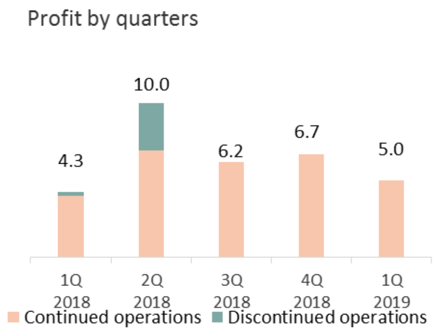
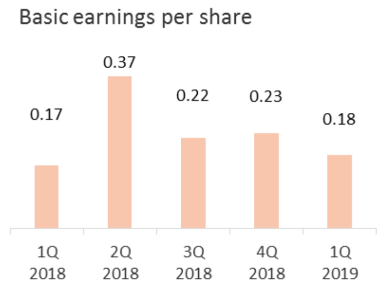
Interim Report January – March 2019
Summary of Results

Q1 2019 in comparison with Q4 2018

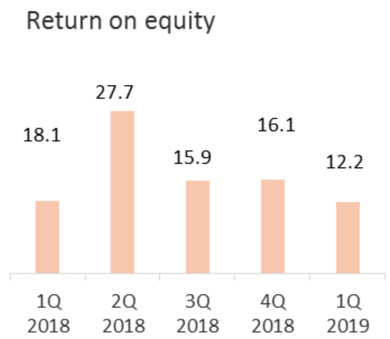
- Net profit EUR 5.0 m (EUR 6.7 m), of which EUR 4.7 m (EUR 6.0 m) is attributable to owners of the parent
- Earnings per share EUR 0.18 (EUR 0.23)
- Net income EUR 17.4 m (EUR 16.6 m)
- Operating expenses EUR 9.1 m (EUR 8.8 m)
- Loan provisions EUR 1.0 m (EUR 0.5 m)
- Income tax expenses EUR 2.3 m (EUR 0.5 m)
- Return on equity 12.2% (16.1%)
- Capital adequacy 18.3% (21.7%)



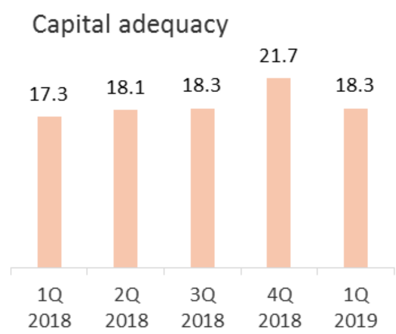


Q1 2019 in comparison with Q1 2018*

- Net profit EUR 5.0 m (EUR 4.3 m), of which EUR 4.7 m (EUR 4.0 m) is attributable to owners of the parent
- Earnings per share EUR 0.18 (EUR 0.15)
- Net income EUR 17.4 m (EUR 14.5 m)
- Operating expenses EUR 9.1 m (EUR 7.7 m)
- Loan provisions EUR 1.0 m (EUR 0.9 m)
- Income tax expenses EUR 2.3 m (EUR 1.9 m)
- Return on equity 12.2% (12.4%)
- Capital adequacy 18.3% (17.3%)



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,

I am pleased to start the quarterly overview with the finding that LHV Group was considered a company with the best investor relations on the Nasdaq Baltic stock exchanges. We would like to continue leading the way in terms of transparent and timely investor communication in the future as well. Furthermore, LHV Bank was also recognised as the best stock broking company during the award ceremony. We are still most happy about the assessment given to our service quality. To be specific, the survey conducted by the research firm Dive considered LHV Bank to be the bank offering the best service in Estonia.

The growth of our business volumes has been broad-based, while also showing an all-time rapid pace. During Q1, the number of the bank's clients increased by almost 9,500, celebrating the highest pace of quarterly growth ever. At the same time, the growth accelerated at the end of the quarter. In March, we obtained over 3,600 new clients. Several activity indicators, including salary receipts, the number of customers with assets and payments, use of cards, acceptance of card payments and number of new investment contracts reached record levels.

Loans grew by EUR 72 million during the quarter, amounting to EUR 1 billion now. The increase of deposits of regular customers by EUR 112 million, to which the deposits of payment intermediaries in the amount of EUR 33 million will also be added, can be considered a very good result. The volume of funds grew by EUR 43 million. LHV's Q1 profit was EUR 5 million, influenced by one-off income tax in the amount of mEUR 1.7, related to dividends.

The more important events of the quarter were the launch of the entrepreneur account, which today is used by more than 600 clients, start of outgoing instant payments, where a large part of our regular customers' payments is now performed in real-time and acquisition of the loan portfolio of Verso in the amount of EUR 13.2 million. At the beginning of March, we installed new ATMs at the shopping centres Lasnamäe Centrum, Narva Astri, Kuressaare Selver and Keila Selver. We wish to speak to an increasing number of clients all over Estonia; the new ATMs together with home loans provide a good basis for this.

By the end of Q1, the consolidated volume of investment funds managed by LHV Varahaldus exceeded the threshold of EUR 1.25 billion; a great part of the growth originated from the recovery of securities markets after the Q4 decline. LHV's actively managed pension funds still have the lowest price risk related to stock exchanges, as the focus is primarily on making OTC investments. From February, there was an annual decline of 2nd pillar pension fund management fees related to volume growth, as a result of which the operating income decreased. The new management fee rates of 2nd pillar funds range from 0.39% to 1.20%.

Business environment

LHV's growth trends are supported by the Estonian business environment. The economic growth has been solid and the internal policy risks are managed by the balance budget, low public sector debt and positive foreign balance. We expect the slow economic growth to continue; at the same time, forecasting of the surrounding economies has become increasingly complicated. Also, 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 loan-to-deposit ratio is improving.

Yet, given the background of stable economic environment and strong credit market, the industry has been increasingly influenced by various regulatory issues. The most widely discussed topic in the last quarter was the intention to dismantle the 2nd pillar. The plan, which has been growing in the minds of a couple of persons and completely without analysis, fails to answer the question of what is to be achieved by such an action. Mandatory or voluntary nature are not separate arguments per se, but should serve a specific purpose. If the purpose is to cope reasonably after retirement, together with a better pension, then the proposals made so far will not lead us closer to the goal. It is easy for politicians to decide over the accumulated 4 million euros, but only thanks to those people, who have accumulated these savings. If we take the suggested changes as a basis, then under these circumstances, there is no way that anything even close to this would have been accumulated as savings of people. We could pose the question: what would have been a better plan concerning the use of the accumulated amount? Would these funds have been consumed or saved? We could doubt the latter option, since there are 30,000 unique investors in Estonia, i.e. just a small percentage of households.

It is ironic that in accusing insufficient rate of return, the productivity is not being improved, but instead, the message that we need to save is destroyed and the development of Estonian capital and capital markets reversed. When previously, instead of today's consumption, the goal was to save for the future, according to the current unanalysed proposals, society is directed towards consuming more today on account of the future. This will be paid by the next generation together with tax increases. This cannot be a goal. One should be able to make a difference between the input and goal. We hope that a reasonable dialogue is achieved between the public and those making the decisions.

Financial results

The group's consolidated profit of Q1 of 2019 was mEUR 5.0, decreasing by mEUR 1.7 million when compared to Q4 of 2018, and growing by mEUR 0.7 when compared to Q1 of the previous year.

The return on equity belonging to LHV's shareholders was 12.2% in Q1 of 2019, having decreased compared to Q4 of 2018 (16.1%) by ca. 3.9 percentage points; the reason being tax expense related to dividends.

The Group's consolidated net loan portfolio grew by mEUR 72 during the quarter (mEUR 107 in Q4 of 2018) and the consolidated deposits increased by mEUR 145 (compared to the decline of mEUR 215 in Q4 of 2018). At the same time, the deposits related to payment intermediaries increased by mEUR 33 (growth of mEUR 318 in Q4 of 2018).

The Group's own funds increased by mEUR 5.5 when compared to the previous quarter and risk-weighted assets increased by mEUR 85.2; the Tier 1 and total capital adequacy ratios at the end of the quarter were 13.0% and 18.3%, respectively. The change in own funds was affected by the involvement of capital from Q4 of 2018 in the group's own funds and dividend pay-out.

In Q1, the bank's profit on the consolidated level was mEUR 4.2, which is mEUR 1.1 less than in the previous quarter (mEUR 5.3 in Q4 of 2018). Over the quarter, the number of clients increased by more than 9,500 (in Q4 of 2018, by 7,500), causing the total number of the bank's clients to exceed the threshold of 170,000.

In Q1 the bank's loan portfolio grew by mEUR 72 (in Q4 of 2018, mEUR 107), nearing mEUR 991. Among the loans, entrepreneurship loans grew the most. The cost of the loan allowance amounted to mEUR 1.0 in Q1, which is mEUR 0.4 more than in the previous quarter.

