

## TERMS AND CONDITIONS OF TIER 2 SUBORDINATED BONDS

EUR 200,000,000

### Tier 2 Subordinated Bond Programme of AS LHV GROUP

*The following are the terms and conditions of the Tier 2 subordinated bonds which, as completed by the relevant Final Terms (as defined below), will be applicable to each Series (as defined below) of the Tier 2 subordinated bonds (the “Bond Terms”). The relevant Final Terms for each Series of the Tier 2 subordinated bonds are set out in Part A of the Final Terms attached to each such bond.*

*The paragraphs appearing in italics below are included for disclosure purposes only and do not form part of the Bond Terms.*

AS LHV Group, a limited liability company incorporated in Estonia with register code 11098261 (the “**Company**”), has established a programme (the “**Programme**”) for the issuance of up to 200,000 Tier 2 subordinated bonds, with the nominal value EUR 1,000 each (each a “**Bond**”). The aggregate principal amount of the Bonds issued under the Programme is up to EUR 200,000,000.

As used in these Bond Terms, “**Series**” means a single series of Bonds identical in all respects (including as to listing), except for their respective Issue Dates (as defined below), first Interest Payment Dates (as defined below), and/or Issue Prices (as defined below).

Each Series will be the subject to the final terms (the “**Final Terms**”) attached to each Bond, a copy of which will be available through the Company’s website (<https://investor.lhv.ee/en/>) and, if an application has been made for admission to the Bonds List of the Tallinn Stock Exchange, will be filed with Nasdaq Tallinn AS on or before the date of issue of the Bonds of such Series.

References in these Bond Terms to the Bonds are to the Bonds of the relevant Series.

#### 1. Interpretation

- (a) In these Bond Terms the following expressions have the following meanings, whereas additional expressions have been defined in other parts of these Bond Terms, where clearly marked so:

“**Agent**” means AS LHV Pank, register code 10539549.

“**Applicable Banking Regulations**” means at any time the laws, regulations, delegated or implementing acts, regulatory or implementing technical standards, rules, requirements, guidelines and policies relating to capital adequacy then in effect in Estonia including, without limitation to the generality of the foregoing, the national laws implementing the CRD, the BRRD, the SRM Regulation, delegated and implementing acts adopted by the European Commission, and those regulations, requirements, guidelines and policies relating to capital adequacy or resolution adopted by the Competent Authority, the European Banking Authority, and the European Single Resolution Board from time to time, and in each case to the extent then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Company or the Group).

“**Bail-in and Loss Absorption Powers**” means any 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 SRM Regulation, (ii) the transposition of the BRRD (including but not limited to the Estonian Financial Crisis Prevention and Resolution Act (in

Estonian: *finantskriisi ennetamise ja lahendamise seadus*) as amended or replaced from time to time, and (iii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Company (or any affiliate of the Company), including obligations under the Bonds, 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).

“**BRRD**” means the 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 amended, *inter alia*, by Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019, and as further amended or replaced.

“**Business Day**” means a day on which commercial banks and foreign exchange markets settle payments in euro and are open for general business in Tallinn and which is a settlement day of the Register.

“**Bonds**” mean Tier 2 (as defined by the Applicable Banking Regulations) subordinated bonds issued by the Company in accordance with these Bond Terms and the Final Terms, representing unsecured subordinated debt obligation of the Company before the Bondholder.

“**Bondholder**” is the owner of the Bond registered as such in the Register.

“**Capital Event**” means the determination by the Company, after consultation with the Competent Authority, that the Outstanding Principal Amount of the relevant Series of Bonds ceases or would be likely to cease to be included in whole or in any part, or count in whole or in any part, towards the Tier 2 Capital of the Company in the essence of the CRR.

“**Company**” means AS LHV Group, register code 11098261.

“**Competent Authority**” means the European Central Bank, the Estonian Financial Supervision and Resolution Authority (in Estonian: *Finantsinspeksioon*), or such other body or authority having primary supervisory authority with respect to the Company and its group and/or the relevant Resolution Authority (if applicable).

