BASE PROSPECTUS

AS LHV Group

Up to EUR 200,000,000 Tier 2 Subordinated Bond Issuance Programme

This public offering, listing and admission to trading base prospectus (the **Prospectus**) has been drawn up and published by AS LHV Group (an Estonian public limited company, registered in Estonian Commercial Register under register code 11098261, having its registered address at Tartu mnt 2, 10145, Tallinn, Estonia; the **Company**) in connection with the public offering, listing and the admission to trading of the Bonds (as defined below) to be issued by the Company from time to time under the Programme (as defined below).

Under this EUR 200,000,000 Tier 2 subordinated bond issuance programme (the **Programme**), the Company may from time to time publicly offer and issue in total up to 200,000 bonds with the nominal value of EUR 1,000 each, with the maturity term of 10 years with the option of early redemption after the lapse of 5 years (the **Bonds**) to retail and institutional investors in Estonia (the **Offering**). The Company may also offer the Bonds non-publicly to investors in any Member State of the European Economic Area (the **EEA**) in circumstances described in Article 1(4) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as supplemented or amended from time to time (the **Prospectus Regulation**).

The function of this Prospectus is to give information about the Company, the Programme and the Bonds. The Bonds carry the rights and are governed by the provisions of the Terms and Conditions of the Company's Tier 2 Subordinated Bonds, dated 8 September 2023, which have been incorporated in this Prospectus by reference (the **Bond Terms**). The issue and offering of each series of the Bonds will be decided and announced separately.

The relevant final terms in respect of the issue of any Bonds will specify whether the Company will apply for such Bonds to be listed on Nasdaq Tallinn Stock Exchange or whether the Bonds will be unlisted. The Company will apply for the listing and the admission of the Bonds to trading that are issued in connection with the Offering. If the Company determines to apply for the listing of the Bonds, the Company shall submit the relevant Final Terms (as defined below) of the Bonds and other required information to Nasdaq Tallinn Stock Exchange for listing and admission to trading of the respective Bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange.

This Prospectus is a base prospectus within the meaning of Article 8 of the Prospectus Regulation.

Investing into Bonds involves risks and may not be suitable for all investors. Each prospective investor in the Bonds must determine, based on its own independent review and, if appropriate, professional advice that the investment in the Bonds is suitable in light of its financial circumstances and objectives. While every care has been taken to ensure that this Prospectus presents a fair and complete overview of the material risks related to the Company, the operations of the Company and its Subsidiaries (the Group) and to the Bonds, the value of any investment in the Bonds may be adversely affected by circumstances that are either not evident at the date hereof or not reflected in this Prospectus. Each decision to invest in the Bonds must be based on the Prospectus in its entirety. Therefore, we suggest you familiarise yourselves with the Prospectus thoroughly.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms where relevant for the specific series of the Bonds, will include a legend entitled "MiFID II Product Governance" which

will outline the target market assessment in respect of the Bonds and which channels for distribution of the Bonds are appropriate. Any person subsequently offering, selling or recommending the Bonds (a Distributor) should take into consideration the target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels).

A determination will be made in relation to each series of Bonds about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the MiFID Product Governance Rules), the agent (as specified in Section 2.11 "Agent") is a manufacturer in respect of such Bonds, but otherwise neither the agent nor any of its respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

NOTICE TO ALL INVESTORS

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire the Bonds offered by any person in any jurisdiction in which such an offer or solicitation is unlawful, in particular in or into the Restricted Territories (as defined in Section 10 "Glossary") or the Excluded Territories (as defined in Section 10 "Glossary"). The Bonds have not been and will not be registered under the relevant laws of any state, province or territory other than Estonia and may not be offered, sold, transferred or delivered, directly or indirectly, within any other jurisdiction than Estonia except pursuant to an applicable exemption. Notwithstanding anything to the contrary contained in this Prospectus, the Bonds shall not be offered, sold, transferred or delivered, directly or indirectly, to any Russian or Belarusian national or natural person residing in Russia or Belarus, or any legal person, entity or body established in Russia or Belarus, and regardless of nationality, residence or establishment, to any person to whom such offering, sale, transfer or delivery of the Bonds is restricted or prohibited by international sanctions, national transaction restrictions or other similar measures established by an international organisation or any country (including the European Union, the United Nations or the United States).

Distribution of copies of the Prospectus or any related documents are not allowed in those countries where such distribution or participation in the Offering of the Bonds requires any extra measures or is in conflict with the laws and regulations of these countries. Persons who receive this Prospectus or any related document should inform themselves about any restrictions and limitations on distribution of the information contained in this Prospectus and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Such documents should not be distributed, forwarded to or transmitted in or into the Restricted Territories or the Excluded Territories. No action has been taken by the Company in relation to the Bonds or rights thereto or possession or distribution of this Prospectus in any jurisdiction where action is required, other than in Estonia. The Company is not liable in cases where persons or entities take measures that are in contradiction with the restrictions mentioned in this Prospectus and any related documents.

INFORMATION FOR UNITED STATES INVESTORS

The Bonds have not been approved or disapproved by any United States' regulatory authority. The Bonds will not be, and are not required to be, registered with the United States Securities and Exchange Commission under the US Securities Act of 1933, as amended (the Securities Act) or on a United States securities exchange. The Company does not intend to take any action to facilitate a market for the Bonds in the United States. The Bonds may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

The Prospectus is valid for 12 months after the date of its approval provided that the Prospectus is supplemented in case new factors, material mistakes or material inaccuracies occur, and such an obligation does not apply after the end of the validity period of the Prospectus.

The date of this Prospectus is 8 September 2023

AS LHV GROUP TARTU MNT 2, 10145 TALLINN 6 800 400 GROUP@LHV.EE LHV.EE

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1. INTRODUCTORY INFORMATION

1.1. Applicable Law

This Prospectus has been drawn up in accordance with the Prospectus Regulation and Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Commission Regulation (EC) No 809/2004, as supplemented or amended from time to time (the **Delegated Regulation**). Given that the Company's shares have been admitted to trading on the regulated market (Nasdaq Tallinn) continuously for a period longer than 18 months, based on Article 14(1) of the Prospectus Regulation and Articles 9 and 15 of the Delegated Regulation, this Prospectus has been prepared as a simplified prospectus in accordance with Annex 8 (Registration document for secondary issuances of non-equity securities) and Annex 14 (Securities note for retail non-equity securities) of the Delegated Regulation.

This Prospectus is governed by Estonian law. Any disputes arising in connection with the Prospectus shall be settled by Harju County Court (*Harju Maakohus*) in Estonia unless the exclusive jurisdiction of any other court is provided for by the provisions of law, which cannot be derogated from by an agreement of the parties. The investor may be required under national law to bear the costs of translating the Prospectus before being able to bring a claim to the court in relation to this Prospectus.

Before reading this Prospectus, please take notice of the following important introductory information.

1.2. Persons Responsible

The person responsible for the information given in this Prospectus is the Company. The Company accepts responsibility for the fullness and correctness of the information contained in this Prospectus as of the date hereof. Having taken all reasonable care to ensure that such is the case, the Company believes that the information contained in this Prospectus is, to the best of the Company's knowledge, in accordance with the facts, and contains no omission likely to affect its import.

AS LHV Group

[Signed digitally]	*[Signed digitally]*
Chairman of the Management Board	Member of the Management Board
Madis Toomsalu	Meelis Paakspuu
[Signed digitally]	*[Signed digitally]*
Member of the Management Board	Member of the Management Board
Jüri Heero	Martti Singi

Without prejudice to the above, no responsibility is accepted by the persons responsible for the information given in this Prospectus solely based on the summary of any series issued under this Prospectus, including any translation thereof, unless such summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in Bonds.

The Company will not accept any responsibility for the information pertaining to the Offering, the Company or its operations, where such information is disseminated or otherwise made public by third parties either in connection with the Offering or otherwise.

1.3. Presentation of Information

Bond Terms, Final Terms and Reading the Prospectus. The Bonds will be issued in separate series and the Bonds of each series will all be subject to the Bond Terms, and as completed by a document specific to such series called final terms (the **Final Terms**). This Prospectus should be read and construed together with any supplement hereto and with any other documents incorporated by reference herein and, in relation to any series of Bonds, should be read and construed together with the Bond Terms and the relevant Final Terms. The Final Terms of each series will be published together with the summary drawn up for such series on the website of the Company at https://investor.lhv.ee/en. The Final Terms and summary of the separate series are not approved by the Estonian Financial Supervision and Resolution Authority (*Finantsinspektsioon*; the **EFSA**) or any other supervisory authority but will be filed with the EFSA.

Approximation of Numbers. Numerical and quantitative values in this Prospectus (e.g., monetary values, percentage values, etc.) are presented with such precision that is deemed by the Company to be sufficient in order to convey adequate and appropriate information on the relevant matter. From time to time, quantitative values have been rounded up to the nearest reasonable decimal or whole value in order to avoid excessive level of detail. As a result, certain values presented as percentages do not necessarily add up to 100% due to the effects of approximation. Exact numbers may be derived from the Financial Statements (as defined in Section 10 “Glossary”), to the extent that the relevant information is reflected therein.

Currencies. In this Prospectus, financial information is presented in euro (the **EUR**), the official currency of the European Union member states in the Eurozone.

Date of Information. This Prospectus is drawn up based on information, which was valid as of the date of the Prospectus. Where not expressly indicated otherwise, all information presented in this Prospectus (including the consolidated financial information of the Group, the facts concerning its operations and any information on the markets in which it operates) must be understood to refer to the state of affairs as of the aforementioned date. Where information is presented as of a date other than the date of the Prospectus, this is identified by specifying the relevant date.

Third Party Information and Market Information. For portions of this Prospectus, certain information has been sourced from third parties. Such information is accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where information has been sourced from third parties, a reference to the respective source has been provided together with such information where presented in this Prospectus. The Group companies monitor and analyse their competitive position and the developments in the competitive situation on the markets where the Group companies operate on the basis of publicly available data and statistics, such as market analyses and statistics prepared by the EFSA and the local national banks of the geographical markets where the Group companies operate. All statements made in this Prospectus in respect of the competitive position of the Group companies are based on the above-referred publicly available information. Certain information with respect to the markets in which the Company and Subsidiaries operate is based on the best assessment made by the Management (as defined in Section 10 “Glossary”). With respect to the industry in which the Company and Subsidiaries are active and certain jurisdictions in which they conduct their operations, reliable market information is often not available or is incomplete. While every reasonable care was taken to provide best possible assessments of the relevant market situation and the information on the relevant industry, such information may not be relied upon as final and conclusive. Investors are encouraged to conduct their own investigation of the relevant markets or employ a professional consultant.

Updates. The Company will update the information contained in this Prospectus only to such extent and at such intervals and by such means as required by the applicable law or considered necessary and appropriate by the Management. The Company is under no obligation to update or modify forward-looking statements included in this Prospectus (please see Section 1.6 "Forward-Looking Statements" below).

Definitions of Terms. In this Prospectus, capitalised terms have the meaning ascribed to them in Section 10 "Glossary", with the exception of such cases where the context evidently requires to the contrary, whereas the singular shall include plural and vice versa. Other terms may be defined elsewhere in the Prospectus.

Hyperlinks to Websites. This Prospectus contains hyperlinks to websites. The information on the websites does not form part of the Prospectus and has not been scrutinised or approved by the EFSA, except for hyperlinks to information that is incorporated by reference.

1.4. Documents Available

In addition to this Prospectus the up-to-date Articles of Association may be obtained from the website of the Company at https://investor.lhv.ee/en under section "Management". All information presented on the Company's website or on any other website which has not been incorporated by reference into this Prospectus does not form part of the Prospectus.

1.5. Information Incorporated by Reference

The following information has been incorporated into this Prospectus by reference:

(i) the Bond Terms (available at: https://www.lhv.ee/assets/files/investor/emission2023/Terms_and_conditions_of_subordinated_bonds.pdf);

(ii) the audited consolidated financial statements of the Company of and for the year ended 31 December 2022 on pages 74-135, together with notes to the financial statements on pages 136-162, and the auditor's report on pages 167–172 (available at https://www.lhv.ee/assets/files/investor/LHV_Group_Annual_Report_2022-EN.pdf) (the **Audited Financial Statements**);

(iii) the unaudited condensed consolidated interim financial statements of the Company for the 6-month period ended 30 June 2023 on pages 18-21, together with notes to the condensed consolidated interim financial statements on pages 22-38, (available at: https://www.lhv.ee/assets/files/investor/LHV_Group_Interim_Report_2023_Q2-EN.pdf) (the **Unaudited Interim Financial Statements**).

The documents referred to in items (ii) and (iii) above (together referred to as **Financial Statements**) may also be obtained from the website of the Company at https://investor.lhv.ee/en/ under section "Reports". Non-incorporated parts of the documents above are not relevant for the investor.

There has been no significant change in the financial position of the Group since the date of the last unaudited consolidated financial statements of the Company, i.e., 30 June 2023.

The Audited Financial Statements have been prepared in accordance with International Financial Reporting Standards (the **IFRS**) as adopted by the European Union. The Unaudited Interim Financial Statements have been prepared in accordance with International Accounting Standards (the **IAS**) 34, Interim Financial Reporting, these have not been audited or, despite the reference made in note 1 to the Unaudited Interim Financial Statements, reviewed by the auditors.

According to the decision of the general meeting of the shareholders (the **General Meeting**) held on 13 March 2019, KPMG Baltics OÜ (registry code 10096082, address Narva mnt 5, 10117 Tallinn, Estonia) has acted as the auditor of the Company for the financial years 2020-2022. The Annual General Meeting of Shareholders held on 30 March 2022 appointed KPMG Baltics OÜ to be the auditor of the Company also for the financial year 2023. The Audited Financial Statements are audited by Eero Kaup (sworn auditor number 459) from the audit company KPMG Baltics OÜ. KPMG Baltics OÜ is a member of the Estonian Auditors' Association with licence number 17. No other information presented in this Prospectus has been audited or reviewed by auditors.

The financial year starts on 1 January and ends on 31 December, the amounts are presented in thousand euros unless otherwise indicated. The official language of the Financial Statements of the Company is Estonian. The Estonian version must be proceeded from in the event of a conflict with English or any other language.

1.6. Forward-Looking Statements

This Prospectus includes forward-looking statements (notably under Sections 3 "Risk Factors", 5 "Reasons for Offering and Use of Proceeds" and 8 "Principal Activities and Markets"). Such forward-looking statements are based on current expectations and projections about future events, which are in turn made on the basis of the best judgment of the Management. Certain statements are based on the beliefs of the Management as well as assumptions made by and information currently available to the Management. Any forward-looking statements included in this Prospectus are subject to risks, uncertainties and assumptions about the future operations of the Group, the macroeconomic environment and other similar factors.

In particular, such forward-looking statements may be identified by the use of words such as "strategy", "expect", "plan", "anticipate", "believe", "will", "continue", "estimate", "intend", "project", "goals", "targets" and other words and expressions of similar meaning. Forward-looking statements can also be identified by the fact that they do not relate strictly to historical or current facts. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and the Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements contained in this Prospectus whether as a result of such changes, new information, subsequent events or otherwise.

The validity and accuracy of any forward-looking statements is affected by the fact that the Group operates in a highly competitive business. This business is affected by changes in domestic and foreign laws and regulations (including those of the European Union), taxes, developments in competition, economic, strategic, political and social conditions, consumer response to new and existing products and technological developments and other factors. The Group's actual results may differ materially from the Management's expectations because of the changes in such factors. Other factors and risks could adversely affect the operations, business or financial results of the Group (please see Section 3 "Risk Factors" for a discussion of the risks which are identifiable and deemed material at the date hereof).

1.7. Use of Prospectus

This Prospectus is prepared solely for the purposes of the Offering of the Bonds and, if so determined by the Company and specified in the respective Final Terms, the listing and the admission to trading of the Bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange. No public offering of the Bonds is conducted in any jurisdiction other than Estonia and consequently the dissemination of this Prospectus in other countries may be restricted or prohibited by law. This Prospectus may not be used for any other purpose than for making the decision of participating in the Offering or investing into the

Bonds. You may not copy, reproduce (other than for private and non-commercial use) or disseminate this Prospectus without express written permission from the Company.

1.8. Approval of Prospectus

This Prospectus has been approved by the EFSA, as competent authority under the Prospectus Regulation on 11 September 2023 under registration number 4.3-4.9/4085. The EFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and should not be considered as an endorsement of the Company and the quality of the Bonds that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds. This Prospectus has been drawn up as a simplified prospectus in accordance with Article 14 of the Prospectus Regulation.

1.9. Legal adviser

The legal adviser to the Company is Ellex Raidla Advokaadibüroo OÜ (registry code 10344152; address: Roosikrantsi 2, 10119, Tallinn, Estonia; website: https://ellex.legal/), whose main field of activity is the activities of lawyers and law firms. As of the date of this Prospectus the legal adviser does not hold any shares in the Company.

1.10. Availability of the Prospectus

The Prospectus as well as its Estonian language translation is available in an electronic format on the website of the Company (https://investor.lhv.ee/en). The Prospectus is also available on the website of the EFSA (https://www.fi.ee/et/investeerimine/registrid-nimekirjad-ja-statistika/registreeritud-prospektid). If the Company applies for the respective series of Bonds to be listed and admitted to trading on the Nasdaq Tallinn Stock Exchange, this Prospectus and its Estonian language translation will be published by means of a stock exchange release through the information system of Nasdaq Tallinn Stock Exchange (https://nasdaqbaltic.com/). In case of any discrepancies between the Prospectus and its Estonian language translation, the Prospectus will prevail. Any interested party may request delivery of an electronic copy of the Prospectus, the Terms and Conditions of the Bonds and the Financial Statements of the Company from the Company without charge. Paper copy of the Prospectus can be obtained at the premises of the Company (address Tartu mnt 2, 1st floor, Tallinn 10145 on business days between 10:00 – 15:00) by any interested party upon request.

2. A GENERAL DESCRIPTION OF THE PROGRAMME

This Section 2 provides an overview of the key terms and conditions of the Bonds. The overview is not, and does not purport to be, a complete list of terms and conditions applicable to the Bonds and is taken from and is qualified in its entirety by, the remainder of this Prospectus and the Bond Terms. This overview must be read as an introduction to the Bond Terms and any decision to invest in the Bonds should be based on a consideration of the Prospectus, the Bond Terms and the Final Terms as a whole.

2.1. Type and Class of Bonds

The Bonds are subordinated bonds with the nominal value of EUR 1,000 each. The Bonds represent an unsecured subordinated debt obligation of the Company before the bondholder.

2.2. Volume of Programme

The aggregate nominal value of the Bonds to be issued under the Programme is up to EUR 200,000,000, i.e., up to 200,000 Bonds can be issued under the Programme. The Bonds will be issued in series whereas the amount of Bonds issued, their final terms and the timing of the issue will be decided by the Company at its discretion and published separately through the information system of Nasdaq Tallinn Stock Exchange and the website of the Company (https://investor.lhv.ee/en/).

The Programme has been approved by the decision of the Supervisory Board of the Company on 17 August 2023. The Final Terms of the Bonds issued under the Programme will be decided by the Management Board of the Company separately for each series.

2.3. Form and Registration

The Bonds will be in dematerialised book-entry form and are not numbered. The Bonds will be registered in the Estonian Register of Securities (the **ERS**), operated by Nasdaq CSD SE Estonian branch (**Nasdaq CSD**). The ISIN code of each series of the Bonds will be specified in the Final Terms of each series.

2.4. Ranking and Subordination

The Bonds are intended to qualify as own funds instruments within the meaning of point 119 of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as supplemented or amended from time to time (Capital Requirements Regulation, **CRR**) in the form of Tier 2 instruments as defined in Article 63 of the CRR or any successor provision thereof.

This means that in the event of the (a) voluntary or involuntary liquidation or (b) bankruptcy of the Company, the rights of the bondholders to payments on or in respect of the Bonds shall rank:

(i) junior to any present or future claims of (A) unsecured and unsubordinated creditors of the Company (including holders of senior preferred notes and the senior non-preferred notes, if any, issued by the Company), and (B) holders of senior subordinated notes and claims of any other subordinated creditors the claims of which rank, or are expressed to rank, in priority to the Bonds;

(ii) *pari passu* among themselves and with any other present or future indebtedness of the Company which constitutes Tier 2 capital (as defined in Article 71 of the CRR);

(iii) in priority to claims of holders of any outstanding Additional Tier 1 instruments (as defined in Article 52 of the CRR), and payments to holders of all classes of share capital of the Company in their capacity as such holders, and claims of any other subordinated creditors the claims of which rank, or are expressed to rank, junior to the Bonds,

subject, in all cases, to mandatory provisions of the Estonian law.

The subordination of the Bonds means that upon the liquidation or bankruptcy of the Company, all the claims arising from the Bonds shall fall due in accordance with the Bond Terms and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Company in accordance with the applicable law.