The deposits of the bank's clients increased by mEUR 135 in Q1, of which the deposits of payment intermediaries grew by mEUR 33 and the deposits of the remaining customers by mEUR 102. By the end of Q1, the total deposit volume reached mEUR 1,583.

In Q1, Varahaldus earnt a profit of mEUR 1.2 (in Q4 of 2018, mEUR 1.9). The fee and commission income of Varahaldus decreased by mEUR 0.1, when compared to the previous quarter, to mEUR 3.5. The operating expenses of Varahaldus remained on the same level as the previous quarter.

The total volume of funds managed by LHV grew by mEUR 43 over the quarter (by mEUR 11 million in Q4 of 2018). The number of active clients of the 2nd pillar decreased by 457 over the quarter (increased by 584 in Q4 of 2018). By the end of the quarter, the number of active 2nd pillar customers exceeded 177 thousand.

Madis Toomsalu

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Financial Summary

Business volumes EUR million	**Q1 2019**	**Q4 2018**	**Quarter over quarter**	**Q1 2018**	**Year over year**
Loan portfolio	990.7	918.8	8%	765.6	29%
Financial investments	26.2	47.2	-44%	57.1	-54%
Deposits of customers	1 567.0	1 422.2	10%	1 725.4	-9%
incl. deposits of financial intermediates	226.8	193.9	17%	732.3	-69%
Equity (including minority interest)	156.4	157.8	-1%	141.8	10%
Equity (owners' share)	153.2	153.6	0%	134.7	14%
Volume of funds managed	1 257.4	1 214.4	4%	1 126.7	12%
Assets managed by bank	1 228.5	1 392.9	-12%	1 137.9	8%

Income statement EUR million	**Q1 2019**	**Q4 2018**	**Quarter over quarter**	**Q1 2018***	**Year over year**	**3M 2019**	**3M 2018***	**Year over year**
Net interest income	10.95	10.29	6%	9.00	22%	10.95	9.00	22%
Net fee and commission income	6.23	6.09	2%	5.59	11%	6.23	5.59	11%
Other financial income	0.18	0.10	64%	-0.09	NA	0.18	-0.09	NA
Total net operating income	17.36	16.48	5%	14.50	20%	17.36	14.50	20%
Other income	-0.02	0.11	NA	0.00	-	-0.02	0.00	-
Operating expenses	-9.11	-8.78	4%	-7.67	19%	-9.11	-7.67	19%
Loan losses	-0.95	-0.54	76%	-0.88	8%	-0.95	-0.88	8%
Income tax expenses	-2.27	-0.54	320%	-1.94	17%	-2.27	-1.94	17%
Discontinued operations	0.00	0.00	-	0.24	-100%	0.00	0.24	-100%
Net profit	5.01	6.72	-26%	4.25	18%	5.01	4.25	18%
Including attributable to owners of the parent	4.69	6.05	-22%	3.95	19%	4.69	3.95	19%

Ratios EUR million	**Q1 2019**	**Q4 2018**	**Quarter over quarter**	**Q1 2018***	**Year over year**	**3M 2019**	**3M 2018***	**Year over year**
Average equity (attributable to owners of the parent)	146.8	150.4	-3.6	127.4	19.4	146.8	127.4	19.4
Return on equity (ROE), %	12.2	16.09	-3.89	12.4	-0.2	12.2	12.4	-0.2
Return on assets (ROA), %	1.1	1.5	-0.4	0.9	0.2	1.1	0.9	0.2
Interest-bearing assets, average	1 715.3	1 737.4	-22.1	1 821.0	-105.7	1 715.3	1 821.0	-105.7
Net interest margin (NIM) %	2.55	2.37	0.18	2.24	0.31	2.55	2.24	0.31
Price spread (SPREAD) %	2.51	2.34	0.17	2.22	0.29	2.51	2.22	0.29
Cost/income ratio %	52.6	52.9	-0.3	54.4	-1.8	52.6	54.4	-1.8
Profit attributable to owners before income tax	6.7	6.6	0.1	5.6	1.1	6.7	5.6	1.1

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

The economy is still showing signs of cooling in all the larger regions. In its recent economic forecast, the International Monetary Fund (IMF) lowered the estimation of the global economic growth to 3.3% this year and 3.6% in 2020. At that, the growth will be slower in America, Europe, and Asia. From the larger economic areas, only India can expect a faster rate of growth - stimulation of the economy has been increased by the state and some structural reforms have been completed. The economy of trading partners relevant for Estonia continues to be strong, although it shows signs of cooling like the rest of the world. Against the background of insecurity in international trade, the economic growth rests more on internal demand, also supported by investments and construction. Looking forward, the economic growth in neighbouring countries will recede to levels that are sustainable in the long term, and thus the external demand for our products and services will increase at a slower rate.

The economic growth in the euro zone slowed down to 1.1% in Q4 of 2018 in comparison with the previous year. In total, the economy of the euro zone grew by 1.8% last year, being slower by a quarter compared to 2017. The euro zone economy is supported by internal demand and the service sector. Export growth, however, continues to steadily decrease due to the slowing down of external demand and global trade, which are in turn mostly caused by trade restrictions. The exchange rate of the Euro towards the main trading partners weakened at the beginning of the year. Looking forward, this should provide some relief to the exporting sector. The unemployment rate has dropped below 8% and similarly to Estonia, several sectors suffer from serious shortages of labour supply. Inflation slowed to 1.4-1.5% at the beginning of the year, mainly due to the slower rise of energy prices. Core inflation has remained relatively unchanged at around 1%. At the same time, wage growth has somewhat accelerated, indicating a stronger price pressure in the future.

The European Central Bank will continue its supportive monetary policy for some time. Although in December, purchasing of assets under the respective programme was ended after almost four years, principal repayments still continue to the full extent and the base interest rates will be kept at record lows until at least the end of this year. In addition, banks will also be offered long-term refinancing opportunities starting from September, holding an incentive to maintain favourable loan conditions for companies and consumers.

In Q4 of 2018, the Estonian economy grew by 4.2% and by 3.9% annually. The economic growth was relatively broad-based, led by the construction sector, but a strong contribution was also made by the processing industry, professional, research and technical activities, transport and warehousing and the field of information and communication. Growth of investments gained speed in the second half of the year and the GFCF increased by 18% in Q4. The export of goods and services increased by 8% in a year, but approximately half of it came from the export of mineral fuels, which does not have high additional value for the Estonian economy. Production in the timber sector also made a significant contribution to the increase in export of goods. Export of services had a more broad-based rise. The annual price hike was one of the fastest in the European Union, propelled by a rapid increase in wages. Shortage of labour continues to remain an issue in Estonia for a while and therefore, there can be no clear slowing in the increase of wages.

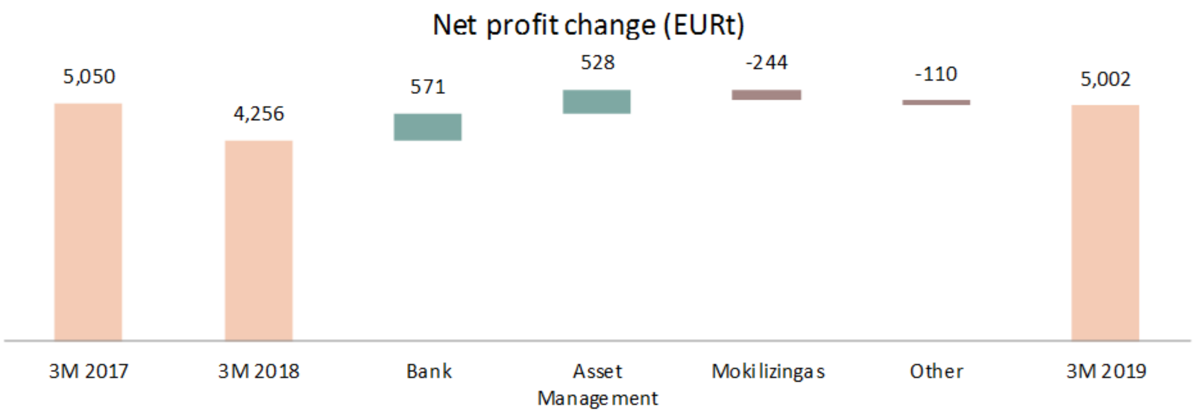
According to the renewed forecast of Eesti Pank that was published in March, the Estonian economy will grow by 3% this year. The growth percentage was lowered by 0.2 percent compared to December, mainly due to weaker than expected external demand. Further rapid economic growth is inhibited by the high conjuncture related supply-side restrictions (lack of available resources) but also the deceleration of external demand. The main growth engine is domestic demand, led by private consumption and investments. Private consumption is still supported by the strong growth of salary and employment. In addition, the inflation rate should marginally decrease, which is aided by the stabilisation of energy prices and the major impact of tax increases remaining in the earlier years. The positive contribution of investments is also restored, which was negatively influenced by a high comparison base last year. 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 and the impacts related to the tightening of monetary policy. Within Estonia, it is primarily necessary to deal with the improvement of competitiveness and favour the re-learning of employees and the movement to sectors offering higher added value. There are still a lot of industries with low production in Estonia, which will most likely disappear with the continual increase of employment expenses in the next few years.

