BASE PROSPECTUS

This Base Prospectus has been drawn up and published by 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; the **Company**) in connection with the intended public offering, listing and the admission to trading of the bonds issued by the Company on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange (the **Prospectus**).

The Company intends to issue up to 45,000 unsecured subordinated 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** as defined below). The Bonds are intended to be issued over the period of 5 years in several issues decided separately (the **Program**).

This Prospectus is drawn up solely for the purpose of giving information on the Company, the Program and the Bonds, whereas each issue and offering of the Bonds shall be decided and disclosed separately.

Investing into the Bonds involves risks. While every care has been taken to ensure that this Prospectus presents a fair and complete overview of the 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.

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1. INTRODUCTORY INFORMATION

1.1. Applicable Law

The Prospectus has been drawn up in accordance with and is governed by Estonian laws implementing the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC and in accordance with the Commission Regulation No 809/2004 of 29 April 2004 implementing the Directive 2003/71/EC (the **Prospectus Regulation**), in particular the Annexes IV, V and XXII thereof.

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

1.2. Registration of Prospectus

This Prospectus has been registered by the EFSA (as defined in Section "Glossary") on 29 October 2018 under registration number 4.3-4.9/3405-5. The registration of this Prospectus with the EFSA does not mean that the EFSA is responsible for the correctness of the information contained in the Prospectus.

1.3. Persons Responsible and Limitations of Liability

The person responsible for the information given in this Prospectus is AS LHV Group (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

Madis Toomsalu

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 this Prospectus, unless such summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

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.

In the case of a dispute related to this Prospectus or the Offering, the plaintiff may have to resort to the jurisdiction of the Estonian courts and consequently a need may arise for the plaintiff to bear translation costs in respect of this Prospectus or other relevant documents.

1.4. Presentation of Information

Final Terms and Reading the Prospectus. The Bonds will be issued in separate series and the Bonds of each series and will all be subject to the terms set out herein, 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 relevant Final Terms.

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 "Glossary"), to the extent that the relevant information is reflected therein.

Currencies. In this Prospectus, financial information is presented in euro (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 30 September 2018. 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 30 September 2018, this is identified by either specifying the relevant date or by the use of expressions "the date of this Prospectus", "to date", "until the date hereof" and other similar expressions, which must all be construed to mean the date of this Prospectus (29 October 2018).

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. 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 its subsidiaries operate is based on the best assessment made by the Management (as defined in Section "Glossary"). With respect to the industry in which the Company and its 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 "Forward-Looking Statements" below).

Definitions of Terms. In this Prospectus, capitalised terms have the meaning ascribed to them in Section "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.

1.5. Information Incorporated by Reference

The following documents are incorporated in this Prospectus by reference:

(i) the Bond Terms, available at https://investor.lhv.ee/en/bonds/;

(ii) the audited consolidated financial statements of the Group for the financial year ended on 31 December 2016, available at http://www.nasdaqbaltic.com/upload/reports/lhv/2016_ar_en_eur_con_00.pdf;

(iii) the audited consolidated financial statements of the Group for the financial year ended on 31 December 2017, available at http://www.nasdaqbaltic.com/upload/reports/lhv/2017_ar_en_eur_con_00.pdf;

(iv) the unaudited consolidated interim financial statements of the Group for the 9-month period ended 30 September 2018, available at https://investor.lhv.ee/assets/files/LHV_Group_Interim_Report_2018_Q3-EN.pdf.

All these documents may also be obtained from the website of the Company at https://investor.lhv.ee/en/ under section “Reports”.

1.6. Documents on Display

In addition to this Prospectus, the following documents are on display: (i) the Articles of Association; (ii) the historical financial information of the Company and its Subsidiaries for the financials years ended 31 December 2016 and 31 December 2017; and (iii) the information published as company announcements via the information system of the Nasdaq Tallinn Stock Exchange. These announcements are also available on the webpage of Nasdaq Baltic (www.nasdaqbaltic.com) and can be found in subsection “Market Announcements” under the “News” tab.

All the documents on display as described herein may be obtained from the website of the Company at https://investor.lhv.ee/en/.

1.7. Financial Information

The Financial Statements are the audited consolidated financial statements of the Group for (i) the financial year ended on 31 December 2016, and (ii) the financial year ended on 31 December 2017, both audited by AS PricewaterhouseCoopers (registered address at Pärnu mnt 15, 10141 Tallinn, Estonia). The Financial Statements have been prepared in accordance with the IFRS as adopted by the European Union and were published through the information system of the Nasdaq Tallinn Stock Exchange. AS PricewaterhouseCoopers is a member of the Estonian Auditing Board. In the period covered by the Financial Statements, there were no events of resignation, removal or not re-appointment of an auditor appointed to audit the financial statements of the Company or the Group.

The Interim Financial Statements are the unaudited consolidated financial statements of the Group for the 9-month period ended 30 September 2018, which have not been audited by an independent auditor. The Interim Financial Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted in the European Union and in accordance with the IFRS as adopted by European Union. The Interim Financial Statements were published through the information system of the Nasdaq Tallinn Stock Exchange.

The Financial Statements and the Interim Financial Statements may also be obtained from the website of the Company at https://investor.lhv.ee/en/.

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Apart from information taken from the Financial Statements, this Prospectus contains no other audited information. When references are made in this Prospectus to any interim results, such references are based on unaudited statements.

1.8. Forward-Looking Statements

This Prospectus includes forward-looking statements (notably under Sections “Summary”, “Risk Factors”, “Reasons for Offering and Use of Proceeds” and “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 “Risk Factors” for a discussion of the risks which are identifiable and deemed material at the date hereof).

1.9. Use of Prospectus

This Prospectus is prepared solely for the purposes of the Offering of the Bonds and 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.

2. SUMMARY

This Summary is a brief overview of the information disclosed in this Prospectus. This summary is made up on the basis of the applicable disclosure requirements known as "Elements". These Elements are numbered in the Sections A – E (A.1 – E.7). This Summary contains all Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding that Element. In this case, a short description of the Element is included in this Summary with the mention of "not applicable".

Section A – Introduction and Warnings

Element	Title	Disclosure
A.1	Introduction and warnings	This Summary should be read as an introduction to the Prospectus and any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by an investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff might, under Estonian legislation, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have prepared the Summary, including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or 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 the Bonds.
A.2	Use of Prospectus for subsequent resale of Bonds	Not applicable; the Prospectus cannot be used for the resale of the Bonds.

Section B – Issuer

Element	Title	Disclosure
B.1	Legal and commercial name	AS LHV Group
B.2	Domicile/ legal form/ legislation/ country of incorporation	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.

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B.4b	Known trends affecting the Company and industry	The Management is not aware of any trends having material adverse effect on the operations of the Group for the current financial year.
B.5	Group description; position of the Company within the 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. The Company has three fully-owned Subsidiaries – LHV Pank (a licensed credit institution) and LHV Varahaldus (a licensed fund manager) and Cuber Technology OÜ. LHV Pank holds 65% shares in LHV Finance, an Estonian financial institution offering hire-purchase services in the Estonian market. A branch of LHV Pank was opened in the United Kingdom this year.
B.9	Profit forecast	Not applicable, no profit forecast or estimate is included in the Prospectus.
B.10	Qualifications in audit report on the historical financial information	Not applicable.
B.12	Selected historical key financial information. Changes in prospects and financial position	

(in millions of euros)	**2017**	**2016**	**9m 2018**	**9m 2017**
	Audited	Audited	Unaudited	Unaudited
Net profit	22.2	19.9	20.5	15.4
Net profit attributable to owners of the parent	19.6	17.8	19.2	13.9
Basic earnings per share (EUR)	0.77	0.72	0.74	0.55
Diluted earnings per share (EUR)	0.75	0.70	0.73	0.54
Average equity	111.2	86.2	133.6	108.3
Return on equity (ROE) %	17.6	20.7	19.2	17.1
Return on assets (ROA) %	1.6	2.4	1.5	1.3
Net interest income	35.5	30.0	27.9	25.6
Net interest margin (NIM) %	2.66	3.60	2.08	2.20
Spread %	2.62	3.52	1.99	2.17
Cost/ income ratio %	54.4	57.2	48.8	54.4

		In the opinion of the Management, the key ratios and indicators are the most appropriate ratios and indicators, considering the markets where the Group companies operate. These ratios and indicators enable adequate evaluation of the profitability of the operations of the Group, considering business volumes of the Group companies. As at the date of the Prospectus, there has been no material adverse change in the prospects of the Group since 31 December 2017. Further, as at the date of the Prospectus, there have been no significant changes to the Group's financial condition and operating results since 30 September 2018.
B.13	Recent events relevant to evaluation of solvency of the Company	According to the knowledge of the Management, there are no recent events relevant to the evaluation of solvency of the Company.
B.14	Dependency upon Group companies	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 meet its obligations arising from the Bonds, the Company is dependent on the receipt of dividends, interest payments or payments from share capital decrease from its Subsidiaries.
B.15	Principal activities	According to the latest available annual report of the Company, i.e. the annual report for the financial year ended on 31 December 2017, the field of activity of the Company was "activities of holding companies" (EMTAK 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 companies operate in five business segments and two geographical markets. The business segments of the Group are banking, asset management, hire-purchase and consumer finance and treasury activities. The Group companies operate in Estonia and, as from the first quarter of 2018, in the United Kingdom.
B.16	Controlling shareholders of the Company	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 35.01% of all the Shares, whereas approximately 25.14% of the Shares are held by Mr Rain Lõhmus and 9.87% by Mr Andres Viisemann.
B.17	Credit ratings of the Bonds	Not applicable.

Section C – Securities

Element	Title	Disclosure
C.1	Type and class of securities and security identification number	The Bonds are subordinated bonds with the nominal value of EUR 1,000 each. The Bonds represent unsecured debt obligation of the Company before the bondholder.
C.2	Currency of the Bonds	The Bonds are denominated in euro.
C.5	Restrictions on free transferability of Bonds	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.
C.8	Rights attached to the Bonds; ranking and limitations to rights	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. Upon a delay in making any payments due under the Bond Terms, the bondholders are entitled to a delay interest in accordance with the Bond Terms. The Bonds constitute and will constitute direct and unsecured obligations of the Company and rank and will rank *pari passu* without any preference among themselves. The claims arising from the Bonds are subordinated to all unsubordinated claims against the Company. No bondholder shall be entitled to demand premature redemption of any Bonds or to exercise any right of set-off against moneys owed by the Company in respect of the Bonds. The rights arising from the Bonds can be exercised by the bondholders in accordance with the Bond Terms and the applicable law.
C.9	Interest, maturity date, yield and representative of Bond holders	In accordance with the Final Terms.
C.10	Impact of derivative component in	Not applicable.

	the interest payment	
C.11	Admission to trading in regulated market	The Company intends to apply for the listing and the admission to trading of the Bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange. The Company will to take all necessary measures in order to comply with the Nasdaq Tallinn Stock Exchange rules so that its application(s) would be approved; however, the Company cannot ensure that the Bonds are listed and admitted to trading on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange.

Section D – Risks

Element	**Title**	**Disclosure**
D.2	Key risks specific to the Company	Counterparty Credit Risk. Counterparty credit risk is inherent to the core operations of the Group – counterparty credit risk is the risk of potential loss which may arise from counterparty's inability to meet its obligations to the Group companies. 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. If loans are heavily concentrated in certain economic sector, the Group is exposed to risks inherent to such economic sector. Geographical Markets Risk. As most of the activities and services of the Group are concentrated to the Estonian Market, any adverse event or development in Estonia may have material adverse effect on the Group's operations, financial condition and results of operations. In addition, the Group's activities on the market of the United Kingdom are subject to uncertainties associated with the decision of the United Kingdom to withdraw from the European Union. 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. Further description of the types of market risk is provided below. *Foreign Currency Risk*. Foreign currency risk arises primarily from the acquisition of securities denominated in foreign currencies or from foreign currency receivables and liabilities. *Price Risk*. The Group holds positions in different financial instruments, which are subject to fluctuations in market price arising from various circumstances beyond the control of the Group. *Interest Rate Risk*. The operations of the Group and foremost the operations of LHV Pank are inherently exposed to interest rate risk. Interest rates are affected by numerous factors beyond the control of the Group companies, which may not be estimated adequately.

