees	4 136	12 141	3 763	11 045
Currency conversion revenues	449	1 111	163	665
Fees from cards and payments	2 406	6 354	1 716	4 244
Other fee and commission income	587	1 708	406	934
Total	**8 175**	**24 466**	**6 614**	**19 364**
Fee and commission expense				
Security brokerage and commissions paid	-142	-417	214	165
Expenses related to cards	-699	-1 911	-487	-1 425
Expenses related to acquiring	-759	-2 014	-538	-1 415
Other fee and commission expense	-428	-1 172	-322	-1 077
Total	**-2 028**	**-5 514**	**-1 133**	**-3 752**
Net fee and commission income	**6 147**	**18 952**	**5 481**	**15 612**

Fee and commission income by customer location:	Q3 2018	9M 2018	Q3 2017	9M 2017
Estonia	8 138	24 337	6 565	19 134
Latvia	0	0	0	6
Lithuania	0	0	0	71
Luxembourg	37	129	50	154
Total	**8 175**	**24 466**	**6 615**	**19 365**

NOTE 11 Operating Expenses

	Q3 2018	9M 2018	Q3 2017	9M 2017
Wages, salaries and bonuses	2 865	8 827	2 271	7 200
Social security and other taxes*	914	2 636	794	2 286
Total personnel expenses	**3 779**	**11 463**	**3 065**	**9 486**
IT expenses	565	1 572	427	1 215
Information services and bank services	141	452	126	423
Marketing expenses	522	1 424	1 051	2 654
Office expenses	134	422	104	340
Transportation and communication expenses	54	159	52	165
Staff training and business trip expenses	151	464	121	262
Other outsourced services	780	2 356	674	2 204
Other administrative expenses	653	1 790	514	1 634
Depreciation of non-current assets	777	2 199	323	963
Operational lease payments	295	872	254	730
Other operating expenses	80	198	62	137
Total other operating expenses	**4 152**	**11 908**	**3 708**	**10 727**
Total operating expenses	**7 931**	**23 371**	**6 773**	**20 213**

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

NOTE 12 Discontinued operations

	Q3 2018	9M 2018	Q3 2018	9M 2017
Other financial income	0	2 949	0	0
Net interest income	0	1 619	1 130	3 458
Net fee and commission income	0	956	214	581
Personnel expenses	0	-535	-443	-1 233
Operating expenses	0	-1 131	-619	-2 007
Impairment losses on loans	0	-390	-162	-143
Income tax expenses	0	-144	-42	-95
Net profit from discontinued operations	**0**	**3 324**	**78**	**561**

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

	30.09.2018	31.12.2017
Term deposits with maturity less than 3 months*	39 447	40 498
Legal reserve with the central bank	16 368	15 375
Other receivables from central bank*	909 679	905 339
Total	**965 494**	**961 212**
*Cash and cash equivalents in the Statement of Cash Flows	949 126	945 837

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 12 159 thousand (31 December 2017: EUR 14 186 thousand). All other demand and term deposits are held with credit institutions and the central bank.

The minimum reserve requirement as at 30 September 2018 was 1% (31 December 2017: 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	Financial intermediates	Legal entities	Public sector	30.09.2018
Demand deposits	352 320	511 407	637 312	7 425	1 508 464
Term deposits	52 753	0	70 493	5 634	128 880
Loans received	0	0	12 250	0	12 250
Accrued interest liability	171	0	108	6	285
Total	**405 244**	**511 407**	**720 163**	**13 065**	**1 649 879**

Deposits/loans by type	Individuals	Financial intermediates	Legal entities	Public sector	31.12.2017
Demand deposits	278 430	606 600	518 346	6 203	1 409 579
Term deposits	51 075	0	70 221	5 816	127 112
Loans received	0	0	6 000	0	6 000
Accrued interest liability	144	0	87	7	238
Total	**329 649**	**606 600**	**594 654**	**12 026**	**1 542 929**

LHV Pank signed an unsecured 10-year loan agreement with the European Investment Fund (EIF) in the amount of EUR 12.5 million to increase the borrowing possibilities of small and medium-sized enterprises. As at 30.09.2018, the Bank had utilized 12 250 thousand euros of the loan amount. 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 implemented.