Furthermore, any liability arising under the Bonds may be subject to the exercise of powers to write-down, conversion, transfer, modification, suspension or similar related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Estonia (the **Bail-In and Loss Absorption Powers**) by the European Single Resolution Board, the EFSA, or such other resolution authority or governmental body with the ability to exercise any Bail-in and Loss Absorption Powers in relation to the Company (the **Resolution Authority**) in cases where the Company as a resolution entity meets the conditions for resolution (i.e., is failing or is likely to fail and certain other conditions are met). Exercising the Bail-in and Loss Absorption Powers is subject to numerous preconditions and will only be used as a last resort; however, if the powers are exercised, it is possible that: (a) the amount outstanding of the Bonds is reduced, including to zero; (b) the Bonds are converted into shares, other securities or other instruments of the Company or another person; (c) the Bonds or the outstanding amounts of the Bonds are cancelled; and/or (d) the Bond Terms are altered (e.g., the maturity date or interest rate of the Bonds could be changed). Therefore, if the Company as a resolution entity meets the conditions for resolution, the exercising of the Bail-in and Loss Absorption Powers by the Resolution Authority may result in material losses for the bondholders. Financial public support will only be used after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool. Consent of the bondholders is not necessary for affecting bail-in measures by the Resolution Authority.

As long as there are no liquidation or bankruptcy proceedings initiated against the Company, all claims arising from the Bonds shall be satisfied in accordance with the Bond Terms and the applicable law.

No bondholder may set off their claims arising under the Bonds against any claims of the Company.

2.5. Currency

The Bonds will be denominated in euro.

2.6. Interest

The Bonds carry an annual coupon interest at the rate provided in the Final Terms, calculated from the date of issue of the Bonds until the date of redemption. The frequency of the interest payments has been provided in the Final Terms. The interest on the Bonds is calculated based on the 30-day calendar month and 360-day calendar year (30/360).

2.7. Maturity of Bonds

The Bonds will be issued with the term of 10 years and the maturity date for each series of the bonds will be specified in the Final Terms.

According to the Bond Terms, the Company is entitled to redeem the Bonds prematurely at any time after the lapse of 5 years as from the date of issue by notifying the bondholders at least 30 days in advance. The Company is further entitled to redeem the Bonds prematurely before the lapse of the 5-year term if there is a change in the regulative classification of the Bonds resulting in the Bonds being, in the opinion of the Company, excluded from the classification as own funds of a parent undertaking of credit institution or if there is a significant change in the taxation regime applicable in respect of the

Bonds, provided that the Company was not in a position to foresee such changes upon the issue of the Bonds.

The Bonds may be redeemed prematurely by the Company on the above-described grounds only if the European Central Bank (the **ECB**) has granted its consent to the early redemption. The ECB may grant its consent for the early redemption of the Bonds as from the date when 5 years have passed from their issuance only if the conditions of Article 78(1) of the CRR are met. The ECB may grant its consent for the early redemption of the Bonds before the date when 5 years have passed from their issuance only if the conditions of Article 78(4) of the CRR are met.

The bondholders are not entitled to claim early redemption of the Bonds under any circumstances.

2.8. Rights Attached to Bonds

The rights attached to the Bonds have been established by the Bond Terms. The main rights of bondholders arising from the Bonds and the Bond Terms are the right to the redemption of the Bonds and the right to interest.

In addition, the bondholders are entitled to access the annual and quarterly reports of the Company, which shall be made available at the website of the Company (accessible via https://investor.lhv.ee/en/). Upon a delay in making any payments due under the Bond Terms, the bondholders are entitled to a delay interest at the rate as specified in the Final Terms per each day in delay.

Under the Bond Terms, the bondholders have the right to participate, and cast votes, in the bondholders' meeting, or to provide their written consent, when convened or requested by the Company.

2.9. Transferability

The Bonds are freely transferrable, however, any bondholder wishing to transfer the Bonds must ensure that any offering related to such transfer would not be qualified as a public offering in the essence of the applicable law. According to the Bond Terms, ensuring that any offering of the Bonds does not fall under the definition of public offering under the applicable law is the obligation and liability of the bondholder.

2.10. Listing and Admission to Trading

In connection with the Offering of the Bonds, the Company intends to apply for the listing and admission to trading of the Bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange. The expected date of listing and the admission to trading of the Bonds is specified in the Final Terms. While every effort will be made and due care will be taken by the Company in order to ensure the listing and the admission to trading of the Bonds offered through the Offering, the Company cannot ensure that the Bonds of the respective series are listed and admitted to trading on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange.

As specified in the relevant Final Terms, the Company may determine not to apply for specific series of the Bonds that are not offered and issued as part of an Offering to be listed and admitted to trading.

Should the Bonds not be listed and admitted to trading on the Nasdaq Tallinn Stock Exchange, it is likely that a secondary market for the Bonds will not develop, there will not be a public and independent market price for the Bonds, and an investor may not be able to follow their investment thesis as envisaged, including in particular in respect of sale of the Bonds.

2.11. Agent

According to the Bond Terms, AS LHV Pank, the Subsidiary of the Company (**LHV Pank**) acts as the agent of the bond issue, being responsible for the arrangement of the subscription of the Bonds, acting as the payment agent, ensuring due registration of the bonds and being responsible for the document management in respect of the documentation, which must be submitted by the Company under the Bond Terms. LHV Pank as the agent acts as the representative of the Company and shall bear no liability before the bondholders for the due compliance with the Bond Terms by the Company. The breach by LHV Pank of any of its undertakings as the agent of the bond issue shall be considered a breach by the Company of the Bond Terms and the Company shall be liable for such breach before the bondholders. Under the Bond Terms, the bondholders acknowledge that LHV Pank is the Subsidiary of the Company and confirm that they have no claims against the Company or LHV Pank arising from that fact.

2.12. Applicable Law and Jurisdiction

The Bonds will be issued in accordance with and are governed by the laws of the Republic of Estonia. The courts of Estonia shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Bonds.

2.13. Bond Terms

The Bond Terms have been incorporated into this Prospectus by reference and are available on the website of the Company at https://www.lhv.ee/assets/files/investor/emission2023/Terms_and_conditions_of_subordinated_bonds.pdf.

2.14. Form of Final Terms

Set out below is the form of Final Terms which will be completed for each Series of Bonds, as the case may be, issued under the Programme.

AS LHV GROUP

(register code 11098261)

Company's Legal Entity Identifier (LEI): 529900JG015JC10LED24

EUR 200,000,000

Tier 2 Subordinated Bond Programme of AS LHV GROUP

EUR [Aggregate Nominal Amount of Series][1] [Rate] per cent. Fixed Rate Subordinated Bonds due [Maturity Date of the Series] (the "Bonds")

Issue Price: [NUMBER] per cent.

The date of these Final Terms is [DATE]

[MIFID II PRODUCT GOVERNANCE – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties, professional clients and retail clients, each as defined in the Markets in Financial Instruments Directive (Directive 2014/65/EU) (as amended, MiFID II); (ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Bonds to retail clients are appropriate – investment advice[,/and] portfolio management[,/and][non-advised sales][and pure

[1] [The Aggregate Nominal Amount of the Series may be increased by the decision of the Company until Issue Date (including) by up to EUR [*specify amount*]]

execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]. [*Description of any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a distributor) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of Bonds (the "**Bond Terms**") as made available on the Company's website (https://investor.lhv.ee/en/). This document constitutes the Final Terms of the securities described herein for the purposes of the Regulation (EU) 2017/1129 (and amendments thereto) (the "**EU Prospectus Regulation**"), and must be read in conjunction with the Prospectus dated [*date*]][and the supplement to it dated [*date*] which [together] constitute[*s*] a base prospectus for the purposes of the EU Prospectus Regulation (the "**Prospectus**")), including the Bond Terms incorporated by reference in the Prospectus to obtain all relevant information.

Full information on the Company and the offer of the Bonds is only available on the basis of the combination of these Final Terms, the Bond Terms, and the Prospectus [as so supplemented]. The Prospectus [and supplement[s] to the Prospectus] [is]/[are] available for viewing through the Company's website (https://investor.lhv.ee/en/).

[A summary of this series has been appended to these Final Terms. The Final Terms have been approved by a decision of the Company's Management Board on [*date*]. The Final Terms have been filed with the EFSA but are not subject to approval proceedings.]

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. A potential investor should not invest in Bonds which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

1.	Company	AS LHV Group
2.	Series Number	[ ]
3.	Aggregate Nominal Amount	EUR [*amount*] [The Aggregate Nominal Amount of the Series may be increased by the decision of the Company until Issue Date (including) by up to EUR [*amount*] or decreased in case part of the Offering is cancelled]
4.	Nominal Amount	EUR 1,000
5.	Issue Price	100% of the Nominal Amount [plus accrued interest from [*date*]]
6.	Issue Date	[*date*]
7.	Interest Commencement Date	[*date*]
8.	Maturity Date	[*date*]
9.	Type of Bonds	Fixed rate

10.	Redemption type	Redemption at par
11.	Status of the Bonds	Tier 2 Subordinated Bond
12.	Interest	
	i. Interest Payment Dates	[ ] in each year
	ii. Rate of Interest	[ ]% *per annum*
	iii. Day count fraction	30/360
	iv. Record Date	Close of business on the Business Day immediately preceding the Interest Payment Date
	v. Rate of Delay Interest	[ ]% *per annum*

The Company accepts responsibility for the information contained in this Final Terms.

Signed [digitally] on behalf of AS LHV Group:

By: ....

Duly authorised

Date: ....

PART B – OTHER INFORMATION

1. LISTING

Listing	[Nasdaq Tallinn Stock Exchange / None]
Admission to Trading:	[Application has been made for the Bonds to be admitted to trading on the Bond List of the Nasdaq Tallinn Stock Exchange with the effect from the Issue Date / OR *Details of another date*] */* [No application for admission to trading has been made]

2. RATINGS

Ratings:	Not Applicable – No ratings have been or are expected to be assigned to the Bonds to be issued at the request of or with the co-operation of the Company in the rating process.

3. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

i. Reasons for the offer:	[See ["Reasons for Offering and Use of Proceeds"] in the Prospectus/ OR *[details of other reasons or use of proceeds]*]
ii. Estimated net proceeds:	EUR [ ]

4. YIELD

Indication of yield:	[ ]% *per annum*
	The yield is calculated at the Issue Date on the basis of the Issue Price for the period starting from the day immediately following the Issue Date up to, and including, the Maturity Date. It is NOT an indication of future yield.

5. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Agent, so far as the Company is aware, no person involved in the issue of the Bonds has an interest material to the offer. The Agent and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Company and its affiliates in the ordinary course of business.] [*Description of other interests if appropriate*]

6. OPERATIONAL INFORMATION

ISIN Code:	[ ]

7. EXPECTED TIMETABLE AND ACTION REQUIRED TO APPLY FOR THE OFFER

i. The Offering Period:	[*dates*]
ii. Description of the subscription process:	[See Sections “Subscription Undertakings” and “Payment” of the Prospectus] [OR /*Details if specific rules are applied to determining the allocation*]
iii. Date of publishing the results of the Offering:	[*date*]
iv. Description of distribution and allocation:	[See Section “Distribution and Allocation” of the Prospectus] [OR /*Details if specific rules are applied to determining the allocation*]
v. Date of settlement:	[*date*]

AS LHV GROUP TARTU MNT 2, 10145 TALLINN 6 800 400 GROUP@LHV.EE LHV.EE

3. RISK FACTORS

3.1. Introduction

Investing into the Bonds issued by the Company entails various risks. Each prospective investor in the Bonds should thoroughly consider all the information in this Prospectus, including the risk factors described below. Any of the risk factors described below, or additional risks not currently known to the Management or not considered significant by the Management, could have a material adverse effect on the business, financial condition, operations or prospects of the Group and result in a corresponding decline in the value of the Bonds or the ability of the Company to redeem the Bonds. As a result, investors could lose a part or all of the value of their investments. The Management believes that the factors described below present the principal risks inherent in investing into the Bonds. The risk factors are presented in categories and where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor. The most material risk factor in a category is presented first under that category, but subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence.

This Prospectus is not, and does not purport to be, investment advice or an investment recommendation to acquire the Bonds. Each prospective investor in the Bonds must determine, based on its own independent review and analysis and such professional advice as it deems necessary and appropriate, whether an investment into the Bonds is consistent with its financial needs and investment objectives and whether such investment is consistent with any rules, requirements and restrictions as may be applicable to that investor, such as investment policies and guidelines, laws and regulations of the relevant authorities, etc.

3.2. Risks Related to the Business of the Group

Credit Risk. Credit risk is the risk of losses caused by the borrower or counterparty failing to meet its contractual obligations. For the Group, credit risk mainly originates from the loan portfolio, issued guarantees, investments in bonds and other securities, and transactions with other banks. Due to the nature of the Group's business model, the Group is inherently materially exposed to credit risk. Credit risk affects cash and cash equivalents held with third parties (such as deposits with banks and other financial institutions), bonds, derivatives, but mostly credit exposures to customers, including outstanding loans, cover for guarantees, as well as other receivables and commitments. Credit risk may be adversely affected by circumstances beyond the Group's control, such as adverse events in the general economic, political or regulatory environment or a decrease in the value of collateral provided in order to secure the credit granted by the Group's companies. As at 30 June 2023 the Group's total credit risk exposure was EUR 2.063 million. Furthermore, the outbreak of the active war in Ukraine in 2022 followed by energy crises and the escalation of goods supply crises originally caused by the COVID-19 crisis has had a negative impact on the overall economic and financial situation. The ongoing crises have caused a strong increase in inflation both globally and even more in Estonia followed by increases in interest rates that have altogether led to economic recession in Estonia and EU. The increased costs and interest rates may deteriorate even further the financial health of the borrowers, the credit quality of loans and volume of non-performing loans, which in turn could result for the Group to make allowances for credit losses which could have a material adverse impact on the financial position of the Group. Although the Group makes allowances for potential credit losses in accordance with the applicable requirements (including in compliance with the IFRS requirements), such allowances are made based on the available information, estimates and assumptions, which by definition are subject to certain amount of uncertainty. Therefore, there can be no assurance that allowances made are sufficient to cover potential losses. The Group's loan losses reserve established in order to cover potential losses from loans amounted to EUR 18.6 million as at the end of June 2023, which forms 0.6% from the total loan portfolio of the Group. Materialisation of the credit risk may have material adverse effect on the Group’s operations, financial condition and results of operations, and thereby on the Company’s ability to make the payments in accordance with the Bond Terms.

Within the credit risk, the Group is also exposed to the following sub-risks.

Concentration Risk. The operations of the Group are subject to concentration risk, which by essence is a risk arising from the overall spread of outstanding accounts over the number and variety of clients. An institution's exposure to a client or group of connected clients carries the concentration risk where its value is equal to or exceeds 10% of its eligible capital pursuant to the Regulation no 575/2013 of the European Parliament and of the Council. As of 30 June 2023, there are 5 clients exceeding the 10% limit, and these clients’ credit portfolio aggregated 61% of total capital. As at 30 June 2023, 38.2% of the corporate credit portfolio of the Group included loans granted to companies in the real estate sector, which is traditionally the field that receives the greatest financing from commercial banks in Estonia. Due to the above concentration, the Group is significantly exposed to risks inherent to the real estate sector and the risk management measures applied in the Group may not be sufficient to avoid significant loan losses in case of a sharp downturn. The real estate sector is followed by companies in manufacturing industry (8.1% of corporate credit portfolio as at 30 June 2023) and retail and wholesale sector (7.8% of corporate credit portfolio as at 30 June 2023). Among sectors with higher than average credit risk, accommodation and catering comprise 0.8%, construction 6.4% and transport and warehousing 1.3% of the total corporate credit portfolio of the Group as at 30 June 2023. Loans to corporates comprise ca 60.4% of the entire credit portfolio of the Group while loans to private individuals amount to 39.6% of the credit portfolio. As a result of Group’s exposure being concentrated to the above sectors, any developments (including continuing economic recession due to the war in Ukraine and other factors) adversely affecting these sectors may have material adverse effect on the Group’s operations, financial condition and results of operations, and thereby the Company’s ability to make the payments in accordance with the Bond Terms.

Collateral risk. Collateral risk arises mainly from a potential fall in the market value of the collateral but also from changes in legislation or in collateral realisation procedures. The Group offers various collateralised loans, including housing loans which are largely secured by real estate collaterals (as of 30 June 2023, EUR 2,211 million and 68.0% of the loan portfolio were real estate mortgage loans) and consequently, Group’s credit risk is also impacted by the collateral provided to the relevant Group member and the market value thereof. In case the market value of the collateral falls below the loan balance it is securing, the Group could face credit loss when customer defaults with the loan repayments. Further, the Group may be negatively impacted by changes in legislation or in collateral realisation procedures. Materialisation of the collateral risk may have an adverse effect on the Group's business, financial condition, and results of operations and consequently on the Company’s ability to make the payments in accordance with the Bond Terms.

ESG risk. ESG risks are defined as risks of any negative financial impact on the Group stemming from the current or prospective impacts of ESG (Environmental, Social, Governance) factors on its counterparties or invested assets. Environmental risk drivers are categorised as physical risks and transition risks. Physical risks are direct negative impacts from climate change and environmental degradation, which could result in reduced production capacity, increased raw material costs, asset impairment, increased labour and capital costs, etc. Transition risks refer to the uncertainty related to the timing and speed of the process of adjustment to an environmentally sustainable economy. This process may be affected by three drivers: policy, technology, and consumer preferences. The main changes in this field are happening in carbon-intensive sectors (e.g., climate-related policy actions may have an impact on asset prices). Social risks involve social factors that may have a positive or negative impact on the financial performance or solvency of a counterparty, such as the rights, well-being and interests of people and communities including (in)equality, health, inclusiveness, labour relations, workplace health and safety, human capital, and community life.

ESG risks can materialise in two ways, reflecting their potential double materiality. Financial institutions can be impacted by ESG risks through their counterparties and invested assets, (outside-in perspective) or have an impact on ESG factors themselves (inside-out perspective). For example, a counterparty's environmentally harmful business activities (negative inside-out impact on environmental factors) might make it more vulnerable to the implementation of transition policies targeting environmental degradation (negative outside-in impact of environmental factors). Materialisation of the ESG risks may have material adverse effect on the Group's business, financial condition, and results of operations and consequently on the Company's ability to make the payments in accordance with the Bond Terms.

Market Risk. Market risk arises from the Group's trading and investment activities in the financial markets, primarily in interest rate products, foreign exchange and stock markets as well as from borrowing activities and other means of taking in financial resources. Market risk is the risk of potential loss which may arise from unfavourable changes in foreign exchange rates, prices of securities or interest rates. Market risk arises from items accounted for on and off the statement of financial position and can arise from both banking and trading book positions. The Group is exposed to the following types of market risk: foreign currency risk, price risk and interest rate risk. The market value of financial instruments may be adversely affected by the volatility of financial markets arising from numerous market variables beyond the control of the Group. Due to such volatility, the value of the financial instruments held by the Group may decrease more than it is able to foresee, and therefore result in write-downs of certain assets. As a result of the war in Ukraine and high inflation environment the financial markets have been very volatile, and this is expected to continue in near future. Within the Group, internal judgement and know-how is used to assess and avoid potential market losses; however, such internal judgement may turn out to be inaccurate due to changes in the financial markets not foreseen at the time of making the judgement. The Group has kept conservative limits for trading, liquidity and investment portfolios and open currency exposures. The Company has a clear strategy of not taking sizable market risks, but only executing client related trades. Despite the measures taken by the Group, the market risk may have material adverse effect on the Group's operations, financial condition and results of operations, and thereby on the Company's ability to make the payments in accordance with the Bond Terms.

Within the market risk, the Group is also exposed to the following sub-risks.

Foreign Currency Risk. Foreign currency risk arises from the mismatch of the Group's foreign currency assets and liabilities. Most items in the Group's statement of financial position are denominated in euros but a mismatch could result from the foreign currency transactions of the customers. Additionally, there is some foreign currency risk inherent in the fund units of own-managed pension funds that must be held by Aktsiaselts LHV Varahaldus (the Subsidiary of the Company, **LHV Varahaldus**) as prescribed by legislation.

Foreign currency risk arises primarily from the acquisition of securities denominated in foreign currencies or from foreign currency receivables and liabilities. As at 30 June 2023, 4.7% of the Group's total assets bearing currency risk bore non-euro currency risk, whereas 6.6% of the Group's total liabilities bearing currency risk bore non-euro currency risk. As at 30 June 2023, the open foreign currency position of the Group was EUR 439 thousand. Foreign exchange rates may be affected by complex political and economic factors, including relative rates of inflation, interest rate levels, and the balance of payments between countries, the extent of any governmental surplus or deficit, and from the monetary, fiscal and trade policies pursued by the governments of the relevant currencies. Devaluation, depreciation or appreciation of foreign currency may have significant adverse effect on the value of the Group's assets denominated in foreign currency or increase the euro value of the Group's foreign currency liabilities. Therefore, foreign currency risk may have material adverse effect on the Group's operations, financial condition and results of operations, and thereby on the Company's ability to make the payments in accordance with the Bond Terms. Bonds shall be sold only in EUR and all payments related to Bonds shall be made in EUR which, given that most items in the Group's statement of financial position are denominated in EUR, reduces the impact of a negative mismatch in Company's transactions in EUR and other currencies to the Company's ability to make payments in accordance with the Bond Terms. The impact of foreign currency rate changes of larger currency positions to the Group's net profit for the reporting period are presented in the table below. The impact to profit and loss statement has been measured against a potential exchange rate movement of +/- 7% which is in line with the stress scenario used by the Group for measuring foreign currency risk of its net open positions.