		Liquidity Risk and Dependence on Access to Funding Resources. Liquidity risk relates to the ability of the Group to meet its contractual obligations on time and it arises from differences between maturities of assets and liabilities. The Group's risk policies and internal procedures may not be adequate or sufficient in order to ensure the Group's access to funding resources when needed, to the extent needed or on favourable terms in order to ensure sufficient liquidity. Operational Risk. Operational risk is a risk of potential loss caused by human, process or information system failures and flaws. In addition to human, process or information system failures and flaws, the operational risk embraces risk of corporate fraud and misconduct. Strategic Risk. Strategic risk is a possible source of loss that might arise from the pursuit of wrong strategic decisions. 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. Reputational Risk. Reputational risk is a risk of loss resulting from any deterioration of the Group's reputation. Reputational risk can, above all, be attributed to the materialisation of other risks, such as operational, strategic, compliance risks or exposure to civil liability. Dependency on Information Technology Systems and Risk of Cyber-Attacks. 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. Failures of or significant disruptions to the Group's information technology systems could prevent it from conducting its operations. Furthermore, should the Group experience a cyber-attack, significant security breakdown or other significant disruption to its information technology systems, sensitive information could be compromised. Dependency on Cash-Flows from Subsidiaries. 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 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. 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. Competitive Market. The Group operates in a highly competitive market.

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		Exposure to Conduct of Other Market Participants. The Group's access to financing, investment and derivative transactions may be adversely affected by market practises of other market participants. Control over Joint Venture. The operations of LHV Finance may be adversely affected by the joint venture partner of the Company. Changes in Economic Environment. Each of the Group's operating segments is affected by general economic and geopolitical conditions. Compliance and Regulatory Change Risks. 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, which are subject to changes. Further, several local and European 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. Maintaining Capital Adequacy Ratios. Credit institutions and investment firms are subject to strict capital adequacy requirements subject to frequent reforms and changes. Risks relating to Abuse of Financial System. The Group operates in a sector subject to strict and constantly tightening requirements concerning money laundering, the financing of terrorism and financial sanctions. Contractual Risks. The operations of the Group are materially dependent on the validity and enforceability of the transactions and agreements entered into by the Group. 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. 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.
D.3	Key risks specific to the 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. Subordination Risk. The Bonds are subordinated to all unsubordinated claims against the Company. 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 Terms of the Bonds and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Company in accordance with the applicable law.

		Early Redemption Risk. According to the Terms of the Bonds, the Bonds may be redeemed prematurely on the initiative of the Company. The Bonds may; however, be redeemed prematurely by the Company only if the EFSA (or the European Central Bank if it is in the competence thereof) has granted its consent to the early redemption. Bail-in Risk. If a Group company meets the conditions for the initiation of resolution proceedings (i.e. fails or is likely to fail and certain other conditions are met), the bail-in powers may be exercised by a relevant authority, through which: (i) the amount outstanding of the Bonds could be reduced, including to zero; (ii) the Bonds could be converted into shares, other securities or other instruments of the Company or another person; (iii) the Bonds or the outstanding amounts of the Bonds could be cancelled; (iv) the terms of the Bonds could be varied (e.g. the maturity date or interest rate of the Bonds could be changed). No Ownership Rights. An investment into the Bonds is an investment into debt instruments, which does not confer any legal or beneficial interest in the equity of the Company or any of the Subsidiaries thereof or any voting rights or rights to receive dividends or other rights which may arise from equity instruments. 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. Cancellation of Offering. Although best efforts will be made by the Company to ensure that each Offering is successful, the Company cannot provide any assurance that an Offering will be successful and that the investors will receive the Offer Bonds they subscribed for. Bond Price and Limited Liquidity of Bonds. Though every effort will be made to ensure that the admission of the Bonds to trading on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange will occur, the Company cannot provide any assurance in that respect. Further, the Estonian market has limited liquidity and the bondholders may not be able to sell their Bonds at the desired price, or at all. 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. Lack of Adequate Analyst Coverage. There is no guarantee of continued (or any) analyst research coverage for the Company. 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.

Section E – Offer

Element	Title	Disclosure

E.2b	Reasons for offer; use of proceeds	The overall purpose of the Program and the Offering is to strengthen the capital structure of the Group and ensure stable access to additional capital to support the further growth and market position of the Group, increase the business volumes of the Group and ensure conservative capital buffer for the Group companies. The proceeds from the Offerings may also be used 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. Provided that the Company decides to announce Offerings for all the Bonds (i.e. up to 45,000 Bonds) and that all the Bonds are subscribed for and issued by the Company, the expected amount of gross proceeds of the Program is up to approximately EUR 45 million. Expenses directly related to the Program and the Offerings are estimated to be EUR 0.5-0.7 million.
E.3	Terms and conditions of offer	In the course of several Offerings, up to 45,000 Bonds issued in accordance with the Program may be offered to retail and institutional investors in Estonia. Each Offering, the volume and other terms and conditions thereof will be announced separately through the information system of the Nasdaq Tallinn Stock Exchange and through the Company's website (https://investor.lhv.ee/en/) at the latest before the start of each Offering Period. The nominal amount of each Offer Bond is EUR 1,000. The Issue Price will be determined in the relevant Final Terms. The Company will decide on the allocation of the Offer Bonds after the expiry of each Offering Period. The Offer Bonds will be allocated to the investors participating in the Offering in accordance with the following principles: (i) under the same circumstances, all investors shall be treated equally, whereas dependant on the number of investors and interest towards the Offering, the Company may set minimum and maximum number of the Offer Bonds allocated to one investor; which will apply equally to both – the investors participating in the Institutional Offering and the investors participating in the Retail Offering; (ii) the allocation shall be aimed to create a solid and reliable investor base for the Company; (iii) the Company shall be entitled to prefer Estonian investors to foreign investors who may participate in the Institutional Offering; (iv) the Company shall be entitled to prefer its existing shareholders and bondholders of the Company to other investors; and (v) the Company shall be entitled to prefer the clients of LHV Pank and LHV Varahaldus to other investors.

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E.4	Interests material to issue/ offer	According to the knowledge of the Management, there are no personal interests of the persons involved in the Offering material to the Offering. The Management is unaware of any conflicts of interests related to the Offering.
E.7	Estimated expenses charged to investor	Not applicable; no expenses are charged to the investor by the Company.

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. 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 not listed in any order of priority with regard to significance or probability.

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. Business Risks

Counterparty Credit Risk. Counterparty credit risk is inherent to the core operations of the Group – counterparty credit risk is the risk of potential loss which may arise from counterparty's inability to meet its obligations to the Group companies. 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. In order to mitigate credit risk, the Group constantly analyses the operations (including the environmental aspects thereof) and financial position of its customers and other counterparties. After authorising the initial credit exposure, the solvency of a customer and the value of the collateral are monitored regularly. Further, the Group makes provisions for potential credit losses in accordance with the applicable requirements, including the IFRS requirements; however, such provisions 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 provisions are sufficient to cover potential losses. The recoverability of the credit provided to customers may be adversely affected by negative changes in the overall economic, political or regulatory environment, decrease in collateral values and other circumstances beyond the control of the Group. Materialisation of credit risk may have material adverse effect on the Group's operations, financial condition and results of operations.

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. If loans are heavily concentrated in certain economic sector, the Group is exposed to risks inherent to such economic sector. As at 31 December 2017, 27% of the credit portfolio of LHV Pank included loans granted in real estate sector, which is traditionally the field that receives the greatest financing from commercial banks. LHV Pank's real estate development portfolio is well-positioned should market trends change – financed developments are sited in good locations, meaningful share of pre-sales is demanded and the average loan to value ratio is around 50%. The real estate sector is followed by companies pursuing financial and insurance activities (11% of corporate credit portfolio as at 31 December 2017) and the processing industry (9% corporate credit portfolio as at

31 December 2017). The concentration risk may have material adverse effect on the Group's operations, financial condition and results of operations.

Geographical Markets Risk. The Group operates on two geographical markets – Estonia and United Kingdom, whereas most of the activities and services of the Group are concentrated to the Estonian Market. As of 30 June 2018, the Group's revenue attributable to the Estonian market accounted for 98.7% of the Group's total revenue. Therefore, any adverse event or development in Estonia may have material adverse effect on the Group's operations, financial condition and results of operations. In addition, the Group's activities on the market of the United Kingdom are subject to uncertainties associated with the decision of the United Kingdom to withdraw from the European Union, concerning mainly the risk of change in the legal and regulatory landscape, which may result in increasing operating and compliance requirements and costs, but also potential operating limitations, affecting both the Group and its clients or business partners.

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. 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. 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. In order to mitigate the market risk, conservative limits have been established for the trading portfolio and open foreign currency exposures of the Group companies. 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. Further description of the types of market risk is provided below.

Foreign Currency Risk. Foreign currency risk arises primarily from the acquisition of securities denominated in foreign currencies or from foreign currency receivables and liabilities. Foreign exchange rates may be affected by complex political and economic factors, including relative rates of inflation, interest rate levels, 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. The Group's foreign currency risk management is based on risk policies, limits and internal procedures, which, however, may turn out to be inadequate. If an open currency position exceeds the established limits, measures are implemented to immediately reduce such a position or to hedge the risk with relevant instruments (such as foreign currency derivatives), but such measures may not be effective or sufficient to avoid significant losses arising from adverse changes in foreign currency exchange rates. Therefore, foreign currency risk may have material adverse effect on the Group's operations, financial condition and results of operations.

Price Risk. The Group holds positions in different financial instruments, which are subject to fluctuations in market price arising from various circumstances beyond the control of the Group. In order to mitigate the price risk, the Group has established internal rules setting forth limits to the size of trading portfolio and specified acceptable credit quality ratings for debt securities in the investment portfolio. 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.

Interest Rate Risk. The operations of the Group and foremost the operations of LHV Pank are inherently exposed to interest rate risk. The amount of net interest income earned by the Group companies materially affects the revenues and the profitability of the operations of the Group. Interest rates are affected by numerous factors beyond the control of the Group companies, which may not be estimated adequately. Such factors include the changes in the overall economic environment, level of inflation, monetary policies of states, etc. 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.

Liquidity Risk and Dependence on Access to Funding Resources. Liquidity risk relates to the ability of the Group to meet its contractual obligations on time and it arises from differences between maturities of assets and liabilities. The Group's liquidity management and strategy is based on risk policies, resulting in various liquidity risk measures, limits and internal procedures. As per policy statements, the Group's liquidity management reflects a conservative approach towards liquidity risk. Such risk policies and internal procedures may, however, not be adequate or sufficient in order to ensure the Group's access to funding resources when needed, to the extent needed or on favourable terms in order to ensure sufficient liquidity. Among others, the Company's subordinated bonds 20.06.2024 (ISIN EE3300110550) with the total volume of EUR 15.9 million are about to mature on 20.06.2024 and the Company's subordinated bonds 29.10.2025 (ISIN EE3300110741) with the total volume of EUR 15.0 million are about to mature on 29.10.2025. In order to meet its obligations before the holders of these bonds and to continue the growth and development in accordance with current strategy and business plan, the Group needs additional funding, which is, to a considerable extent, intended to be received under this Program, which may turn not to be successful. Materialisation of the risks related to liquidity and access to funding resources may have material adverse effect on the Group's operations, financial condition and results of operations.

Operational Risk. Operational risk is a risk of potential loss caused by human, process or information system failures and flaws. In addition to human, process or information system failures and flaws, the operational risk embraces risk of corporate fraud and misconduct. When completing transactions, transaction limits and competence systems are used to minimise potential loss and the segregation of duties principle is used in the Group's working procedures, according to which there should be an approval by at least two employees or units in order to carry out a transaction or procedure. The information systems and operations of the Group companies are monitored constantly in order to identify risks of system failures, flaws or fraud and mitigate the risks or define the terms of their acceptance. The information received from the monitoring of the information systems and operations of the Group companies is used to correct the flaws in information systems and avoid failures thereof. The Group's working procedures, including the procedures involving the processing of personal data and the compliance with anti-money laundering and antiterrorism financing rules, are reviewed periodically to ensure minimising human and process flaws and the potential loss arising therefrom; however, the risk of such losses, including reputational damage, cannot be eliminated altogether. The operational risk may have material adverse effect on the Group's operations, financial condition and results of operations.

Strategic Risk. Strategic risk is a possible source of loss that might arise from the pursuit of wrong strategic decisions. 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. 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 may have material adverse effect on the Group's operations, financial condition and results of operations.