This year, 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 smart 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 most in the coming years by the tightening monetary policy of developed countries. The increase in the amount outstanding from credit institutions still remains rapid. The demand for loans of households is strong, led by housing loans and car leasing. For new housing loans, the average interest rate which has started to increase stands out. Due to poor investment activity and relatively high own funds, the loans taken by corporate entities 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 post-crisis low levels. Historically low interest rates and strong competition between banks offer possibilities to local enterprises and they should be taking more advantage of them. 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 thinking involving the creation of value.

Financial Results of the Group

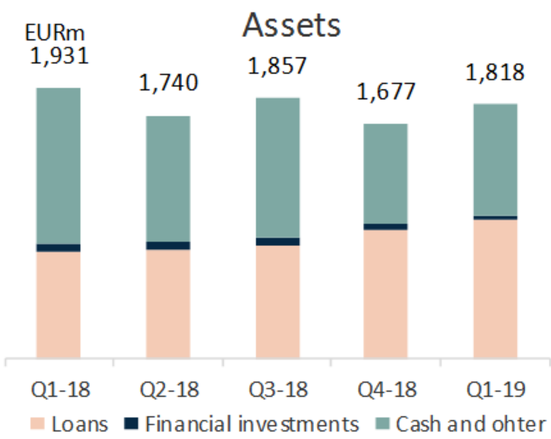
Compared to Q4 2018, the Group's net interest income increased in Q1 by 6%, standing at EUR 11.0 (Q4: 10.3) million. Net fee and commission income increased by 2% and stood at EUR 6.2 (Q4: 6.1) million. In total, the net income of the Group increased by 5% in Q1, compared to Q4, amounting to EUR 17.4 (Q4: 16.5) million, with expenses increasing by 4% and amounting to EUR 9.1 (Q4: 8.8) million. The Group's operating profit for Q1 amounted to EUR 7.3 (Q4: 7.3) million. The loss from loan impairments mounted to EUR 1.0 million in Q1 (Q4: 0.5). The Group's total profit for Q1 amounted to EUR 5.0 million (Q4: 6.7). Compared to Q1 2018, the Group's net interest income increased by 22% and net fee and commission income by 11%.

In terms of business entities, AS LHV Pank posted in Q1 a consolidated profit of EUR 4.2 million and AS LHV Varahaldus a profit of EUR 1.2 million. The AS LHV Group on solo bases posted a profit of EUR 4.0 million due to dividends paid by LHV Varahaldus.



The Group's volume of deposits as at the end of Q1 amounted to EUR 1 567 (Q4: 1 422) million, of which demand deposits formed EUR 1 423 (Q4: 1 304) million and term deposits EUR 144 (Q4: 118) million.

As at the end of Q1, the volume of loans granted by the Group amounted to EUR 991 (Q4: 919) million, increasing in Q1 by 8%. Compared to Q1 2018, the volume of the Group's deposits has increased by 2% and the volume of loans by 32%.



The Group's Liquidity, Capitalisation and Asset Quality

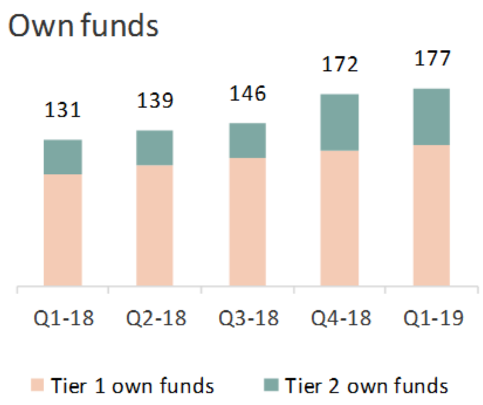
As at 31 March 2019, the Group's own funds stood at EUR 177.1 million (31 December 2018: EUR 183.3 million). LHV Group own funds are calculated based on regulative requirements. In Q1 the level of own funds changed by the increase of loan provisions and dividends paid out by Group.

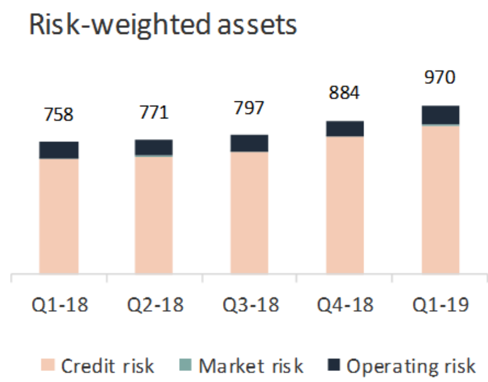
Compared to Group's internal capital adequacy ratio target 15.5%, the Group is well capitalised as at the end of the reporting period, with the capital adequacy ratio amounting to 18.3% (31 December 2018: 21.7%). In addition to total capital adequacy targets the Group has also set internal targets for 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 March 31 the MREL ratio was 10.81% (31st of December 2018 11.43%).

The Group's liquidity coverage ratio (LCR), as defined by the Basel Committee, stood at 152.6 % as at the end of December (31 December 2018: 148.5%). Banks liquidity situation remained same in Q1. Financial intermediates deposits in Bank are covered 100% with liquid assets. Excluding the financial intermediates deposits the Groups LCR in 244.1% (31.12.2018: 235.3%). The Group recognises cash and bond portfolios as liquidity buffers. These accounted for 43% of the balance sheet (31 December 2018: 43%). The ratio of loans to deposits stood at 63% as at the end of the fourth quarter (31 December 2018: 64%). Group's maturity structure is presented in Note 5.

The Group's credit quality was good. As at the end of December, provisions for estimated loan losses amounted to EUR 11.2 million in the balance sheet, i.e. approximately 1.1% of the loan portfolio (31 December 2018: EUR 10.3 million, 1.1%). Estimated loan losses make up 84.9% (31 December 2018: 66.5%) of the portfolio of loans overdue for more than 90 days. The increase in overdue loans is related to few clients.



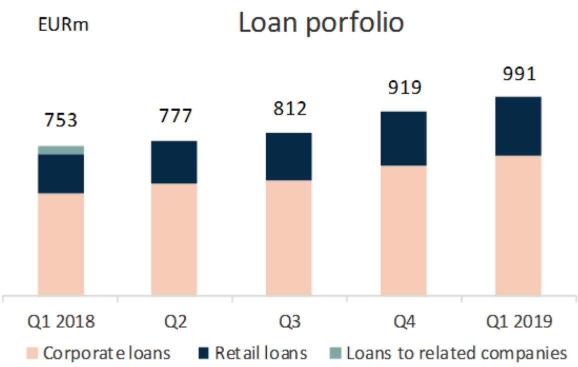


EUR thousand	31.03.2019	Proportion	31.12.2018	Proportion
Loans to customers	1 001 963		929 037	
including overdue loans:	22 958	2.3%	22 483	2.4%
1-30 days	7 063	0.7%	6 142	0.7%
31-60 days	1 792	0.2%	709	0.1%
61-90 days	895	0.1%	177	0.0%
91 and more days	13 208	1.3%	15 454	1.7%
Impairment of loans	-11 216	-1.1%	-10 276	-1.1%
Impairment % of loans overdue for more than 90 days	84.9%		66.5%	

Capital base	31.03.2019	31.12.2018	31.12.2017
Paid-in share capital	26 016	26 016	25 767
Share premium	46 653	46 653	46 304
Statutory reserves transferred from net profit	4 713	3 451	2 471
Other reserves	78	78	36
Accumulated deficit	68 708	50 193	24 468
Intangible assets (subtracted)	-19 111	-19 084	-7 940
Net profit for the reporting period	0	25 237	19 603
Other adjustments	-839	-194	0
Total Tier 1 capital	**126 218**	**132 350**	**110 709**
Subordinated debt	50 900	50 900	30 900
Total Tier 2 capital	**50 900**	**50 900**	**30 900**
Net own funds for capital adequacy	**177 118**	**183 250**	**141 609**
Capital requirements			
Central governments and central bank under standard method	933	938	945
Credit institutions and investment companies under standard method	5 249	5 376	6 950
Companies under standard method	629 750	579 836	428 428
Retail claims under standard method	135 997	133 250	144 237
Public sector under standard method	87	125	185
Housing real estate under standard method	46 869	39 903	20 039
Overdue claims under standard methods	7 738	7 963	20 956
Investment funds' shares under standard method	10 012	10 142	6 281
Other assets under standard method	18 652	10 557	13 824
Total capital requirements for covering the credit risk and counterparty credit risk	**855 287**	**788 090**	**641 845**
Capital requirement against foreign currency risk under standard method	3 778	3 957	3 551
Capital requirement against interest position risk under standard method	0	32	412
Capital requirement against equity portfolio risks under standard method	988	704	585
Capital requirement against credit valuation adjustment risks under standard method	58	41	15
Capital requirement for operational risk under base method	109 546	91 575	75 999
Total capital requirements for adequacy calculation	**969 657**	**884 399**	**722 407**
Capital adequacy (%)	**18.27**	**21.70**	**19.60**
Tier 1 capital ratio (%)	**13.02**	**15.67**	**15.32**