In thousands of euros	**2022 (audited)**	**6-months 2023 (unaudited)**
USD exchange rate +/- 7%	+/-262	+/-47
SEK exchange rate +/- 7%	+/-2	+/-4
GBP exchange rate +/- 7%	+/-1,221	+/-4,415
CHF exchange rate +/- 7%	+/-3	+/-0

Price Risk. Price risk arises from securities held by the Group in the liquidity portfolio, trading portfolio and investment portfolios. The portfolios mainly comprise securities held by LHV Pank. Additionally, the pension fund units held by LHV Varahaldus are subject to price risk. The investment portfolio of AS LHV Kindlustus (the Subsidiary of the Company, **LHV Kindlustus**) carries minimal price risk. The instruments held by the Group are subject to fluctuations in market price arising from various circumstances beyond the control of the Group, including the influence of the war in Ukraine, energy crises, inflation and increased interest rates. In order to mitigate the price risk, the Group has established internal rules setting forth limits to the size of trading and investment portfolios and requirements to acceptable credit quality ratings. Due to the fact that such internal rules are established based on historical market data, such rules may not be adequate or sufficient to mitigate potential losses arising from adverse changes in the market prices of the financial instruments held by the Group companies. The price risk may have material adverse effect on the Group's operations, financial condition and results of operations, and thereby on the Company's ability to make the payments in accordance with the Bond Terms. The impact of price changes in larger positions to the Group's net profit for the reporting period are presented in the table below. The potential securities price movements used in measuring the impact are in line with the stress scenarios used by the Group for measuring price risk and have been derived from actual historical volatility of the instruments included in the relevant portfolios. In case of debt securities, two different stress scenarios are assumed: 0.5% price movement for securities with a maturity of up to 1 year, and 2% for securities with a maturity of over one year.

In thousands of euros	**2022 (audited)**	**6-months 2023 (unaudited)**
Equity securities and fund units +/- 25%	+/-269	+/-201
II pillar pension fund units +/-5%	+/-374	+/-388
Debt securities +/-0.5% and +/-2.0%	+/-15	+/-2,857

Interest Rate Risk. Interest rate risk arises from the mismatch of the term structure of interest rate sensitive assets and liabilities (gap risk), mismatch of base rates (basis risk), the optionality inherent in the interest rate sensitive instruments (option risk) and the change in credit spreads (credit spread risk).

Interest rate risk can arise both from items accounted for on and off the statement of financial position. In the context of the Group, interest rate risk is primarily relevant for the banking portfolio of LHV Pank.

The Group keeps a low interest rate risk position, where only very few positions are longer than one year re-fixing period. The amount of net interest income earned by the Group materially affects the revenues and the profitability of the operations of the Group. Further, due to the fluctuations of market interest rates there may be a mismatch between the interest income earned from the lending and crediting operations of the Group and the interest costs paid on the interest-bearing liabilities, which may have material adverse effect on the Group's operations, financial condition and results of operations, and thereby on the Company's ability to make the payments in accordance with the Bond Terms. Net interest sensitivity gaps to the Group's net profit for the reporting period are presented in table below.

In thousands of euros	**2022 (audited)**	**6-months 2023 (unaudited)**
Up to three months	418,729	1,114,191
3-12 months	1,132,231	531,755
1-5 years	-1,133,608	-807,077
Over 5 years	32,402	-143,414

Liquidity Risk. Liquidity risk relates to the ability of the Group to meet its contractual obligations on time without incurring material losses or disrupting its normal business operations. The Group relies on deposits from retail and corporate customers in order to service its liquidity needs. The liquidity risk arises from the difference between the assets (loans provided to the clients) and the liabilities (deposits) and is mainly related to LHV Pank. The Group's liquidity coverage ratio level as at 30 June 2023 was 162.6% (in comparison to 139.7% as at 31 December 2022 and 142.7% as at 31 December 2021). The Group's most stable source of funding is retail deposits from Estonian customers. Other deposits and funding instruments serve a secondary supportive role. The Group has issued covered bonds to raise targeted funding for its residential mortgage loans portfolio. It has also issued unsecured bonds which are used for both funding and for complying with the regulatory MREL requirement. The Group has also used the targeted longer-term refinancing operations (the **TLTRO**) facility offered by the ECB.

In 2022 Group's volume of deposits declined, mainly driven due to lower volumes of deposits received from financial intermediaries. However, these deposits are considered unstable from the perspective of the Group's liquidity management, so they are not used for funding the Group's lending activities. The increase in bank deposit interest rates and the increase in the number of customers has, however, also increased the Group's deposit volume during the first half year of 2023. In addition, LHV Pank has raised deposits from deposit platform Raisin in the first half of the year 2023. The Group also repaid ahead of the original maturity date part of the TLTRO funding that it had received from the ECB. The repaid amount was EUR 50 million and the outstanding balance of TLTRO that remains as of 31 December 2022 is EUR 150 million. The liquidity coverage ratio has slightly decreased over the past year, this is on one hand due to declining volumes of financial intermediaries' deposits (contributing positively to the ratio) but on the other hand affected negatively by relatively large growth of Group's loan book and reduction of its liquid assets.

The volume of such liquidity is, however, also dependent on factors that are beyond the Group's control, such as changes in household savings ratios, the propensity to save by making bank deposits and changes in the tax regime applicable to bank deposits and the ongoing economic recession. The Group's liquidity and funding plan are based on assumptions on client behaviour (the deposit base and durations), especially with regard to the trend of short-term deposits. Despite such risk policies and internal procedures, the liquidity may not always be readily available. Especially in critical, exceptional situations there is risk that the relevant behavioural assumptions used for the simulation scenarios prove to be incorrect, resulting in considerable unplanned liquidity outflows. This situation may arise due to circumstances that the Group is unable to control, such as continued market disruption or loss of confidence in the financial markets. The realisation of the liquidity risk may have material adverse effect on the Group’s operations, financial condition and results of operations, and thereby on the Company’s ability to make the payments in accordance with the Bond Terms.

Funding risk. The Group's business is reliant on its ability to finance its current operations at reasonable terms. Access to, and the cost of, financing raised by the Group’s companies through the money and capital markets are affected, among other things, by general interest rate levels, the situation on the financial markets, or a downturn in the performance of market participants and the Group companies’ own capital adequacy and credit rating. In particular, as part of the Group’s long-term strategy to issue covered bonds to replace the deposits collected via deposit platforms with covered bonds to decrease the cost of financing, LHV Pank has issued in 2020 covered bonds in a total amount of EUR 350 million. In previous years the Company has conducted several successful equity and debt offerings (public and private), however, given that the conditions on the capital markets and the global economic environment have deteriorated significantly in the past year and that the global and Estonian economy continues to recede the Company may find it increasingly difficult to receive funding in the international financial markets on favourable terms.

Therefore, the Group companies may not be able to raise funds from the money and capital markets at the expected terms, and it may have a material adverse effect on the Group’s business operations, its performance or its financial position, and thereby on the Company’s ability to make the payments in accordance with the Bond Terms.

Operational Risk. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. Operational risk includes legal risk, information and communications technology (the **ICT**) risk and reputational risk but excludes strategic risk. Operational risk is inherent in all products, activities, processes, and systems. The objective of the operational risk event management is to ensure all events are managed in a proper manner, as well as to learn from the events and use the lessons to prevent similar cases from happening in the future. Event management activities depend on the event type and severity level. For critical processes business continuity plans are in place and will be activated in case there is a disruption in a critical process. Critical IT systems have recovery plans in place for the same reasons. If needed, crisis management will be applied, steered by the Crisis Committee. Business continuity plans are regularly reviewed and tested to ensure they are up-to-date and applicable in the event of critical process disruptions. All events must be reported centrally and registered in a central database for further analysis conducted by the Risk Division.

Despite the implemented measures as outlined above, the risk of human, process or system failures cannot be eliminated altogether as the failures may be beyond the control of the Group. Therefore, as the Group operates in a heavily regulated area of business, operating risk events may, upon materialisation, lead to regulatory proceedings by the supervisory authorities and significant fines which can amount to millions of euros depending on the gravity of breach. The materialisation of the operating risk could also result in claims, disputes and legal proceedings against the Group companies. Overall, the operating risk may have material adverse effect on the Group’s operations, financial condition and results of operations, and thereby on the Company’s ability to make the payments in accordance with the Bond Terms.

Within the operational risk, the Group is also exposed to the following sub-risks.

ICT and Information Security Risk. Risk of loss due to breach of confidentiality, failure of integrity of systems and data, inappropriateness or unavailability of systems and data or inability to change information technology (IT) within a reasonable time and with reasonable costs when the environment or business requirements change (i.e., agility). This includes security risks resulting from inadequate or failed internal processes or external events including cyber-attacks or inadequate physical security.

The Group has developed and uses a variety of custom-made information technology systems and web-based solutions in carrying out its everyday business operations and providing services to its clients. The dependency on such systems is increasing in time with the spread of online and mobile banking services and the development of cloud computing. This means that the Group is exceedingly open to risks over which it has no control, including system-wide failures of communication infrastructure, quality and reliability of equipment and software supplied by third parties and other similar risks. Failures of or significant disruptions to the Group's information technology systems could prevent it from conducting its operations. The Group is under continuous pressure to develop its information technology systems and web-based solutions in providing services to its clients in order to be competitive among other market participants. Failure by the Group to meet the expectations of the clients may reduce its client base and market share and could as a result have impact on the financial condition of the Group. Furthermore, should the Group experience a cyber-attack, significant security breakdown or other significant disruption to its information technology systems, sensitive information, such as banking secrets, could be compromised, which in turn could result in civil and administrative liability of the Group companies before its customers, counterparties and state authorities, as well as in a general decrease in the trustworthiness of the Group and consequently in the demand for its services. According to European Banking Authority (**EBA**) the risk of cyber-attacks remain elevated due to the ongoing war in Ukraine.[2] Ensuring security and reliability of information technology systems is becoming more challenging in the environment where service providers are facing increasingly sophisticated and highly targeted attacks aimed at obtaining unauthorised access to confidential and sensitive information, disable or degrade service or sabotage information systems for other purposes.

The Group's crypto assets trading service includes safekeeping of client's crypto funds through external partners. Crypto assets are highly susceptible to Information Security Risk, as stolen assets (transferred away from the Group's partners crypto wallets) cannot be reclaimed. The Group's partners have insurance policies to cover against cybercrime, but such policies might not cover the full amount of client claims in the event of theft. The Group has limited its liability under the terms of service in such circumstances, but clients might still demand compensation from the Group in case of lost assets.

The Group has made significant investments into developing well-functioning and secure information technology systems and is constantly working on improving such systems and developing adequate contingency procedures. However, the Group may, despite its efforts, fail to mitigate all risks or fail to take appropriate and effective countermeasures if its information technology systems fall under attack This, in turn, may have material adverse effect on the Group's operations, financial condition and results of operations, and thereby on the Company's ability to make the payments in accordance with the Bond Terms.

Dependency on Qualified Staff. The results of operations of the Group companies depend highly on the ability to engage and retain qualified, skilled and experienced staff. In the highly competitive environment, the Group companies must make continuous efforts to attract new qualified personnel and motivate existing management and employees. Regulatory restrictions, such as the limits on certain types of remuneration paid by credit institutions and investment firms set forth in CRD IV[3], could adversely affect the Group's ability to attract new qualified personnel and retain and motivate existing employees. Any loss of the services of key employees, particularly to competitors, or the inability to

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[2] EBA Risk Dashboard Q1 2023, p 6. Available at: https://www.eba.europa.eu/risk-analysis-and-data/risk-dashboard.

[3] Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms as supplemented or amended from time to time (**CRD IV**).

attract and retain highly skilled personnel may have a material adverse effect on the Group's operations, financial condition and results of operations, and thereby on the Company's ability to make the payments in accordance with the Bond Terms.

Reputational Risk. Reputational risk is a risk of loss resulting from any deterioration of the Group's reputation. Deterioration of reputation of the Group may negatively affect the competitive position of the Group, result in outflow of deposits, reduce the Group's customer base and influence its prospects in raising capital and therefore influence the financial condition of the Group. Reputational risk can, above all, be attributed to the materialisation of other risks, such as operational, strategic, compliance risks or exposure to civil liability. In addition to factors directly attributable to the Group and its employees (e.g. systems', processes' or human failures, noncompliance with regulatory requirements), the reputation of the Group is also affected by circumstances beyond the control of the Group, such as the conduct of its joint venture or business partners or external factors that influence the reputation of the financial sector in overall (e.g. administrative proceedings or fines in the financial sector). For example, there is a risk that crypto currency services may not meet the needs and interests of its target clients, as the clients may not understand properly accompanied risks. The Group may not legally be responsible, as it has applied due care when selecting crypto platform partners - nevertheless loss of reputation may follow.

The Group tries to avoid situations and circumstances that could potentially have a negative impact on its reputation and mitigates the reputational risk by carrying out regular risk management trainings as well as by continually improving the Group-wide risk management framework, thus ensuring a strong risk culture. However, the above measures may prove to be ineffective or insufficient, further, speculations or rumours on the market and in media whether or not they are true are not always under the control of the Group and may therefore also deteriorate the reputation of the Group despite of the Group's mitigating measures. Any deterioration of the Group's reputation in the eyes of customers, business partners, owners, employees, investors or supervisory authorities may have a material adverse effect on the Group's operations, financial condition and results of operations, and thereby on the Company's ability to make the payments in accordance with the Bond Terms.

Dependency on Cash-Flows from Subsidiaries (as defined in Section 10 "Glossary"). The Company is a holding company conducting its operations through the Subsidiaries. The Company itself does not own significant assets other than investments into the Subsidiaries. Therefore, in order to be able to make the payments in accordance with the Bond Terms, pay dividends to shareholders and meet its own obligations, the Company is dependent on the receipt of dividends, interest payments or payments from share capital decrease from its Subsidiaries, which in turn may be influenced by the compliance with the capital adequacy ratios applicable in respect of certain Subsidiaries and subject to change from time to time. The dividend payments from the Subsidiaries are dependent on the overall economic conditions and its influence on the business and profitability of the Subsidiaries, which in turn, will depend on the future performance of the Subsidiary concerned, which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that may be beyond its control. In addition, any such Subsidiary may be subject to restrictions on the making of such distributions contained in applicable laws and regulations or in contractual agreements entered into by it. Ongoing slowing of economic growth and recession, the scope and duration of which is difficult to predict may also have a negative impact on the Subsidiaries' profitability and dividend payment ability. According to Estonian law, a company may only pay dividends or make other distributions if its current profits and retained earnings are sufficient for such distribution. Therefore, the Company's financial position and ability to make the payments provided in the Bond Terms remains dependent on the financial position of its Subsidiaries and their ability to pay dividends to the Company.

Strategic Risk. Strategic risk is the risk of losses, including in the form of foregone revenues or additional costs including restructuring costs or assets write-offs, due to misassessment of or changes in the Group's external environment, to which the Group does not timely and appropriately adapt to.

The relevant factors within the external environment include the competitive landscape, technological shifts, customer preferences, changes in regulation, and industry and product profitability. The Group is rapidly growing and in recent years has started operations in new fields of business (e.g., insurance) and on new markets (UK). Thus, for reasons of corporate growth, the Group's strategic risk is estimated to exceed the strategic risk of a bank positioned in a stable stage. With respect to the industry in which the Company and Subsidiaries are active and certain jurisdictions in which they conduct their operations, reliable public market information is often not available or is incomplete. While every reasonable care is taken to provide best possible assessments of the relevant market situation and the information on the relevant industry, risk of misassessment still exists. The Group's strategic risk is mitigated through well-considered business plans and analyses, as well as engaging professionals with long-term experience in the banking sector and/or entrepreneurship as the members of management and supervisory boards of the Group companies. Further, entries into new markets and sectors are always preceded by an in-depth analysis and engaging experts in the particular field, where necessary. However, despite the measures taken by the Group, the materialisation of strategic risk whether due to lack of profitability or a changed profile of risks that the Group is not able to manage at a sufficient level may have material adverse effect on the Group's operations, financial condition and results of operations, and thereby on the Company's ability to make the payments in accordance with the Bond Terms.

Competitive Market. The Group operates in a highly competitive market. The Group is mainly competing with licensed credit institutions and branches of foreign banks present in the geographical markets where the Group companies operate (i.e., in Estonia and the UK). In Estonia, the Group's competitors are the subsidiaries of large Scandinavian banking groups as well as Estonian based credit institutions, which are providing services in all areas of universal banking. As at 31 December 2022, the market share of LHV Pank as to deposits was 19% (as at 31 December 2021 20%), , the volume of corporate loan portfolio 18% (as at 31 December 2021, 14%) and the volume of household loan portfolio 10% (as at 31 December 2021 9%).[4] The market share of LHV Varahaldus as at 31 December 2022 as to the volume of II pillar fund assets was 31% (as at 31 December 2021 29%).[5] The market share of LHV Kindlustus as at 31 December 2022 as to the non-life insurance premiums was 4%, in 2021 LHV Kindlustus launched its first products.[6] The market participants compete to offer the best terms of credit and related costs as well as the most convenient and user-friendly banking solutions. Such competition defines two main goals for the Group – engage capital in best possible terms and constantly develop its information technology systems. Failure to meet these goals could have negative impact on the customer base and thus to the market share of the Group as well as on the financial condition of the Group.

Additionally, the Group is competing with market participants who are not subject to regulatory and capital requirements as burdensome as those of the Group companies (e.g. non-bank lenders, payment institutions, fund managers, investments firms), and who, therefore, may have a competitive advantage on the relevant market (e.g. lower capital needs and compliance costs enabling them to offer services on more favourable terms). Furthermore, recent trends in the crediting and lending market may be characterised by the rise of fintech companies providing new products and solutions, which compete with the more conservative and traditional products and services offered by the Group. Often such alternative service providers are able to offer more favourable terms, which may result in price pressure on the products and services offered by the Group. If the Group fails to respond to the competitive

[4] Statistics published by the EFSA for 2021 and 2022 https://www.fi.ee/et/publikatsioonid/eesti-finantsteenuste-turg-31-detsembri-2022-aasta-seisuga

[5] Statistics published by the Pensionikeskus for 2021 and 2022:https://www.pensionikeskus.ee/statistika/ii-sammas/kogumispensioni-fondide-nav/

[6] Statistics published by the Statistikaamet: https://andmed.stat.ee/et/stat/majandus__rahandus__kindlustus/RRI07

environment in its target markets by offering attractive and profitable product and service solutions, it may face the decrease of its market shares, or the overall profitability and financial condition of the Group may suffer.

Exposure to Conduct of Other Market Participants. The Group's access to financing, crypto asset trading, investment and derivative transactions may be adversely affected by market practises of other market participants. Financial and securities markets are interrelated and defaults and failures to conduct sound business by other market players could lead to market-wide liquidity problems or other market-wide issues, which could adversely affect the Group companies' access to capital resources. For example, money laundering issues in the banking sector generally and especially in relation to Estonian and Baltic markets may adversely affect the Group' access to capital resources and the cost of such resources. Further, the Group companies have exposure to many counterparties arising from trading, clearing, funding or other relationships with them. Failure of such market participants, for example crypto trading platforms, which the Group uses to service its own clients, to meet their obligations may result in the default of the Group companies before other counterparties and clients, which in turn may have an adverse effect on the Group's operations, financial condition and results of operations.

Control over Joint Venture. Currently, the Company holds interests in two joint ventures – AS LHV Finance (the Subsidiary of the Company, **LHV Finance**) and LHV Kindlustus, both in Estonia. The Company holds a 65% shareholding in LHV Finance through LHV Pank and is therefore the controlling shareholder of the joint venture. The Company is also the controlling shareholder of LHV Kindlustus, holding directly 65% of all outstanding shares. Although due care is taken by the Company and in case of LHV Finance by LHV Pank in order to ensure effective control over LHV Finance and LHV Kindlustus and to ensure that both of the companies are managed prudently and effectively, the operations of LHV Finance and LHV Kindlustus may still be adversely affected by their joint venture partners. Despite the shareholders' agreements in place in respect of both companies, it cannot be excluded that the joint venture partners exercise their voting rights contrary to parties' agreements. Furthermore, the joint venture partners may understand the terms of the shareholders' agreement differently from LHV Pank or the Company, which in turn could lead to contractual disputes or failures in perform the shareholders' agreement. Although the Management has high confidence and trust in the joint venture partners, such behaviour by the joint venture partner cannot be completely excluded or prevented, and may have adverse effect on the financial position and results of operations of LHV Finance or LHV Kindlustus. This may have an adverse effect on the Group's operations, financial condition and results of operations in overall.

Risks associated with the Company's rating. The Company holds an investment-grade issuer rating from rating agency Moody's (as defined in Section 10 "Glossary"), however there is no assurance that the rating is not suspended, lowered or withdrawn at any time by the rating agency. Suspension, lowering or withdrawal of an assigned rating may have a negative impact on the market price of the Bonds as well as restrict the availability of external financing to the Group which may have an adverse effect on the Group's business, financial condition and results of business operations. For information about the Moody's rating, please see Section 8.7 "Regulatory Disclosures".