Reputational Risk. Reputational risk is a risk of loss resulting from any deterioration of the Group's reputation. Reputational risk can, above all, be attributed to the materialisation of other risks, such as operational, strategic, compliance risks or exposure to civil liability. The Group mitigates the reputational risk by carrying out regular risk management training as well as by continually improving the Group-wide risk management framework, thus ensuring a strong risk culture. However, the measures taken by the Group may prove to be ineffective or insufficient and further, in addition to factors directly attributable to the Group companies and their employees, the reputation of the Group is affected by circumstances beyond the control of the Group, such as the conduct of its joint venture or business partners or information circulating in the media. Any deterioration of the Group's reputation in the eyes of customers, business partners, owners, employees, investors or supervisory authorities may have material adverse effect on the Group's operations, financial condition and results of operations.

Dependency on Information Technology Systems and Risk of Cyber-Attacks. 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. Furthermore, should the Group experience a cyber-attack, significant security breakdown or other significant disruption to its information technology systems, sensitive information 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. 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 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, which in turn may have material adverse effect on the Group's operations, financial condition and results of operations.

Dependency on Cash-Flows from Subsidiaries. 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 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. 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 Group's financial position is dependent on the Subsidiaries' profit and ability to pay dividends.

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[1], 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 attract and retain highly skilled personnel may have material adverse effect on the Group's operations, financial condition and results of operations.

Competitive Market. The Group operates in a highly competitive market. In addition to the licensed credit institutions and branches of foreign banks present in the geographical markets where the Group companies operate, there are market participants who are not subject to regulatory and capital requirements as burdensome as the Group companies, and who therefore may have a competitive advantage on the relevant market. Furthermore, recent trends in the crediting and lending market may be characterised by the development of 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 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 of the Group may suffer.

Exposure to Conduct of Other Market Participants. The Group's access to financing, 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. Further, the Group companies have exposure to many counterparties arising from trading, clearing, funding or other relationships with them. Failure of such market participants to meet their obligations may result in the default of the Group companies before other counterparties and clients, which in turn may have material adverse effect on the Group's operations, financial condition and results of operations.

Control over Joint Venture. Currently, the Company holds interests in one joint venture – LHV Finance in Estonia, as the sale of the shareholding in UAB "Mokilizingas" in Lithuania was finalised in May 2018. The Company holds a 65% shareholding in LHV Finance and is therefore the controlling shareholder of the joint venture and has also executed a shareholders' agreement with its joint venture partner (please see Section "Material Agreements" for further details). Although due care is taken by the Company in order to ensure effective control over LHV Finance and ensure that it is managed prudently and effectively, the operations of LHV Finance may be adversely affected by the joint venture partner of the Company. Despite the shareholders' agreement, it cannot be excluded that the joint venture partner exercises its voting rights for influencing management decisions in a direction with which the Company disagrees, or fails to exercise its voting rights to adopt management decisions that in the view of the Company are necessary in the interest of LHV Finance. Furthermore, the joint venture partner may understand the terms of the shareholders' agreement differently from the Company or fail to perform the shareholders' agreement. Although the Management considers the materialisation of the above-described risks unlikely and has high confidence and trust in its joint venture partner, such behaviour by the joint venture partner of the Company, in theory, cannot be excluded or prevented, and

[1] 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.

may have adverse effect on the financial position and results of operations of LHV Finance. This may have material adverse effect on the Group's operations, financial condition and results of operations.

3.3. Political, Economic and Legal Risks

Changes in Economic Environment. Each of the Group's operating segments is affected by general economic and geopolitical conditions. The world economy has been growing rapidly since 2011 and this year, the cyclic growth is expected to rise to 3.9%. The recovery is supported by a noticeable upsurge in trade, and a growth in investments and industrial output, which have a positive influence on commodities markets and labour market. Although the lack of pressure on core inflation has allowed dovish monetary policy to continue, the central banks of the developed countries are quietly changing course, led by the United States. Growing asset values reflect the historically low-volatility environment created by the expansive monetary policy of central banks, with investors accepting an increasingly lower long-term yield for the risk taken. The economic growth of the Eurozone slowed down in the first quarter, decreasing to 2.5%, which was lower than the expectations. Consumer behaviour is still strong, but the strengthening of the Euro and extraordinary weather conditions had a negative impact. The bigger economic picture is still good, and this is also reflected by most countries and sectors. Dampening the positive trends, however, recent years have seen several major geopolitical events, including the United Kingdom's decision to withdraw from the European Union, causing uncertainty on the financial markets. The beginning of the year is characterized with looming risks and increasing trade tensions. 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 and Russia. Over the recent years, Estonia has come out of a long period of sub-par performance and entered into a period of strong economic growth, but the risk of overheating has also increased. There can be no assurance whether the growth of the local and global economies and improved economic conditions will continue. Adverse developments of the global and local economies and of financial markets could have a degrading effect on the Group's operations, financial condition and results of operations. Although the Group constantly monitors developments on both domestic and international markets, it is not possible to forecast the timing or extent of changes in the economic environment.

Compliance and Regulatory Change Risks. 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. In addition to numerous regulatory initiatives concerning capital adequacy requirements (CRR[2]/CRD IV[3]) and resolution framework (BRRD[4]/SRMR[5]), introduced as a result of the global

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[2] 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.

[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, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

[4] 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.

[5] 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.

financial and economic crises of 2007-2009 and the amendment proposals thereof, the recent years have seen further significant developments in the regulatory framework in the fields where the Group companies operate, such as the tightening requirements on anti-money laundering and antiterrorism financing, PSD2[6], MiFiD II[7]/MiFiR[8], GDPR[9], etc. As the Group has entered to the market of the United Kingdom, it may also become subject to additional legal requirements as a result of the United Kingdom's withdrawal from the European Union, including possibly the requirement to obtain an additional activity license. Further, due to the resolution of Eesti Pank (the Bank of Estonia) to include LHV Pank as from 1 January 2018 in the list other systemically important institutions (O-SIIs), the Group has, among others, been subjected to an additional capital buffer requirement, as further described below. The Group has duly and timely complied with the new requirements, internal procedures have been introduced for the assessment, evaluation and implementation of changes in legislation; nevertheless, the Group still assesses regulatory changes, both on the level of the European Union and on the level of jurisdictions where the Group companies operate, as a high risk. For instance, the fees related to compulsory pension funds have been subject to several reforms over the recent years, each decreasing the fund management or other fees relating to compulsory pension funds. The latest of the amendments of law concerning the reductions of management fees calculated on the volume of funds entered into force in 2018 and currently, another amendment proposal, providing for the lowering of management fee thresholds of compulsory pension funds from current level of 2% to 1.2% and providing for further rules for the reductions of management fees calculated on the volume of funds, is under discussion. In a longer perspective, the management fee for compulsory pension funds is intended to be decreased to the average level of European Economic Area or the Organisation for Economic Co-operation and Development (OECD) countries, i.e. to approximately 0.5-0.7%.[10] The decrease of fees relating to compulsory pension funds has a significant effect on the profitability and operations of LHV Varahaldus, as compulsory pension funds form the vast majority of funds managed by LHV Varahaldus. Further, considering that the management fees of funds managed by LHV Varahaldus are, in general, higher than the management fees of other funds of the same categories, the effect of lowering the fees is expected to affect the Group more than its competitors. In addition, <u>changes in accounting standards may impact the financial situation and results presented in the financial statements of the Group.</u> 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. Considering the recent reforms and changes in the regulatory framework applicable in respect of the operations of the Group, the Group cannot predict to what extent laws and policies or their interpretations will change in the future nor the impact of such changes. Increased requirements and expectations, enhanced supervisory standards and uncertainty with regard to further changes may result in limitations of operating flexibility and certain lines of

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[6] Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC.
[7] 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.
[8] Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012.
[9] Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).
[10] Explanations to the amendment proposal of Investment Funds Act and related acts, available at http://eelnoud.valitsus.ee/, dossier 18-0566.

business, in additional costs and liabilities, in a necessity to change legal, capital or funding structures, and in decisions to exit or not to engage in certain business activities. Further, several local and European 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, data protection, anti-money laundering, anti-bribery, payments, reporting, corporate governance, etc. 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 material adverse effect on the Group's operations, financial condition and results of operations.

Maintaining Capital Adequacy Ratios. Credit institutions and investment firms must adhere to strict capital adequacy requirements subject to frequent reforms and changes. Currently, the capital of banks and investment firms in the EU is subject to the legal framework of CRR[11]/CRD IV[12]. These requirements are largely based on the Basel III framework that was agreed in the Basel Committee on Banking Supervision with the objective to strengthen the resilience of the financial sector to economic shocks and thereby ensure the adequate and sustainable financing of the economy, and are still subject to transitional arrangements (phase-in of deductions and capital buffers and phase-out of capital elements). In addition, the European Commission has proposed, among others, reforms for both the CRR and the CRD IV. In Estonia, in addition to the baseline capital requirements, credit institutions have been subjected to capital maintenance and systemic risk buffers imposed by the EFSA and Eesti Pank (i.e. the Bank of Estonia). Further, in 2017 Eesti Pank decided to include LHV Pank in the list of other systemically important institutions (O-SIIs) and the Group is therefore, as from 1 January 2018, subject to other systemically important institutions buffer of 0.5%, which is reviewed annually. From 1 January 2019, the relevant buffer will be raised to 1%. The buffer requirement applies to the total risk exposure of systemically important institutions, and must be met by common equity tier 1 own funds. Currently, the most restrictive ratio for the Group is the minimum requirement for own funds and eligible liabilities (MREL), as it is almost not manageable in short time frame. The ratio is a part of the crisis resolution plan provided for in the BRRD[13], 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. For LHV Pank, the EFSA has set MREL limit to 5.79% and is reviewing the level annually. So far, the Group has complied with all applicable capital requirements. However, the capital requirements adopted in Estonia and the European Union 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

[11] 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.

[12] 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, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

[13] 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.

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.

Risks relating to Abuse of Financial System. The Group operates in a sector subject to strict and constantly tightening requirements concerning money laundering, the financing of terrorism and financial sanctions, and, as has been seen both in Estonia and worldwide, the risk of incidents of the abuse of financial system is increasing. In addition to the threat that the Group's services, products and channels could be used for money laundering and terrorist financing, the Group may not be able to duly comply with all the rules that aim to prevent the illegal exploitation of the financial system, such as due diligence measures and "Know Your Customer" principle. Further, the compliance with anti-money laundering, antiterrorism financing and financial sanction rules involves significant cost and effort and entails restrictions and limitations on the activities of the Group. The most important measures used by the Group to mitigate the risk of incidents or compliance issues involve the use of a risk-based approach, risk assessment of services and clients and risk-based monitoring. A separate department of anti-money laundering has been established and, as the awareness and commitment of all employees and management are considered crucial, the Group also focuses on regular trainings and information sharing. Nevertheless, the measures taken by the Group may prove to be ineffective of insufficient. Any incident or violation concerning anti-money laundering, terrorist financing or financial sanction rules, as well as further tightening of these rules may result in severe legal and reputational consequences or additional costs and limitations for the Group, which, in turn, may have material 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 the Group. These transactions and agreements may be subject to the laws of Estonia or to the laws of other countries where the Group companies operate. 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 companies may not be able to always enforce their contractual rights. Moreover, the legal environment where such transactions are effected and agreements are entered into, which is primarily that of the Baltic states, 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 companies turn out to be unenforceable, which in turn may have material adverse effect on the Group's operations, financial condition and results of operations.

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. 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 material adverse effect on the Group's operations, financial condition and results of operations.

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 instance, as a result of an amendment to Income Tax Act, introduced in 2017, credit institutions in Estonia are as from 2018 subject to an advance corporate income tax at the rate of 14%. The tax is calculated and paid quarterly on accrued profits, whereas the first payments are calculated on the profits of the second quarter of 2018 and were due on 10 September 2018. The aim of the amendment is to ensure more regular income tax revenues to the state budget. The companies of other sectors remain subject to the earlier tax regime under which corporate income tax is payable at the distribution of profit. The amendment affects the most growing credit institutions, like LHV Pank, and credit institutions with smaller capital, as it creates less favourable conditions for capital increase. Similar or 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 material adverse effect on the Group's operations, financial condition and results of operations.

3.4. Group's Risk Management

The principles of risk management of the Group, the respective facts and figures have been described in detail in Note 3 of the annual Financial Statements.

3.5. Risks Related to Bonds, Offering and Listing

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 holders of the Bonds 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.

