

 Early Warning System

EBRD-55848

LHV Bank Covered bonds 2024



Quick Facts

Countries	Estonia
Financial Institutions	European Bank for Reconstruction and Development (EBRD)
Status	Approved
Bank Risk Rating	U
Voting Date	2024-10-09
Borrower	AS LHV Pank
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	\$ 41.03 million
Project Cost (USD)	\$ 246.19 million



Project Description

According to the Bank's website, in October 2024, EBRD invested EUR 37.5 million in 4-year covered bonds issued by AS LHV Pank ("LHV"), as a part of EUR 225 million public issuance that was listed on the Irish Stock Exchange (Euronext Dublin).

The project supports the expansion of the nascent covered bond market in Estonia and it is fully consistent with Bank's policy engagement on capital market development in the Baltics. The project also delivers on the Bank's green agenda and national green economy priorities for Estonia.



Early Warning System Project Analysis

AS LHV Group and its banking subsidiary AS LHV Pank are existing clients of the EBRD. LHV will be required to continue to comply with EBRD's Performance Requirements 2, 4 and 9, apply the E&S Exclusion List and Referral List to the allocation of EBRD proceeds in the bond and make sure that no high risk and no Category A projects are financed through this instrument. Furthermore, LHV will be required to continue to implement EBRD's applicable E&S Risk Management Procedures and continue to submit annual environmental and social reports to the EBRD. Any potential renewable energy projects financed through the various issuances will need to follow the E&S Eligibility Criteria for hydro, wind, solar, bioenergy and geothermal projects, as applicable. Any potential solar sub-projects would be managed in line with the EBRD's Management Approach for Solar Supply Chain Risk Management and any subsequent guidance developed under that approach. The partner bank will continue to report on E&S performance of the operation and compliance with the ESP annually to the Bank.



Investment Description

- European Bank for Reconstruction and Development (EBRD)

The bank invested EUR 37.5 million in 4-year covered bonds issued by the client, as a part of EUR 225 million public issuance that was listed on the Irish Stock Exchange (Euronext Dublin).



Private Actors Description

AS LHV Pank is the 4th largest bank in Estonia and the banking arm of LHV Group, which own 100% of the bank. As of end-H1 2024, LHV accounted for 92.4% of the Group's assets of €6.8 billion. LHV Group has been listed on the Tallinn Stock Exchange since 2016 with the market capitalisation of €1.1 billion as of August 2024. LHV is rated A3 and LHV Group is rated Baa3 by Moody's.



Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	AS LHV Pank	Client	-



Contact Information

COMPANY CONTACT INFORMATION

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ACCESS TO INFORMATION

You can request information by emailing: accessinfo@ebrd.com or by using this electronic form:
<https://www.ebrd.com/eform/information-request>

ACCOUNTABILITY MECHANISM OF EBRD

The Project Complaint Mechanism (PCM) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an European Bank for Reconstruction and Development (EBRD)-financed project. If you submit a complaint to the PCM, it may assess compliance with EBRD's own policies and procedures to prevent harm to the environment or communities or it may assist you in resolving the problem that led to the complaint through a dialogue with those implementing the project. Additionally, the PCM has the authority to recommend a project be suspended in the event that harm is imminent.

You can contact the PCM at: pcm@ebrd.com or you can submit a complaint online using an online form at:
http://www.ebrd.com/eform/pcm/complaint_form?language=en

You can learn more about the PCM and how to file a complaint at: <http://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism.html>



Bank Documents

- [Translation: LHV Bank Covered bonds 2024 \(Estonian\)](#)