Insurance underwriting risk. Underwriting risk is one of the most important risks for the insurance Subsidiary reflecting the core business of insurance, i.e., taking and managing insurance risk. The most important aspect of underwriting risk is the insurance premium and reserve risk deriving from the possible inadequacy of the pricing of insurance contracts and the assumptions used in the assessment of contractual liabilities. Underwriting risk includes catastrophe accumulation risk deriving from extreme or extraordinary events (e.g., windstorms, floods, hailstorms, damage attributable to human causes) during which the materialisation of risks insured under individual insurance contracts accumulate extraordinarily. Above all, underwriting risk involves risks associated with pricing, technical provisions, and adequacy of the reinsurance cover. Realisation of underwriting risk could lead to significant losses for LHV Kindlustus that in turn may have a material adverse effect on the Group's operations, financial condition and results of operations in overall, which in turn could influence the Company's ability to make the payments in accordance with the Bond Terms.

3.3. Legal, Regulatory and Macroeconomic Risks

Solvency Risk. Solvency risk is the risk of not having sufficient capital to absorb losses, including the risk of not having sufficient capital to meet the regulatory minimum requirements. The purpose of solvency risk management is that the Group must at all times have sufficient capital to absorb possible losses, support its business plan, and meet all regulatory minimum requirements. Solvency risk management includes the systematic measurement and assessment, management, and monitoring of solvency risk across a variety of relevant metrics, including regulatory capitalization ratios. Credit institutions and investment firms must adhere to strict capital adequacy requirements subject to frequent reforms and changes. Ensuring compliance with new rules brings about implementation costs which may impact the profitability of the Group. Currently, the capital of banks and investment firms in the EU is subject to the legal framework of CRR/CRD IV/BRRD[7] (as amended). The most restrictive ratio for the Group is the minimum requirement for own funds and eligible liabilities (**MREL**). The ratio is a part of the crisis resolution plan provided for in the BRRD, as implemented into the Estonian laws, and obliges the banks to have sufficient own funds and unsecured long-term liabilities that can be used to cover losses under the crisis resolution plan MREL is divided into two: MREL-TREA and MREL-LRE. For the Group, the Resolution Authority has set MREL-TREA current intermediate level at 19.08% and the final level as of 01.01.2024 at 24.57%. The MREL-LRE current intermediate level is set at 5.91% and the final level as of 01.01.2024 at 5.91%. The Resolution Authority is reviewing the levels annually. At 30 June 2023 the MREL-TREA and MREL-LRE levels of the Group were 30.63% and 11.32%, respectively.

All EU credit institutions (including their consolidated holding companies) are required to maintain 4.5% of common equity tier 1 (**CET1**) capital, 6.0% of tier 1 capital and 8.0% of both tier 1 and tier 2 capital. In addition, in Estonia an additional capital maintenance buffer of 2.5% (imposed by the EFSA) applies. The Group is also subject to 2.0% systematically important institutions buffer and a 1.0% countercyclical buffer. The systemic risk buffer (imposed by the Estonian Central Bank) was reduced to zero due to the Coronavirus pandemic in May 2020. Additionally, the Group is subject to Pillar 2 buffers resulting from the Supervisory Review and Evaluation Process (**SREP**).

The table below shows an overview of the capital requirements applicable to the Group following LHV Pank's SREP notification in December 2022 and actual capital ratios levels as of 30 June 2023.

	CET1	**Tier 1**	**Total**
		(*per cent.*)	
Pillar 1 requirement	4.50	6.00	8.00
Pillar 2 requirement	1.91	2.55	3.40
Total SREP capital requirement	**6.41**	**8.55**	**11.40**
Capital conservation buffer	2.50	2.50	2.50
Systemic importance buffer	2.00	2.00	2.00
Systemic risk buffer	—	—	—
Countercyclical buffer	1.00	1.00	1.00
Total minimum regulatory requirement	**11.91**	**14.05**	**16.90**

[7] Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council, as supplemented or amended from time to time (the **BRRD**).

Actual capital ratios as of 30 June 2023	**16.01**	**18.38**	**21.60**

So far, the Group has complied with all applicable capital requirements. However, the capital requirements adopted in Estonia and the EU may change, whether as a result of further changes of the EU or Estonian legislation, global standards or interpretation thereof. Such changes, either individually or in combination, may lead to unexpected increased requirements and have a material adverse effect on the business of LHV Pank and the Group as a whole. This may result in the need to increase capital, reduce leverage and risk weighted assets, modify the Group's legal structure or even change the Group's business model. Failure to comply with the capital adequacy requirements could have serious legal and reputational consequences as well as a material adverse effect on the Group's operations, and thereby on the Company's ability to make the payments in accordance with the Bond Terms.

Compliance Risks. Compliance risk is the existing and potential risk to income, capital, and reputation due to noncompliance or violation of legislation, guidelines, standards or ethical principles. Compliance risk can manifest in the form of fines, claims for damages, termination of contractual relations, and in extreme cases withdrawal of operating licenses. The Group operates in highly regulated fields of business and its operations are subject to a number of laws, regulations, policies, guidance and voluntary codes of practice or ethical standards. The regulatory burden is increased by the fact that the Group operates both in Estonia and UK which as of 1 January 2021 is no longer a member of EU and could therefore implement independent regulations that could be materially different from EU requirements. Furthermore, the regulatory framework applicable to credit institution at EU level, that was introduced after the global financial and economic crisis of 2007-2009, is also under constant revision. In addition, to achieve the climate related goals agreed in the 2015 Paris Agreement adopted under the United Nations Framework Convention on Climate Change, new regulations regarding sustainable financing are being implemented (for example, the Taxonomy Regulation[8]) that are or shall become applicable to the Group. Further changes may be made with respect to capital adequacy and liquidity requirements of credit institutions as well as requirements applicable to crypto-asset services and the overall management of operations and risks of the Group. In addition, changes in accounting standards may impact the financial situation and results presented in the financial statements of the Group. The Group's accounting policies and methods are fundamental to how it records and reports its financial condition and results of operations. From time-to-time amendments are adopted to the applicable financial accounting and reporting standards that govern the preparation of the Group's financial statements.

Increased requirements, additional supervisory standards and uncertainty with regard to further changes may result in limitations on operating flexibility and certain lines of business, additional costs and liabilities, a necessity to change legal, capital or funding structures, and decisions to exit or not to engage in certain business activities. Any changes in applicable laws, regulations, policies, guidance and voluntary codes of practice could have a material adverse effect on the Group's operations, financial condition and results of operations, and thereby on the Company's ability to make the payments in accordance with the Bond Terms.

Within the legal and compliance risk, the Group is also exposed to the following sub-risks.

Money Laundering and Terrorism Financing Risks. The Group's products and services may be used for illegal purposes, including money laundering and financing of terrorism or avoidance of sanctions, which exposes the Group companies to several risks, above all, risk of regulatory investigations and actions and reputational risk. Furthermore, the Group provides services to fintech companies that in turn provide

[8] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

financial services to their own customers. Compared to servicing other types of clients, this presents a different portfolio of financial crime risks due to the Group being exposed to the customers of our clients. During the past year the risk related to servicing clients to whom international or other sanctions have been applied has increased due to the large amount of new sanctions imposed on Russia and Belarus and their residents in connection with the war in Ukraine. Anti-money-laundering and prevention of financing of terrorism regulations as well as regulations regarding sanctions are subject to rapid development and constant change, both on local, EU and global level, which force the market participants to review and improve their internal procedures, processes and information technology systems to discover and prevent illegal action. Although due care is taken by the Group companies to fully comply with regulatory requirements for the prevention of money laundering and financing of terrorism and to apply all the imposed sanctions, it cannot be fully excluded that the products and services of the Group companies are used for illegal purposes. Although the Company considers the risks related to money laundering and financing of terrorism and sanctions avoidance low, they may have a material adverse effect on Group's operations, financial condition and results of operations, and thereby on the Company's ability to make the payments in accordance with the Bond Terms.

Tax Regime Risks. Tax regimes of the geographical markets where the Group operates are from time to time subject to change, some of which may be dictated by short-term political needs and may therefore be unexpected and unpredictable. For example, as a result of a separate corporate income tax (**CIT**) regime targeted specifically at Estonian resident credit institutions, credit institutions are required to make quarterly advance payments of income tax on the profit earned in the previous quarter while the companies operating in other sectors remain subject to the corporate income tax regime whereunder profit is subject to taxation only upon distribution. Such advance payments are made at a reduced CIT rate of 14% (according to the change in law adopted in June 2023, as of 1 January 2025 the rate is 18%). The advance CIT has a more significant impact on credit institutions in the active growth phase, such as LHV Pank, as it reduces the own funds of the bank. Similar changes or any other changes in the tax regimes in the jurisdictions where the Group companies operate or in the interpretation of such tax laws, regulations or treaties may have an adverse effect on the Group's operations, financial condition and results of operations.

Geopolitical risks from war in Ukraine. On 24 February 2022, Russia began a military invasion of Ukraine, in a major escalation of the conflict that had begun in 2014. It is the largest military conflict in Europe since Yugoslav Wars and the invasion has also caused a large refugee crisis. To stop the Russian Invasion of Ukraine, the western countries have imposed sanctions on Russia which are designed to hurt Russian economy, however, undoubtedly, the sanctions imposed on Russia will have a negative effect on European and Estonian economy as well.

Russia has been a source of energy, timber and different metals and Estonian industrial sector has used these commodities as an imported input in their production in a notable amount. Europe is already dealing with uncertain supply of most industrial commodities produced in Russia, Belarus and Ukraine and prices have surged. In Estonia, construction sector, transport sector, agriculture sector and food industry are feeling the effects of the conflict the most.

All in all, the linkages to Russian economy have ceased and negative effects stemming from the trade embargo will have a stronger effect on individual companies than on economic activities or sectors as a whole. The biggest risk for Estonia is linked to the import and using of natural gas. The resilience of the banks operating in Estonia to a break in trade with Russia and Belarus has been effective. Fewer than 1% of the loans issued by Estonian banks have been to businesses that are directly involved in transactions with Russian businesses.

As at the date of this Prospectus, the effect of the conflict is unclear, and the Company is continuing to monitor the impact which the conflict has had and could continue to have on the Group's operations, Group's customers, including private individuals and corporate customers, the markets in which it operates and more broadly on the macroeconomic outlook as the conflict develops. Whilst as at the date of this Prospectus it is difficult to predict how long the conflict will last and what the long-term impact on the economy will be.

Country risk. Country risk is the risk of suffering losses caused by events associated with a specific sovereign jurisdiction, rather than due to reasons related to a specific counterparty. Selected subcategories of country risk include transfer and convertibility risk, political risk, macroeconomic and sovereign risk. Distinction is made between cross-border country risk and domestic country risk. Each of the Group's operating segments is affected by general economic and political conditions, the worsening of which is outside the Group's control. Any deterioration in the economic environment of the countries where the Group operates, in particular in Estonia, where most of the Group's services and products are focused, could have a direct negative impact on the financial position and profitability of the Group. The Estonian economy is a small open economy that is closely linked to the global economy and especially the macroeconomic conditions in the Eurozone countries.

Severe market disruptions have occurred in the recent past (such as the 2008 financial crisis, the 2011 European sovereign debt crisis or the COVID-19 pandemic) and may occur again in the future. Although as of the date of this Prospectus, the financial markets have to some extent recovered from the impacts of the COVID-19 pandemic, the general economic environment remains negatively impacted by supply chain issues, market volatility and high inflation and the ongoing Russian invasion in Ukraine, which is adding to inflationary pressure across the EU through rising commodity and energy prices. The general economic outlook on the one hand affects the demand for the services of the Group, but on the other hand negative trends in the economy increase the credit risks of the Group. In particular, a number of factors, including the increases in cost of living as a result of rising energy costs, interest rate rises, inflation as well as other factors, may negatively impact the ability of the customers of the Group to repay their loans in the coming months or years. Similarly, adverse changes in the economic environment, especially of countries where the Group operates, could negatively affect the operations of the Group in several ways, including significantly increasing the default rates stemming from the Group's loan portfolio and decreasing the demand for the Group's services as well as increasing the financing costs of the Group. Although the Group constantly monitors developments on both domestic and international markets, it is not possible to forecast the exact timing or extent of changes in the economic environment.

The Group operates primarily in Estonia and the UK. Therefore, the Group is subject to the risk that economic, financial, political or social conditions in the countries it operates negatively affect its operations, financial condition, and results of operations. The Group's business operations may be negatively impacted by adverse political changes or geopolitical events such as geopolitical tensions, societal unrest, military conflicts and threats as well as natural disasters in the countries where the Group operates. As of the date of this Prospectus, the degree to which the ongoing war in Ukraine and other geopolitical factors, including the possibility that the war will spill over to new territories, may affect the Group remains still uncertain and difficult to predict. Nevertheless, country risks may have a material adverse effect on the Group's access to financing and funding costs and consequently also to its business, financial conditions and results of operations, and thereby on the Company's ability to make the payments in accordance with the Bond Terms. Specifically risks related to Russian war in Ukraine may, due to Estonia's geographic proximity to Russia, negatively affect the behaviour of international investors and make it difficult for the Group to obtain further financing.

Exposure to Regulatory Actions and Investigations. The Group provides various financial services and products and is therefore subject to extensive and comprehensive regulations imposed both through local and through EU legal acts. Several local, UK and EU authorities, including financial supervision, consumer protection, anti-money laundering, tax, and other authorities, regularly perform investigations, examinations, inspections and audits of the Group's business, including, but not limited to regarding capital requirements, standards of consumer lending, anti-money laundering, anti-bribery, payments, reporting, corporate governance, etc. Furthermore, as of 1 January 2023, the Group is subject to the direct supervision of the ECB. Any determination by the authorities that the Group has not acted in compliance with all the applicable laws and regulations could have serious legal and reputational consequences for the Group, including exposure to fines, criminal and civil penalties and other damages, increased prudential requirements or even lead to business disruption in the respective fields. Any of these consequences may have an adverse effect on the Group's operations, financial condition and results of operations.

Contractual Risks. The operations of the Group are materially dependent on the validity and enforceability of the transactions and agreements entered into by it. These transactions and agreements may be subject to the laws of Estonia or foreign laws. While due care is taken to ensure that the terms of these transactions and agreements are fully enforceable under the laws applicable to them, occasional contradictions and variations of interpretation may occur. Consequently, the Group may not be able to always enforce its contractual rights. Moreover, the legal environment where such transactions are affected and agreements are entered into is subject to changes, both through the enactment of new laws and regulations and through changes in interpretation by the competent authorities and courts. Therefore, it cannot be fully excluded that certain terms of the transactions and agreements entered into by the Group may turn out to be unenforceable, which in turn may have an adverse effect on the Group's operations, financial condition, and results of operations. Risk is magnified by the fact that most of the agreements the Group concludes with its customers are based on standard terms and conditions. Hence, any change in law or interpretation could affect a large number of agreements concluded with the customers.

Exposure to Civil Liability. The Group operates in a legal and regulatory environment that exposes it to significant risk of claims, disputes and legal proceedings. Due to the nature of its business use of the courts for enforcing claims in arrears is a part of the day-to-day activity of the Group. The results of such disputes are inherently difficult to predict and even the disputes themselves, not only unfavourable outcomes, may result in the Group incurring significant expenses and damages, and in negative effects on the Group's reputation, which in turn may have an adverse effect on the Group's operations, financial condition and results of operations.

3.4. Risks Related to Bonds

Credit Risk. An investment into the Bonds is subject to credit risk, which means that the Company may fail to meet its obligations arising from the Bonds in a duly and timely manner. The Company's ability to meet its obligations arising from the Bonds and the ability of the bondholders to receive payments arising from the Bonds depend on the financial position and the results of operations of the Company and the Group, which are subject to other risks described in this Prospectus. The Bonds are not obligations of any of the Company's Subsidiaries, they are not bank deposits in the Company's Subsidiary AS LHV Pank and are not guaranteed by the Estonian Guarantee Fund (in Estonian: *Tagatisfond*).

Subordination Risk. The Bonds are subordinated to all unsubordinated claims against the Company; however, not to the claims, which are subordinated to the Bonds or which rank *pari passu* with the Bonds. The subordination of the Bonds means that upon the liquidation or bankruptcy of the Company, all the claims arising from the Bonds shall fall due in accordance with the Bond Terms and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Company in accordance with the applicable law. The subordination may have adverse effect on the Company's ability to meet all its obligations arising from the Bonds, and therefore, in the event of insolvency of the Company, a bondholder may lose all or some of its investment.

In addition, the Bonds will be structurally subordinated to the claims of creditors of the Company's principal Subsidiary. Some of the Company's Subsidiaries have incurred indebtedness, and in the future will continue to incur indebtedness, in order to finance their respective operations. A significant proportion of the Group's indebtedness has been incurred by AS LHV Pank. In the event of the insolvency of AS LHV Pank, or one or more of the Company's other Subsidiaries, the claims of their respective secured and unsecured creditors, including trade creditors, banks and other lenders, will have priority with respect to AS LHV Pank's (or such other Subsidiary's) assets over any claims that the Company or the creditors of the Company, as applicable, may have with respect to such assets. Accordingly, if the Company became insolvent at the same time, claims of the holders of the Bonds against the Company in respect of the Company would be structurally subordinated to the claims of all such creditors of AS LHV Pank or such other Subsidiary. The Bond Terms do not restrict the amount of indebtedness that the Group may incur, including indebtedness of AS LHV Pank or the Company's other Subsidiaries.

Bail-in Risk. The BRRD, the SRM Regulation, and the Financial Crisis Prevention and Resolution Act (each as may be amended from time to time) grant the Resolution Authority the power to commence resolution proceedings with respect to a holding company of a credit institution, such as the Company, with the view of ensuring the continuity of critical functions, avoiding risk contagion and restoring the viability of the Company or its respective subsidiaries. Any liability arising under the Bonds may be subject to the exercise of Bail-In and Loss Absorption Powers by the Resolution Authority in cases where the Company as a resolution entity meets the conditions for resolution (i.e., is failing or is likely to fail and certain other conditions are met). Exercising the Bail-In and Loss Absorption Powers is subject to numerous preconditions and will only be used as a last resort; however, if the powers are exercised, it is possible that: (a) the amount outstanding of the Bonds is reduced, including to zero; (b) the Bonds are converted into shares, other securities or other instruments of the Company or another person; (c) the Bonds are cancelled; and/or (d) the Bond Terms are altered (e.g., the maturity date or interest rate of the Bonds could be changed). Furthermore, prior consent of the bondholders is not necessary for the exercise of Bail-In and Loss Absorption Powers and the use of these tools with respect to the Company or any Group company may result in significant structural changes to the Company (e.g., due to asset sales or creation of bridge institutions). Financial public support will only be used after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool.

Therefore, if the Company as a resolution entity meets the conditions for the initiation of resolution proceedings, the exercising of the Bail-In and Loss Absorption Powers by the Resolution Authority may result in material losses for the bondholders, including losing part or in certain cases, all of its investment in the Bonds.

Early Redemption Risk. According to the Bond Terms, the Bonds may be redeemed prematurely on the initiative of the Company, at any time after the lapse of 5 years as from the date of issue of the Bonds as described in Section 2.7 "Maturity of Bonds" in this Prospectus. Further, according to the Bond Terms, the Bonds may be redeemed by the Company even earlier than after the lapse of 5 years as from the date of issue of the Bonds as described in Section 2.7 "Maturity of Bonds" in this Prospectus if amendments are made to the tax regulation that cause the Company to bear increased tax liability in regards of the Bonds, or if the Bonds seize or are likely to seize to be included in the Company's Tier 2 capital (as defined in Article 71 of the CRR). If any of these early redemption rights is exercised by the Company, the rate of return from an investment into the Bonds may be lower than initially anticipated. Also, the investors might not have an option to invest in financial instruments offering similar risk/return characteristics at the time of the early redemption or could face additional costs in selecting a new investment. The Bonds may, however, be redeemed prematurely by the Company only if the ECB, the EFSA, or such other body or authority having primary supervisory authority with respect to the Company and its group has granted its consent to the early redemption. The decision on granting the consent involves a certain amount of discretion by the competent authority and the early redemption is therefore beyond the control of the Company.

Remedies in case of default on the Bonds are severely limited. The Bond Terms contain limited enforcement events relating to non-payment by the Company of any amounts due and to the insolvency or liquidation of the Company, whether in Estonia or elsewhere. Moreover, the bondholder's rights for accelerating the payments in such circumstances are very limited and they can claim an anticipated payment only in the bankruptcy or liquidation proceedings of the Company.

No restriction on the amount of further debt instruments or indebtedness that the Company or the Group may issue or incur. Subject to complying with applicable regulatory requirements, the Bond Terms do not establish restrictions on the amount of debt instruments or other indebtedness that the Company or the Group may issue or incur after the issuance of the Bonds. Such further debt instruments or indebtedness may rank *pari passu* or senior to the Bonds and may consequently reduce the amount recoverable by the bondholders in case of insolvency of the Company.

The Bond Terms contain very limited covenants. There is no negative pledge in respect of the Bonds and the Bond Terms place no restrictions on the amount or type of securities it may issue that rank *pari passu* with the Bonds. In addition, the Bonds do not require the Company or its Group to comply with financial ratios or otherwise limit its ability or that of its Subsidiaries to incur additional debt, nor do they limit the Company's ability to use cash to make investments or acquisitions, or the ability of the Company or its Subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect the Company's ability to service its debt obligations, including those under the Bonds.

There are no rights of set-off or counterclaim. According to the Bond Terms, the bondholders are not entitled to exercise any right of set-off or counterclaim against any right, claim or liability of the Company in respect of the Bonds. Therefore, bondholders will not be entitled (subject to applicable law) to set off the Company's obligations under such Bonds against obligations owed by them to the Company.