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 Terms of the Bonds and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Company in accordance with the applicable law. Therefore, upon the liquidation or bankruptcy of the Company, the holders of the Bonds are not entitled to any payments due under the Terms of the Bonds until the full and due satisfaction of all the unsubordinated claims against the Company. The subordination may have adverse effect on the Company's ability to meet all its obligations arising from 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 "Maturity of Bonds". 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 "Maturity of Bonds" 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. 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. The Bonds may; however, be redeemed prematurely by the Company only if the EFSA (or the European Central Bank if it is in the competence thereof) has granted its consent to the early redemption. The decision on granting the consent involves certain amount of discretion by the competent authority and the early redemption is therefore beyond the control of the Company.

Bail-in Risk. Any liability arising under the Bonds may be subject to the exercise of Bail-in Powers by the relevant Resolution Authority in cases where a Group company meets the conditions for the initiation of resolution proceedings (i.e. fails or is likely to fail and certain other conditions are met). Exercising the Bail-in 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: (i) the amount outstanding of the Bonds is reduced, including to zero; (ii) the Bonds are converted into shares, other securities or other instruments of the Company or another person; (iii) the Bonds or the outstanding amounts of the Bonds are cancelled; and/or (iv) the terms of the Bonds are altered (e.g. the maturity date or interest rate of the Bonds could be changed). Therefore, if a Group company meets the conditions for the initiation of resolution proceedings, the exercising of the Bail-in Powers by the relevant Resolution Authority may result in material losses for the bondholders.

No Ownership Rights. An investment into the Bonds is an investment into debt instruments, which does not confer any legal or beneficial interest in the equity of the Company or any of the Subsidiaries thereof or any voting rights or rights to receive dividends or other rights which may arise from equity instruments. The Bonds represent an unsecured debt obligation of the Company, granting the bondholders only such rights as set forth in the Bond Terms.

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.

Cancellation of Offering. Although best efforts will be made by the Company to ensure that each Offering is successful, the Company cannot provide any assurance that an Offering will be successful and that the investors will receive the Offer Bonds they subscribed for. The Company is entitled to cancel the Offerings on the terms and conditions described in the Section “Cancellation of Offering”.

Bond Price and Limited Liquidity of Bonds. The Company will apply for the listing of the Bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange; however, 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. Further, the Nasdaq Tallinn Stock Exchange is substantially less liquid and more volatile than 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, use them as collateral for other obligations or engage in other transactions requiring the existence of an active market, or could increase the volatility of the price of the Bonds. 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. For instance, if at any point a person holding a large block of Bonds decided to sell such Bonds, the demand on the Nasdaq Tallinn Stock Exchange may not be sufficient to accommodate such a sale or issue and any sale may take longer than originally expected or a sale may take place at a lower price than expected.

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.

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4. GENERAL INFORMATION ON PROGRAM

4.1. Type and Class of Bonds

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

4.2. Volume of Program

Under the Program altogether up to 45,000 Bonds may be issued. The Bonds are issued in separate series and the Bonds of each series, whereas the Company may determine the number of Bonds issued and the number, sequence and time schedule of the issues of the Bonds upon its sole discretion. The authorisation for Program was granted by the Supervisory Board on 20 June 2018. Each issue of Bonds under the Program will be subject to the resolution of the Management Board.

4.3. Form and Registration

The Bonds will be in dematerialised book-entry form and are not numbered. The Bonds will be registered in Nasdaq CSD (Nasdaq CSD SE, register code 40003242879, registered address Vaļņu iela 1, Rīga LV-1050, Latvia). ISIN code of the Bonds will be specified in the Final Terms.

4.4. Ranking and Subordination

The Bonds will not be rated by any credit rating agencies. The Bonds will be subordinated to all unsubordinated claims against the Company. 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. Therefore, upon the liquidation or bankruptcy of the Company, the bondholders of the Bonds are not entitled to any payments due under the Bonds until the full and due satisfaction of all the unsubordinated claims against the Company. By subscribing to the Bonds or acquiring the Bonds from a secondary market, the bondholder unconditionally and irrecoverably agrees to such subordination of claims arising from any Bonds.

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. Notwithstanding any rights of the bondholder under the Bond Terms or the law, by subscribing to Bonds or acquiring the Bonds from a secondary market the bondholder unconditionally and irrevocably relinquishes the right to demand premature redemption of any Bonds.

No bondholder shall be entitled to exercise any right of set-off against moneys owed by the Company in respect of such Bonds.

4.5. Currency

The Bonds will be denominated in euro.

4.6. Maturity of Bonds

The Bonds will be issued with the term of 10 years.

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 after consultation with the EFSA, excluded or likely to be excluded from the classification as tier 2 own funds of a credit institution or if there is a significant change in the taxation regime applicable in respect of the Bonds that became effective or was announced after the issue of the relevant Bonds, as further specified in the Bond Terms. The Bonds may be redeemed prematurely by the Company on the above-described grounds only if the EFSA (or the European Central Bank if it is in the competence thereof) has granted its consent to the early redemption.

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

4.7. 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 to the right to the redemption of the Bonds and the right to interest, 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. Upon a delay in making any payments due under the Bond Terms, the bondholders are entitled to a delay interest in accordance with the Bond Terms. The rights arising from the Bonds can be exercised by the bondholders in accordance with the Bond Terms and the applicable law.

4.8. 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.

4.9. Agent

According to the Bond Terms, 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.

4.10. Applicable Law

The Bonds will be issued in accordance with and are governed by the laws of the Republic of Estonia.

4.11. Final Terms

The Final Terms will contain the following information and will be published on the website of the Company at https://investor.lhv.ee/en/ in the following form:

FORM OF FINAL TERMS FOR THE BONDS

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

[Date]

AS LHV GROUP

Issue of

[Aggregate Nominal Amount of Series][[14]] Tier 2 Subordinated Bonds

Issued under the EUR 45,000,000 Bond Program

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Bonds. This document constitutes the Final Terms for the Bonds described herein for the purposes of Article 5(4) of the Prospectus Directive, and must be read in conjunction with the prospectus drawn up by the Company, dated [Date] [as so supplemented] (the "**Prospectus**"). A summary of the Bonds (which comprises the summary in the Prospectus as completed to reflect the provisions of these Final Terms) is annexed to these Final Terms.

Full information on the Company and the offer of the Bonds is only available on the basis of the combination of these Final 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/).

The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto) provided, however, that all references in this document to the "Prospectus Directive" in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (and amendments thereto) to the extent implemented in the relevant Member State and include any relevant implementing measures in the relevant Member State.

1.	Company	AS LHV Group
2.	Series Number	[ ]
3.	Aggregate Nominal Amount of the Series	EUR [*specify 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 [*specify amount*]]
4.	Nominal Amount	EUR 1,000
5.	Issue Price	100% of the Nominal Amount [plus accrued interest from [*insert date*]]
6.	Issue Date	[*specify date*]
7.	Interest Commencement Date	[*specify date*]

[14] [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*]]

8.	Maturity Date	[*specify 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. Delay interest	[ ]% *per annum*
13.	Governing Law	Estonian law
14.	Jurisdiction	Estonian courts

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

PART B – OTHER INFORMATION

1. LISTING

Listing and Admission to Trading:	[Application [will be made] made to the Tallinn Stock Exchange for the Bonds to be admitted to the Bond List of the Tallinn Stock Exchange.]

2. RATINGS

Ratings:	The Bond Program has not been rated. The Bonds being issued have not been rated.

3. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

[i.]	Reasons for the offer:	[ ] [(See Section "Reasons for Offering and Use of Proceeds" of the Prospectus – if reasons for offer different from those listed there, will need to include those reasons here.)]
[ii.]	Estimated net proceeds:	[ ]

4. YIELD

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Indication of yield:	[ ] Calculated [include method of calculation in summary form].

5. OPERATIONAL INFORMATION

ISIN Code:	[ ]

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

[i.] Time period for subscription to the offer:	[ ]
[ii.] Description of the subscription process:	See Sections "Subscription Undertakings" and "Payment" of the Prospectus.
[iii.] Minimum and maximum amounts of the subscription (if any):	[ ]
[iv.] Description of publishing the results of the offer:	See Section "Distribution and Allocation" of the Prospectus.

5. TERMS AND CONDITIONS OF OFFERING

5.1. Offering

In the course of several Offerings, up to 45,000 Bonds issued in accordance with the Program may be offered to retail and institutional investors in Estonia (the **Retail Offering**). In addition to the Retail Offering the Offer Bonds may be offered to institutional investors in or outside Estonia (the **Institutional Offering**); however, the Institutional Offering will be carried out under a separate offering circular and this Prospectus relates only to the Retail Offering.

Each Offering, the volume and other terms and conditions thereof will be announced separately through the information system of the Nasdaq Tallinn Stock Exchange and through the Company's website (https://investor.lhv.ee/en/) at the latest before the start of each Offering Period.

The division of the Offer Bonds between the Institutional Offering and the Retail Offering has not been predetermined and will be determined by the Company in accordance with the principles described in Section "Distribution and Allocation" below. The total amount of Offer Bonds may decrease in case any part of the Offering is cancelled – please see the Section "Cancellation of Offering" for further details.

5.2. Right to Participate in Offering

The Retail Offering is directed to all retail and institutional investors in Estonia. For the purposes of the Offering, a natural person is considered to be "in Estonia" if such person has a securities account with the Nasdaq CSD and such person's address recorded in Nasdaq CSD records in connection with such person's securities account is located in Estonia. A legal person is considered to be "in Estonia" if such person has a securities account with Nasdaq CSD and such person's address recorded in Nasdaq CSD records in connection with such person's securities account is located in Estonia or its registration code recorded in Nasdaq CSD records is the registration code of the Estonian Commercial Register.

5.3. Nominal Amount and Issue Price

The nominal amount of each Offer Bond is EUR 1,000. The Issue Price will be determined in the relevant Final Terms. The Issue Price will be the same in the Institutional Offering and in the Retail Offering.

5.4. Offering Period

The Offering Period is the period during which the persons who have the right to participate in the Retail Offering may submit Subscription Undertakings (please see Section "Subscription Undertakings" for further details) for the Offer Bonds. The Offering Period of each Offering will be announced separately through the information system of the Nasdaq Tallinn Stock Exchange and through the Company's website (https://investor.lhv.ee/en/).

5.5. Subscription Undertakings

<u>Submitting Subscription Undertakings</u>

The Subscription Undertakings may be submitted through any intermediary who is registered as an account operator with Nasdaq CSD Estonian settlement system and has entered into an agreement with Nasdaq CSD to mediate public offerings and new issues of securities. As of the date of this Prospectus, these are:

- SEB Pank AS
- Coop Pank AS
- Danske Bank A/S Estonian branch

- Swedbank AS
- LHV Pank AS
- Luminor Bank AS (Estonia)
- Tallinna Äripank AS
- Luminor Bank AB (Lithuania)
- SEB Pank (Lithuania)
- Siauliu bankas
- Luminor Bank AS (Latvia)
- Citadele (Latvia)

A complete and up to date table can be found at the following address: https://nasdaqcsd.com/et/teenused/teenused-turuosalistele/avalike-pakkumiste-vahendajad-eesti-turul/ (currently not available in English).

In order to be able to subscribe for the Offer Bonds, an investor must have a securities account opened with one of these institutions. The treatment of Subscription Undertakings in the allocation is not determined on the basis of which institution they are made through.

Content of and Requirements for Subscription Undertakings

Subscription Undertakings must include *inter alia* the number of Offer Bonds subscribed for, the Issue Price (per one Offer Bond and total), and the number of the securities account of the investor. Forms for Subscription Undertakings will be provided by the financial institution through which the investor submits the Subscription Undertaking.

Subscription Undertakings may be submitted only during the Offering Period, only at the Issue Price, and only in euros. If multiple Subscription Undertakings are submitted by one investor, they will be merged for the purposes of allocation.

Each investor must ensure that the information contained in the Subscription Undertaking submitted by such investor is correct, complete and legible. Incomplete, incorrect, unclear or illegible Subscription Undertakings, or Subscription Undertakings that do not otherwise comply with the terms set out in this Prospectus, may be rejected at the sole discretion of the Company.

An investor may submit a Subscription Undertaking either personally or through a representative whom the investor has authorised (in the form required by the local law and by the relevant financial institution) to submit the Subscription Undertaking.

Costs and Fees

Investors must bear all costs and fees charged by the respective financial institution through which they submit their Subscription Undertaking. This may include costs and fees for the submission, amendment or cancellation of a Subscription Undertaking, or for the settlement of the transaction. These costs and fees may vary depending on the rules and prices established by the particular financial institution.

Submission of Subscription Undertakings through Nominee Accounts

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

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. This may result in costs and fees charged by the financial institution through which the Subscription Undertaking is submitted.