Overview of AS LHV Pank Consolidation Group

- (Net) growth in loan volume EUR 72 million
- Net profit EUR 4.2 million
- (Net) growth in deposits EUR 135 million



EUR million	Q1 2019	Q4 2018	Change %	Q1 2018	Change %	From the beginning of 2019	From the beginning of 2018	Change %
Net interest income	11.24	10.58	6%	9.19	22%	11.24	9.19	22%
Net fee and commission income	2.70	2.47	10%	2.25	20%	2.70	2.25	20%
Other financial income	-0.01	0.23	NA	-0.06	-84%	-0.01	-0.06	-84%
Total net operating income	13.93	13.28	5%	11.38	22%	13.93	11.38	22%
Other income	-0.01	0.12	NA	0.03	-137%	-0.01	0.03	NA
Operating expenses	-7.51	-7.04	7%	-6.10	23%	-7.51	-6.10	23%
Loan losses	-0.95	-0.54	75%	-0.88	8%	-0.95	-0.88	8%
Income tax expenses	-1.29	-0.54	137%	-0.84	54%	-1.29	-0.84	54%
Net profit	4.17	5.27	-21%	3.59	16%	4.17	3.59	16%
Loan portfolio	991	919	8%	753	32%			
Financial investments	19	39	-53%	49	-62%			
Deposits of customers	1 583	1 448	9%	1 733	-9%			
incl. deposits of financial intermediates	227	194	17%	732	-69%			
Subordinated liabilities	37	30	23%	20	85%			
Equity	129	126	17%	110	17%			

Q1 was successful in terms of business volumes. LHV Bank generated EUR 11.2 million in net interest income and EUR 2.7 million in net fee and commission income. In total, the bank's net income amounted to EUR 13.9 million, expenditure to EUR 7.5 million and loan provisions to EUR 1.0 million. The net profit of LHV Pank amounted to EUR 4.1 million in Q1. This constitutes a 21% decrease from Q4 (5.3) and a 16% increase from Q1 2018 (3.6). Net interest income increased 6% compared to previous quarter. Net fee and commission income increased 10% compared to Q4. Net operating income decreased by 5% compared to previous quarter. In Q1 other financial income amounted to EUR 0.01 million (Q4: financial income 0.2 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 5.5 million and net profit EUR 4.2 million. As at the end of the quarter, the net profit exceeded the financial plan by EUR 0.6 million.

The increase in net interest income stems from the growth in business volumes. By the end of Q4, the total volume of the bank's loan portfolios amounted to EUR 991 million (Q4: EUR 919 million). The volume of portfolios grew 8% over the quarter.
The corporate credit portfolio containing loans and guarantees grew by EUR 202.7 million (+38%) over the year and by EUR 51.7 million (+8%) in a quarterly comparison. The greatest source of growth was loans for real estate activities, which is traditionally the most financed field by commercial banks, having grown by EUR 78.9 million (+39%). Strong commercial real estate projects generating rental income were the main source of the growth. This was followed by loans issued to the processing industry, which grew by EUR 36.2 million (+53%) year-on-year. Loans issued to

the sectors of whole and retail sale, and repair of motor vehicles and motorcycles grew by EUR 27.8 million (+209%) compared to the previous year.

In comparison to Q4 of 2018, the portfolio growth was influenced most by loans and guarantees to the processing industry (EUR 16.9 million; +19%), followed by sectors engaged in whole and retail sale, repair of motor vehicles and motorcycles (EUR 14.5 million; +54%) and accommodation and catering (EUR 8.9 million; 65%).

The most corporate loans were granted in the real estate sector, which makes up 39% of the bank's corporate loan portfolio. The biggest part of real estate loans was granted to high-quality projects generating rental income; a significantly smaller part went to property development. Most of the financed property developments are in Tallinn, in other bigger cities of Estonia, and projects in the vicinity of Tallinn make up 15% of all development projects. In funding the new developments in Tallinn, LHV's market share was nearly one-fifth at the end of Q1 of 2019. LHV's property 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 54%.

After the real estate sector, the most credit has been issued to the processing industry (15% share) and companies in the financial and insurance activities sector (12% share). Among sectors with higher than average credit risk, accommodation and catering comprise 3%, construction 2%, and transport and storage 1% of the total portfolio volume.

The bank had a busy start to the year. The number of clients increased by almost 9,500 during the quarter and new, significantly higher record levels were achieved in client activity. During the quarter, the bank's deposit volume grew by mEUR 135 and the loan volume grew by mEUR 72. The deposit volume exceeded 1.5 bln EUR and the loan volume 1.0 bln EUR by the end of the quarter. The deposits of regular customers grew by EUR 102 million and those of the financial intermediaries by EUR 33 million. Corporate loans grew by EUR 44 million and retail loans by EUR 28 million. In the middle of the quarter, Versobank's loan portfolio was acquired for 12.2 millions of euros in the total value of 13.2 mln EUR, including 20 business clients, 10.4 mln EUR and 47 private clients, 2.8 mln EUR. The quarterly profit before taxes was EUR 5.5 million and net profit EUR 4.2 million. At the end of the quarter, the bank took in additional Tier 1 own resources from AS LHV Group in the amount of 6.5 mln EUR with the purpose of strengthening the bank's capital base for increasing business volumes.

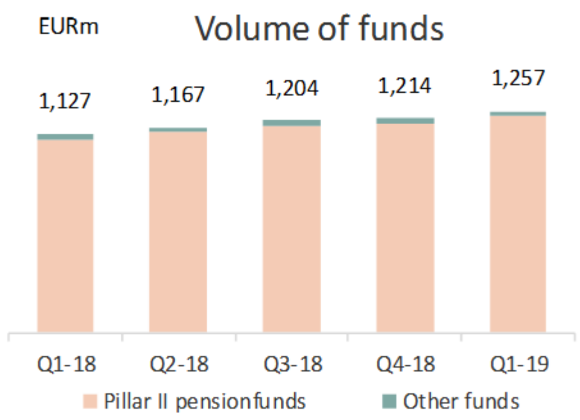
During the quarter, several new products were introduced: Entrepreneur Account, instant payments, virtual IBAN and API. At the beginning of March, new ATMs were installed in Lasnamäe, Narva, Kuressaare and Keila, significantly expanding the coverage of the ATM network across the country. The bank adopted an internationally acknowledged and widespread information system to observe the principles of knowing the client in opening accounts and monitoring payments. Cooperation agreement was concluded with KredEx to receive sureties on loans granted to young people. Magazine Investeeri is now also issued electronically to make it more available for a larger number of readers.

The Financial Supervision Authority issued an activity licence on the branch in the United Kingdom as a branch in a third country, followed by applying for an activity licence from the supervision authority in the United Kingdom. Eesti Pank appointed LHV Bank as a provider of vital services as the fourth bank in Estonia.

LHV continued to be the bank with the best service in Estonia. We were also awarded a Golden Egg in the category of large service campaign for the campaign “tommy cash is in the bank” and our marketing team received the Estonia's Marketing Team of the Year award at the Password conference. The results of an employee satisfaction survey carried out, internally indicated excellent levels of satisfaction with both the employer and jobs.

Overview of AS LHV Varahaldus

- The quarterly profit was EUR 2.2 million
- The volume of funds is EUR 1 257 million, growth of EUR 44 million
- Dividends were paid to LHV Group in the amount of EUR 4.4 million



EUR million	Q1 2019	Q4 2018	Change %	Q1 2018	Change %	From the beginning of 2019	From the beginning of 2018	Change %
Net fee and commission income	3.52	3.63	-3%	3.34	5%	3.52	3.34	5%
Net financial income	0.15	-0.17	NA	-0.06	NA	0.15	-0.06	NA
Operating expenses	-1.03	-1.08	-5%	-1.04	-1%	-1.03	-1.04	-1%
Depreciation of non-current assets	-0.45	-0.45	0%	-0.45	0%	-0.45	-0.45	0%
Profit	2.19	1.93	13%	1.79	22%	2.19	1.79	22%
Financial investments	7.7	7.9	-3%	7.7	0%			
Subordinated liabilities	2.1	2.1	0%	2.1	0%			
Equity	25.0	29.0	-14%	23.5	9%			
Assets under management	1 257.4	1 214.4	4%	1 126.7	12%			

In Q1, the operating income of LHV Varahaldus was EUR 3.52 million (EUR 3.63 million in Q4). From February, the annual decline of 2nd pillar pension fund management fees related to volume growth was applied, as a result of which the operating income decreased. The new management fee rates of 2nd pillar funds range from 0.39% to 1.20%.