There is no gross-up obligation in relation to the Bonds. According to the Bond Terms, the Company shall withhold and deduct taxes on payments made under the Bonds in accordance with the applicable Estonian tax laws. In situations where the tax should not be withheld by the Company under the applicable tax law, but the respective circumstances are not known or available to the Company, the bondholders are expected to provide any relevant information and certificates for lowering or avoiding the withholding rates in advance of any payments by the Company. The Company shall not compensate any amounts it has withheld or deducted under the applicable tax law. Accordingly, if any such withholding or deduction were to apply to any payments of principal under any Bonds, bondholders may receive less than the full amount of principal due under such Bonds upon redemption.

Tax Regime Risks. Adverse changes in the tax regime applicable in respect of transacting with the Bonds or receiving interest or principal payments based on the Bonds may result in an increased tax burden of the bondholders and may therefore have adverse effect on the rate of return from the investment into the Bonds.

3.5. Risks Related to the Offering, Listing and Admission to Trading

Bond Price and Limited Liquidity of Bonds. The Company may determine that not all series of the Bonds will be applied for the listing. The Company intends to apply for the listing of the Bonds that are offered and issued as part of the Offering on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange. Although every effort will be made by the Company to ensure the listing of the Bonds as anticipated by the Company, no assurance can be provided that the Bonds will be listed and admitted to trading.

Regarding such series of Bonds that the Company does not apply for the listing, or if an application is made, but the Bonds are not admitted to trading, no active secondary market in respect of such Bonds may never be established. Therefore, even where the Bonds are freely transferable, the bondholder may not be able to sell or purchase such unlisted Bonds, or to sell or purchase the unlisted Bonds at expected the price or in the expected amount.

Further, the Nasdaq Tallinn Stock Exchange is substantially less liquid and more volatile than larger, more established markets. The relatively small market capitalisation and low liquidity of the Nasdaq Tallinn Stock Exchange may impair the ability of the bondholders to sell their Bonds on the open market, or sell them at the expected price or amount, or use them as collateral for its obligations, or engage in other transactions requiring the existence of an active market.

The value of the Bonds can fluctuate on the securities market due to events and the materialisation of risks related to the Group, but also because of events outside the Group's control, such as economic, financial or political events, changes of interest rate levels or currency exchange rates, policy of central banks, changes in the demand or supply of securities of the same type in general or of the Bonds. Therefore, the price of the Bonds may be volatile, and the bondholder may not be able to sell the Bonds at the expected price or at the price reflecting the nominal value and accrued interest.

Lack of Adequate Analyst Coverage. There is no guarantee of continued (or any) analyst research coverage for the Company. Over time, the amount of third-party research available in respect of the Company may increase or decrease with little or no correlation with the actual results of its operations, as the Company has no influence on the analysts who prepare such reports. Negative or insufficient third-party reports would be likely to have an adverse effect on the market price and the trading volume of the Bonds.

Cancellation of Offering. Although best efforts will be made by the Company to ensure that each Offering of the series of Bonds is successful, the Company cannot provide any assurance that an Offering will be successful and that the investors will receive the Bonds they subscribed for. The Company is entitled to cancel the Offerings on the terms and conditions described in the Section 4.10 "Cancellation of Offering". Should the Offering be cancelled, the funds blocked on the investor's account will be released, but the investor has not had the opportunity to use the funds for other purposes during the time they were blocked in connection with the subscription for the Bonds.

4. TERMS AND CONDITIONS OF OFFERING

4.1. Offering

In the course of the Offering, up to 200,000 Bonds under the Programme may be publicly offered to retail and institutional investors in Estonia. In addition, the Company may offer Bonds by the way of non-public offering to qualified investors in the EEA within the meaning of Article 2(e) of the Prospectus Regulation, and to other investors in the EEA in compliance with Article 1(4) (a) and (b) of the Prospectus Regulation.

The Bonds will be publicly offered only in Estonia and not in any other jurisdiction.

The Offering may consist of several offerings of the different series of Bonds.

4.2. Right to Participate in Offering

The Offering will be directed to all retail and institutional investors in Estonia.

For the purposes of the Offering, a person is considered to be in Estonia and has the right to participate in the Offering if such person has an operational securities account with Nasdaq CSD, and such person submits a Subscription Undertaking in relation to the Bonds via that securities account.

4.3. Nominal Amount and Issue Price

The nominal value of each Bond is EUR 1,000.

The Issue Price for each series of the Bonds will be determined in the Final Terms.

4.4. Offering Period

The Offering Period is the period during which the persons who have the right to participate in the Offering may submit Subscription Undertakings (please see Section 4.5 “Subscription Undertakings” for further details) for the Bonds.

As different series of Bonds can be offered under the Programme, the Offering Period will be different for the Offering of each series of Bonds. The Offering Period for each series of Bonds will be specified in the Final Terms and separately published through the information system of Nasdaq Tallinn Stock Exchange and the website of the Company (https://investor.lhv.ee/en/).

4.5. Subscription Undertakings

Submitting Subscription Undertakings

The Subscription Undertakings may be submitted only during the Offering Period.

An investor participating in the Offering may apply to subscribe for the Bonds only for the Issue Price. All investors participating in the Offering can submit Subscription Undertakings denominated only in euros. Multiple Subscription Undertakings by one investor, if submitted, shall be merged for the purposes of allocation.

An investor shall bear all costs and fees charged by the respective account operator or a custodian accepting the Subscription Undertaking in connection with the submission, cancellation or amendment of a Subscription Undertaking.

In order to subscribe for the Bonds, an investor must have a securities account with a Nasdaq CSD account operator. Such securities account may be opened through any account operator. The list of banks and investment firms operating as Nasdaq CSD account operators is available on the website of

Nasdaq CSD at https://nasdaqcsd.com/list-of-participants/ (in order to see the account operators for the Estonian market, filter by role 'Account operator' and by market 'Estonia').

For subscribing for the Bonds, an investor should contact an account operator that operates such investor's ERS securities account and submit a Subscription Undertaking in the form accepted by the account operator and in conformity with the terms and conditions of the Offering. The investor may use any method that such investor's account operators make available for submitting the Subscription Undertaking (e.g., physically at the location of the account operator, over the internet or by other means). The Subscription Undertaking must include the following information:

Owner of the securities account:	name of the investor
Securities account:	number of the investor's securities account
Account operator:	name of the investor's account operator
Security:	[*as specified in the Final Terms*]
ISIN code:	[*as specified in the Final Terms*]
Amount of securities:	the number of Bonds which the investor wishes to subscribe for
Price (per Bond):	the Issue Price in euros as specified in the Final Terms
Transaction amount:	the number of Bonds which the investor wishes to subscribe for, multiplied by the Issue Price per Bond
Counterparty:	AS LHV Group
Securities account of the counterparty:	99100539709
Account operator of the counterparty:	AS LHV Pank
Value date of the transaction:	[*as specified in the Final Terms*]
Type of transaction:	„subscription"
Type of settlement:	"delivery versus payment"

An investor must authorise the account operator that operates such investor's securities account to disclose to the Company and Nasdaq CSD among other information the investor's name, personal ID code or registration code and address of the investor, the number of the investor's securities account, the name of the investor's account operator and the number of Bonds for which the investor wishes to subscribe for. Subscription Undertakings without the disclosure of the above information will be disregarded.

An investor may submit a Subscription Undertaking through a nominee securities account only if such an investor authorises the owner of the nominee securities account to disclose the investor's identity, personal ID number, or registration number, address of the investor to the Company and Nasdaq CSD. Subscription Undertakings submitted through nominee securities accounts without the disclosure of the above information will be disregarded.

The transaction amount for the investor will be the number of Bonds for which the investor wishes to subscribe multiplied by the Issue Price.

A Subscription Undertaking is deemed submitted from the moment Nasdaq CSD receives a duly completed transaction instruction from the account operator of the respective investor.

Legal Effect of Subscription Undertakings

An investor must ensure that all information contained in the Subscription Undertaking is correct, complete and legible. The Company reserves the right to reject any Subscription Undertakings, which are incomplete, incorrect, unclear or illegible, or which have not been completed and submitted during the Offering Period in accordance with all requirements set out in these terms and conditions.

By submitting a Subscription Undertaking, every investor:

(i) accepts the terms and conditions of the Offering set out in this Section and elsewhere in this Prospectus and agrees with the Company that such terms will be applicable to the investor's acquisition of any Bonds;

(ii) confirms that they have read the Bond Terms and that the Bond Terms are fully understandable, and accepts the Bond Terms;

(iii) accepts that the number of the Bonds indicated by the investor in the Subscription Undertaking will be regarded as the maximum number of the Bonds which the investor wishes to acquire (the **Maximum Amount**) and that the investor may receive less (but not more) Bonds than the Maximum Amount subscribed for (please see Section 4.7"Distribution and Allocation");

(iv) undertakes to acquire and pay for any number of Bonds allocated to them in accordance with these terms and conditions, up to the Maximum Amount;

(v) authorises and instructs the account operator through which the Subscription Undertaking is submitted to arrange the settlement of the transaction on their behalf (taking such steps as are legally required to do so) and to forward the necessary information to the extent necessary for the completion of the transaction;

(vi) authorises the account operator through which the Subscription Undertaking is submitted, and Nasdaq CSD, to amend the information contained in the Subscription Undertaking to (a) specify the value date of the transaction, (b) specify the number of Bonds to be purchased by the investor and the total amount of the transaction, up to the Maximum Amount times the Issue Price; (c) correct or clarify obvious mistakes or irregularities in the Subscription Undertakings, if any;

(vii) authorises the Nasdaq CSD and the Company together with any service provider(s) engaged by the Company for such purpose to process, forward and exchange its personal data and information in the Subscription Undertaking during the Subscription Period and/or after the Subscription Period where necessary to participate in the Offering, to accept or reject the Subscription Undertaking and to fulfil the Bond Terms and the Company's obligations under the Bond Terms;

(viii) acknowledges that the Offering does not constitute an offer (in Estonian: *pakkumus*) of the Bonds by the Company in legal terms or otherwise, and that the submission of a Subscription Undertaking does not constitute the acceptance of an offer, and therefore does not in itself entitle the investor to acquire the Bonds, nor result in a contract for the sale of the Bonds between the Company and the investor;

(ix) confirms, that they are not subject to any laws (incl. laws of any other jurisdiction) which would prohibit the placing of the Subscription Undertaking or allocation and delivery of the Bonds to them and represents that they are authorised to place a Subscription Undertaking in accordance with the Prospectus.

Amendment and Cancellation of Subscription Undertakings

Investors have the right to amend or cancel their Subscription Undertakings at any time until the end of the Offering Period. To do so, the investor must contact their account operator through whom the

Subscription Undertaking in question has been made and carry out the procedures required by the respective account operator for amending or cancelling a Subscription Undertaking (such procedures may differ between different account operators). This may result in costs and fees charged by the account operator through which the Subscription Undertaking is submitted.

4.6. Payment

By submitting a Subscription Undertaking, an investor authorises and instructs the institution operating the investor's cash account connected to their securities account to immediately block the whole transaction amount on the investor's cash account until the settlement is completed or funds are released in accordance with these terms and conditions. The transaction amount to be blocked will be equal to the Issue Price multiplied by the Maximum Amount.

An investor may submit a Subscription Undertaking only when there are sufficient funds on the cash account connected to their Nasdaq CSD securities account to cover the whole transaction amount for that particular Subscription Undertaking.

4.7. Distribution and Allocation

The Company will decide on the allocation of the Bonds after the expiry of the Offering Period of the respective series of Bonds. The Bonds will be allocated to the investors participating in the Offering in accordance with the following principles:

(i) the division of Bonds between the retail and institutional investors has not been predetermined. The Company will determine the exact allocation in its sole discretion;

(ii) under the same circumstances, all investors shall be treated equally, whereas dependent on the number of investors and interest towards the Offering, the Company may set minimum and maximum number of the Bonds allocated to one investor;

(iii) the allocation shall be aimed to create a solid and reliable investor base for the Company;

(iv) the Company shall be entitled to prefer Estonian investors to foreign investors;

(v) the Company shall be entitled to prefer its existing shareholders and bondholders of the Company to other investors;

(vi) the Company shall be entitled to prefer the clients of Group companies to other investors;

(vii) possible multiple Subscription Undertakings submitted by an investor shall be merged for the purpose of allocation;

(viii) Subscription Undertakings via a nominee accounts (incl. if made on the account of pension investment accounts) are treated as Subscription Undertakings from separate independent investors. Although each investor subscribing via a nominee account is considered as an independent investor during the allocation process, the nominee account holder is responsible for the allocation of the Bonds to the investor; and

(ix) each investor entitled to receive the Bonds shall be allocated a whole number of Bonds and, if necessary, the number of Bonds to be allocated shall be rounded down to the closest whole number. Any remaining Bonds which cannot be allocated using the above-described process will be allocated to investors on a random basis.

The results of the allocation process of the Offering will be announced through the information system of the Nasdaq Tallinn Stock Exchange and through the Company's website https://investor.lhv.ee/en. The Company plans to announce the results of allocation of each series of the Bonds within three business days after the end of the Offering Period, but in any case, before the Bonds are transferred to the investors' securities accounts. Therefore, dealing with the Bonds on Nasdaq Tallinn Stock Exchange shall not begin before the results of the allocation have been announced.

4.8. Settlement

The Bonds allocated to investors will be transferred to their securities accounts on or about the settlement date provided in the Final Terms through the "delivery versus payment" (DVP) method simultaneously with the transfer of payment for such Bonds. The title to the Bonds will pass to the relevant investors when the Bonds are transferred to their securities accounts. If an investor has submitted several Subscription Undertakings through several securities accounts, the Bonds allocated to such investor will be transferred to all such securities accounts proportionally to the number of the Bonds indicated in the Subscription Undertakings submitted for each account, rounded up or down as necessary.

The Offering is not underwritten, and the Company does not intend to enter into any agreements for having the Offering underwritten in full or in part.

4.9. Return of Funds

If the Offering or a part thereof is cancelled in accordance with the terms and conditions described in this Prospectus, if the investor's Subscription Undertaking is rejected or if the allocation is less than the amount of Bonds applied for, the funds blocked on the investor's cash account, or the excess part thereof (the amount in excess of payment for the allocated Bonds), will be released by the respective financial institution. Regardless of the reason for which funds are released, the Company shall never be liable for the release of the respective funds and for the payment of interest on the released funds for the time they were blocked (if any).

4.10. Cancellation of Offering

The Company has the right to cancel the Offering in full or in part in its sole discretion, at any time until the end of the Offering Period. In particular, the Company may decide to cancel the Offering in the part not subscribed for. Any cancellation of the Offering will be announced through the information system of the Nasdaq Tallinn Stock Exchange and through the Company's website https://investor.lhv.ee/en/.

All rights and obligations of the parties in relation to the cancelled part of the Offering will be considered terminated as of the moment when such announcement is made public.

4.11. Conflicts of Interests

According to the knowledge of the Management Board, there are no personal interests of the persons involved in the Offering material to the Offering. The Management Board is unaware of any conflicts of interests related to the Offering.

4.12. Notice to Investors in the European Economic Area

In relation to each Member State (other than Estonia) no offer to the public of the Bonds which are the subject of the Offering contemplated by this Prospectus has been, or will be, made in that Member State other than:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified Investors as defined in the Prospectus Regulation); or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Bonds shall require the Company or the Agent to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Bonds to the public” means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered to enable an investor to decide whether to purchase or subscribe for any Bonds.

AS LHV GROUP TARTU MNT 2, 10145 TALLINN 6 800 400 GROUP@LHV.EE LHV.EE

5. REASONS FOR OFFERING AND USE OF PROCEEDS

The purpose of the Offering is to strengthen the regulatory capital base of the Group and ensure stable access to additional capital to support further growth and market position of the Group, unless otherwise specified in the relevant Final Terms with respect to a specific series of the Bonds. Capital buffers are needed in advance to support the general corporate purposes, further growth, strengthen the market position of the Group.

The Company plans to use up to EUR 45 million of proceeds from the Offering for the premature redemption of the existing unsecured subordinated bonds issued by the Company, provided that the Company is entitled to redeem such bonds prematurely in accordance with the applicable bond terms, and the laws and regulations related to the own funds and capital adequacy requirements of the Group. The remainder of the net proceeds of the Offering, or in case the existing subordinated bonds are not redeemed prematurely, the entire net proceeds of the Offering, will be used in line with the overall purpose of the Offering, or as specified in the Final Terms with respect to a specific series of Bonds.

Expenses directly related to setting up the Programme and to the Offering of the first series of the Bonds are estimated to be EUR 100,000. The Company will specify the estimated net proceeds in the relevant Final Terms with respect to a specific series of the Bonds.

6. CORPORATE INFORMATION, SHARES AND SHARE CAPITAL

6.1. General Corporate Information

The business name of the Company is AS LHV Group. The Company was registered in the Estonian Commercial Register on 21 January 2005 under the register code 11098261. The Company has been established and is currently operating under the laws of the Republic of Estonia in the form of a public limited company (in Estonian: *aktsiaselts* or *AS*) and is established for an indefinite term. The registered address of the Company is Tartu mnt 2, 10145, Tallinn, Estonia. The legal entity identifier (LEI) code of the Company is 529900JG015JC10LED24.

The contact details of the company are the following:

Address: Tartu mnt 2, 10145 Tallinn, Estonia

Phone: +372 6 800 400

Fax: +372 6 800 402

E-mail: group@lhv.ee

Website: https://www.lhv.ee/en

The information on the website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.

According to the latest available annual report of the Company, i.e. the annual report for the financial year ended on 31 December 2022, the field of activity of the Company was “activities of holding companies” (EMTAK[9] 64201). The consolidated fields of activity of the Group were “security and commodity contracts brokerage” (EMTAK 66121), “credit institutions (banks, granting loans)” (EMTAK 64191), “finance lease” (EMTAK 64911) and “fund management” (EMTAK 66301).

The Group has four fully owned Subsidiaries – AS LHV Pank (registry code 10539549, **LHV Pank**) together with its 65% Subsidiary AS LHV Finance (registry code 12417231, **LHV Finance**); Aktsiaselts LHV Varahaldus (registry code 10572453, **LHV Varahaldus**); LHV Bank Limited (registry code 13180211 registered in England and Wales at 1 Angel Court, London, United Kingdom, EC2R 7HJ, **LHV Bank**); EveryPay AS (registry code 12280690, **EveryPay**); and one Subsidiary were the Company holds a 65% majority shareholding – AS LHV Kindlustus (registry code 14973611, **LHV Kindlustus**).

6.2. Articles of Association

The latest version of the Articles of Association of the Company is valid as of 1 July 2022 and was adopted by the respective resolution of the General Meeting, dated 30 March 2022. The Articles of Association are available in the Estonian Commercial Register and on the website of the Company at https://investor.lhv.ee/en/ under section “Management”.

6.3. Share Capital and Shares

The current registered and fully paid-in share capital of the Company is EUR 31,983,274.30, which is divided into 319,832,743 ordinary shares of the Company (the **Shares**) with the nominal value of EUR 0.1. All the issued Shares have been fully paid up. The Shares are registered in the ERS under ISIN code EE3100102203 and are kept in book-entry form. No share certificates have or may be issued.

[9] EMTAK (the Estonian Classification of Economic Activities) is the basis for determining the fields of activity of Estonian companies. EMTAK is the national version of the international harmonised NACE classification. As of 1 January 2007, the Estonian companies are, instead of providing their fields of activity in the Articles of Association, required to report them in their annual reports using EMTAK classification.

The Shares are listed and traded on Nasdaq Main list of Baltic shares of the Nasdaq Tallinn Stock Exchange (ticker LHV1T).

The Shares are ordinary bearer shares with no restrictions on transferability. The Shares are governed by the laws of Estonia. All the Shares are of one class and rank *pari passu* with each other. All the Shares carry equal voting rights.

6.4. No Controlling Shareholders

The Management is as at the date of this Prospectus not aware of any person directly or indirectly controlling the Company, nor of any arrangements or circumstances which may at a subsequent date result in a change in control over the Company. The founders of the Group – Mr Rain Lõhmus and Mr Andres Viisemann hold, directly and indirectly through related parties, altogether approximately 32.64% of all the Shares, whereas approximately 21.46% of the Shares are held by Mr Rain Lõhmus (directly and indirectly) and 11.18% by Mr Andres Viisemann (directly and indirectly). Shareholders owning more than 5% of the shares in the Company are AS Lõhmus Holdings (11.62%), Viisemann Investments AG (10.6%) and Rain Lõhmus (7.96%).

Further, the Management is as at the date of this Prospectus not aware of any agreements executed between the shareholders of the Company in respect of their shareholdings in the Company.

7. MANAGEMENT

7.1. Management Structure

In accordance with the Estonian law, the operational management of the Company is structured as a two-tier system. The Management Board is responsible for the day-to-day management of the Company's operations and is authorised to represent the Company based on the law and the Articles of Association. The Supervisory Board is responsible for the strategic planning of the business activities of the Company and for supervising the activities of the Management Board.

The highest governing body of the Company is the General Meeting.

The address of operations of the Management Board and the Supervisory Board is the registered address of the Company – Tartu mnt 2, 10145 Tallinn, Estonia.