Legal Effect of Subscription Undertakings

By submitting a Subscription Undertaking, every investor:

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

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

(iii) undertakes to acquire and pay for any number of the Offer Bonds allocated to them up to the Maximum Amount;

(iv) authorises and instructs the financial institution 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;

(v) authorises the financial institution through which the Subscription Undertaking is submitted, and Nasdaq CDS, to amend the information contained in the Subscription Undertaking to (a) specify the value date of the transaction, (b) specify the number of the Offer 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;

(vi) acknowledges that the Offering does not constitute a sales offer for the Offer Bonds, and that the submission of a Subscription Undertaking does not constitute the acceptance of a sales offer, and therefore does not in itself entitle the investor to acquire the Offer Bonds, nor results in a contract for the sale of the Offer Bonds between the Company and the investor.

5.6. Payment

By submitting a Subscription Undertaking, an investor authorises and instructs the institution operating the investor's cash account connected to its securities account (which may or may not also be the investor's custodian) 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 its Nasdaq CSD securities account or its securities account to cover the whole transaction amount for that particular Subscription Undertaking.

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5.7. Distribution and Allocation

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

(i) under the same circumstances, all investors shall be treated equally, whereas dependant on the number of investors and interest towards the Offering, the Company may set minimum and maximum number of the Offer Bonds allocated to one investor; which will apply equally to both – the investors participating in the Institutional Offering and the investors participating in the Retail Offering;

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

(iii) the Company shall be entitled to prefer Estonian investors to foreign investors who may participate in the Institutional Offering;

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

(v) the Company shall be entitled to prefer the clients of LHV Pank and LHV Varahaldus to other investors.

The results of the allocation process of each 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 results are expected to be announced within 3 business days after the expiry of each Offering Period but in any case, before the Offer Bonds are transferred to the investors' securities accounts. Therefore, dealing with the Offer Bonds shall not begin before the allocation process has been announced.

5.8. Settlement and Trading

The Offer Bonds allocated to investors will be transferred to their securities accounts through the "delivery versus payment" method simultaneously with the transfer of payment for such Offer Bonds on terms announced separately for each Offering. The title to the Offer Bonds will pass to the relevant investors when the Offer Bonds are transferred to their securities accounts.

If an investor has submitted several Subscription Undertakings through several securities accounts, the Offer 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 Offer Bonds received by the investors may not be transferred or sold further until the date of admission of the Offer Bonds to trading on the Nasdaq Tallinn Stock Exchange. To ensure compliance with this condition, the operators of the investors' securities accounts will block the Offer Bonds on the securities accounts of the respective investors until then.

5.9. Return of Funds

If the Offering or a part thereof is cancelled, if the investor's Subscription Undertaking is rejected or if the allocation is less than the amount of the Offer Bonds applied for, the funds blocked on the investor's cash account (or the excess part thereof) 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).

5.10. Cancellation of Offering

The Company has the right to cancel each 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 (www.lhv.ee). 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.

5.11. Conflicts of Interests

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

5.12. Listing and Admission to Trading

The Company intends to apply for the listing and admission to trading of all the Bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange as soon as possible after the respective Offering and the registration of the Bonds in Nasdaq CSD. The Company will to take all necessary measures in order to comply with the Nasdaq Tallinn Stock Exchange rules so that its application(s) would be approved; however, the Company cannot ensure that the Bonds are listed and admitted to trading on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange.

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6. REASONS FOR OFFERING AND USE OF PROCEEDS

The overall purpose of the Program and the Offering is to strengthen the capital structure of the Group and ensure stable access to additional capital to support the further growth and market position of the Group, increase the business volumes of the Group and ensure conservative capital buffer for the Group companies.

The proceeds from the Offerings may also be used 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.

Provided that the Company decides to announce Offerings for all the Bonds (i.e. up to 45,000 Bonds) and that all the Bonds (altogether 45,000 Bonds) are subscribed for and issued by the Company, the expected amount of gross proceeds of the Program is up to approximately EUR 45 million. Expenses directly related to the Program and the Offerings are estimated to be EUR 0.5-0.7 million.

7. CORPORATE INFORMATION, SHARES AND SHARE CAPITAL

7.1. 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 contact details of the Company are the following:

Address: Tartu mnt 2, 10145 Tallinn, Estonia

Phone: +372 6 800 400

Fax: +372 6 800 410

E-mail: lhv@lhv.ee

According to the latest available annual report of the Company, i.e. the annual report for the financial year ended on 31 December 2017, the field of activity of the Company was “activities of holding companies” (EMTAK[15] 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).

7.2. Articles of Association

The latest version of the Articles of Association of the Company was adopted by the respective resolution of the General Meeting, dated 29 March 2017. The Articles of Association are available the website of the Company at https://investor.lhv.ee/en/ under section “Management”.

7.3. Share Capital and Shares

The current registered and fully paid-in share capital of the Company is EUR 26,016,485, which is divided into 26,016,485 ordinary shares of the Company (the Shares) with the nominal value of EUR 1. All the issued Shares have been fully paid up. The Shares are registered with Nasdaq CSD (Nasdaq CSD SE, register code 40003242879, registered address Vaļņu iela 1, Rīga LV-1050, Latvia) under ISIN code EE3100073644 and are kept in book-entry form. No share certificates have or may be issued. The Shares are listed and traded on the Baltic Main List 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.

[15] 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.

7.4. Rights of Shareholders

The main rights attached to the Shares are (i) the right to participate in the corporate governance of the Company; (ii) the right to information; (iii) the right to dividends; (iv) the right to liquidation quota; (v) the preferential right to subscribe for new shares; (vi) the preferential right to convertible bonds; and (vii) the rights relating to mandatory takeover bids, squeeze-out and sell-out, as applicable.

Right to Participate in Corporate Governance. Each Share entitles a Shareholder to one vote at the General Meeting. A General Meeting is capable of passing resolutions if more than 1/2 of the votes represented by all Shares are represented at the General Meeting. As a rule, resolutions of a General Meeting require the affirmative vote of the majority of the votes represented at the General Meeting. Certain resolutions require a qualified majority of 2/3 of the votes represented at the meeting, and some even higher majority.

Right to Information. The Shareholders have the right to receive information on the activities of the Company from the Management Board at the General Meeting.

Right to Dividends. All the Shareholders of the Company have the right to participate in the distribution of profit of the Company and have the right to receive dividends (if declared) proportionally to their shareholding in the Company. Resolving the distribution of profit and the payment of dividends is in the competence of the General Meeting.

Right to Liquidation Quota. Upon the liquidation of the Company, the Shareholders are entitled to liquidation quota proportionally to their existing shareholding, in the instances and in accordance with the procedure specified in the law.

Preferential Right to Subscribe for New Shares. The existing Shareholders have, upon the increase of the share capital and the issue of the new shares of the Company, the preferential right to subscribe for new shares of the Company proportionally to their existing shareholding. This preferential right may be excluded by a majority of 3/4 of all votes present at the General Meeting.

Preferential Right to Convertible Bonds. If the Company issues convertible bonds, the Shareholders have the preferential right to subscribe for such bonds, unless such right is excluded by a resolution of the General Meeting.

Rights Relating to Mandatory Takeover Bids, Squeeze-out and Sell-out. The Estonian law provides for mandatory takeover bids, squeeze-out and sell-out rights in certain circumstances.

7.5. 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 35.01% of all the Shares, whereas approximately 25.14% of the Shares are held by Mr Rain Lõhmus and 9.87% by Mr Andres Viisemann.

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

8. MANAGEMENT

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

8.2. 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.

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 once every three months 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, disposal of an enterprise or termination of the operations thereof;

(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) appointing, 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 Management Board on 20 June 2018.

<u>Members of Management Board</u>. 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 one member of the Management Board – Mr Madis Toomsalu. The term of office of Mr Toomsalu as a member of the Management Board is set to expire on 5 December 2021. The business address for Mr Toomsalu is the registered address of the Company, i.e. Tartu mnt 2, 10145 Tallinn, Estonia.

<u>Mr Madis Toomsalu</u>. 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 and AS LHV Varahaldus. He is also a member of the management board of MTÜ Finance Estonia. Previously, he has served as the Head of Credits and the chairman of the Credit Committee in LHV Pank.

8.3. Supervisory Board

<u>Role</u>. 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).

<u>Specific Duties</u>. 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

20 June 2018. 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 2020. 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.

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, LHV Finance and Arco Vara. Additionally, he holds the positions of a member of the management boards and supervisory boards of several other companies.

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 and a member of the management boards and supervisory boards of several other companies.

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 as a member of the management boards and supervisory boards of other companies. Mr Meerits is also a member of the supervisory boards of several foundations, including Avatud Eesti Foundation and Dharma Foundation.

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, investment vehicle fully-owned by Mrs Mõis. She also serves as a member of the supervisory boards of LHV Pank, AS Baltika and other companies.

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 serves as a member of the supervisory board of EfTEN Kinnisvarafond AS and as a member of the management boards and supervisory boards of several other companies.

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 is a member of the supervisory board of ASI Private Equity AS, the management board of Teleport Technologies OÜ and serves as a management board member of other companies.

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 and AS Fertilitas. Mr Viisemann is also a member of the management boards and supervisory boards of several other companies.

8.4. 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 effectiveness of risk management and internal controls, the process for the audit of financial statements and the supervision over the activities of auditors. The Audit Committee is also responsible for making proposals to the Supervisory Board and providing recommendations for the appointment or removal of external and internal auditors, preparation and approval of internal audit plan, prevention or elimination of problems or ineffectiveness in the organisation and for the compliance with legislation and good professional practice.

Members of Audit Committee. According to the Rules of Procedure of the Audit Committee of the Group, as approved by the Supervisory Board on 22 February 2017, 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 Urmas Peiker (the Chairman of the Audit Committee), Mrs Kristel Aarna and Mr Tauno Tats.

Mr Urmas Peiker. Mr Peiker, born in 1976, has a Bachelor's level degree in Law from the University of Tartu and an MBA in Law from the Duke University School of Law. Mr Peiker works as the Head of Business Development at Estonian start-up Funderbeam. From May 2013 to October 2014, Mr Peiker was the Head of Compliance at LHV Pank. Previously, Mr Peiker has also worked as the Head of the Market Surveillance Department at the EFSA, in the European Reconstruction and Development Bank, Morgan Stanley, and Estcap Ltd.

Mrs Kristel Aarna. Mrs Aarna, born in 1969, has a Bachelor's level degree in Economics from the University of Tartu and an MBA in Finance from the Bentley University Graduate School of Business. She has worked as the CFO at Viasat AS since 2011, prior to which she served as the Chief Controller of Baltic operations at Swedbank. Previously, she was employed as the Head of Financial Advisory Services at KPMG Baltics and has also worked at Eesti Pank and for the CVS Caremark Corporation.

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

8.5. Remuneration Committee

Role and Duties. The Remuneration Committee is a corporate governance body formed by the Supervisory Board of the Company and the supervisory board of LHV Pank. The Remuneration Committee was formed for the purpose of developing and implementing 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 evaluating the principles of remuneration within the Company and LHV Pank, 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 18 January 2017, 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 Mr Madis Toomsalu (Chairman of the Remuneration Committee), Mr Rain Lõhmus and Mr Andres Viisemann. Please see Sections "Management Board" and "Supervisory Board" for their *curriculum vitae* information.

8.6. 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 was formed for the purpose of evaluating the risks taken by Group and following the implementation of the risk policy in the companies within the Group, advising the Supervisory Board and Management Board with regard to risk management principles and risk tolerance, as well as carrying out supervision. 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 19 April 2017, 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 are Mr Rain Lõhmus (Chairman of the Risk and Capital Committee), Mrs Tiina Mõis and Mr Andres Viisemann. Please see Section "Supervisory Board" for their *curriculum vitae* information.

8.7. Conflicts of Interests

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

8.8. 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 Good Corporate Governance Code as adopted by the EFSA and the relevant reports are published as part of the annual reports of the Company. The Good Corporate Governance Code 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 Good Corporate Governance Report made available in the audited consolidated financial statements of the Group for the year ended on 31 December 2017.

9. PRINCIPAL ACTIVITIES AND MARKETS

9.1. 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.