NOTE 15 Accounts payable and other liabilities

Financial liabilities	30.09.2018	31.12.2017
Trade payables and payables to merchants	2 383	8 946
Other short-term financial liabilities	2 204	1 878
Accrued interest on subordinated loans	237	210
Payments in transit	18 133	55 661
Financial guarantee contracts issued	138	137
Subtotal	**23 095**	**66 832**
Performance guarantee contracts issued	234	159
Tax liabilities	992	700
Payables to employees	1 307	1 238
Other short-term liabilities	392	2 141
Subtotal	**32 925**	**4 238**
Total	**26 020**	**71 070**

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	Letter of credit	Unused loan commitments	Total
Liability in the contractual amount as at 30 September 2018	11 530	10 055	85	269 215	**290 885**
Liability in the contractual amount as at 31 December 2017	10 129	5 999	51	179 572	**195 751**

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.

	Q3 2018	9M 2018	Q3 2017	9M 2017
Total profit attributable to owners of the parent (EUR thousand)	5 715	19 189	5 027	13 917
Weighted average number of shares (in thousands of units)	25 892	25 809	25 562	25 425
Basic earnings per share (EUR)	0.22	0.74	0.20	0.55
Weighted average number of shares used for calculating the diluted earnings per shares (in thousands of units)	26 409	26 295	26 097	25 938
Diluted earnings per share (EUR)	0.22	0.73	0.19	0.54

NOTE 18 Capital Management

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

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

The amount of capital that the Group managed as of 30.09.2018 was 146 018 thousand euros (31.12.2017: 141 609 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	**30.09.2018**	**31.12.2017**
Paid-in share capital	26 016	25 767
Share premium	46 653	46 304
Reserves	3 451	2 471
Other reserves	0	36
Accumulated loss	50 193	24 468
Intangible assets (subtracted)	-19 010	-7 940
Profit for the reporting period	9 444	19 603
Other adjustments	-1 629	0
Total Tier 1 capital	**115 118**	**110 709**
Subordinated liabilities	30 900	30 900
Total Tier 2 capital	**30 900**	**30 900**
Total net own funds	**146 018**	**141 609**

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	**3Q 2018**	**9M 2018**	**3Q 2017**	**9M 2017**
Interest income	**17**	**47**	**15**	**51**
incl. management	6	22	8	22
incl. shareholders that have significant influence	11	25	7	29
Fee and commission income	**4**	**8**	**2**	**4**
Incl. management	2	2	0	0
incl. shareholders that have significant influence	2	6	2	4
Interest expenses from deposits	**11**	**29**	**10**	**30**
incl. management	3	5	0	0
incl. shareholders that have significant influence	8	24	10	30
Interest expenses from subordinated loans	**88**	**264**	**84**	**253**
incl. management	1	5	1	5
incl. shareholders that have significant influence	87	259	83	248

Balances	**30.09.2018**	**31.12.2017**
Loans and receivables as at the year-end	**3 378**	**2 820**
incl. management	2 112	1 736
incl. shareholders that have significant influence	1 266	1 084
Deposits as at the year-end	**21 902**	**22 995**
incl. management	542	283
incl. shareholders that have significant influence	21 360	22 712
Subordinated loans as at the year-end	**4 999**	**4 999**
incl. management	104	104
incl. shareholders that have significant influence	4 895	4 895

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. The management and shareholders with significant influence include also their related entities and persons.

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 357 thousand (Q3 2017: EUR 346 thousand), including all taxes. As at 30.09.2018, remuneration for September and accrued holiday pay in the amount of EUR 90 thousand (31.12.2017: EUR 84 thousand) is reported as a payable to management (Note 15). The Group did not have any long-term payables or commitments to the members of the Management Board and the Supervisory Board as at 30.09.2018 and 31.12.2017 (pension liabilities, termination benefits, etc.). In Q3 2018, the remuneration paid to the members of the Group's Supervisory Board totalled EUR 10 thousand (Q3 2017: EUR 6 thousand).

Management is related to the share-based compensation plan. In Q3 2018 the share-based compensation to management amounted to EUR 128 thousand (Q3 2017: EUR 105 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.