Operating expenses in Q1 amounted to EUR 1.49 million (in Q4, EUR 1.53 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 0.48 million (EUR 0.47 million in Q4). Contrary to Q4, which was negatively influenced by financial income and expenses (EUR -0.13 million), the financial income and expense increased profit by EUR +0.19 million in Q1.

LHV Group was paid EUR 4.4 million as dividends from the profit of 2018. The payment resulted in an income tax expense of EUR 0.97 million. The Q1 net profit was EUR 1.21 million and profit before income tax EUR 2.18 million (net profit for Q4 was EUR 1.93 million).

The total volume of funds managed by LHV grew by EUR 44 million over the quarter (EUR 10 million in Q4), a big part of which originated from the recovery of securities markets after the Q4 decline. LHV's actively managed pension funds still have the lowest price risk related to stock exchanges, as the focus is primarily on making OTC investments.

After the merger of Danske Capital, the number of 2nd pillar active clients has remained stable. In Q1, the number of clients dropped by 0.5 thousand (in Q4, increased by 0.6 thousand), but is on the same level as two years ago.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

(in thousands of euros)	Note	Q1 2019	3M 2019	Q1 2018	3M 2018
Continuing operations					
Interest income		12 913	12 913	10 886	10 886
Interest expense		-1 968	-1 968	-1 887	-1 887
Net interest income	9	**10 945**	**10 945**	**8 999**	**8 999**
Fee and commission income		8 464	8 464	7 142	7 142
Fee and commission expense		-2 239	-2 239	-1 552	-1 552
Net fee and commission income	10	**6 225**	**6 225**	**5 590**	**5 590**
Net gains/losses from financial assets measured at fair value		198	198	-72	-72
Foreign exchange gains/losses		-19	-19	-15	-15
Net gains from financial assets		**179**	**179**	**-87**	**-87**
Other income		25	25	7	7
Other expense		-1	-1	-12	-12
Total other income		**-24**	**-24**	**-5**	**-5**
Staff costs	11	-4 553	-4 553	-3 746	-3 746
Administrative and other operating expenses	11	-4 553	-4 553	-3 920	-3 920
Total expenses		**-9 106**	**-9 106**	**-7 666**	**-7 666**
Profit before impairment losses on loans and advances		**8 219**	**8 219**	**6 831**	**6 831**
Impairment losses on loans and advances		-951	-951	-882	-882
Profit before tax		**7 268**	**7 268**	**5 949**	**5 949**
Income tax expense		-2 265	-2 265	-1 938	-1 938
Net profit for the reporting period from continued operations	2	**5 003**	**5 003**	**4 011**	**4 011**
Profit from discontinued operations	12	**0**	**0**	**244**	**244**
Net profit for the reporting period	2	**5 003**	**5 003**	**4 255**	**4 255**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale investments:					
Revaluation of available-for-sale financial assets		0	0	-106	-106
Total profit and other comprehensive income for the reporting period		**5 003**	**5 003**	**4 149**	**4 149**
Total profit of the reporting period attributable to:					
Owners of the parent		4 691	4 691	3 949	3 949
Non-controlling interest		312	312	306	306
Total profit for the reporting period	2	**5 003**	**5 003**	**4 255**	**4 255**
Total comprehensive income attributable to:					
Owners of the parent		4 691	4 691	3 843	3 843
Non-controlling interest		312	312	306	306
Total comprehensive income for the reporting period		**5 003**	**5 003**	**4 149**	**4 149**
Basic earnings per share (in euros)	17	0.18	0.18	0.15	0.15
Diluted earnings per share (in euros)	17	0.18	0.18	0.15	0.15

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

Condensed Consolidated Interim Statement of Financial Position

(in thousands of euros)	**Note**	**31.03.2019**	**31.12.2018**
Assets			
Due from central bank	4, 5, 6, 13	732 688	639 862
Due from credit institutions	4, 5, 6, 13	25 570	25 791
Due from investment companies	4, 6, 13	6 520	17 005
Available-for-sale financial assets	4, 6, 7	298	298
Financial assets at fair value through profit or loss	4, 6, 7	25 907	46 856
Loans and advances to customers	4, 6, 8	990 747	918 761
Receivables from customers		7 276	3 721
Other financial assets		2 970	2 936
Other assets		2 053	1 651
Tangible assets		5 173	1 135
Intangible assets		15 497	15 470
Goodwill		3 614	3 614
Total assets	2	**1 818 313**	**1 677 100**
Liabilities			
Deposits of customers and loans received	14	1 588 641	1 443 782
Financial liabilities at fair value through profit or loss	6	34	11
Accounts payable and other liabilities	15	22 291	24 644
Subordinated debt	6	50 900	50 900
Total liabilities	2	**1 661 866**	**1 519 337**
Owner's equity			
Share capital		26 016	26 016
Share premium		46 653	46 653
Statutory reserve capital		4 713	3 451
Other reserves		2 357	2 090
Retained earnings / accumulated deficit		73 396	75 430
Total equity attributable to owners of the parent		**153 213**	**153 640**
Non-controlling interest		3 234	4 123
Total equity		**156 447**	**157 763**
Total liabilities and equity		**1 818 31**	**1 677 100**

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

Condensed Consolidated Interim Statement of Cash Flows

(in thousands of euros)	Note	Q1 2019	3M 2019	Q1 2018	3M 2018
Cash flow from operating activities					
Interest received		12 844	12 844	9 662	9 662
Interest paid		-1 821	-1 821	-737	-737
Fees and commissions received		8 463	8 463	7 142	7 142
Fees and commissions paid		-2 239	-2 239	-1 552	-1 552
Other income		-98	-98	7	7
Staff costs paid		-4 095	-4 095	-3 249	-3 249
Administrative and other operating expenses paid		-3 494	-3 494	-3 233	-3 233
Income tax		-2 265	-2 265	-1 938	-1 938
Cash flow from operating activities before change in operating assets and liabilities		**7 295**	**7 295**	**6 102**	**6 102**
Net increase/decrease in operating assets:					
Net acquisition/disposal of trading portfolio		45	45	-18	-18
Loans and advances to customers		-76 383	-76 383	-36 816	-36 816
Mandatory reserve at central bank		-1 385	-1 385	-1 834	-1 834
Security deposits		-34	-34	53	53
Other assets		-425	-425	-499	-499
Net increase/decrease in operating liabilities:					
Demand deposits of customers		118 615	118 615	188 933	188 933
Term deposits of customers		26 131	26 131	-508	-508
Financial liabilities held for trading at fair value through profit and loss		23	23	373	373
Other liabilities		-1 686	-1 686	-44 108	-44 108
Discontinued operations		0	0	-514	-514
Net cash generated from/used in operating activities		**72 196**	**72 196**	**111 164**	**111 164**
Cash flow from investing activities					
Purchase of non-current assets		-5 049	-5 049	-572	-572
Proceeds from disposal and redemption of investment securities available for sale		0	0	-106	-106
Net change of investments at fair value through profit or loss		20 270	20 270	-523	-523
Net cash flow from investing activities		**15 221**	**15 221**	**-1 201**	**-1 201**
Cash flows from financing activities					
Dividends paid		- 6 664	-6 664	- 1 172	- 1 172
Net cash from financing activities		**- 6 664**	**-6 664**	**-1 172**	**-1 172**
Effect of exchange rate changes on cash and cash equivalents	6	**-19**	**-19**	**-15**	**-15**
Net decrease/increase in cash and cash equivalents		**80 753**	**80 753**	**108 776**	**108 776**
Cash and cash equivalents at the beginning of the period		668 378	668 378	945 837	945 837
Cash and cash equivalents at the end of the period	13	**749 112**	**749 112**	**1 054 613**	**1 054 613**

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

Condensed Consolidated Interim Statement of Changes in Equity

(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 01.01.2018	**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 subsidiary	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	599	608	1 207	0	**1 207**
Paid in share capital	249	349	0	0	0	598	0	**598**
Profit for the year	0	0	0	*0*	25 237	25 237	1 952	**27 189**
Other comprehensive loss	0	0	0	42	*0*	42	*0*	**42**
Total profit and other comprehensive income for the reporting period	0	0	0	42	25 237	25 279	1 952	**27 231**
Balance as at 31.12.2018	**26 016**	**46 653**	**3 451**	**2 090**	**75 430**	**153 640**	**4 123**	**157 763**
Balance as at 01.01.2019	**26 016**	**46 653**	**3 451**	**2 090**	**75 430**	**153 640**	**4 123**	**157 763**
Transfer to statutory reserve capital	0	0	1 262	0	-1 262	0	0	**0**
Dividends paid	0	0	0	0	-5 463	-5 463	-1 201	**-6 664**
Share options	0	0	0	345	0	345	0	**345**
Profit for the year	0	0	0	*0*	4 691	4 691	312	**5 003**
Other comprehensive loss	0	0	0	0	*0*	0	*0*	**0**
Total profit and other comprehensive income for the reporting period	0	0	0	0	4 691	4 691	312	**5 003**
Balance as at 31.03.2019	**26 016**	**46 653**	**4 713**	**2 435**	**73 396**	**153 213**	**3 234**	**156 447**

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

Notes to the Condensed Consolidated Interim Financial Statements

NOTE 1 Accounting Policies

The interim financial statements have been prepared in accordance with the international financial reporting standard IAS 34 "Interim Financial Reporting", as adopted in the European Union and accordance with International Financial Reporting Standards as adopted by European Union. The interim financial statements should be read in conjunction with the group's annual financial statements as at 31 December 2018.