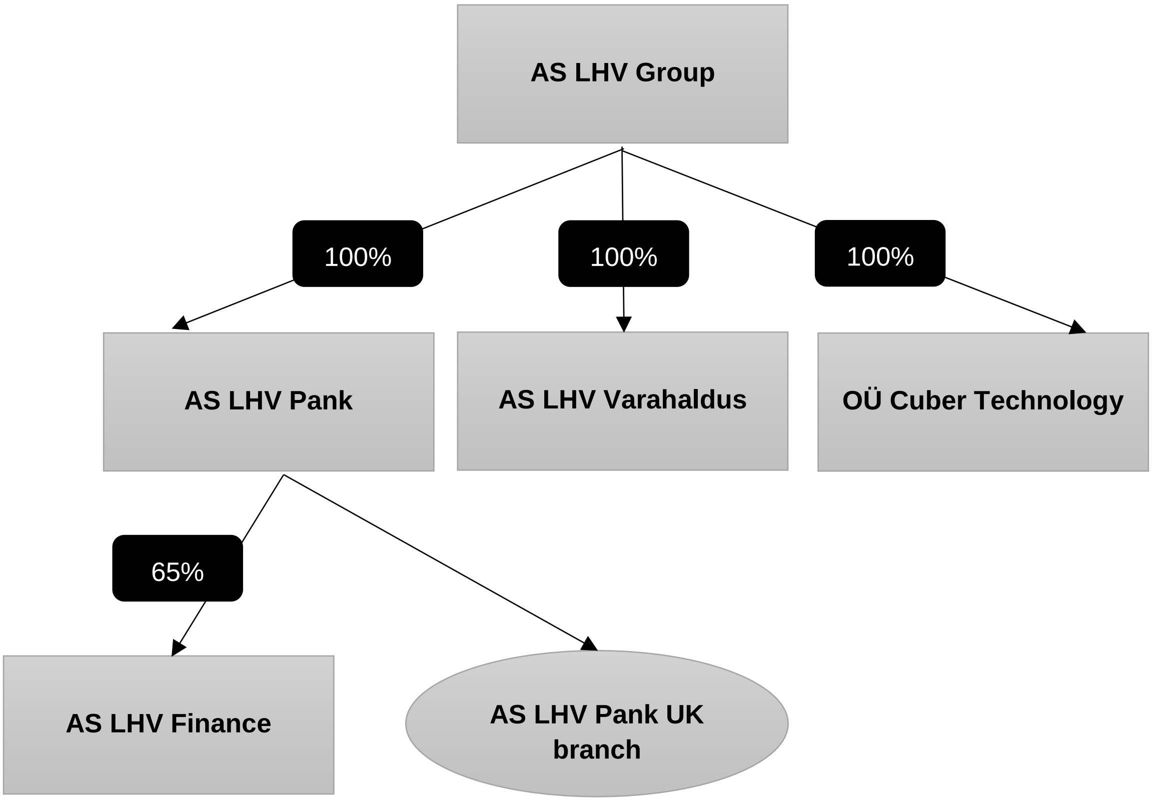
The milestones in the history of the Company and the development of the Group are summarised in the following table:

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; shareholding in 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
2018	The Company exited the Lithuanian hire-purchase market and sold its shareholding in UAB "Mokilizingas"
2018	The Company opened branch office in the UK

9.2. Group Structure and Group Companies

Group Structure

As at the date of this Prospectus, the Group structure is the following[16]:



Group Companies

AS LHV Group. 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. AS LHV Pank is an Estonian licensed credit institution offering banking services to corporate and retail clients. The bank has client service venues in Tallinn and Tartu. The client service venue in Vilnius was closed on 31 March 2017.

The bank employs more than 325 people. The total number of clients of the bank is over 147,000, from which 74.8% are private individuals and 25.2% are corporate clients.

By 31 December 2017, the total loan portfolio of the LHV Pank consolidation group (including LHV Finance) stood at EUR 719 million and the total amount of deposits was EUR 1,551 million. The greatest

[16] The Company has 100% shareholding in an Estonian private limited company (in Estonian: *osaühing* or *OÜ*) in OÜ Cuber Technology (register code in the Estonian Commercial Register 12794962, registered address Tartu mnt 2, 10145 Tallinn, Estonia). The company was established only on 4 February 2015 and has no influence on the liabilities and the results of operations of the Company or the Group

proportion of loans is corporate loans, followed by housing loans, leasing, instalment loans and small loans.

In the first quarter of 2018, a branch of LHV Pank was opened in the United Kingdom, allowing the Group to develop its area of activity geared to financial intermediaries.

AS LHV Varahaldus. AS LHV Varahaldus is an Estonian licensed fund manager. LHV Varahaldus is currently acting as the fund manager for 10 investment funds – 7 compulsory pension funds (actively managed LHV Pensionifond XS, LHV Pensionifond S, LHV Pensionifond M, LHV Pensionifond L, LHV Pensionifond XL, LHV Pensionifond Eesti and passively managed LHV Pensionifond Indeks), 2 voluntary pension funds (actively managed LHV Täiendav Pensionifond and passively managed LHV Pensionifond Indeks Pluss) and 1 UCITS investing into equity instruments (LHV Maailma Aktiad Fond). LHV Varahaldus also provides investment consulting services to Luxembourg based SEF-LHV Persian Gulf Fund.

During the last year, the funds of LHV Varahaldus noticeably increased investments in Estonia and the total volume of the Estonia-oriented investment decisions of LHV Varahaldus' actively managed pension funds (includes also commitments to invest in the future) amounted to EUR 170 million, which accounts for approximately a third of the volume of all investment decisions of such funds in 2017. Further, in the first quarter of 2018, a mandatory pension fund LHV Pensionifond Eesti was established which is dedicated for investments in Estonia – according to the fund terms, investments into Estonia-related account, as a rule, for 50-100% of the value of the fund's assets.

LHV Varahaldus has 37 employees. By 31 December 2017, the volume of assets managed by LHV Varahaldus reached EUR 1,103 million, which makes LHV Varahaldus having maintained the second largest market share (25%) in terms of the volume of managed assets. LHV Varahaldus' mandatory pension funds have over 177 thousand active clients and hold the second largest market share (25.9%) in terms of assets and third largest market share (25.6%) in terms of customers.

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 OÜ. By 31 December 2017, the volume of the hire-purchase and small-loan service portfolio amounted to EUR 43.5 million and the company had over 50 thousand effective hire-purchase and small-loan agreements.

OÜ Cuber Techology. Cuber Technology is a start-up company with the purpose to innovate financial services using Blockchain technology. The company is mainly involved in money transferring activities.

9.3. Business Segments

Introductory Remarks. The business segments of the Group and the financial results thereof have been described in detail in Note 5 of the Financial Statements.

Banking. The Group's main business segment is the banking services business segment, which in turn is divided into three business segments – retail banking, private banking and corporate banking. The operations of the banking business segment are carried out by LHV Pank. As at the date of this Prospectus, LHV Pank is offering all classical 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. In the first quarter of 2018, a branch of LHV Pank was opened in the United Kingdom, in London. The branch received a licence from the financial supervision authority of the United Kingdom in February. The objective of the London branch is to develop its area of activity geared to financial intermediaries. The United Kingdom branch will allow LHV Pank to join Pound Payments Systems and provide both euro and pound payments service to financial intermediaries in real time, and if necessary, bridge financing and currency exchange for managing liquidity.

Asset Management. The Group's second largest business segment is the asset management business segment. The asset management services are provided by LHV Varahaldus. The essence of the asset management services is fund management.

Hire-Purchase and Consumer Finance. The hire-purchase and consumer finance operations are carried out by LHV Finance.

Treasury Activities. Treasury is the asset-liability management unit of the Group, which also acts as the internal trading unit for all standard treasury products, such as foreign exchanges and foreign exchange related derivatives, and capital market products such as bonds. The treasury operations of the Group are carried out by LHV Pank.

Revenues by Principal Markets. The breakdown of revenues by markets (business segments and geographical markets) where the Group companies operate is described in detail in Note 5 of the Financial Statements.

New Products and Activities. In the first quarter of 2018, a branch of LHV Pank was opened in the United Kingdom, as further described above. As to new products, two new loans were introduced in the first quarter of 2018: a Health and Beauty Loan and a Home Furnishing Loan. In addition, the establishment of a new pillar 2 pension fund that invests into Estonia was announced in March 2018. The Group also helped with the market launch of mTasku, a payment solution developed by Telia that has gained a loyal following in just a short time. In the second quarter of 2018, factoring as a supplement to the corporate banking services was started with, and a loan agreement was concluded between LHV Pank and the Nordic Investment Bank in the amount of EUR 20 million with the aim to increase the loan options of small and medium-sized enterprises. In the third quarter of 2018, student loans were introduced.

9.4. Principal Markets

Introductory Remarks. As at the date of this Prospectus, the Group is operating in two geographical markets – Estonia and United Kingdom. The Group exited the Lithuanian hire-purchase market with the sale of its shareholding in UAB "Mokilizingas" in May 2018. In Estonia, the Group is engaged in retail banking, private banking and corporate banking, asset management, hire-purchase, consumer finance and treasury activities. In the United Kingdom, a branch was opened in the first quarter of 2018 with the objective to develop its area of activity geared to financial intermediaries. In addition to the above-mentioned geographical markets and business segments, LHV Pank is engaged in offering cross-border retail securities brokerage services.

Estonian Banking Market[17]. There are altogether eight licensed credit institutions in Estonia (nine as of the end of 2017), and a further eight branches of foreign credit institutions operate in the Estonian banking market. The Estonian banking market is highly consolidated and is dominated by the credit institutions belonging to Nordic banking groups (Swedbank AS, AS SEB Pank, AS Luminor Bank, Nordea Bank AS Estonian branch and Danske Bank A/S Estonian branch). The two main metrics for assessing a banking market are the total volume of loan portfolios and the total volume of deposits. In

[17] Facts and data from the market statistics by the EFSA, available at https://www.fi.ee/public/Estonian_financial_services_market_as_at_31_December_2017.pdf, https://www.fi.ee/public/Estonian_financial_market_overview_2017.pdf and http://www.fi.ee/index.php?id=593.

Estonia, the three largest banking groups hold an 82% combined market share in loans issued by credit institutions and 79% combined market share in deposits. By the end of 2017, the total volume of the loan portfolios of the credit institutions operating in the Estonian market stood at EUR 18.1 billion. The total volume of the loan portfolios of the credit institutions operating in the Estonian market can be broken down as follows - lending to private persons totalled EUR 8,247 million, lending to commercial undertakings EUR 7,079 million, lending to financial institutions EUR 2,291 million and lending to the government EUR 514 million. The balance of the Estonian loan portfolio of credit institutions increased over the year by 2%, compared to an increase of 8.9% in 2016. This extraordinary slowdown in growth reflects one-off adjustments in the consolidation group of some market participants, without which the growth would have been 6.8%. By the end of 2017, the total volume of deposits of the credit institutions operating in the Estonian market and the Estonian branches of foreign credit institutions stood at EUR 17.1 billion, which was divided between the deposits of private persons in the total volume of EUR 7,497 million, the deposits of commercial undertakings in the total volume of EUR 6,689 million, the deposits of financial institutions in the total volume of EUR 1,750 million and the deposits of the government in the total volume of EUR 1,137 million. The total volume of deposits has been growing year by year for almost two decades, forming a very stable funding source for the credit institutions operating in the Estonian banking market.

Estonian Consumer Financing Market (other than Licensed Credit Institutions)[18]. In addition to the licensed credit institutions, consumer financing in the Estonian market is offered by several market participants who, as from spring 2016 are also supervised by the EFSA in accordance with the Creditors and Credit Intermediaries Act adopted in 2015. As at the end of 2017, there were 53 companies which held a creditor authorisation in Estonia. In addition, there were 12 creditors related to banks, subjected to consolidated supervision, and 7 credit intermediaries on the market. The total balance of the credit portfolio of the creditors holding an authorisation or operating on the basis of exemption reached EUR 867 million at the end of 2017, showing an increase of 17% over the year. The largest market share, i.e. 79%, was held by creditors related to banks, and the remaining 21% by other creditors. The largest creditors related to banks are Swedbank Liising AS, Luminor Liising AS and AS SEB Liising, holding a total market share of 65%. The largest of other creditors are IPF Digital Estonia OÜ and Koduliising AS, holding a total market share of 6% (both 3%). The creditors related to banks operate mostly as leasing companies. The total balance of loan portfolios of creditors related to banks was EUR 689 million, of which the balance of vehicle leases accounted for EUR 571 million, i.e. 83%. The remaining balances of creditors related to banks as at the end of 2017 can be broken down as follows – other monetary credit EUR 67 million, instalment purchase of assets EUR 37 million, credit related to residential real estate EUR 12 million and other asset lease EUR 1 million. The total balance of loan portfolios of other creditors was EUR 179 million, the largest part of which (EUR 96 million, i.e. 54%) had been issued as other monetary credit, which in its essence is a small loan without a collateral. Instalment purchase of assets, credit related to residential real estate and vehicle lease followed with the balances of EUR 49 million, EUR 31 million and EUR 3 million, respectively.