NOTE 20 Changes in accounting policies

FINANCIAL ASSETS AND LIABILITIES
Financial assets

Financial assets are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument and are measured at fair value on initial recognition. Transaction costs are included in the fair value on initial recognition except for financial assets at fair value through profit or loss where transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows have expired, the Group has transferred substantially all risks and rewards and upon substantial modification. Transfers of financial assets with retention of all or substantially all risks and rewards include for example repurchase transactions and securities lending transactions. Financial assets at fair value are recognised on the statement of financial position on trade date. Financial assets measured at amortised cost are recognised on trade date. The Group classifies and subsequently measures its financial assets in the following categories: financial instruments at fair value through profit or loss; fair value through other comprehensive income and amortised cost. The classification will depend on if the financial asset is a debt instrument, an equity instrument or a derivative.

Debt instruments (Loans and debt securities)

The classification is based on a combination of assessing the business model for managing the financial assets and whether the contractual cash flows consist of solely payments of principal and interest ('SPPI'). The business model assessment is performed for homogenous portfolios/products identified based on how the business is managed in the divisions of the Group. The assessment is based on reasonable scenarios taking into consideration how the portfolio is evaluated and reported to management; the risks affecting the performance of the portfolio and how these risks are managed; how managers are compensated; and the frequency, value and timing of sales including the reasons for the sales. In determining if the cash flows consist solely of principal and interest, the principal is defined as the fair value of the debt instrument at initial recognition, which can change over the life if there are repayments or capitalisation of interest. Interest cash flows are consistent with components per a basic lending arrangement including consideration for time value of money, credit risk, liquidity risk as well as administrative costs and profit margin. If there are contractual features introducing an exposure to other risks or volatility, it is not considered to consist of solely payments of principal and interest. SPPI tests are performed as a part of new product approval tests. In implementation of IFRS 9 SPPI was applied to 22 larger products carried at amortised cost. All products exept one remained in accounting with same treatment. With remaining one – margin loan, the product conditions were changed so that one functionality was taken out of the product and then product passed SPPI. All the LHV products remained with same accounting treatment as before.

Debt instruments are presented in the statement of financial position line items: Due from central banks, credit institutions and investment companies; Loans and advances to customers; Available-for-sale financial assets; Financial assets at fair value through profit or loss; Receivables from customers and Other financial assets, and include instruments in the following measurement categories.

Fair value through profit or loss: Debt instruments are classified in this category if not meeting the criteria for amortised cost or fair value through other comprehensive income. This is the case if the business model is held for trading; where financial assets are considered held for trading if they are held with the intention to be sold in the short-term and for the purpose of generating profits. Debt instruments are mandatorily measured at fair value through profit or loss if the assets are managed and evaluated on a fair value basis or the assets are held with an intention to sell, or alternatively, if the cash flows do not consist of solely payments of principal and interest.

Fair value through other comprehensive income: Debt instruments are classified in this category if both of the following criteria are met (a) the business model objective is to both hold assets to collect contractual cash flows and to sell the assets (b) the contractual cash flows consist of solely payments of principal and interest. The assets are measured at fair value and gains and losses arising from changes in fair value are reported in other comprehensive income and accumulated in equity. The cumulative gain or loss is reclassified from equity to profit or loss upon derecognition of the debt instrument. Interest is calculated by applying the effective interest method on interest-bearing financial assets and expected credit losses are recognised in profit or loss.

Amortised cost: Debt instruments are classified in this category if both of the following criteria are met (a) the business model objective is to hold assets to collect contractual cash flows and (b) the contractual cash flow characteristics consist of solely payments of principal and interest. The gross carrying amount of these assets is measured using the effective interest method and adjusted for expected credit losses.

Equity instruments

Equity instruments are per default classified as financial assets at fair value through profit or loss. An irrevocable election can be made on initial recognition to classify equity instruments (not held for trading) at fair value through other comprehensive income.

Derivatives

Derivatives are classified as fair value through profit or loss (held for trading).

Modification

The Group may renegotiate loans and modify contractual terms. If the new terms are substantially different from the original terms, the Group derecognises the original financial asset and recognises a new asset. The Group also assesses whether the new financial asset is credit-impaired at initial recognition. If the terms are not substantially different, the modification does not result in derecognition and the Group recalculates the gross carrying amount based on the new cash flows using the original effective interest rate of the financial asset and recognises a modification gain or loss.

Reclassification

In rare circumstances debt instruments (financial assets) excluding those designated at fair value through profit or loss on initial recognition, can be reclassified if there has been a change in the business model for managing the financial asset.

Financial liabilities

Financial liabilities are measured at fair value on initial recognition. In case the financial liabilities are measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or the issuance of the financial liability are recognised in profit or loss. For other financial liabilities direct transaction cost are recognised as a deduction from the fair value.