7.2. Management Board

Role. The Management Board of the Company is responsible for the day-to-day management of the Company's operations, the representation of the Company and for organising its accounting. Further, according to the Estonian Commercial Code, it is the obligation of the Management Board to draft the annual reports and submit the reports to the Supervisory Board for review and to the General Meeting for approval. The Management Board is accountable to the Supervisory Board and must adhere to its lawful instructions and to the strategy of the Company approved by the Supervisory Board.

Specific Duties. The Management Board must present an overview of the economic activities and economic situation of the Company to the Supervisory Board at least every month and must give immediate notice of any material deterioration of the economic condition of the Company or of any other material circumstances related to its operations. If the Company is insolvent and such insolvency is not temporary, the Management Board must immediately file for bankruptcy.

The Management Board may enter into transactions outside the Company's ordinary scope of business only with the consent of the Supervisory Board. According to the Articles of Association, the consent of the Supervisory Board is required for the following transactions:

(i) approval of annual business plan and budget;

(ii) approval and, if necessary, amendment of annual report and the proposal on the division of profit made by the Management Board;

(iii) acquisition or disposal of shareholdings in other entities;

(iv) resolving establishment or dissolution of a Subsidiary of the Company;

(v) acquisition, transfer or dissolution of a company;

(vi) transfer or encumbering of real estate or registered property;

(vii) establishment or liquidation of a foreign branch;

(viii) making investments in the amount exceeding the budget for the respective financial year;

(ix) taking loans or assuming debt obligations in the amount exceeding the budget for the respective financial year;

(x) granting loans or securing debt obligations not within the Company's ordinary scope of business;

(xi) appointing and recalling a procurator;

(xii) election, extension of authorities, and recalling the members of the Management Board; appointing the Chairman of the Management Board;

(xiii) determining the duties of the members of the Management Board, exercising supervision over the activities of the Management Board and determining the principles of remunerating the work of the Management Board;

(xiv) resolving the execution of a transaction with a member of the Management Board, determining the terms of such a transaction, resolving the initiation of a legal dispute against a member of the Management Board, and determining the representative of the Company in such a transaction or a legal dispute;

(xv) resolving the execution of a transaction with a shareholder of the Company, determining the terms of such a transaction, resolving the initiation of a legal dispute against a shareholder of the Company, and determining the representative of the Company in such a transaction or a legal dispute;

(xvi) appointing and recalling the members of the management bodies formed by the Supervisory Board, determining the work procedure rules of such bodies, unless the applicable law sets forth different requirements;

(xvii) resolving other matters placed into the competence of the Supervisory Board by the applicable law or the Articles of Association.

The work procedure rules, representation rights, restrictions and limitations on executing transactions in the name and on behalf of the Company, as well as the liability of the members of the Management Board are further specified by the Rules of Procedure of the Management Board approved by the resolution of the Supervisory Board on 19 October 2022.

Members of Management Board. According to the Articles of Association, the Management Board comprises of one to five members who are appointed by the Supervisory Board for a term of up to five years, unless otherwise decided by the Supervisory Board. The Supervisory Board has decided to appoint four members of the Management Board – Mr Madis Toomsalu, Mr Meelis Paakspuu, Mr Jüri Heero and Mr Martti Singi. The business address of Management Board members is the registered address of the Company, i.e., Tartu mnt 2, 10145 Tallinn, Estonia. The Management Board can be represented by the Chairman of the Management Board alone or by two members of the Management Board together.

No significant transactions have been concluded between LHV and the Chairman of the Management Board Madis Toomsalu or the Members of the Management Board Meelis Paakspuu, Martti Singi and Jüri Heero or their close relatives or related parties as of the date of this Prospectus.

Mr Madis Toomsalu. Mr Toomsalu, born in 1982, has obtained a bachelor’s degree in business management from Tallinn University of Technology in 2009 and a master’s degree in 2011 in public sector finance. In addition to holding the position of the Chairman of the Management Board of the Company, Mr Toomsalu serves as the chairman of the supervisory boards of AS LHV Pank, AS LHV Kindlustus, AS LHV Varahaldus and EveryPay AS, a member of the supervisory board of AS LHV Finance, and the chairman of the board of directors of LHV Bank. He is also a member of the management board of MTÜ “FinanceEstonia“, a member of the council of the foundation SA Rohetiiger and a member of the panel of experts of the Government’s Green Policy Steering Committee. Previously, he has served as the Head of Credits and the chairman of the Credit Committee in LHV Pank. Madis Toomsalu and the person related to him own 1,401,690 shares of AS LHV Group, representing 0.44% of all shares. With the options issued in 2021, 2022 and 2023, Madis Toomsalu has the right to subscribe 709,658 shares of AS LHV Group.

Mr Meelis Paakspuu. Mr Paakspuu, born in 1974, graduated from the University of Tartu in 1996 with a degree in economics. Before becoming the CFO of AS LHV Pank Mr Paakspuu worked in managing positions of other banks. Mr Paakspuu has been a member of the management board and CFO of AS LHV Pank since 2015 and a Member of the Management board of the Company since 2022. He is not a member of the governing bodies of any other company. Meelis Paakspuu and persons associated with him own 671,440 shares of AS LHV Group, which make up 0.21% of all shares. Meelis Paakspuu has the right to subscribe to a total of 506,288 shares of AS LHV Group based on options issued in 2021, 2022 and 2023.

Mr Jüri Heero. Mr Heero, born in 1977, graduated from the University of Tartu in 1999 with a degree in economics. He has been member of the management board and IT Manager of AS LHV Pank since 2007 and a member of the Management Board of the Company since 2022. In addition, Mr. Heero is a member of the management board in Heero Invest OÜ. Jüri Heero and persons associated with him own 1,125,800 shares of AS LHV Group, which make up 0.35% of all shares. Jüri Heero has the right to subscribe to a total of 484,998 shares of AS LHV Group based on options issued in 2021, 2022 and 2023.

Mr Martti Singi. Mr Singi, born in 1974, obtained a Master's degree in international business administration from Estonian Business School in 2009. Mr Singi has experience from risk and financial management positions of other banks. He has been a member of the management board and Risk Manager of AS LHV Pank since 2012 and a member of the Management Board of the Company since 2022. He is not a member of the governing bodies of any other company. Martti Singi and persons associated with him own 990,160 shares of AS LHV Group, which make up 0.31% of all shares. Martti Singi has the right to subscribe to a total of 484,998 shares of AS LHV Group based on options issued in 2021, 2022 and 2023.

7.3. Supervisory Board

Role. In accordance with the Estonian Commercial Code, the Supervisory Board of the Company is responsible for the strategic planning of the business activities of the Company and supervising the activities of the Management Board. The Supervisory Board is accountable to the shareholders of the Company (acting through the General Meeting).

Specific Duties. In accordance with the Estonian Commercial Code, before the ordinary General Meeting is held, the Supervisory Board must review the annual report and provide the General Meeting with a written report on the annual report indicating whether the Supervisory Board approves the report but also providing information on how the Supervisory Board has organised and supervised the activities of the Company. In practice, this report is made available together with the notice convening the General Meeting. The duties of the Supervisory Board members, as well as restrictions on serving as a member of the Supervisory Board and the work procedure of the Supervisory Board are further specified with the Rules of Procedure of the Supervisory Board approved by the Supervisory Board on 15 December 2021. The main purposes of establishing the Rules of Procedure were to ensure effective avoidance of conflicts of interests and to specify the work procedure of the Supervisory Board.

Organisation and Members of Supervisory Board. According to the Articles of Association of the Company, the Supervisory Board consists of five to seven members who are appointed by the General Meeting for a period of up to three years, unless otherwise decided by the General Meeting. The members of the Supervisory Board elect among themselves a Chairman of the Supervisory Board who is responsible for organising the activities of the Supervisory Board. The Articles of Association stipulate, that only persons with sufficient knowledge and experience may be appointed to the Supervisory Board. According to the Articles of Association, meetings of the Supervisory Board are as a general rule held once a month or according to the actual necessity, but in any case at least once every three months. A meeting of the Supervisory Board has quorum if more than one half of the members of the Supervisory Board participate and a resolution of the Supervisory Board is adopted if more than one half of the members of the Supervisory Board who participate at the meeting vote in favour. In case of a tied vote, the Chairman of the Supervisory Board has a casting vote.

As at the date of this Prospectus there are seven members in the Supervisory Board of the Company – Mr Rain Lõhmus (the Chairman of the Supervisory Board; since 21 May 2014), Mr Raivo Hein (since 18 January 2010), Mr Heldur Meerits (since 18 December 2008), Mrs Tiina Mõis (since 8 December 2006), Mr Tauno Tats (since 21 May 2014), Mr Andres Viisemann (since 7 September 2004) and Mr Sten Tamkivi (since 29 April 2015). The term of office of Supervisory Board members is set to expire on 29 March 2026 except for Sten Tamkivi whose term will expire on 29 March 2024. The business address for all of the Supervisory Board members is the registered address of the Company, i.e., Tartu mnt 2, 10145 Tallinn, Estonia.

No significant transactions have been concluded between LHV and its Supervisory Board members, their close relatives or related parties as of the date of this Prospectus.

Mr Rain Lõhmus. Mr Lõhmus, born in 1966, graduated from the Tallinn Technical University in 1988 where he obtained a degree in economics. In 1999, he attended the General Manager Program at the Harvard Business School. During his professional career, Mr Lõhmus has worked as an investment banker and served as a member of the management boards of several companies, including Osaühing Zarenor Invest from 2002 until 2012. He has been engaged with the Group since its establishment in 1999 and was one of the founders thereof. Currently Mr Lõhmus serves as the Chairman of the Supervisory Board of the Company and as a member of the supervisory boards of LHV Pank and Kodumaja AS. He is the owner and member of the management board of AS Lõhmus Holdings and Lohmus Capital OÜ and the owner of OÜ Merona Systems and Kõrberebane OÜ. Additionally, he is the management board member and one of the owners of Zerospotnrg OÜ and Umblu Records OÜ.

Rain Lõhmus and the persons related to him (Lõhmus Holdings OÜ, OÜ Merona Systems) own altogether 68,649,130 shares of the Company, representing 21.46% of all shares.

Mr Raivo Hein. Mr Hein, born in 1966, holds a degree in road construction from the Tallinn Technical University awarded to him in 1991. He has worked as a member of the management board of AS Starman between 1997 and 1999 and again between 2001 and 2003. He was the head of the entrepreneurship department of the City of Tallinn between 2000 and 2002. Between 2000 and 2008, he served as the member of the management board of AS CV Keskus. Within the Group, he also serves as the member of the supervisory board of LHV Pank. In addition to his participation in the management of the Group, he is the owner of and the member of the management board of OÜ Kakssada Kakskümmend Volti,a member of the management boards of Zerospotnrg OÜ, E-Finance OÜ Põhjala Kellad OÜ and Lame Maakera OÜ and a liquidator of OÜ Saarte Sillad (in liquidation). Additionally, he is a supervisory board member of AS Puumarket.

Raivo Hein does not own shares of AS LHV Group. The persons related to him, Marilin Hein, OÜ Kakssada Kakskümmend Volti, Lame Maakera OÜ and Astrum OÜ own altogether 5,490,694 shares of the Company, representing 1.72% of all shares.

Mr Heldur Meerits. Mr Meerits, born in 1959, was awarded a degree in finance and credit from the University of Tartu in 1982. During his professional career Mr Meerits has worked for the Estonian National Bank (1988 – 1991 and 1995 –1997), whereas between 1991 and 1995 he worked for the predecessor of AS Swedbank (operating under the business names AS Hoiupank and AS Hansapank). From 1999 to 2002, Mr Meerits served as a state official working for the Government Office. Since 2002, he has been engaged in investing via Amalfi AS, an investment vehicle fully-owned by Mr Meerits. In addition to his position as a member of the Supervisory Board of the Company, Mr Meerits serves as a member of the supervisory boards of LHV Pank and Kodumaja AS and of foundations SA Põltsamaa Ühisgümnaasiumi Toetusfond and Audentese Koolide SA. Heldur Meerits is also the owner and a management or supervisory board member of the companies established for the management of personal economic interests, AS Amalfi, AS Altamira and SIA Valdemara Group and the protector and beneficiary of Castra Hiberna Foundation.

Heldur Meerits does not own shares of AS LHV Group. The persons related to him, AS Amalfi and SIA Valdemara Group, own altogether 10,975,280 shares of the Company, representing 3.43% of all shares.

Mrs Tiina Mõis. Mrs Mõis, born in 1957, holds the degrees in econometrics and organisation of service and economic engineering from the Tallinn Technical University awarded to her in 1980. During the years 1991 to 1999 she worked as the Chief Accountant and a member of the management board of the predecessor of AS Swedbank (operating under the business name AS Hansapank). Since 1999, she serves as a member of the management board and the managing director of AS Genteel, an investment vehicle fully-owned by Mrs Mõis. She is one of the owners and a management board member of Nine Lives OÜ. She also serves as a member of the supervisory boards of LHV Pank, Rocca al Mare Kooli SA and Rocca al Mare Kooli AS.

Tiina Mõis and the persons related to her (AS Genteel, Rocca al Mare Kooli SA) own altogether 11,359,990 shares of the Company, representing 3.55% of all shares.

Mr Tauno Tats. Mr Tats, born in 1972, holds the Masters' degree in economic science from the Tallinn Technical University awarded to him in 2003. He is currently working as a member of the management board of Ambient Sound Investments OÜ. Before assuming his current position in Ambient Sound Investments OÜ, he served as the undersecretary of the Ministry of Finance. In addition to his positions in the Group and Ambient Sound Investments OÜ, he is a member of the supervisory boards of AS Ecomet Invest and OÜ Eesti Killustik and a member of management board of Ammende Hotell OÜ, ASI Venture Holdings OÜ, InkspinSix OÜ, Balti Karjäärid OÜ and MTÜ Plate torn. Additionally, he is a management board member of other companies established for the management of investments of the aforementioned companies.

Tauno Tats does not own shares of AS LHV Group. Ambient Sound Investments OÜ owns 10,828,210 shares of the Company, representing 3.39% of all shares.

Mr Sten Tamkivi. Mr Tamkivi, born in 1978, holds a Masters' degree in management from the Standford University Graduate School awarded to him in 2013. Between 2005 and 2013 he served as a member of the management board of Skype Technologies OÜ. Between 2009 and 2012, he was the member of the management board of the Estonian Association of Information Technology and Telecommunications. Between 2009 and 2012, he worked as an advisor to the Office of the President of the Republic of Estonia. Between 2003 and 2008, he served as the member of the management board of Mercur ThinkTank OÜ. In addition to his position in the Group, he belongs to the supervisory boards of ASI Private Equity AS, Salv Technologies OÜ and Kistler-Ritso Eesti SA. In addition, he is the owner and management board member of Seikatsu OÜ and Osaluste Hellalt Hoidmise OÜ and a management board member of Plural Estonia OÜ, OÜ Notorious, Kaigun OÜ, TBD Holdco OÜ, MTÜ Asutajad. He is also one of the owners of osaühing E-laen and serves as a management board member of other companies.

Sten Tamkivi and the persons related to him, Seikatsu OÜ and OÜ Notorious, own altogether 335,630 shares of the Company, representing 0.10% of all shares.

Mr Andres Viisemann. Mr Viisemann, born in 1968, obtained a degree in finance from the University of Tartu in 1992. He was awarded a MBA degree from one of the world's leading and largest graduate business schools INSEAD in 1997. During his professional career, Mr Viisemann has worked as an investment manager and served as a member of the management board of numerous companies. He has been engaged with the Group since its establishment in 1999 and was one of the founders thereof. In addition to his position in the Supervisory Board of the Company, Mr Viisemann serves as a member of the supervisory boards of LHV Pank, LHV Varahaldus, AS Viimsi Haigla and AS Fertilitas. He is also the owner and a member of the management board of Viisemann Holdings OÜ and the owner of Viisemann Investments AG.

Andres Viisemann and the persons related to him (Viisemann Investments AG, Viisemann Holdings OÜ) own altogether 35,756,320 shares of the Company, representing 11.18% of all shares. Due to his position as the head of LHV pension funds, Andres Viisemann is entitled to subscribe a total of 153,899 shares of AS LHV Group for the options issued in 2021, 2022 and 2023.

7.4. Audit Committee

Role and Duties. The Audit Committee is an advisory body to the Supervisory Board in the fields of accounting, audit, risk management, internal control and internal audit, supervision, budgeting and compliance with legal requirements. Pursuant to the Estonian Auditors Activities Act, the duties of the Audit Committee include monitoring and analysing the processing of financial information, the efficiency of risk management and internal control, the audit of the financial statements or the Consolidated Annual Report and monitoring the independence of the audit firm and the authorised auditor representing the audit firm by law, and compliance with the requirements established in the Auditors Activities Act. The Audit Committee is also responsible for making proposals and providing recommendations to the Supervisory Board for the appointment or removal of and the audit firm and internal auditors, preparation and approval of internal audit plan, prevention or elimination of problems or ineffectiveness within the organisation and for the compliance with legislation and best professional practice.

Members of Audit Committee. According to the Rules of Procedure of the Audit Committee, as approved by the Supervisory Board on 16 November 2022, the Audit Committee of the Company consists of at least three members, whereas at least two of the members of the Audit Committee must be experts in accounting, finance or law. The members of the Audit Committee are elected for a term of three years by the Supervisory Board. Currently, the Audit Committee consists of three members – Mr Verner Uibo (the Chairman of the Audit Committee), Mr Raivo Hein and Mr Tauno Tats.

Mr Verner Uibo. Mr Uibo has a bachelor’s degree from University of Tartu Pärnu College, and he is an Estonian certified accountant and a member of ACCA (Association of Chartered Certified Accountants). He is the head of finance in the investment company Plural Platform and is a member of the management board of Plural Estonia OÜ. Previously, from 2006 to 2022, he was the lead auditor of the financial audit department of AS PricewaterhouseCoopers. He is the owner and the member of the management board of TriVer Konsultatsioonid OÜ and VUPCV OÜ and a member of the management board of MAOLEN OÜ. Verner Uibo does not own any shares of the Company.

Mr Raivo Hein. Mr Hein is the representative of the Supervisory Board in the Audit Committee. Please see Section 7.3 “Supervisory Board” for his *curriculum vitae* information.

Mr Tauno Tats. Mr Tats is the representative of the Supervisory Board in the Audit Committee. Please see Section 7.3 “Supervisory Board” for his *curriculum vitae* information.

7.5. Remuneration Committee

Role and Duties. The Remuneration Committee is a corporate governance body jointly formed by the Supervisory Board of the Company and the supervisory boards of LHV Pank, LHV Finance and LHV Kindlustus. The Remuneration Committee’s purpose is to develop and implement the remuneration strategy of the employees and the members of the management boards within the Company and LHV Pank. The Remuneration Committee has been charged with the task of assessing the principles of remuneration within the Group, and the impact of any remuneration-related decision on adherence to the requirements established for the management of risks, own funds and liquidity.

Members of Remuneration Committee. In accordance with the Rules of Procedure of the Remuneration Committee, as approved by the Supervisory Board on 22 March 2023, the Remuneration Committee comprises of at least three members of the supervisory board of LHV Pank as appointed by the Supervisory Board of the Company. Currently, the members of the Remuneration Committee are

Mrs Tiina Mõis (Chairman of the Remuneration Committee), Mr Rain Lõhmus and Mr Andres Viisemann. Please see Section 7.3 “Supervisory Board” for their *curriculum vitae* information.

7.6. Risk and Capital Committee

Role and Duties. The Risk and Capital Committee is a corporate governance body formed by the Supervisory Board. The Risk and Capital Committee’s purpose is to monitor the implementation of the risk management policy and the capital management policy on the LHV Group consolidated level. The Risk and Capital Committee reviews regular risk reports, the processes ensuring capital adequacy, capital plans and the largest clients with high credit risk. The Risk and Capital Committee also advises and supports the Supervisory Board on the risk management principles and risk tolerance; supervises the implementation of the risk management principles by the Management Board in accordance with the instructions of the Supervisory Board; reviews the accounting of business model and risk management principles in the fees set for clients and, in the event of any deficiencies, submits an improvement plan to the Supervisory Board; and checks the accounting of the likelihood and timing of risk, capital, liquidity and revenues in the principles of remuneration.

Members of Risk and Capital Committee. In accordance with the Rules of Procedure of the Risk and Capital Committee as approved by the Supervisory Board on 15 February 2023, the Risk and Capital Committee comprises of at least three members appointed by the Supervisory Board, whereas the Chairman of the Supervisory Board of LHV Group has to be one of the members. Currently, the members of the Risk and Capital Committee of the Company are Mr Rain Lõhmus (Chairman of the Risk and Capital Committee), Mr Heldur Meerits and Mr Andres Viisemann. Please see Section 7.3 “Supervisory Board” for their *curriculum vitae* information.

7.7. Nomination Committee

Role and Duties. The Nomination Committee is corporate governance body jointly formed by the Supervisory Board and the supervisory board of LHV Pank. The purpose of the Nomination Committee is to support the Supervisory Board of the Company and supervisory board of LHV Pank in questions related to selection process and eligibility requirements for the members of the management boards, supervisory boards and the key function holders of the respective companies. The competence of the Nomination Committee includes individual assessment of the suitability of candidates for members of governing bodies and key personnel; collective suitability assessment of governing bodies; assessment of the composition, structure and activities of the governing bodies; continuous monitoring of the decision-making process by the governing bodies; periodical review and decision-making on the content, format and frequency of the risk information received; and ensuring the involvement of risk management, compliance testing, internal audit and other department managers where appropriate in relevant matters.