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

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

These condensed consolidated interim financial statements are not audited and do not contain the entire range of data required for the preparation of the financial statements.

The financial figures of the interim financial statements have been presented in thousands of euros, unless otherwise indicated. The interim financial statements have been consolidated and include the results of AS LHV Group and its subsidiaries AS LHV Varahaldus (100% interest), AS LHV Pank (100% interest), OÜ Cuber Tehnology (100% interest) and AS LHV Finance (65% interest). As of March 31 2018 the quarterly report included also the results of UAB Mokilizingas (50% interest+1 share).

NOTE 2 Business Segments

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

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

Q1 2019	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	3 512	298	7 611	0	2 570	0	1 190	-2 268	12 913
Interest expense	-590	0	-1 400	-42	-325	0	-1 879	2 268	-1 968
Net interest income	**2 922**	**298**	**6 211**	**-42**	**2 245**	**0**	**-689**	**0**	**10 945**
Fee and commission income	4 144	364	297	3 521	138	0	0	0	8 464
Fee and commission expense	-2 071	0	-12	0	-152	0	-4	0	-2 239
Net fee and commission income	**2 073**	**364**	**285**	**3 521**	**-14**	**0**	**-4**	**0**	**6 225**
Net income	**4 995**	**662**	**6 496**	**3 479**	**2 231**	**0**	**-693**	**0**	**17 170**

Net gains from financial assets	-4	0	0	192	0	0	4 391	-4 400	179
Administrative and other operating expenses, staff costs	-4 391	-280	-1 947	-1 483	-428	0	-601	0	-9 130
Operating profit	**600**	**382**	**4 549**	**2 188**	**1 803**	**0**	**3 097**	**-4 400**	**8 219**
Impairment losses on loans and advances	-73	0	-727	0	-151	0	0	0	-951
Income tax	-149	-34	-350	-972	-760	0	0	0	-2 265
Discontinued operations	0	0	0	0	0	0	0	0	0
Net profit	**378**	**348**	**3 472**	**1 216**	**892**	**0**	**3 097**	**-4 400**	**5 003**
Total assets	**1 093 647**	**102 693**	**582 837**	**29 391**	**52 332**	**0**	**126 636**	**-169 223**	**1 818 313**
Total liabilities	**1 205 678**	**260 519**	**193 112**	**3 938**	**43 060**	**0**	**51 364**	**-95 805**	**1 661 866**

Q1 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	2 496	294	5 565	0	2 223	0	2 453	-2 145	10 886
Interest expense	0	0	-926	-42	-278	0	-2 786	2 145	-1 887
Net interest income	**2 496**	**294**	**4 639**	**-42**	**1 945**	**0**	**-333**	**0**	**8 999**
Fee and commission income	2 824	323	19	3 339	126	0	511	0	7 142
Fee and commission expense	-1 394	0	-27	0	-108	0	-23	0	-1 552
Net fee and commission income	**1 430**	**323**	**-8**	**3 339**	**18**	**0**	**488**	**0**	**5 590**
Net income	**3 926**	**617**	**4 631**	**3 297**	**1 963**	**0**	**155**	**0**	**14 589**
Net gains from financial assets	-3	0	0	-24	0	0	2 118	-2 178	-87
Administrative and other operating expenses, staff costs	-2 935	-264	-1 463	-1 486	-531	0	-992	0	-7 671
Operating profit	**988**	**353**	**3 168**	**1 787**	**1 432**	**0**	**1 181**	**0**	**6 831**
Impairment losses on loans and advances	432	0	-1 216	0	-69	0	-29	0	-882
Income tax	0	0	0	-1 100	-838	0	0	0	-1 938
Discontinued operations	0	0	0	0	0	244	0	0	244
Net profit	**1 420**	**353**	**1 952**	**687**	**525**	**244**	**1 252**	**-2 178**	**4 255**
Total assets	**1 153 619**	**108 325**	**614 798**	**27 603**	**43 355**	**64 088**	**104 810**	**-185 759**	**1 930 839**
Total liabilities	**1 288 909**	**278 503**	**206 444**	**4 113**	**36 073**	**55 120**	**31 203**	**-111 296**	**1 789 069**

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 2018.

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

31.03.2019	**Estonia**	**Latvia**	**Lit-huania**	**Finland**	**The Nether-lands**	**Ger-many**	**Other EU**	**USA**	**Other**	**Total**
Due from banks and investment companies	741 944	0	0	0	0	0	14 846	6 406	1 582	**764 778**
Financial assets at fair value	8 152	776	17 256	0	0	1	15	5	0	**26 205**
Loans and advances to customers	977 057	48	167	1 713	1	122	10 026	249	1 364	**990 747**
Receivables from customers	7 270	1	5	0	0	0	0	0	0	**7 276**
Other financial assets	109	0	0	0	0	0	0	2 861	0	**2 970**
Total financial assets	**1 734 532**	**825**	**17 428**	**1 713**	**1**	**123**	**24 887**	**9 521**	**2 946**	**1 791 976**
Deposits of customers and loans received	1 254 233	10 631	947	4 024	1 592	13 137	241 951	3 069	59 057	**1 588 641**
Subordinated debt	50 900	0	0	0	0	0	0	0	0	**50 900**
Accounts payable and other financial liabilities	17 204	0	4	27	0	0	13	3	0	**17 251**
Financial liabilities at fair value	34	0	0	0	0	0	0	0	0	**34**
Total financial liabilities	**1 322 371**	**10 631**	**951**	**4 051**	**1 592**	**13 137**	**241 964**	**3 072**	**59 057**	**1 656 826**

Unused loan commitments in the amount of EUR 192 577 thousand are for the residents of Estonia.

31.12.2018	**Estonia**	**Latvia**	**Lit-huania**	**Finland**	**The Nether-lands**	**Ger-many**	**Other EU**	**USA**	**Other**	**Total**
Due from banks and investment companies	650 321	0	0	0	0	0	13 599	16 541	2 197	**682 658**
Financial assets at fair value	8 392	772	17 242	0	0	1	20 704	43	0	**47 154**
Loans and advances to customers	886 881	52	10 561	1 524	1	6	18 432	175	1 129	**918 761**
Receivables from customers	3 706	1	5	0	0	0	0	0	9	**3 721**
Other financial assets	111	0	0	0	0	0	0	2 825	0	**2 936**
Total financial assets	**1 549 411**	**825**	**27 808**	**1 524**	**1**	**7**	**52 735**	**19 584**	**3 335**	**1 655 230**
Deposits of customers and loans received	1 154 012	10 041	951	3 414	576	13 274	220 173	3 085	38 256	**1 443 782**
Subordinated debt	50 900	0	0	0	0	0	0	0	0	**50 900**
Accounts payable and other financial liabilities	21 381	0	4	27	0	0	13	3	0	**21 428**
Financial liabilities at fair value	11	0	0	0	0	0	0	0	0	**11**
Total financial liabilities	**1 226 304**	**10 041**	**955**	**3 441**	**576**	**13 274**	**220 186**	**3 088**	**38 256**	**1 516 121**

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

NOTE 5 Breakdown of Assets and Liabilities by Contractual Maturity Dates

31.03.2019	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	1 422 870	31 559	113 597	16 875	4 371	**1 589 272**
Subordinated debt	0	832	2 496	13 311	59 426	**76 065**
Accounts payable and other financial liabilities	0	17 251	0	0	0	**17 251**
Unused loan commitments	0	192 577	0	0	0	**192 577**
Financial guarantees by contractual amounts	0	10 641	0	0	0	**10 641**
Foreign exchange derivatives (gross settled)	0	57 413	0	610	0	**58 023**
Financial liabilities at fair value	0	34	0	0	0	**34**
Total liabilities	**1 422 870**	**310 307**	**116 093**	**30 796**	**63 797**	**1 943 863**
Financial assets by contractual maturity dates						
Due from banks and investment companies	764 778	0	0	0	0	**764 778**
Financial assets at fair value (debt securities)	0	0	4 663	11 169	2 187	**18 019**
Loans and advances to customers	0	81 861	172 544	703 881	177 538	**1 135 824**
Receivables from customers	0	7 276	0	0	0	**7 276**
Other financial assets	2 970	0	0	0	0	**2 970**
Foreign exchange derivatives (gross settled)	0	57 413	0	610	0	**58 023**
Total financial assets	**767 748**	**146 550**	**177 207**	**715 660**	**179 725**	**1 986 890**
Maturity gap from financial assets and liabilities	**-655 122**	**-163 757**	**61 114**	**684 864**	**115 928**	**43 027**