Financial liabilities are derecognised when extinguished, that is, when the obligation is discharged, cancelled or expired.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are either classified as held for trading or designated as fair value through profit or loss on initial recognition (fair value option).

Financial liabilities held for trading are primarily derivatives not designated as hedging instruments.

Other financial liabilities

The category other financial liabilities primarily include the Group’s short-term and long-term borrowings. After initial recognition other financial liabilities are measured at amortised cost, using the effective interest method. The statement of financial position line items Deposits from customers and loans received, Accounts payable and other liabilities and Subordinated debt are included in this category.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legal right to offset transactions and an intention to settle net or realise the asset and settle the liability simultaneously.

Embedded derivatives

Some combined contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. If the host contract is a financial asset in scope of IFRS 9 the contract is assessed for classification in its entirety and the embedded derivative is not separated.

Repurchase agreements

When the Group borrows or purchases securities subject to a commitment to resell them (a ‘reverse repo’), the securities are not included in the statement of financial position. Payments made are recognised as Loans and advances to customers. Reverse repurchase agreements are measured at amortised cost.

REVENUES AND EXPENSES

Interest income and interest expense

The effective interest method is applied to recognise interest income and interest expenses in profit or loss for financial assets and financial liabilities measured at amortised cost.

The effective interest method is a method of calculating the gross carrying amount of a financial asset or the amortised cost of a financial liability and of allocating interest income and interest expenses. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument. When calculating future payments, all payments included in the terms and conditions of the contracts, such as advance payments, are taken into consideration. The calculation of the effective interest rate includes fees that are an integral part of the effective interest rate. However, expected credit losses are not taken into account.

If a financial asset subsequently has become credit impaired the interest income is recognised applying the effective interest rate to the amortised cost, i.e. gross carrying amount adjusted for the loss allowance. In case a financial asset is credit-impaired at initial recognition, the expected credit losses are included in the estimated cash flows to calculate a credit adjusted effective interest rate which then is applied to recognise the interest income.

Fee and commission income

The recognition of revenue from contracts with customers is reported as fee and commission income. This does not apply for revenue from leasing contracts or financial instruments and other contractual obligations within the scope of IFRS 9 Financial Instruments.

Fees that are included in the calculation of the effective interest rate of a financial instrument measured at amortised cost, such as loan origination fees, are allocated over the expected tenor of the instrument applying the effective interest method and presented in Net interest income.

Fee and commission income is recognised to depict the transfer of promised services to the customers in an amount that reflects the consideration to which LHV expects to be entitled in exchange for the service. The major types of fees are described below.

Fee and commission income for asset custody and asset management to customers is recognised as revenue over the period in which the services are provided. Performance based fees are recognised when it is highly probable that a significant reversal of recognised revenue will not occur, which is most often when the performance criteria are fulfilled.

Brokerage fees, commission and fees from negotiating a transaction for a third party, such as arrangement of acquisitions or purchase or sale of a business, are recognised on completion of the transaction.

Expenses that are directly related to the generation of fee and commission income are recognised as fee and commission expense.

Net financial income

Gains and losses arising from changes in fair value of financial assets and liabilities measured at fair value through profit or loss are reported under the item Net financial income. For financial liabilities designated at fair value through profit or loss the change in fair value relating to change in own credit risk is accounted for in other comprehensive income.

Dividend income

Dividends are recognised when the entity's legal right to receive payment is established.

EXPECTED CREDIT LOSS

Measurement

The impairment requirements are based on an expected credit loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

All financial assets measured at amortised cost and fair value through other comprehensive income, as well as lease receivables, financial guarantees contracts, contract assets and certain loan commitments are in scope for expected credit loss.

ECLs on financial assets measured at amortised cost and lease receivables are presented as allowances, i.e., as an integral part of the measurement of those assets in the statement of financial position. The allowance reduces the gross carrying amount. ECLs on loan commitments and financial guarantee contracts are presented as provisions, i.e., as a liability, in the statement of financial position. Adjustment to the loss allowance and provision due to changes in ECLs is recognised in the statement of profit or loss as net expected credit losses.

The assessment of credit risk, and the estimation of ECL, shall be unbiased and probability-weighted, and shall incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. LHV uses both models and expert based individual assesments for calculating ECLs.