Members of the Nomination Committee. The Nomination Committee is comprised of at least three members, who are selected from among the overlapping members of the Supervisory Board and supervisory board of LHV Pank. The persons elected to the Nomination Committee must have, individually and collectively, sufficient and relevant knowledge, expertise, and experience in the area of the selection process and eligibility requirements, including knowledge of the requirements provided in the EBA and ESMA guidelines for assessing the suitability of members of management bodies and key function holders. Currently, the members of the Nomination Committee are Mrs Tiina Mõis (Chairman of the Nomination Committee), Mr Rain Lõhmus and Mr Andres Viisemann. Please see Section 7.3 “Supervisory Board” for their *curriculum vitae* information.

7.8. Conflicts of Interests

According to the knowledge of the Management Board, there are no known conflicts of interest between the duties of any of the members of the Management Board and the Supervisory Board to the Company or to any Group company, and their private interests or other duties.

7.9. Statement of Compliance with Corporate Governance

The Company complies with the corporate governance regime of the Republic of Estonia. Further to the compliance with the applicable laws and regulations, the Company has committed itself to adhere the highest standards of corporate governance within the Group companies for ensuing the transparent management of the Group companies and avoiding conflicts of interests. For these purposes, the Group companies have adopted work procedure rules for all corporate governance bodies to further specify the rules, requirements, limitations and liability of their members arising in general from the applicable law and the Articles of Association. The Company follows the principles of good corporate governance arising from the Corporate Governance Recommendations as adopted by the EFSA and the relevant reports are published as part of the annual reports of the Company. The Corporate Governance Recommendations is binding on the basis of “comply or explain principle”, whereas the requirements, which are currently not fully followed by the Company have been described in the latest Corporate Governance Report. The Company’s Report on the Best Practice of Corporate Governance is made available in the audited consolidated financial statements of the Group for the year ended on 31 December 2022.

8. PRINCIPAL ACTIVITIES AND MARKETS

8.1. History and Development of Group

The Group's history dates back to 1999 and by today, the Group has developed into a group of companies engaged in the provision of financial services based on local (Estonian) capital.

The Company was originally established by altogether 9 individuals and 4 legal entities, including Mr Rain Lõhmus and Mr Andres Viisemann who are continuously contributing to the management and further development of the Group. In 2006, the Company was divided in a manner that the assets and shareholdings of the Company were distributed into three different companies – the Company, AS LHV Holdings and AS LHV Professional Services. As a result of the division, the Company was held by the current key shareholders of the Company - Mr Rain Lõhmus and Mr Andres Viisemann. In the course of the division, the other previous shareholders of the Company ceased to be the shareholders of the Company and acquired shareholdings in AS LHV Holdings and AS LHV Professional Services instead. After the division, the main assets of the Company were the shareholdings in the investment firm LHV, which by today has been developed into LHV Pank, and in the asset management firm LHV Varahaldus.

The milestones in the history of the Company and the development of the Group are summarised in the following table:

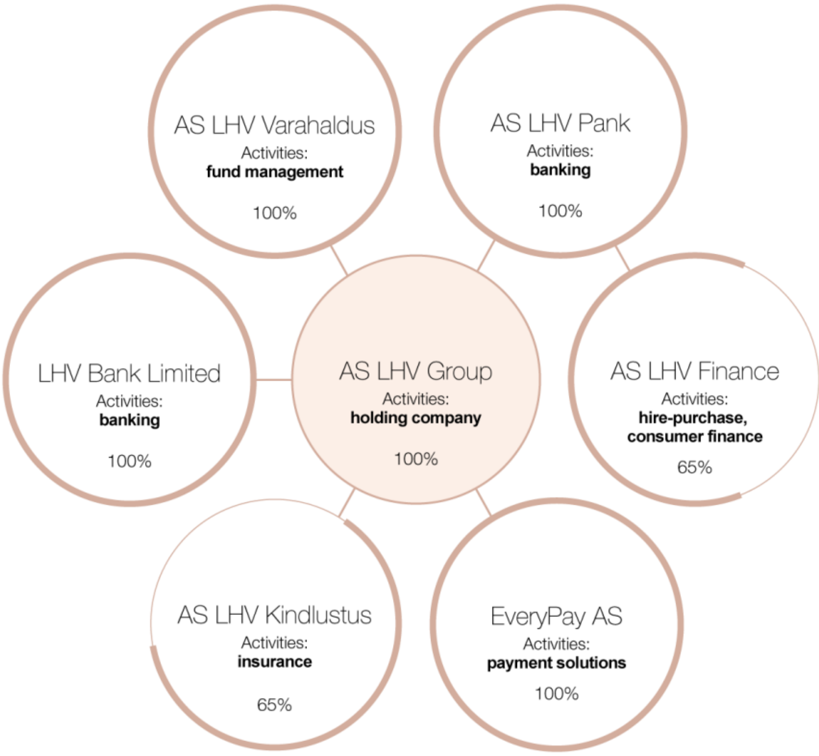
Year	Development
1999	LHV Pank was established as an investment firm, providing brokerage and portfolio management services; LHV Varahaldus was established.
2002	LHV Varahaldus initiated pension funds management operations.
2005	The Company was established.
2009	LHV Pank obtained credit institution license and initiated depository and lending operations.
2010	LHV Pank launched payments services.
2011	LHV Pank launched payment cards issuing services.
2013	LHV Finance was established and hire-purchase services launched; UAB "Mokilizingas" was acquired.
2014	LHV Pank launched payment cards acquiring services.
2015	The Company became public by listing its subordinated bonds on Nasdaq Tallinn Stock Exchange; LHV Pank joined SEPA payments network as direct member and launched ATM network services.
2016	IPO of the Company's Shares was launched; the Shares were listed and admitted to trading on the Main List of Nasdaq Tallinn Stock Exchange.
2016	LHV Pank commenced offering of home loans to private clients.
2017	LHV Pank initiated a new line of business and will start servicing payment service Providers.
2018	The Company exited the Lithuanian hire-purchase market and sold its shareholding in UAB "Mokilizingas".
2018	LHV Pank opened branch office in the UK.
2019	LHV Pank acquired the loan portfolio of Versobank AS amounting to approximately EUR 13 million.

2019	LHV Pank acquired the private customer loan portfolio of Danske Bank A/S Estonia branch that increased LHV Pank's loan portfolio by EUR 393 million.
2020	LHV Pank received authorisation to issue covered bonds, established an EUR 1,000,000,000 covered bond programme and carried out the two issues in the total amount of EUR 350 million. The covered bonds are listed on Euronext Dublin.
2020	LHV Kindlustus was established and received authorisation to operate as a non-life insurance provider.
2020	LHV Pank acquired Danske Bank's credit portfolio involved with Estonian corporate and public sector credits. The transaction increased LHV Pank's loan portfolio by EUR 254 million.
2021	The Company founded a Subsidiary in the United Kingdom – LHV Bank (previously LHV UK Limited).
2021	The Company acquired a shareholding in Bank North Limited (previously Commercial and Northern Ltd, trading name B-North).
2022	The Company acquired EveryPay.
2022	EUR 1 million investment in Modular Technologies OÜ, whose banking platform "Tuum" is used by LHV Bank.
2022	Nominal value of the shares of the Company was reduced from EUR 1.00 to EUR 0.1 (1:10 split).
2022	LHV Bank acquired Bank North Limited's small and medium-sized enterprise (the **SME**) lending business containing GBP 17.9 million loan portfolio.
2023	LHV Bank received a banking licence, name changed to LHV Bank Limited (previously LHV UK Limited). LHV Pank Branch's activities in UK transferred to LHV Bank and the process of liquidating LHV Pank Branch initiated.

8.2. Group Structure and Group Companies

Group Structure

As at the date of this Prospectus, the Group structure is the following[10]:



Group Companies

AS LHV Group. The Company is the holding company of the Group with limited operations of its own. The Company is engaged in investor relations management and ensuring necessary capitalisation for the Group companies.

AS LHV Pank. LHV Pank is an Estonian licensed credit institution offering banking services to corporate and retail clients. In addition to traditional banking services, LHV Pank also offers crypto assets trading services. The bank has client service venues in Tallinn, Tartu and Pärnu, but all the services are available also via customer friendly digital channels.

As of 30 June 2023, LHV Pank had 721 active employees. The total number of clients of the bank was over 400,000.

By 30 June 2023, the total loan portfolio of the LHV Pank consolidation group (including LHV Finance) stood at EUR 3,276 million. The greatest proportion of loans are given to private individuals, followed by the real estate sector, an industry that are traditionally receiving the greatest share of financing by commercial banks in Estonia. As of 30 June 2023, 39.6% of the credit portfolio of LHV Pank comprised of credit granted to private individuals. Private clients are followed by the real estate sector (22%) and by financial services industry (5% of credit portfolio) and the manufacturing sector (4.9% of the credit

[10] The 35% shareholding in AS LHV Finance and AS LHV Kindlustus belongs to Toveko Invest OÜ (registry code 12406049, **Toveko Invest**), a company belonging to persons related to stores operating under the Euronics brand.

portfolio). Among sectors with higher-than-average credit risk are construction 3.8% and transport and storage with 0.8% of the total credit portfolio. Loans to corporates comprise approximately 60% of the entire credit portfolio while loans to private individuals amount to 40% of the credit portfolio. By 30 June 2023, the total amount of deposits of LHV Pank was EUR 5,124 million.

LHV Bank Limited. LHV Bank was founded in the UK in February 2021 and it received the UK banking licence in May 2023. The business transfer from AS LHV Pank UK Branch to LHV Bank was completed in August 2023. LHV Pank operated in the UK since 2018 until the business transfer as AS LHV Pank UK Branch. LHV Bank operates in two business lines – Banking Services and SME Lending. In Banking Services, LHV Bank offers a single platform to international financial institutions enabling accounts, payments, acquiring, open banking, and foreign exchange solutions. Its Banking Services are used by more than 200 international clients with more than 10 million end-customers. In SME Lending, LHV Bank offers commercial real estate investment loans and trading loans between £0.5-5.0 million to SMEs in the UK secured by commercial real estate and other guarantees. The banking licence enables LHV Bank to start taking deposits in the UK. LHV Bank has offices in London, Manchester and Leeds. In future, LHV Bank plans to expand its offering to a broader audience, including accepting retail deposits and introducing retail banking services. LHV Bank is fully capitalised, and customer deposits are protected under the Financial Services Compensation Scheme (FSCS) up to a limit of £85,000.

AS LHV Finance. LHV Finance is the Subsidiary of the LHV Pank and is an Estonian financial institution offering hire-purchase and small-loan services in the Estonian market. LHV Finance was established in 2013 as a joint venture in co-operation with Toveko Invest. Initially only hire-purchase services were provided, consumer loans were added to the offering in 2015. In response to the increased demand for energy efficiency equipment in 2022, LHV Finance introduced to market a hire-purchase product for purchasing solar panels at more favourable rates. The client onboarding process automations were reviewed and updated to offer more convenient and speedier solutions to clients. By 30 June 2023, the volume of the credit portfolio amounted to EUR 96.3 million and LHV Finance had over 48,725 effective loan agreements. Hire-purchase market has been decreasing, and as of 30 June 2023 the portfolio consists approximately 85% of consumer loans and 15% of hire-purchase loans. As of 30 June 2023, LHV Finance had 21 active employees.

AS LHV Varahaldus. LHV Varahaldus is an Estonian licensed fund manager. LHV Varahaldus is currently acting as the fund manager for eleven investment funds – seven compulsory second pillar pension funds (LHV Pensionifond XS, LHV Pensionifond S, LHV Pensionifond M, LHV Pensionifond L, LHV Pensionifond XL, LHV Pensionifond Indeks, LHV Pensionifond Roheline), three voluntary pension funds (LHV Täiendav Pensionifond, LHV Pensionifond Indeks Pluss and LHV Pensionifond Roheline Pluss) and a UCITS investing into equity instruments (LHV World Equities Fund).

As of 30 June 2023, LHV Varahaldus had 33 active employees. By the end of June 2023, the volume of assets managed by LHV Varahaldus was over EUR 1,465 million. LHV Varahaldus has more than 128 thousand active compulsory second pillar pension fund clients. By the end of June 2023 LHV Varahaldus was the second biggest pension fund manager in Estonia with market share in terms of volume around 30% and market share in terms of number of clients 24.8%.

AS LHV Kindlustus. LHV Kindlustus is a Subsidiary of the Company established in 2020 as a joint venture in co-operation with Toveko Invest. LHV Kindlustus was established with the purpose to start offering insurance products mainly to the clients of LHV Pank (mainly casco insurance, motor third party liability insurance and home insurance products) and Euronics retail store chain (mainly extended warranty and purchase insurance products), however, the insurance products are also offered to the general public through the website and insurance brokers. By 30 June 2023 LHV Kindlustus had cooperation agreements with 25 insurance brokers and 10 insurance agents. In October 2022 cooperation with Confido was initiated that involves providing health insurance solution to corporate clients. As of 30 June 2023, insurance brokers are the main channel of sales responsible for 33% of premium payments, followed by distributors and agents such as Euronics and Confido with 35%, the Group companies with 19%, and web sales with at 8%. By 30 June 2023 LHV Kindlustus had over 160 thousand clients and 43 active employees.

EveryPay AS. EveryPay is a company established in 2012 and acquired by the Company in 2022. EveryPay is developing and operating a cloud-based payment gateway platform for digital payments acceptance in digital environments and is Payment Card Industry Data Security Standard (PCI DSS) level 1 certified. This platform acts as a connecting link between e-commerce merchants and the bank offering payment acquiring services and/or an institution offering alternative payment methods EveryPay's customers are financial institutions that need the platform as a part of their online payments' acceptance offering or for their internal needs. Banks are offered a technologically strong white-label payment gateway platform that enables the bank to serve e-commerce merchants if the bank does not have their own respective platform. EveryPay is not providing services to the merchants directly. EveryPay is operating primarily in the Baltics, servicing commercial banks and a few smaller financial institutions. In 2022 EveryPay focused less on marketing and did not actively sell the platform to new financial institutions outside the Baltics. EveryPay worked on adding new functionalities including new payment methods like Apple Pay, Google Pay, easier and more dynamic card payments integration option Secure Elements and optimisation of open banking payment methods. The focus is on adding new payment methods to cover relevant regions and support the Company's strategic goals.

EveryPay, provides the Group with technology and development talent needed to enter more actively in the rapidly growing e-commerce segment, both in Europe and the world in a wider context. Through EveryPay, the Group is able to provide added value in e-commerce to the main target groups: the local retail banking segment, the financial intermediaries segment, and the United Kingdom e-commerce companies' segment.

About 70% of the Estonian online card transactions and approximately 50% of those in the Baltics, are currently made through EveryPay. As of 30 June 2023, EveryPay had 28 active employees.

8.3. Business Segments

Introductory Remarks. The Group divides its business activities into 7 main operating segments: retail banking, corporate banking, asset management, hire purchase and consumer finance, financial intermediaries, insurance, and LHV Bank (previously LHV UK Limited). The business segments of the Group and the financial results thereof have been described in detail in Note 5 of the Financial Statements.

Retail Banking. The operations of the retail banking business segment are carried out by LHV Pank. Retail banking segment covers all private individuals and small legal entities with credit exposure under EUR 500 thousand. LHV Pank is offering all traditional banking services, such as the settlement of payments, issuing and acquiring bank cards and deposit services, financing services (loan, leasing, credit limit, overdraft, guarantee), securities brokerage and investment services.

Corporate Banking. Corporate banking segment covers all corporate customers and other legal entities with exposure over EUR 500 thousand. The main products are different kinds of credit and payments.

Asset Management. The asset management services are provided by LHV Varahaldus. The essence of the asset management services is fund management mainly covering compulsory and voluntary pensions funds' management.

Hire-Purchase and Consumer Finance. This segment relates to Estonian hire-purchase and consumer finance operations carried out by LHV Finance.

Financial Intermediaries. This segment includes services to fintech companies with a large volume of payments both in Estonia and in the United Kingdom as well as regular payment services. The activities related to this segment are carried out by LHV Pank and LHV Bank.

Insurance. This segment relates to insurance activities carried out by LHV Insurance.

LHV Bank Limited. This segment consists of LHV Bank activities. Currently this segment is a standalone segment focusing on banking services to payment intermediaries and SME lending, however, by the year end LHV Bank is planned to take over most of the Group's financial intermediaries segment.

8.4. Material Agreements

Introductory Remarks. The Group companies are not parties to any material agreements outside of their ordinary course of business, which may result in the Group companies obtaining rights or incurring obligations which may materially affect the Group companies' ability to perform their obligations or have a material adverse effect on the financial position or operations of the Group companies. Despite the foregoing, this Section "Material Agreements" provides a general description of the partnership agreements forming the grounds for the Group's partnership models for LHV Finance and LHV Kindlustus. The level of detail of the information provided herein is limited due to the confidentiality provisions included in such agreements; however, the Management believes that the information provided is sufficient for comprehending the overall nature and essence of the agreements.

Shareholders' Agreement regarding LHV Finance. On 23 January 2013, LHV Pank and Toveko Invest executed a shareholders' agreement, under which the parties thereto agreed upon the incorporation of LHV Finance and the principles of their co-operation as the shareholders of LHV Finance. Among other terms, the parties to the shareholders' agreement agreed upon the nature and essence of the business operations of LHV Finance and strategic objectives thereof, corporate governance principles, sources of financing and restrictions on the transfer of shares, customary to similar types of transactions. In the opinion of the Management, the parties' agreements contained in the shareholders' agreement are in compliance with market practice for similar agreements and form solid grounds for the parties' co-operation.

Shareholders' Agreement regarding LHV Kindlustus. On 6 May 2020, the Company and Toveko Invest executed a shareholders' agreement, under which the parties thereto agreed upon the incorporation of LHV Kindlustus, an insurance undertaking, and the principles of their co-operation as the shareholders of this company. Among other terms, the parties to the shareholders' agreement agreed upon the nature and essence of the business operations of LHV Kindlustus and strategic objectives thereof, corporate governance principles, sources of financing and restrictions on the transfer of shares, customary to similar types of transactions. In the opinion of the Management, the parties' agreements contained in the shareholders' agreement are in compliance with market practice for similar agreements and form solid grounds for the parties' co-operation.

8.5. Trend Information

There has been no material adverse change in the prospects of the Group since 31 December 2022. There has been no significant change in the financial performance of the Group since 30 June 2023 to the date of the Prospectus. There have been no material changes to the Group's borrowing and funding structure since 31 December 2022.

The Management is not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects at least for the current financial year, save for the ongoing uncertainty related to the war in Ukraine. The factors most likely to have a negative impact on the results and operations of the Group are further described in Section 3 "Risk Factors".

8.6. Legal Proceedings

In the course of its everyday business operations, the Group companies are parties to several legal and administrative proceedings. In the legal proceedings, the Group companies act, as a general rule, as plaintiffs seeking to recover debts by defaulting borrowers and other customers of the Group companies. Considering the nature of the operations of the Group companies, legal proceedings initiated for debt recovery are part of everyday business operations of the Group companies. As at the date of this Prospectus, in all on-going legal proceedings, the Group companies involved are acting as plaintiffs and all such proceedings concern debt recovery. Furthermore, since LHV Pank, LHV Bank, LHV Kindlustus and LHV Varahaldus operate in the fields subject to extensive legal regulation, they are subject to numerous administrative proceedings initiated primarily by the EFSA in the course of ordinary financial supervision. As of the date of this Prospectus, none of the legal or administrative proceedings to which a Group company is a party to (including any such proceedings which are pending or threatened of which the Management is aware) are considered likely to have any significant effects on the Group's financial position and there are no legal or administrative proceedings to which a Group company has been party to (including any such proceedings which are pending or threatened of which the Management is aware) during the 12 months preceding the date of this Prospectus which may have, or have had, significant effects on the Group's financial position or profitability.

It should however be noted that there are two legal proceedings that at the time of the publishing of this Prospectus have generated some public interest. Irrespective of their non-existent effect on the financial position or profitability of the Company.

On 10 February 2022 the Central Bank of Lithuania passed a decision in which it was found that when executing orders related to its client's securities LHV Pank had erred against the requirements set out in the Regulation on Market Abuse (Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014). Thereby LHV Pank was fined EUR 200,000. The Central Bank of Lithuania had conducted an investigation into the activities of LHV Pank regarding the sale, from 19 to 21 November 2019, of the shares of AS Novaturas. The decision was adopted on 10 February 2022 and the amount of the determined fine was EUR 200,000. LHV Pank challenged the decision in the Administrative Court of Vilnius. On 10 October 2022 the Administrative Court of Vilnius passed a verdict by which the claim of LHV Pank was not accepted in its entirety. The decision has significant flaws in substance and form, and LHV Pank challenged it in the Vilnius Court of Appeal. At the same time LHV Pank also request a preliminary ruling from the Court of Justice of the European Union. The first hearing in the Court of Appeal will probably not be scheduled before the end of third quarter of 2023.

On 13 June 2022, Wallter UAB, registry code 304740691 (Lithuania), filed a lawsuit with the Harju County Court (Civil action No. 2-22-8816) in the amount of EUR 3,279,437.68 against LHV Pank. The court proceedings are in the preliminary proceedings phase and the court has, among other things, pending application from LHV Pank to review the circumstances and dismiss the entire action as it is wholly unfounded and without merit. Due to this, there is no possibility to adequately assess the possible final solution nor the time of its execution and entry into force.