Estonian Asset Management Market[19]. The Estonian asset management market is relatively young and is rapidly growing. Mandatory pension funds continue to be the largest business segment of the

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[18] Facts and data from the market statistics by the EFSA, available at https://www.fi.ee/public/Estonian_financial_services_market_as_at_31_December_2017.pdf.
[19] Facts and data from the market statistics by the EFSA, available at https://www.fi.ee/public/Estonian_financial_services_market_as_at_31_December_2017.pdf,

Estonian asset management market, making up 83% of the volume of the fund sector assets. The asset management market is traditionally measured by the total value of assets managed by the funds operating in the respective market. In 2017, the total volume of the assets of public investment funds, including pension funds, increased by 18%, totalling EUR 4.4 billion at the end of 2017. Out of that number, the volume of assets of mandatory pension funds was EUR 3,644 million, volume of assets of equity funds EUR 415 million, volume of assets of real estate funds EUR 157 million and volume of assets of voluntary pension funds EUR 156 million. Currently, there are no bond funds managed in Estonia, as investors' interest has waned due to low interest rates. According to Estonian law, fund managers are subject to licensing by the EFSA. There are altogether 15 local licensed fund managers in Estonia (16 as of the end of 2017) and in addition to that, there are 78 market participants providing fund management services cross-border. The largest players in the Estonian asset management market by the volume of managed assets were Swedbank Investeerimisfondid AS with a 40% market share, LHV Varahaldus with 25% market share and AS SEB Varahaldus with 17% market share. Mandatory pension funds in Estonia are managed by altogether five licensed fund managers, whereas by the end of 2017, their respective market shares were the following – Swedbank Investeerimisfondid AS held a 42% market share, LHV Varahaldus held a 30% market share, AS SEB Varahaldus held a 19% market share, Luminor Pensions Estonia AS held a 8% market share and Tuleva Fondid AS held a 1% market share. The small size and low liquidity of the local securities market mean that the investment funds and pension funds have so far invested predominantly into foreign assets, meaning that the returns of the funds are largely affected by developments in securities markets outside Estonia. By the end of 2017, the share of assets of investment funds abroad was 80% and for pension funds it was 86%.

Servicing Financial Technology Companies. The Group is exploring the opportunities to focus more on servicing financial technology companies. For that purpose, a branch of LHV Pank was opened in the London in the first quarter of 2018. London has become one of the most important financial centres in which financial technology companies from both Europe and the rest of the world are represented. In 2017, the financial services sector of the United Kingdom contributed £119 billion to the country's economy, accounting for 6.5% of total economic output, whereas 50% of the sector's output was generated in London.[20] As to the size of the payments market of the United Kingdom, there were a total of 38.8 billion payments were made in 2017.[21] The London branch will allow the Group to join Pound Payments Systems and provide financial intermediaries with real-time payments service in both euros and pounds. The role of the Group is to be the link between new generation fintech services and banking infrastructure by providing banking infrastructure to innovative and technology-intensive companies with the objective to contribute to the development of new generation service providers who often lack the opportunity to find partners in the international banking market. The branch's offering for fintechs will include real-time payments, overdraft facilities and foreign exchange, while lending and cross-border services will be provided via the headquarters in Tallinn. In the opinion of the Management, the Group's

https://www.fi.ee/public/Estonian_financial_market_overview_2017.pdf and http://www.fi.ee/index.php?id=593; and from the statistics of Eesti Pank, available at http://www.eestipank.ee/sites/eestipank.ee/files/publication/en/FinancialStabilityReview/2015/ep_fsy_2015_1_eng_pdf.pdf and https://www.eestipank.ee/sites/eestipank.ee/files/publication/en/FinancialStabilityReview/2018/ep_fsy1_2018_eng.pdf.

[20] C. Rhodes. Financial services: contribution to the UK economy. The House of Commons Library, Number 6193, 25 April 2018, available at http://researchbriefings.files.parliament.uk/documents/SN06193/SN06193.pdf.

[21] UK Finance. UK Payment Markets Summary. Available at https://www.ukfinance.org.uk/wp-content/uploads/2018/06/Summary-UK-Payment-Markets-2018.pdf.

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main competitors in London will likely be other fintech-focused players such as ClearBank and German payments giant Wirecard rather than traditional banks.

9.5. Investments

Introductory Remarks. The Group companies are continuously seeking for opportunities for the expansion of their business operations by investing into the organic growth but also by considering mergers and acquisitions of other market players. As a general rule, the investments made by the Group companies are financed by own funds or by additional capital engaged from the shareholders or bondholders of the subordinated bonds of the Company.

Significant Investments. As at the date of the Prospectus, the Group companies have not made any significant investments since 30 September 2018 nor have they made any firm commitments on significant future investments.

9.6. 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 agreement forming the grounds for the Group's material partnership model. The level of detail of the information provided herein is limited due to the confidentiality provisions included in this agreement; however, the Management believes that the information provided is sufficient for comprehending the overall nature and essence of the agreement.

Shareholders' Agreement regarding LHV Finance. On 23 January 2013, LHV Pank and Toveko Invest OÜ 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 practise for similar agreements and form solid grounds for the parties' co-operation.

9.7. Trend Information

There has been no material adverse change in the prospects of the Group between publishing the last audited Financial Statements and the date of this Prospectus. Further, the Management is not aware of any trends having material adverse effect on the operations of the Group for the current financial year. The factors most likely to have a negative impact on the results and operations of the Group are further described in Section "Risk Factors".

9.8. 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, Group companies involved are acting as plaintiffs and all such proceedings concern debt recovery. Furthermore, since LHV Pank 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.

10. SELECTED FINANCIAL INFORMATION

10.1. Introduction

The following summary of the selected consolidated financial information of the Group should be read in conjunction with the Financial Statements and the Interim Financial Statements. The below tables present only certain selected audited consolidated financial data as of and for the years ended on 31 December 2016 and 31 December 2017, and certain selected unaudited interim consolidated financial data as of and for the periods ending on 30 September 2018 and 30 September 2017. The unaudited interim consolidated financial data as of and for the period ending on 30 September 2017 is based on the unaudited consolidated interim financial statements of the Group for the 9-month period ended 30 September 2017.

10.2. Consolidated Statements of Comprehensive Income

(in thousands of euros)	**2017** Audited	**2016** Audited	**9m 2018** Unaudited	**9m 2017** Unaudited
Interest income	40,636	35,160	33,425	29,187
Interest expense	-5,133	-5,184	-5,564	-3,554
Net interest income	**35,503**	**29,976**	**27,861**	**25,633**
Fee and commission income	27,603	23,290	24,466	19,958
Fee and commission expense	-5,424	-4,104	-5,514	-3,765
Net fee and commission income	**22,179**	**19,186**	**18,952**	**16,193**
Net gains/losses from financial assets measured at fair value	714	1,414	267	629
Foreign exchange rate gains/losses	265	-105	71	771
Net gains from financial assets	**979**	**1,309**	**338**	**1,400**
Other income	36	156	808	17
Other expense	-182	-69	-40	-166
Staff costs	-14,664	-12,976	-11,463	-10,719
Administrative and other operating expenses	-17,273	-15,940	-11,908	-12,734
Operating profit	**26,578**	**21,642**	**24,548**	**19,624**
Impairment losses on loans and advances	-3,153	-1,480	-4,337	-3,193
Share of result of associates	0	1	0	0
Profit before tax from continues operations	**23,425**	**20,163**	**20,211**	**16,431**
Income tax expense	-1,248	-270	-3,070	-1,046
Profit from discontinued operations	0	0	3,324	0
Net profit for the reporting period	**22,177**	**19,893**	**20,465**	**15,385**
Other comprehensive income/loss:				
Items that may be reclassified subsequently to profit or loss:				
Available-for-sale investments:				
Revaluation of available-for-sale financial assets	76	-17	-36	82
Total profit and other comprehensive income for the reporting period	**22,253**	**19,876**	**20,429**	**15,467**
Total profit of the reporting period attributable to:				
Owners of the parent	19,603	17,815	19,189	13,917
Non-controlling interest	2,574	2,078	1,276	1,468
Total profit for the reporting period	**22,177**	**19,893**	**20,465**	**15,385**
Total profit and other comprehensive income attributable to:				
Owners of the parent	19,679	17,798	19,153	13,999
Non-controlling interest	2,574	2,078	1,276	1,468
Total profit and other comprehensive income for the reporting period	**22,253**	**19,876**	**20,429**	**15,467**
Basic earnings per share (in euros)	0.77	0.72	0,74	0.55
Diluted earnings per share (in euros)	0.75	0.70	0,73	0.54

10.3. Consolidated Statements of Financial Position

(in thousands of euros)	**31.12.2017**	**31.12.2016**	**30.09.2018**
	Audited	Audited	Unaudited
Assets			
Due from central bank	920,714	265,127	926,047
Due from credit institutions	26,312	33,300	25,912
Due from investment companies	14,186	8,073	13,535
Available-for-sale financial assets	775	799	220
Financial assets at fair value through profit or loss	55,859	75,391	48,609
Loans and advances to customers	732,043	537,641	811,951
Receivables from customers	9,800	3,479	7,370
Other financial assets	2,289	941	2,687
Other assets	1,516	1,391	822
Tangible assets	1,421	1,191	1,258
Intangible assets	4,327	4,500	15,396
Goodwill	3,614	3,614	3,614
Total assets	**1,772,856**	**935,447**	**1,857,421**
Liabilities			
Deposits from customers and loans received	1,542,929	777,581	1,649,879
Financial liabilities at fair value through profit or loss	2	209	2
Accounts payable and other liabilities	71,070	19,031	26,020
Subordinated debt	30,900	30,900	30,900
Total liabilities	**1,644,901**	**827,721**	**1,706,801**
Owner’s equity			
Share capital	25,767	25,356	26,016
Share premium	46,304	45,892	46,653
Statutory reserve capital	2,471	1,580	3,451
Other reserves	1,449	1,244	1,671
Retained earnings/ accumulated deficit	44,071	28,335	69,382
Total equity attributable to owners of the parent	**120,062**	**102,407**	**147,173**
Non-controlling interest	7,893	5,319	3,447
Total equity	**127,955**	**107,726**	**150,620**
Total liabilities and equity	**1,772,856**	**935,447**	**1,857,421**

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10.4. Consolidated Statements of Cash Flows

(in thousands of euros)	2017 Audited	2016 Audited	9m 2018 Unaudited	9m 2017 Unaudited
Cash flows from operating activities				
Interest received	40,276	34,731	32,767	29,339
Interest paid	-5,415	-5,354	-4,881	-3,836
Fees and commissions received	27,601	23,291	24,466	19,958
Fees and commissions paid	-5,423	-4,105	-5,514	-3,765
Other income received	-133	86	797	-150
Staff costs paid	-13,534	-12,956	-10,966	-10,033
Administrative and other operating expenses paid	-15,922	-14,898	-9,708	-11,707
Income tax	-1,248	0	-2,569	-1,046
Cash flows from operating activities before change in operating assets and liabilities	**26,202**	**20,795**	**24,392**	**18,760**
Net increase/(decrease) in operating assets:				
Net increase/(decrease) in financial assets held for trading at fair value through profit or loss / Net acquisition/disposal of trading portfolio	278	-287	-85	231
Loans and advances to customers	-202,857	-129,439	-95,788	-126,647
Mandatory reserve at central bank	-7,639	-1,598	-994	-4,950
Security deposits	-1,348	-1	-398	-1,380
Other assets	-765	-546	-1,062	5,238
Net increase/(decrease) in operating liabilities:				
Demand deposits of customers	785,454	191,312	98,883	519,916
Term deposits of customers	-25,052	-31,506	1,768	-28,294
Loans received	6,000	0	6,250	0
Repayments of loans received	-779	-14,731	0	-779
Financial liabilities held for trading at fair value through profit and/or loss	-207	120	-1	-209
Other liabilities	51,856	-918	-36,630	-10,507
Discontinued operations	0	0	-270	0
Net cash generated from/(used in) operating activities	**631,143**	**33,201**	**-3,935**	**371,379**
Cash flows from investing activities				
Purchase of tangible and intangible / non-current assets	-1,466	-1,603	-1,289	-736
Proceeds from sale of tangible and intangible assets	61	10	0	0
Acquisition of subsidiaries, net of cash acquired	0	-9,902	0	0
Proceeds from sale of subsidiaries	0	0	5,046	0
Proceeds from disposal and redemption of investment securities available for sale	100	3,608	519	106
Net changes of investment securities / investments at fair value through profit or loss	19,962	35,292	7,574	16,403
Net cash flow from/(used in) investing activities	**18,657**	**27,405**	**11,850**	**15,773**
Cash flows from financing activities				
Paid in share capital (incl. share premium)	823	13,900	598	822
Paid dividends	-3,804	0	-5,295	-3,803
Net cash from financing activities	**-2,981**	**13,900**	**-4,697**	**-2,981**
Effect of exchange rate changes on cash and cash equivalents	**254**	**-105**	**71**	**771**
Net increase/(decrease) in cash and cash equivalents	**647,073**	**74,401**	**3,289**	**384,942**
Cash and cash equivalents at the beginning of the period	298,764	224,363	945,837	298,764
Cash and cash equivalents at the end of the period	**945,837**	**298,764**	**949,126**	**683,706**