The ECL model has a three-stage approach based on changes in the credit risk. A 12-month ECL (Stage 1) applies to all items, unless there is a significant increase in credit risk since initial recognition. For items where there is a significant increase in credit risk (Stage 2) or in default (Stage 3), lifetime ECL applies.

Significant increase in credit risk

At the end of each reporting period the Group performs an assessment of whether credit risk has increased significantly since initial recognition. The assessment of whether there has been a significant change in credit risk is based on quantitative and qualitative indicators. Indicators include payments that are past due >30 days and <90 days and financial assets that have been classified as watch-list or with forbearance measures (loans whose contractual terms have been revised due to the customer's financial difficulties). A quantitative indicator is calculated based on the change in lifetime probability of default (PD) by comparing the scenario-weighted lifetime PD at the reporting date with the scenario-weighted lifetime PD at initial recognition. In case there has been a significant increase in credit risk since initial recognition, an allowance for lifetime ECL shall be recognised and the financial instrument is transferred to Stage 2. The approach is symmetrical, meaning that in subsequent reporting periods, if the credit quality of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the financial assets moves back to Stage 1.

Definition of default

Financial instruments in default are in Stage 3. LHV applies a definition of default for accounting purposes that is consistent with how it is defined in the capital requirements regulation, which includes financial assets past due more than 90 days. All financial assets in Stage 3 are considered credit-impaired.

Modelling

The ECL is calculated as a function of the probability of default (PD), the exposure at default (EAD) and the loss given default (LGD), as well as the timing of the loss. The Group's IFRS 9 methodology for ECL measurement is based on existing internal scoring and rating models.

PD represents the likelihood that a loan will not be repaid and will go into default in either a 12-month or lifetime horizon. The expected PD for each individual instrument incorporates a consideration of past events, current market conditions and reasonable and supportable information about future economic conditions. LHV uses existing scoring and rating models that are adjusted according to specific IFRS 9 requirements. The models are calibrated based on a combination of assets class and product type.

EAD represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet amounts, EAD includes an estimate of any further amounts to be drawn at the time of default. LGD is the amount that may not be recovered in the event of default. LGD takes into consideration the amount and quality of any collateral held. LHV uses existing LGD models adjusted to meet IFRS 9 requirements. When measuring ECL, LHV uses the maximum contractual period during which LHV is exposed to risk.

Forward-looking information

The Group uses internally developed macroeconomic forecasts as the basis for the forward-looking information incorporated in the ECL measurement. In order to ensure an unbiased estimation of credit losses under IFRS 9, at least three scenarios shall be used. One of the scenarios shall be the base case scenario, representing the most likely outcome, which is also applied in the regular financial planning and budgeting process, while other case scenarios shall represent more optimistic or pessimistic outcomes.

Forecasts are developed internally in the Credit Management Department that consults with the experts from Risk Control Unit, business and finance. As available without undue cost, external experts and externally developed 'benchmark forecasts' should be consulted. The referred benchmark forecasts include but are not limited to World Economic Outlook by the IMF, European Economic Forecasts by the European Commission and Economic Forecasts by Bank of Estonia. The scenarios shall be approved by the Risk and Capital Committee.

Scenarios should be developed for a time horizon over which reliable projections can be made, typically for a time horizon of 3 years. At minimum, selected macro indicators have to be forecasted for a period of two years following the current year. In general, scenarios shall be reviewed on a quarterly basis. In case of significant changes in the macroeconomic environment and outlook, the scenarios shall be updated.

Individual assesments and Management´s judgement

The Group uses both models and expert based judgement in order to determine ECLs. The degree of judgement that is required to estimate ECL depends on the model outcome, materiality and the availability of detailed information. The model provides guidance and transparency as to how economic events could affect the impairment of financial assets. Expert based judgement may be applied to the modelled outcome to incorporate an estimated impact of factors not captured by the model. Such individual ECL assesments may be applied to significant exposures at a counterparty level. These assesments are decided by the Credit Committee. In addition there may be a need for adjustments at a portfolio level, which is decided by the Risk and Capital Committee.