It should be stressed that neither proceeding, irrespective of the final outcome, has any effect on the financial position or profitability of LHV Pank and thereby also its sole shareholder, the Company.

8.7. Regulatory disclosures

Introductory Remarks. The Company regularly publishes announcements via the information system of the Nasdaq Tallinn Stock Exchange as required under the Nasdaq Tallinn Stock Exchange rules, Estonian Securities Market Act and Regulation No 596/2014/EU of the European Parliament and of the Council of 16 April 2014 on market abuse. Below is a summary of the information disclosed under Regulation (EU) No 596/2014/EU over the last 12 months relevant at the date of this Prospectus. In addition to the information system of Nasdaq Tallinn Stock Exchange, full announcements can be accessed on the webpage of Nasdaq Baltic at www.nasdaqbaltic.com and the website of the Company at https://investor.lhv.ee/en/

Capital Raisings. In November 2022 the Company announced that it had carried out a private offering of bonds belonging to the additional Tier 1 own funds (AT1 bonds) in the amount of EUR 20 million. 200 bonds with nominal value of EUR 100,000 were issued. The bonds are termless with an interest rate of 10.5% per annum.

Share capital changes. In April 2023 the Company announced that its Supervisory Board had decided to increase the share capital of the Company by EUR 440,821.30 in relation to issuing new Shares to employees participating in the option programme. In total 106 optionholders subscribed for 4,408,213 shares in total for EUR 2,627,294.95. New share capital of the Company is EUR 31,983,274.30.

Company's Financial Plan for 2023 and the Five-Year Financial Forecast.

In February 2023, the Company published it's financial plan and the five-year financial forecast.

In September 2023, as the results of the Company were ahead of the financial plan published in February, the Company disclosed an updated version of the 2023 financial plan.

Moody's Rating. In May 2023, the Company announced that Moody's renewed the credit rating of the Company and LHV Pank. The ratings were affirmed at previous levels, however the previously stable outlook of LHV Pank's long-term deposit ratings was changed to positive indicating expectations of creditworthiness growth.

Moody's assigned long-term issuer ratings to AS LHV Group:

(i) Long-term issuer rating Baa3
(ii) Senior unsecured rating Baa3
(iii) Outlook of the ratings remain stable

Conjointly Moody's affirmed the ratings assigned to AS LHV Pank:

(i) Long- and short-term counterparty risk assessment of A3(cr)/Prime-2(cr)
(ii) Long- and short-term counterparty risk rating of A3/Prime-2
(iii) Long-term bank deposit rating Baa1
(iv) Short-term bank deposit rating Prime-2
(v) The long-term deposit rating carries a positive outlook

Regulatory developments.

In May 2023 the Company announced that its Subsidiary, LHV UK Limited, had been granted a banking licence from the United Kingdom's Prudential Regulation Authority (PRA) and that its name shall be changed to LHV Bank Limited. For more information on LHV Bank. see section 8.2 "Group Structure and Group Companies".

In December 2022, the Company announced that the EFSA has presented to the Company its supervisory assessment of capital and an additional own funds requirement (SREP). The EFSA decided to raise the Pillar 2 capital requirements and guidelines for the Company. In addition, because of the growth of the Group's market share Bank of Estonia has decided to increase systemic importance buffer by 0.5%. In December, Bank of Estonia raised the counter-cyclical buffer to the level of 1% and announced the plan to raise it in a years' time by another 0,5 percentage points. According to the decision of the EFSA, an additional requirement for own funds in the amount 3.40% applies to the Company, of which at least 1.91% must be covered by Core Tier 1 own funds and at least 2.55% by Tier 1 capital. The Supervisory Board of the Company based on the EFSA decision and adding to it internal buffers decided to set total CAD target ratio at 19.20%, Tier 1 ratio at 16.35% and Core Tier 1 ratio to 14.20%.

In November 2022 the Company announced that the ECB had designated the Company as a significant financial holding company and will subject both the Company and LHV Pank to its direct supervision starting from 1 January 2023. The ECB considered the Group to be significant and fulfilling the criteria for falling under direct supervision given the Group's significant role in Estonian economy and the fact that the Group's assets accounted for more than 20% of Estonia's gross domestic product.

In August 2023 the Company announced that as a result of supervisory proceedings in 2022, the EFSA has issued a precept to LHV Pank and an EUR 900,000 fine for misdemeanour. The EFSA identified deficiencies regarding the assessment and management of money laundering and terrorist financing risks; as well as in the solutions for onboarding and monitoring of clients to faultlessly fulfil the due diligence measures set for the bank. The remarks included a lack of resources and shortcomings in the fulfilment of obligations. LHV Pank agrees with supervision remarks. The process of eliminating the shortcomings identified by the EFSA is ongoing until the end of this year and by 29 August 2023 many of the issues had already been solved.

The Acquisition of Bank North Limited SME lending business. In October 2022 the Company announced that its UK Subsidiary LHV Bank. (at the time named LHV UK Limited) acquired the SME lending business from Bank North Limited. The acquisition of the business includes the loan portfolio of approximately GBP 17.9 million, 20 employees, information technology systems for managing the customer relationships and loan portfolio, alongside agreements with commercial brokers. Employees include sales and customer service, credit analysis and IT teams. The transaction price was GBP 19.7 million. The transaction was financed from the own funds of LHV Bank. The acquisition marked LHV Bank's entry to the UK's SME loan market and in December 2022 the Company announced that LHV Bank. was registered in the UK Financial Conduct Authority's financial services register and thereby gained the right to start issuing SME loans in the UK. On 19 December 2022, LHV UK's board approved commencing loan activities.

Changes in Managers. In September 2022, the Company announced that Supervisory Board of AS LHV Kindlustus decided to recall Jaanus Seppa from the position of Chairman of the Management Board and appoint Management Board member Tarmo Koll as acting chairman.

In September 2022, the Company announced that it resolved to extend the mandates of AS LHV Pank Supervisory Board members Andres Viisemann and Raivo Hein from the end of the current term until 31 March 2027 and the Supervisory Board of the Company resolved to extend the mandates of AS LHV Pank Management Board members Kadri Kiisel (Chairman), Meelis Paakspuu, Indrek Nuume, Jüri Heero, Martti Singi and Andres Kitter from the end of the current term until 31 March 2027.

In October 2022, the Company announced that the Supervisory Board of AS LHV Varahaldus resolved to extend the mandate of AS LHV Varahaldus Management Board member Joel Kukemelk from the end of the current term until 31 March 2027.

In October 2022, the Company announced that the Supervisory Board of the Company decided to elect Meelis Paakspuu, Martti Singi, and Jüri Heero as new members of the Management Board. Madis Toomsalu, current Member of the Management Board, was appointed Chairman of the Management Board and his mandate was not changed. The mandates of the new members of the Management Board started on 1 November 2022 and will be valid until 31 March 2027. The mandate of Madis Toomsalu will be valid until 31 March 2026.

In October 2022, the Company announced the intention to elect Martti-Sten Merilai as a new Chairman of the Management Board of LHV Kindlustus.

In October 2022, the Company announced that it, as the sole shareholder of AS LHV Varahaldus resolved on 24 October 2022 to appoint Kadri Kiisel as a new member of the Supervisory Board of AS LHV Varahaldus for a term beginning on the date of the resolution and ending on 31 March 2027. On the same date, Erki Kilu was recalled from the Supervisory Board.

In January 2023, the Company announced that the Supervisory Board of AS LHV Finance resolved to elect Heidy Kütt as a new member of the Management Board. She was elected as the CEO for 5 (five) year term starting as of 18 January 2023.

In March 2023, the Company announced the resolutions of Annual General Meeting of the Company. The Annual General Meeting decided to extend the term of office of the members of the Company´s Supervisory Board Rain Lõhmus, Andres Viisemann, Tiina Mõis, Heldur Meerits, Raivo Hein and Tauno Tats for a period of 3 (three) years and the term of office of the member of the Supervisory Board Sten Tamkivi for a period of 1 (one) year from the expiry of their current term of office.

In March 2023, the Company announced that the Supervisory Board elected Raivo Hein and Verner Uibo as new members of the Audit Committee as of 31 March 2023, when the term of current members Urmas Peiker and Kristel Aarna ended, and with term of authorization until 31 March 2026. The Supervisory Board also extended the term of Tauno Tats, an existing member of the committee, until 31 March 2026.

In April 2023, the Company announced that the Supervisory Board of AS LHV Kindlustus decided to recall Tarmo Koll from the Management Board and initiated the search for a new Management Board member, who will take over the current duties of the departing member.

In May 2023, the Company announced that the Supervisory Board of AS LHV Varahaldus elected Eve Sirel as a new member of the Management Board. Her five-year term at the Management Board started on 1 June 2023.

In June 2023, the Company announced that Gary Sher, Chief Financial Officer and Board Director of LHV Bank resigned from his positions in LHV Bank. Mr Sher will remain in his role until 8 September 2023.

In June 2023, the Company announced that as of 2 January 2024, subject to regulatory approval, Rachelle Frewer will become the Chief Financial Officer of LHV Bank. The Chief Financial Officer will also be appointed to the Board of Directors of LHV Bank.

In August 2023, the Company announced that the supervisory board of LHV Kindlustus intends to elect Taavi Lehemaa as a new member of the management board of LHV Kindlustus. Supervisory board decision is likely to be adopted on 18 September 2023 or at a later date depending on the statutory EFSA notification obligation.

In August 2023, the Company announced that the shareholders of LHV Finance resolved to renew the mandates of the supervisory board members Veiko Poolgas and Jaan Koppel for another five-year term.

<u>Resolutions of the Annual General Meeting of the Company.</u> In March 2023, the Annual General Meeting of the shareholders of the Company resolved the following: the approval of the Company's 2022 annual report, the profit distribution for 2022, the approval of the Company's remuneration principles, the extension of mandates of Supervisory Board members. In addition, an overview of Economic Results for First Two Months of 2023 and overview of 5-Year Financial Forecast were provided to the shareholders.

9. TAXATION

Introductory Remarks. The purpose of this Section is to give an overview of the tax regime applicable to the bondholders and the Company. The below summary is in no way exhaustive and is not meant to constitute professional advice to any person. Tax legislation of the investor's Member State and of the Company's country of incorporation may have an impact on the income received from the Bonds. In order to establish particular tax consequences of the Offering or the ownership of the Bonds, each individual investor is advised and strongly encouraged to seek specialist assistance.

Capital Gains from Sale or Exchange of Bonds. Gains realised by an Estonian resident individual upon the sale or exchange of securities (including the Bonds) are subject to income tax at the rate of 20%[11]. Since all earnings of resident legal persons, including capital gains, are taxed only upon distribution (in Estonia corporate income tax is charged only on the distributed profit with the reinvested profits remaining untaxed until distribution), capital gains accruing to resident legal persons are not subject to immediate taxation. As a rule, capital gains received by non-residents from the sale or exchange of securities are not taxed in Estonia (except for certain securities related to the Estonian real estate). Non-resident bondholders receiving capital gains from the sale or exchange of the Bonds may be subject to declaring and paying income tax in their respective countries of residence. For the purposes of capital gains taxation, the gain derived from the sale of securities (including the Bonds) is the difference between the acquisition cost and the sales price of such securities. The gain derived from the exchange of securities is the difference between the acquisition cost of securities subject to exchange and the market price of the property received as a result of the exchange. The expenses directly related to the sale or exchange of Bonds may be deducted from the gains but are generally rather limited.

Taxation of Interest. Estonian resident individuals are subject to paying income tax (20%[12]) on the interest received from loans, securities (including the Bonds) and other debt obligations. Therefore, interest (coupon payments) received by Estonian resident individuals from the Bonds is subject to income tax in Estonia. Such income tax is subject to withholding by the Company unless the resident individual notifies the Company that Bonds were acquired from funds held in the Investment Account. Since all earnings of resident legal persons are taxed only upon distribution (as described above), interest received by Estonian resident legal persons is not subject to immediate taxation. As a rule, interest payments received by non-residents are exempt in Estonia (i.e. no withholdings are made). Note, however, that non-resident bondholders receiving interest from the Bonds may be subject to declaring and paying income tax in their respective countries of residence.

Investment Account. Estonian resident individuals may postpone the taxation of their investment income by using an investment account (in Estonian: *investeerimiskonto*) for the purposes of making transactions with certain financial assets (including the Bonds). An investment account is a monetary account opened with a European Economic Area or the Organisation for Economic Co-operation and Development (OECD) member state credit institution, through which the transactions with the financial assets, taxation of income from which (e.g. capital gains, etc.) a person wants to postpone, shall be made. The moment of taxation of the financial income held on an investment account is postponed until such income is withdrawn from the investment account (i.e. the amount withdrawn from the account exceeds the amount which had been previously paid in to the account). Therefore, financial income held at the investment account may be reinvested tax-free until it is withdrawn from the account.

Pension Investment Account. Estonian resident individuals who have decided to grow their Estonian mandatory funded pension (II Pillar) via pension investment account (PIA, in Estonian: *pensioni investeerimiskonto*), can also acquire the Bonds through PIA. Pension investment account is a separate

[11] The rate of the income tax shall change as a result of amendments to the law. The new income tax rate is 22% and it shall become applicable from 01.01.2025. The current rate noted in this Prospectus is valid until 31.12.2024.
[12] 22% as of 01.01.2025.

bank account opened with an Estonian credit institution, which, on the one hand, is part of the mandatory funded pension system (incl. relevant benefits, such as additional contributions from the state), but on the other hand allows the person to make their own investment decisions. Like the ordinary investment account, PIA allows making of transactions with financial assets, whereas taxation of income from such assets (e.g., capital gain or interest from the Bonds) is deferred until income is withdrawn from PIA. Monetary means withdrawn from PIA are, generally, taxed at a 20%[13] income tax rate, unless withdrawn after reaching the retirement age, in which case a 10% income tax rate or a tax exemption (depending on the method of payment) applies.

[13] 22% as of 01.01.2025.

10. GLOSSARY

Term	Definition
Articles of Association	The Articles of Association of the Company effective as at the date of this Prospectus.
Audited Financial Statements	The audited consolidated financial statements of the Company of and for the year ended 31 December 2022.
Bail-in and Loss Absorption Powers	Any write-down, conversion, transfer, modification, suspension or similar related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Estonia, relating to (i) the SRM Regulation, (ii) the transposition of the BRRD (including but not limited to the Estonian Financial Crisis Prevention and Resolution Act (in Estonian: *finantskriisi ennetamise ja lahendamise seadus)* as amended or replaced from time to time and (iii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Company (or any affiliate of the Company) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Company or any other person (or suspended for a temporary period).
Bond	Up to 200,000 subordinated bonds with the nominal value of EUR 1,000 issued by the Company in accordance with the Bond Terms.
Bond Terms	The terms and conditions of the Bonds as established by the Company.
BRRD	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms, as the same may be amended or replaced from time to time.
CET1	Common equity tier 1.
CIT	Corporate income tax.
Company	AS LHV Group, an Estonian public limited company, registered in the Estonian Commercial Register under register code 11098261, having its registered address at Tartu mnt 2, 10145 Tallinn, Estonia.
CRD IV	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms as supplemented or amended from time to time.
CRR	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as

	supplemented or amended from time to time (Capital Requirements Regulation).
Delegated Regulation	Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Commission Regulation (EC) No 809/2004, as supplemented or amended from time to time.
Distributor	Any person subsequently offering, selling or recommending the Bonds.
EBA	The European Banking Authority, an independent EU authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector established by the Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC.
ECB	European Central Bank.
EEA	European Economic Area.
EFSA	The Estonian Financial Supervision and Resolution Authority (*Finantsinspektsioon*), a financial supervision and resolution institution with autonomous competence and a separate budget which conducts supervision over credit institutions, insurance companies, insurance intermediaries, investment firms, management companies, investment and pension funds as well as the payment service providers, e-money institutions and the securities markets that have been authorised by the EFSA in the name of the state and which is independent in its activities and decisions.
ERS	The Estonian Register of Securities, operated by Nasdaq CSD.
ESMA	European Securities and Markets Authority.
EU	European Union.
EUR	The official currency of Eurozone countries, including Estonia, the euro.
EveryPay	EveryPay AS an Estonian public limited company, registered in the Estonian Commercial Register under register code 12280690, having its registered address at Tartu mnt 2, 10145 Tallinn, Estonia.
Eurozone	Economic and monetary union (EMU) of the European Union member states, which have adopted euro as their single official currency.

Excluded Territories	Australia, Canada, Hong Kong, Japan, South Africa and any other jurisdiction where the distribution of this Prospectus and/or the transfer of the Bonds would breach applicable law.
Final Terms	The set of terms and conditions of the Bond Terms established separately for each series of the Bond issue as determined by the Bond Terms.
Financial Statements	Audited Financial Statements together with Unaudited Interim Financial Statements.
General Meeting	General Meeting of shareholders of the Company, the highest governing body of the Company.
Group	Company and all its Subsidiaries.
IAS	International accounting standards.
ICT	Information and Communications Technology.
IFRS	International Financial Reporting Standards as adopted by the European Union.
LHV Bank	LHV Bank Limited, a public limited company and licenced credit institution registered in England and Wales under registry code 13180211, having its registered address at 1 Angel Court, London, United Kingdom, EC2R 7HJ. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority under FRN 993767.
LHV Finance	AS LHV Finance, an Estonian public limited company, registered in the Estonian Commercial Register under register code 12417231, having its registered address at Tartu mnt 2, 10145 Tallinn, Estonia.
LHV Kindlustus	AS LHV Kindlustus an Estonian public limited company and licensed insurance undertaking, registered in the Estonian Commercial Register under register code 14973611, having its registered address at Tartu mnt 2, 10145 Tallinn, Estonia.
LHV Pank	AS LHV Pank, an Estonian public limited company and licensed credit institution, registered in the Estonian Commercial Register under register code 10539549, having its registered address at Tartu mnt 2, 10145 Tallinn, Estonia.
LHV Varahaldus	AS LHV Varahaldus, an Estonian public limited company and licensed fund manager, registered in the Estonian Commercial Register under register code 10572453, having its registered address at Tartu mnt 2, 10145 Tallinn, Estonia.
Management	The Management Board together with the Supervisory Board of the Company.

Management Board	The Management Board of the Company.
Maximum Amount	The maximum number of the Bonds which the investor wishes to acquire as specified in Section 4.5 ("Subscription Undertakings").
Member State	Member state of the EEA.
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast) as supplemented or amended from time to time.
MiFID Product Governance Rules	MiFID Product Governance rules under EU Delegated Directive 2017/593.
Moody's	Moody's Investor Service Inc.
MREL	Minimum requirement for own funds and eligible liabilities.
Nasdaq CSD	Nasdaq CSD SE Estonian branch, registered in the Estonian Commercial Register under register code 14306553, having its registered address at Maakri tn 19/1, 10145 Tallinn, Estonia.
Nasdaq Tallinn Stock Exchange	The only regulated market operated by Nasdaq Tallinn AS (register code 10359206).
Issue Price	The price payable for one Bond upon the issue thereof as determined in accordance with the relevant Final Terms.
Offering	Offering of the Bonds to institutional and retail investors in Estonia, which is a public offering of securities within the meaning of the Prospectus Regulation.
Offering Period	The period within which the persons who have the right to participate in the Offering may submit Subscription Undertakings for the Bonds. The Offering Period of each Offering will be announced separately.
Programme	All series of Bond issues in the aggregate principal amount of EUR 200,000,000 as established by the Company in accordance with the Bond Terms.
Prospectus	This public offering, listing and admission to trading base prospectus document.
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as supplemented or amended from time to time.
Resolution Authority	The European Single Resolution Board, the EFSA, or such other regulatory authority or governmental body with the ability to exercise any

	Bail-in and Loss Absorption Powers in relation to the Company and/or the Group.
Restricted Territories	Member States of the European Economic Area (excluding Estonia).
Section	A section of this Prospectus.
Share	The ordinary shares of the Company with the nominal value of EUR 0.1, registered in the ERS under ISIN code EE3100102203.
SME	Small and medium-sized enterprise.
SREP	Supervisory Review and Evaluation Process.
SRM Regulation	Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, as further amended from time to time.
Subscription Undertaking	The order submitted by an investor for the purchase of the Bonds in accordance with the terms and conditions of the Offering.
Subsidiary/ Subsidiaries	Each subsidiary of the Company and their respective subsidiaries, as of the date of the Prospectus they are LHV Pank, LHV Bank, LHV Varahaldus, LHV Kindlustus, EveryPay and LHV Finance.
Supervisory Board	The Supervisory Board of the Company.
TLTRO	Targeted long-term refinancing operations.
Toveko Invest	Toveko Invest OÜ, an Estonian private limited company, registered in the Estonian Commercial Register under register code 12406049, having its registered address at Urva tn 13/2, 12012, Tallinn, Estonia.
UK	The United Kingdom of Great Britain and Northern Ireland.
UCITS	Undertakings for the collective investment in transferable securities, i.e. investment funds regulated at EU level mainly by the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as supplemented or amended (UCITS).
Unaudited Interim Financial Statements	The unaudited consolidated interim financial statements of the Company for the 6-month period ended 30 June 2023.