“**Bond Terms**” mean these terms and conditions of the Bonds as established by the Company, together with the relevant Final Terms forming an agreement between the Company and a Bondholder in respect of the issue and redemption of a Bond and rights and obligations arising from the Bond.

“**CRD**” means, taken together, the (i) CRD Directive, and (ii) CRR.

“**CRD Directive**” means Directive (EU) 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as implemented in Estonia and including as amended by the Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019, and as further amended or replaced.

“**CRR**” means 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, as amended, *inter alia*, by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019, and as further amended or replaced.

“**Final Terms**” mean the set of additional terms and conditions of the particular Series of the Bonds, together with these Bond Terms forming the full set of terms and conditions of the particular Series of the Bonds.

“**Group**” means, the Company together with its subsidiaries.

“**Interest Commencement Date**” means the Issue Date of the Bonds (as specified in the Final Terms) or such other date as may be specified as such in the relevant Final Terms.

“**Interest Payment Date**” means the any date or dates specified as such in the relevant Final Terms.

“**Issue Date**” means the date when the Bond is deemed to be issued as specified in the relevant Final Terms.

“**Issue Price**” means the price payable for one Bond upon the issue thereof as specified in the relevant Final Terms.

“**Maturity Date**” means the date of ordinary redemption of the Series of Bonds as specified in the relevant Final Terms.

“**Nominal Amount**” shall mean EUR 1,000 per each Bond.

“**Outstanding Principal Amount**” means the principal amount of the Bond on the Issue Date as reduced by any partial redemption or repurchase from time to time.

“**Programme**” means the issue of the Bonds in one or several Series in accordance with these Bond Terms.

“**Rate of Interest**” means the rate (expressed as a percentage per annum) of interest payable in respect of the Bonds specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Bond Terms.

“**Register**” means Estonian Register of Securities operated by Nasdaq CSD SE (register code 40003242879, registered address Vaļņu iela 1, Rīga LV-1050, Latvia) Estonian branch (register code 14306553, registered address Maakri tn 19/1, 10145 Tallinn, Estonia).

“**Relevant Amounts**” means the outstanding principal amount of the Bonds, together with any accrued but unpaid interest and additional amounts due on the Bonds. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority.

“**Resolution Authority**” means the European Single Resolution Board, the Estonian Financial Supervision and Resolution Authority (in Estonian: *Finantsinspeksioon*), or such other regulatory authority or governmental body with the ability to exercise any Bail-in and Loss Absorption Powers in relation to the Company and/or the Group.

“**Series**” means one or several issues of the Bonds in accordance with these Bond Terms and the relevant Final Terms, which may vary in respect of different Series.

“**SRM Regulation**” means Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, as further amended from time to time.

“**Tax Event**” means:

- (i) any amendment to, or clarification of, or change in, the laws or treaties (or any regulations thereunder) of the Taxing Jurisdiction affecting taxation;
- (ii) any governmental action or judicial decision in the Taxing Jurisdiction; or

- (iii) any amendment to, clarification of, or change in, the official position or the interpretation of such governmental action or any interpretation, decision or pronouncement that provides for a position with respect to such governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in the Taxing Jurisdiction, irrespective of the manner in which such amendment, change, action, pronouncement, interpretation or decision is made known,

which amendment or change is effective, or such governmental action, pronouncement, interpretation or decision is announced, on or after the Issue Date of the relevant Series of Bonds and as a result of which:

- (i) the Company is, or will be, subject to additional taxes, duties or other governmental charges with respect to such Bonds or is not, or will not be, entitled to claim a deduction in respect of payments in respect of such Bonds in computing its taxation liabilities (or the value of such deduction would be materially reduced); or
- (ii) the treatment of any of the Company's items of income or expense with respect to such Bonds as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Company will not be respected by a taxing authority, which subjects the Company to additional taxes, duties or other governmental charges.