10.5. Consolidated Statements of Changes in Equity

Consolidated Statements of Changes in Equity (Audited)

(in thousands of euros)	Share capital	Share premium	Statutory reserve capital	Other reserves	Retained earnings	**Total**	Non-controlling interest	**Total equity**
Balance as at 01.01.2016	**23,356**	**33,992**	**895**	**551**	**11,205**	**69,999**	**3,241**	**73,240**
Paid in share capital	2,000	11,900	0	0	0	13,900	0	**13,900**
Transfer to statutory reserve capital	0	0	685	0	-685	0	0	**0**
Share options	0	0	0	710	0	710	0	**710**
Profit for the year	*0*	*0*	*0*	*0*	*17,815*	*17,815*	*2,078*	***19,893***
Other comprehensive loss	*0*	*0*	*0*	*-17*	*0*	*-17*	*0*	***-17***
Total profit and other comprehensive income for 2016	0	0	0	-17	17,815	17,798	2,078	19,876
Balance as at 31.12.2016	**25,356**	**45,892**	**1,580**	**1,244**	**28,335**	**102,407**	**5,319**	**107,726**
Balance as at 01.01.2017	**25,356**	**45,892**	**1,580**	**1,244**	**28,335**	**102,407**	**5,319**	**107,726**
Paid in share capital	411	412	0	0	0	823	0	**823**
Transfer to statutory reserve capital	0	0	891	0	-891	0	0	**0**
Dividends paid	0	0	0	0	-3,804	-3,804	0	**-3,804**
Share options	0	0	0	129	828	957	0	**957**
Profit for the year	*0*	*0*	*0*	*0*	*19,603*	*19,603*	*2,574*	***22,177***
Other comprehensive loss	*0*	*0*	*0*	*76*	*0*	*76*	*0*	***76***
Total profit and other comprehensive income for 2017	0	0	0	76	19,603	19,679	2,574	22,253
Balance as at 31.12.2017	**25,767**	**46,304**	**2,471**	**1,449**	**44,071**	**120,062**	**7,893**	**127,955**

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Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)

(in thousands of euros)	Share capital	Share premium	Statutory reserve capital	Other reserves	Accumulated deficit/ retained earnings	**Total**	Non-controlling interest	**Total equity**
Balance as at 01.01.2017	**25,356**	**45,892**	**1,580**	**1,244**	**28,335**	**102,407**	**5,319**	**107,726**
Transfer to statutory reserve capital	0	0	891	0	-891	0	0	**0**
Paid in share capital	411	412	0	0	0	823	0	**823**
Dividends paid	0	0	0	0	-3,804	-3,804	0	**-3,804**
Share options	0	0	0	-136	830	694	0	**694**
Profit for the year	*0*	*0*	*0*	*0*	*13,917*	*13,917*	*1,468*	***15,385***
Other comprehensive loss	*0*	*0*	*0*	*82*	*0*	*82*	*0*	***82***
Total profit and other comprehensive income for the reporting period	0	0	0	82	13,917	13,999	1,468	**15,467**
Balance as at 30.09.2017	**25,767**	**46,304**	**2,471**	**1,190**	**38,387**	**114,119**	**6,787**	**120,906**

(in thousands of euros)	Share capital	Share premium	Statutory reserve capital	Other reserves	Accumulated deficit/ retained earnings	Total	Non-controlling interest	Total equity
Balance as at 01.01.2018	**25,767**	**46,304**	**2,471**	**1,449**	**44,071**	**120,062**	**7,893**	**127,955**
Changes due to changes in accounting principles	0	0	0	0	10,617	**10,617**	0	**10,617**
Sale of subsidiaries	0	0	0	0	0	0	-4,550	**-4,550**
Transfers to statutory reserve capital	0	0	980	0	-980	0	0	**0**
Paid in share capital	249	349	0	0	0	598	0	**598**
Dividends paid	0	0	0	0	-4,123	-4,123	-1,172	**-5,295**
Share options	0	0	0	258	608	866	0	**866**
Profit for the year	*0*	*0*	*0*	*0*	*19,189*	*19,189*	*1,276*	***20,465***
Other comprehensive loss	*0*	*0*	*0*	*-36*	*0*	*-36*	*0*	***-36***
Total profit and other comprehensive income for the reporting period	0	0	0	-36	19,189	19,153	1,276	**20,429**
Balance as at 30.09.2018	**26,016**	**46,653**	**3,451**	**1,671**	**69,382**	**147,173**	**3,447**	**150,620**

10.6. Key Ratios and Indicators

In the opinion of the Management, those key ratios and indicators are the most appropriate ratios and indicators, considering the markets where the Group companies operate. These ratios and indicators enable adequate evaluation of the profitability of the operations of the Group, considering the business volumes of the Group companies.

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(in millions of euros)	**2017** Audited	**2016** Audited	**9m 2018** Unaudited	**9m 2017** Unaudited
Net profit	22.2	19.9	20.5	15.4
Net profit attributable to owners of the parent	19.6	17.8	19.2	13.9
Basic earnings per share (EUR)	0.77	0.72	0.74	0.55
Diluted earnings per share (EUR)	0.75	0.70	0.73	0.54
Average equity	111.2	86.2	133.6	108.3
Return on equity (ROE) % *	17.6	20.7	19.2	17.1
Return on assets (ROA) %	1.6	2.4	1.5	1.3
Net interest income	35.5	30.0	27.9	25.6
Net interest margin (NIM) %	2.66	3.60	2.08	2.20
Spread %	2.62	3.52	1.99	2.17
Cost / income ratio %	54.4	57.2	48.8	54.4

10.7. Explanations

Ratio	Definition / formula
Average equity (attributable to owners of the parent)	(equity as at the end of the reporting period + equity as at the end of the previous reporting period) / 2 *Amount presents amount of equity available in average during relevant period.*
Return on equity (ROE)	net profit (share of owners of the parent) / average equity (attributable to owners of the parent) * 100 *Ratio presents how much profit is an entity able to generate compared to equity on annual bases.*
Average assets	(assets as at the end of the reporting period + assets as at the end of the previous reporting period) / 2 *Amount presents the amount of total assets available in average during relevant period.*
Return on assets (ROA)	net profit (share of owners of the parent) / average assets * 100 *Ratio presents how much profit an entity is able to generate compared to total assets.*
Average interest earning assets	(interest earning assets as at the end of the reporting period + interest earning assets as at the end of the previous reporting period) / 2 *Amount presents amount of the interest earning assets available in average during relevant period*.
Net interest margin (NIM)	net interest income / average interest earning assets * 100 *Ratio presents the margin an entity is in average using between funding and lending.*
Spread	yield on interest earning assets – cost of interest bearing liabilities

	Ratio presents the difference between average earned yield and paid yield, whereas the underlying volumes are not taken into account.
Cost / income ratio	total operating expenses / total income * 100 (total income equals net interest income + net fee and commission income + net profit from financial assets + other income) *Ratio presents effectiveness, i.e. how much an entity is spending for earning one euro.*

10.8. No Material Change

As of the date of the Prospectus, there has been no material change in the Group's financial or trading position since 30 September 2018.

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11. TAXATION

This Section is meant to give an overview of the tax regime applicable to the bondholders. The below summary is in no way exhaustive and is not meant to constitute professional advice to any person. In order to establish particular tax consequences of the Offering or the ownership of the Bonds, each individual investor is 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%. 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.

Taxation of Interest. Estonian resident individuals are subject to paying income tax (20%) 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, whereas such income tax is subject to withholding by the Company. 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 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.

12. GLOSSARY

Term	Definition
Articles of Association	shall mean the Articles of Association of the Company effective as at the date of this Prospectus.
Bail-in Powers	shall mean any loss absorption, write-down, conversion, transfer, modification, suspension or similar or 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 transposition of the BRRD (including but not limited to the Financial Crisis Prevention and Resolution Act (*finantskriisi ennetamise ja lahendamise seadus*) as amended or replaced from time to time and (ii) 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	shall mean up to 45,000 subordinated bonds with the nominal value of EUR 1,000 issued by the Company in accordance with the Bond Terms.
Bond Terms	shall mean 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.
Company	shall mean 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.
EBA	shall mean 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.
EUR	shall mean the official currency of Eurozone countries, including Estonia, Latvia and Lithuania, the euro.
Eurozone	shall mean the economic and monetary union (EMU) of the European Union member states, which have adopted euro as their single official currency.

Final Terms	shall be 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	see Section 1.7 ("Financial Information").
EFSA	shall mean the Estonian Financial Supervision Authority, a financial supervision 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 Financial Supervision Authority in the name of the state and which is independent in its activities and decisions.
General Meeting	shall mean the General Meeting of shareholders of the Company, the highest governing body of the Company.
Group	shall mean the Company and all its subsidiaries.
IFRS	shall mean the International Financial Reporting Standards as adopted by the European Union.
Institutional Offering	shall mean the offering of the Offer Bonds to institutional investors in or outside Estonia in reliance on certain exemptions found in the national securities legislation of each relevant country, which does not constitute a public offering of the Offer Bonds in any jurisdiction.
Interim Financial Statements	see Section 1.7 ("Financial Information").
LHV Finance	shall mean 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 Pank	shall mean 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	shall mean 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	shall mean the Management Board and the Supervisory Board of the Company.
Management Board	shall mean the Management Board of the Company.

Maximum Amount	see Section 5.5 (“Subscription Undertakings”).
Nasdaq CSD	Nasdaq CSD SE (Societas Europaea), the regional Baltic central securities depository, register code 40003242879, registered address Vaļņu iela 1, Rīga LV-1050, Latvia.
Nasdaq Tallinn Stock Exchange	shall mean the only regulated market operated by Nasdaq Tallinn AS (register code 10359206).
Issue Price	shall mean the price payable for one Offer Bond upon the issue thereof as determined in accordance with the relevant Final Terms.
Offer Bonds	shall mean the Bonds offered by the Company in accordance with this Prospectus, the Bond Terms and the Final Terms.
Offering	shall mean the Retail Offering and the Institutional Offering together.
Offering Period	shall mean the period within which the persons who have the right to participate in the Retail Offering may submit Subscription Undertakings for the Offer Bonds. The Offering Period of each Offering will be announced separately.
Program	shall mean all series of Bond issues in the aggregate principal amount of EUR 45,000,000 as established by the Company in accordance with the Bond Terms.
Prospectus	shall mean this document.
Relevant Resolution Authority	shall mean the resolution authority with the ability to exercise any Bail-in Powers in relation to the Company and/or the Group.
Retail Offering	shall mean the offering of the Offer Bonds to institutional and retail investors in Estonia, which is a public offering of securities within the meaning of the Estonian Securities Market Act.
Section	shall mean a section of this Prospectus.
Share	shall mean the ordinary shares of the Company with the nominal value of EUR 1, registered in the ECRS under ISIN code EE3100073644.
Shareholder	shall mean natural or legal person(s), holding the Share(s) of the Company at any relevant point of time.
Subscription Undertaking	shall mean the order submitted by an investor for the purchase of the Offer Bonds in accordance with the terms and conditions of the Offering.
Subsidiaries	shall mean LHV Pank, LHV Varahaldus and LHV Finance.
Supervisory Board	shall mean the Supervisory Board of the Company.

Summary	shall mean the summary of this Prospectus.
UCITS	shall mean undertakings for the collective investment in transferable securities, i.e. are 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 (UCITS).

COMPANY

AS LHV Group

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