New and amended critical judgements for IFRS 9 and IFRS 15 from 2018

EXPECTED CREDIT LOSS MODEL

When calculating expected credit loss (ECL) there are a number of key concepts that require a high level of judgement. Estimating expected credit loss is, by its very nature, uncertain and the accuracy of these estimates depends on many factors, e.g. macroeconomic forecasts and involves complex modelling and judgements. The assessment of significant increase in credit risk is a new concept under IFRS 9 Financial Instruments and will require significant judgement. At the end of each reporting period the Group shall perform an assessment of whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument, using key risk indicators that are used in the Group’s existing risk management processes. Another area requiring significant judgement is the incorporation of forward-looking information and macroeconomic scenarios. IFRS 9 requires an unbiased and probability-weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. LHV uses internally developed macroeconomic forecasts as the basis for the forward-looking information in the ECL measurement. LHV uses both models and expert based judgement in order to determine ECLs. The objective of applying expert based judgement is to incorporate the estimated impact of factors not captured in the modelled ECL. The degree of judgement that is required to estimate expected credit losses depends on the outcome from calculations, materiality and the availability of detailed information. The models, assessment and assumptions are regularly reviewed by the risk organisation of the Group and approved by the Group Risk Committee.

FEE AND COMMISSION INCOME

In recognising fee and commission income LHV makes judgements to determine the amount and timing of revenue from contracts with customers.

When LHV performs e.g. custody, asset management or administration of clients investment policies the fees are based on the time period the service is provided and/or on the amounts of underlying assets. LHV’s judgement is that the customer simultaneously receives and consumes the service and LHV’s obligations are therefore satisfied over the time the service is provided.

When LHV performs e.g. brokerage, negotiations of transactions for third parties such as arrangement of acquisitions or purchase or sale of businesses or acts as an arranger in loan syndications LHV’s judgement is that the customer obtains control of the asset and LHV’s obligations are satisfied at the time of the completion of the transaction.

When fees are based on LHV’s performance LHV recognise revenue based on judgements when it is highly probable that a significant reversal of recognised revenue will not occur, which is most often when the performance criteria are fulfilled.

ASSETS RECOGNISED FROM THE COSTS TO OBTAIN OR FULFIL A CONTRACT, DEFERRED ACQUISITION COSTS

LHV recognise as an asset, costs to obtain contracts that would not have incurred if the contract had not been obtained, mainly sales commissions to obtain investment contracts.

The amortisation period for the asset is based on assumptions about average lifetime of the contracts including assumptions about surrenders and lapses.

LEASES

In addition, since 1 January 2019 the IFRS 16 Leases will apply to the Group's financial reporting.

IFRS 16, applicable to annual periods beginning on 1 January 2019 or after that date, eliminates the classification of leases as either operating leases or finance leases, as required by IAS 17, and, instead, introduces a single lease accounting model. As at the date of this report, the Group is assessing the IFRS 16 impact on its financial statements.

Shareholders of AS LHV Group

AS LHV Group has a total of 26 016 485 ordinary shares, with a nominal value of 1 euro.

As at 30 September 2018, AS LHV Group has 5 528 shareholders:

- 13 472 826 shares (51.8%) were held by members of the Supervisory Board and Management Board, and related parties.
- 12 543 659 shares (48.2%) were held by Estonian entrepreneurs and investors, and related parties.

Top ten shareholders as at 30 September 2018:

Number of	Participation	Name of shareholder
3 357 920	12.9%	AS Lõhmus Holdings
2 538 367	9.8%	Rain Lõhmus
2 079 344	8.0%	Viisemann Investments AG
1 595 620	6.1%	Ambient Sound Investments OÜ
1 210 215	4.7%	OÜ Krenno
999 456	3.8%	AS Genteel
951 978	3.7%	AS Amalfi
722 297	2.8%	OÜ Kristobal
653 165	2.5%	SIA Krugmans
589 177	2.3%	OÜ Bonaares

Shares held by members of the Management Board and Supervisory Board

Madis Toomsalu holds 24 397 shares.
Rain Lõhmus holds 2 538 367 shares, AS Lõhmus Holdings 3 357 920 shares and OÜ Merona Systems 581 718 shares.
Andres Viisemann does not hold shares. Viisemann Holdings OÜ holds 465 055 shares and Viisemann Investment AG holds 2 079 344 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 10 825 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, Kadri Kiisel

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

OÜ Cuber Tehnology
Management board: Jüri Laur

Signatures of the Management Board to the Condensed Consolidated Interim Report

The Management Board has prepared the summary of results for January to September 2018 period the condensed consolidated interim financial statements of AS LHV Group for the 9-month period ended 30 September 2018.

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.

19.10.2018

Madis Toomsalu