31.12.2018	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	1 304 239	24 949	94 113	16 780	4 390	**1 444 471**
Subordinated debt	0	832	2 496	13 311	59 426	**76 065**
Accounts payable and other financial liabilities	0	21 428	0	0	0	**21 428**
Unused loan commitments	0	188 841	0	0	0	**188 841**
Financial guarantees by contractual amounts	0	9 314	0	0	0	**9 314**
Foreign exchange derivatives (gross settled)	0	11	0	0	0	**11**
Financial liabilities at fair value	0	18 559	0	610	0	**19 169**
Total liabilities	**1 304 239**	**263 934**	**96 609**	**30 701**	**63 816**	**1 759 299**
Financial assets by contractual maturity dates						
Due from banks and investment companies	682 658	0	0	0	0	**682 658**
Financial assets at fair value (debt securities)	0	20 690	0	15 845	2 161	**38 696**
Loans and advances to customers	0	63 584	198 293	634 077	154 853	**1 050 807**
Receivables from customers	0	3 721	0	0	0	**3 721**
Other financial assets	0	18 559	0	610	0	**19 169**
Foreign exchange derivatives (gross settled)	2 936	0	0	0	0	**2 936**
Total financial assets	**685 594**	**106 554**	**198 293**	**650 532**	**157 014**	**1 797 987**
Maturity gap from financial assets and liabilities	**-618 645**	**-157 380**	**101 684**	**619 831**	**93 198**	**38 688**

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

31.03.2019	EUR	CHF	GBP	SEK	USD	Other	Total
Assets bearing currency risk							
Due from banks and investment companies	742 464	2 521	10 276	2 491	1 241	5 785	**764 778**
Financial assets at fair value	21 529	0	0	1	4 672	3	**26 205**
Loans and advances to customers	983 309	0	6 340	220	828	49	**990 747**
Receivables from customers	5 924	4	934	33	0	381	**7 276**
Other financial assets	834	0	0	0	2 136	0	**2 970**
Total assets bearing currency risk	**1 754 060**	**2 525**	**17 551**	**2 745**	**8 878**	**6 218**	**1 791 976**
Liabilities bearing currency risk							
Deposits from customers and loans received	1 495 926	2 530	41 629	7 485	31 410	9 661	**1 588 641**
Financial liabilities at fair value	0	0	0	0	3	31	**34**
Accounts payable and other financial liabilities	14 986	-4	1 693	82	17	477	**17 251**
Subordinated debt	50 900	0	0	0	0	0	**50 900**
Total liabilities bearing currency risk	**1 561 812**	**2 526**	**43 322**	**7 567**	**31 430**	**10 169**	**1 656 825**
Open gross position derivative assets at contractual value	610	0	25 642	4 809	22 980	3 982	**58 023**
Open gross position derivative liabilities at contractual value	57 413	0	0	0	610	0	**58 023**
Open foreign currency position	**135 445**	**-2**	**-129**	**-13**	**-182**	**31**	**135 151**

31.12.2018	EUR	CHF	GBP	SEK	USD	Other	Total
Assets bearing currency risk							
Due from banks and investment companies	651 175	2 224	18 319	2 536	1 430	6 973	**682 658**
Financial assets at fair value	22 750	0	1 174	1	23 230	0	**47 154**
Loans and advances to customers	902 843	0	14 707	220	957	34	**918 761**
Receivables from customers	2 802	0	374	42	0	503	**3 721**
Other financial assets	840	0	0	0	2 096	0	**2 936**
Total assets bearing currency risk	**1 580 410**	**2 224**	**34 574**	**2 799**	**27 713**	**7 511**	**1 655 230**
Liabilities bearing currency risk							
Deposits from customers and loans received	1 356 671	2 194	41 600	6 363	29 297	7 657	**1 443 782**
Financial liabilities at fair value	0	0	0	0	3	8	**11**
Accounts payable and other financial liabilities	15 299	50	2 238	410	120	3 311	**21 428**
Subordinated debt	50 900	0	0	0	0	0	**50 900**
Total liabilities bearing currency risk	**1 422 870**	**2 244**	**43 838**	**6 773**	**29 420**	**10 976**	**1 516 121**
Open gross position derivative assets at contractual value	610	0	9 166	3 973	2 186	3 234	**19 169**
Open gross position derivative liabilities at contractual value	18 559	0	0	0	610	0	**19 169**
Open foreign currency position	**139 591**	**-20**	**-98**	**-2**	**-130**	**-232**	**139 108**

NOTE 7 Fair Value of Financial Assets and Liabilities

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

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

	Level 1	Level 2	Level 3	31.03.2019	Level 1	Level 2	Level 3	31.12.2018
Financial assets at fair value through profit and loss								
Shares and fund units*	495	7 380	0	**7 875**	510	7 590	0	**8 100**
Available-for-sale bonds and shares	0	0	298	**298**	0	0	298	**298**
Bonds at fair value through profit and loss	18 019	0	0	**18 019**	38 697	0	0	**38 697**
Interest rate swaps and foreign exchange forwards	0	13	0	**13**	0	59	0	**59**
Total financial assets	**18 514**	**7 393**	**298**	**26 205**	**39 207**	**7 649**	**298**	**47 154**
Financial liabilities at fair value through profit and loss								
Interest rate swaps and foreign exchange	0	34	0	**34**	0	11	0	**11**
Total financial liabilities	**0**	**34**	**0**	**34**	**0**	**11**	**0**	**11**

*Shares and fund units include the Group companies' AS LHV Varahaldus investment into pension fund units in the amount of EUR 7 380 (31.12.2018: 7 590) 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 31.03.2019 the fair value of corporate loans and overdraft is EUR 5 141 thousand (0.74%) higher than their carrying amount (31.12.2018: 319 thousand, 0.05% lower). Loans are issued in the bank's business segments on market conditions. Therefore, the fair value of loans does not materially differ from their carrying amount as at 31 March 2019 and 31 December 2018. 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 20 000 thousand were received in November 2018, 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

	31.03.2019	%	31.12.2018	%
Individuals	236 870	23.6%	214 702	23.1%
Real estate activities	266 593	26.6%	246 930	26.6%
Manufacturing	119 694	11.9%	98 073	10.6%
Arts and entertainment	37 112	3.7%	34 582	3.7%
Financial activities	69 150	6.9%	95 697	10.3%
Wholesale and retail trade	42 874	4.3%	24 378	2.6%
Administrative and support service activities	49 082	4.9%	39 808	4.3%
Transportation and storage	10 780	1.1%	11 076	1.2%
Agriculture	22 262	2.2%	20 231	2.2%
Other service activities	6 658	0.7%	25 669	2.8%
Construction	45 478	4.5%	35 808	3.9%
Information and communication	3 844	0.4%	4 115	0.4%
Professional, scientific and technical activities	34 111	3.4%	18 779	2.0%
Education	2 574	0.3%	2 391	0.3%
Other sectors	54 881	5.5%	56 798	6.1%
Total	**1 001 963**	**100%**	**929 037**	**100%**
Provision	-11 216		-10 276	
Total loan portfolio	**990 747**	**100%**	**918 761**	**100%**

NOTE 9 Net Interest Income

Interest income	**Q1 2019**	**3M 2019**	**Q1 2018**	**3M 2018**
Balances with credit institutions and investment companies	55	55	15	15
Bonds	73	73	36	36
Leasing	646	646	565	565
Leverage loans and lending of securities	102	102	132	132
Consumer loans	1 546	1 546	1 195	1 195
Hire purchase	1 023	1 023	1 029	1 029
Business loans	7 837	7 837	5 886	5 886
Creditcard loans	199	199	186	186
Mortgage loans	736	736	313	313
Other loans	696	696	1 529	1 529
Total	**12 913**	**12 913**	**10 886**	**10 886**
Interest expense				
Deposits of customers and loans received	-550	-550	-384	-384
Balances with the central bank	-586	-586	-970	-970
Subordinated liabilities	-832	-832	-53	-53
including loans between related parties	-89	-89	-88	-88
Total	**-1 968**	**-1 968**	**-1 887**	**-1 887**
Net interest income	**10 945**	**10 945**	**8 999**	**8 999**

Interest income on loans by customer location (interest on bank balances and bonds excluded):	**Q1 2019**	**3M 2019**	**Q1 2018**	**3M 2018**
Estonia	12 786	12 786	10 526	10 526
Lithuania	0	0	309	309
Total	**12 786**	**12 786**	**10 835**	**10 835**

NOTE 10 Net Fee and Commission Income

Fee and commission income	Q1 2019	3M 2019	Q1 2018	3M 2018
Security brokerage and commissions paid	528	528	639	639
Asset management and similar fees	4 175	4 175	3 847	3 847
Currency conversion revenues	497	497	308	308
Fees from cards and payments	2 512	2 512	1 791	1 791
Other fee and commission income	752	752	557	557
Total	**8 464**	**8 464**	**7 142**	**7 142**
Fee and commission expense				
Security brokerage and commissions paid	-121	-121	-139	-139
Expenses related to cards	-774	-774	-562	-562
Expenses related to acquiring	-817	-817	-536	-536
Other fee and commission expense	-527	-527	-315	-315
Total	**-2 239**	**-2 239**	**-1 552**	**-1 552**
Net fee and commission income	**6 225**	**6 225**	**5 590**	**5 590**

Fee and commission income by customer location:	Q1 2019	3M 2019	Q1 2018	3M 2018
Estonia	8 433	8 433	7 097	7 097
Luxembourg	31	31	45	45
Total	**8 464**	**8 464**	**7 142**	**7 142**

NOTE 11 Operating Expenses

	Q1 2019	3M 2019	Q1 2018	3M 2018
Wages, salaries and bonuses	3 529	3 529	2 906	2 906
Social security and other taxes*	1 024	1 024	840	840
Total personnel expenses	**4 553**	**4 553**	**3 746**	**3 746**
IT expenses	644	644	500	500
Information services and bank services	220	220	146	146
Marketing expenses	708	708	517	517
Office expenses	143	143	148	148
Transportation and communication expenses	53	53	52	52
Staff training and business trip expenses	122	122	189	189
Other outsourced services	759	759	765	765
Other administrative expenses	658	658	572	572
Depreciation of non-current assets	1 025	1 025	685	685
Operational lease payments	86	86	284	284
Other operating expenses	135	135	62	62
Total other operating expenses	**4 553**	**4 553**	**3 920**	**3 920**
Total operating expenses	**9 106**	**9 106**	**7 666**	**7 666**

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

NOTE 12 Discontinued operations

	Q1 2019	3M 2019	Q1 2018	3M 2018
Other financial income	0	0	0	0
Net interest income	0	0	1 195	1 195
Net fee and commission income	0	0	642	642
Personnel expenses	0	0	-395	-395
Operating expenses	0	0	-818	-818
Impairment losses on loans	0	0	-304	-304
Income tax expenses	0	0	-76	-76
Net profit from discontinued operations	**0**	**0**	**244**	**244**

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

	31.03.2019	31.12.2018
Term deposits with maturity less than 3 months*	32 090	42 796
Legal reserve with the central bank	15 666	14 280
Other receivables from central bank*	717 022	625 582
Total	**764 778**	**682 658**
*Cash and cash equivalents in the Statement of Cash Flows	749 112	668 378

The breakdown of receivables by countries has been presented in Note 4. Demand deposits include receivables from investment companies in the total amount of EUR 6 520 thousand (31 December 2018: EUR 17 005 thousand). All other demand and term deposits are held with credit institutions and the central bank.

The minimum reserve requirement as at 31 March 2019 was 1% (31 December 2018: 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	31.03.2019
Demand deposits	417 593	226 784	770 354	8 006	1 422 737
Term deposits	58 167	0	80 524	5 235	143 926
Loans received	0	0	21 528	0	21 528
Accrued interest liability	236	0	204	10	450
Total	**475 996**	**226 784**	**872 610**	**13 251**	**1 588 641**

Deposits/loans by type	Individuals	Financial intermediates	Legal entities	Public sector	31.12.2018
Demand deposits	374 491	193 893	727 803	7 935	1 304 122
Term deposits	57 605	0	54 456	5 734	117 795
Loans received	0	0	21 528	0	21 528
Accrued interest liability	197	0	131	9	337
Total	**432 293**	**193 893**	**803 918**	**13 678**	**1 443 782**

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 31.03.2019, the Bank had utilized 12 250 thousand euros of the loan amount and repaid the principal in the amount of EUR 722 thousand euros. From Nordic Investment Bank possible 20 000 thousand euro loan the Bank had utilized 10 000 thousand euros as of 31.03.2019. 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	31.03.2019	31.12.2018
Trade payables and payables to merchants	5 97	2 153
Other short-term financial liabilities	8 502	1 925
Accrued interest on subordinated loans	349	314
Payments in transit	7 633	16 800
Financial guarantee contracts issued	170	236
Subtotal	**17 251**	**21 428**
Performance guarantee contracts issued	263	243
Tax liabilities	12 856	1 218
Payables to employees	1 705	1 488
Other short-term liabilities	216	276
Subtotal	**5 040**	**3 216**
Total	**22 291**	**24 644**

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 31 March 2019	14 534	10 641	68	192 577	**217 820**
Liability in the contractual amount as at 31 December 2018	11 927	9 314	55	188 841	**210 137**

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.

	Q1 2019	3M 2019	Q1 2018	3M 2018
Total profit attributable to owners of the parent (EUR thousand)	4 691	4 691	3 949	3 949
Weighted average number of shares (in thousands of units)	26 016	26 016	25 767	25 767
Basic earnings per share (EUR)	0.18	0.18	0.15	0.15
Weighted average number of shares used for calculating the diluted earnings per shares (in thousands of units)	26 540	26 540	26 201	26 201
Diluted earnings per share (EUR)	0.18	0.18	0.15	0.15

NOTE 18 Capital Management

The

goal of the Group's capital management is to:

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

The amount of capital that the Group managed as of 31.03.2019 was 177 118 thousand euros (31.12.2018: 183 250 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	**31.03.2019**	**31.12.2018**
Paid-in share capital	26 016	26 016
Share premium	46 653	46 653
Reserves	4 713	3 451
Other reserves	78	78
Accumulated loss	68 708	50 193
Intangible assets (subtracted)	-19 111	-19 084
Profit for the reporting period	0	25 237
Other adjustments	-839	-194
Total Tier 1 capital	**126 218**	**132 350**
Subordinated liabilities	50 900	50 900
Total Tier 2 capital	**50 900**	**50 900**
Total net own funds	**177 118**	**183 250**

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	Q1 2019	3M 2019	Q1 2018	3M 2018
Interest income	**17**	**17**	**14**	**14**
incl. management	9	9	8	8
incl. shareholders that have significant influence	8	8	6	6
Fee and commission income	**5**	**5**	**2**	**2**
Incl. management	0	0	0	0
incl. shareholders that have significant influence	5	5	2	2
Interest expenses from deposits	**10**	**10**	**8**	**8**
incl. management	0	0	0	0
incl. shareholders that have significant influence	10	10	8	8
Interest expenses from subordinated loans	**89**	**89**	**88**	**88**
incl. management	2	2	2	2
incl. shareholders that have significant influence	87	87	86	86

Balances	31.03.2019	31.12.2018
Loans and receivables as at the year-end	**3 502**	**3 328**
incl. management	2 361	2 079
incl. shareholders that have significant influence	1 141	1 250
Deposits as at the year-end	**23 987**	**33 509**
incl. management	526	222
incl. shareholders that have significant influence	23 461	33 287
Subordinated loans as at the year-end	**5 904**	**5 904**
incl. management	135	135
incl. shareholders that have significant influence	5 769	5 769

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 Q1, salaries and other compensations paid to the management of the parent AS LHV Group and its subsidiaries totalled EUR 375 thousand (Q1 2018: EUR 410 thousand), including all taxes. As at 31.03.2019, remuneration for March and accrued holiday pay in the amount of EUR 94 thousand (31.12.2018: EUR 91 thousand) is reported as a payable to management (Note 15). The Group did not have any long-term payables or commitments to the members of the Management Board and the Supervisory Board as at 31.03.2019 and 31.12.2018 (pension liabilities, termination benefits, etc.). In Q1 2019, the remuneration paid to the members of the Group's Supervisory Board totalled EUR 15 thousand (Q1 2018: EUR 10 thousand).

Management is related to the share-based compensation plan. In Q1 2019 the share-based compensation to management amounted to EUR 155 thousand (Q1 2018: EUR 106 thousand). The Group has signed contracts with the members of the Management Board, which do not provide for severance benefits upon termination of the contract. In any matters not regulated by the contract, the parties adhere to the procedure specified in the legislation of the Republic of Estonia.

Shareholders of AS LHV Group

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

As at 31 March 2019, AS LHV Group has 5 926 shareholders:

- 13 104 504 shares (50.4%) were held by members of the Supervisory Board and Management Board, and related parties.
- 12 911 981 shares (49.6%) were held by Estonian entrepreneurs and investors, and related parties.

Top ten shareholders as at 31 March 2019:

Number of	Participation	Name of shareholder
3 357 920	12.9%	AS Lõhmus Holdings
2 538 367	9.8%	Rain Lõhmus
2 111 344	8.1%	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
636 260	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 holds 4 909 shares. Viisemann Holdings OÜ holds 433 055 shares and Viisemann Investment AG holds 2 111 344 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, Astrum OÜ holds 250 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 March 2019 period the condensed consolidated interim financial statements of AS LHV Group for the 3-month period ended 31 March 2019.

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.

15.04.2019

Madis Toomsalu