**"Taxing Jurisdiction"** means the Republic of Estonia or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any other jurisdiction or any political subdivision thereof or any authority or agency therein or thereof, having power to tax in which the Company is treated as having a permanent establishment, under the income tax laws of such jurisdiction.

**"Tier 2 Capital"** means Tier 2 capital for the purposes of the Applicable Banking Regulations.

- (b) If an expression is stated in Condition 1(a) to have the meaning specified in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression as "Not Applicable" then such expression is not applicable to the Bonds.
- (c) In these Bond Terms:
  - (i) the word "herein" and similar words refer to these Bond Terms and not to any particular section or any other subdivision of these Bond Terms;
  - (ii) when reference is made to a number of days, such number shall refer to calendar days, unless Business Days are specified;
  - (iii) references to the word "include" or "including" (or any similar term) are not to be construed as implying any limitation and general words introduced by the word "other" (or any similar term) shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things;
  - (iv) references to any act or other regulatory instrument or any provision of any act or other regulatory instrument shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

## 2. Form, Denomination and Currency

- (a) **Form**

The Bonds are issued in dematerialised book-entry form and registered in the Register.

The Bonds are not numbered.

(b) **Denomination**

The Bonds will be issued in such denominations as may be specified in the relevant Final Terms.

(c) **Currency**

The Bonds are denominated in euro.

**3. Title, Transfer, Delivery and Transferability**

(a) **Title**

Title to the Bonds belongs to the person in whose name the Bonds are registered in the Register (the “**Bondholder**”).

(b) **Transfer**

The Bonds can be transferred by initiating respective transfers through the securities accounts with the Register. The title to the Bonds passes by registration of change of ownership in the Register.

(c) **Delivery**

The Agent, pursuant to an agreement with the Company, organises the registration of the Bonds in the Register and their deletion from the Register upon their redemption. Only persons who have securities accounts (whether directly or indirectly via a nominee structure or otherwise) with the Register can subscribe for or purchase the Bonds.

(d) **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 an offering requiring the publication of a prospectus in the meaning of the applicable law. Ensuring that any offering of the Bonds does not require publication of a prospectus under the applicable law is the obligation and liability of the Bondholder. The Register may temporarily block the Bonds on a Bondholder’s securities account to ensure performance of corporate actions regarding the Bonds.

(e) **Costs**

The issue and transfer of a Bond will be effected without charge by or on behalf of the Company. However, the investors and Bondholders may be obliged to cover expenses which are related to the opening of securities accounts with respective service providers, as well as commissions which are charged by such service providers in relation to the execution of the subscription or transfer instructions of the Bonds, the holding of the Bonds or any other operations in relation to the Bonds. The Company will not compensate the Bondholders for any such expenses.

**4. Status and Subordination**

(a) The Bonds constitute direct, unsecured and subordinated obligations of the Company. The rights and claims of the Bondholders are subordinated as described in Condition 4(b). The Bonds rank *pari passu* without any preference among themselves.

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

- (i) junior to any present or future claims of (A) unsecured and unsubordinated creditors of the Company (including holders of senior preferred notes and the senior non-preferred notes, if any, issued by the Company), and (B) holders of senior subordinated notes and claims of any other subordinated creditors the claims of which rank, or are expressed to rank, in priority to the Bonds;
- (ii) *pari passu* with any other present or future indebtedness of the Company which constitutes Tier 2 Capital;
- (iii) in priority to claims of holders of any outstanding Additional Tier 1 instruments (as defined in the Applicable Banking Regulations), and payments to holders of all classes of share capital of the Company in their capacity as such holders, and claims of any other subordinated creditors the claims of which rank, or are expressed to rank, junior to the Bonds,

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

The subordination of the Bonds means that upon the liquidation or bankruptcy of the Company, all the claims arising from the Bonds shall fall due in accordance with these 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.

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 these Bond Terms and the applicable law.

- (c) No Bondholder shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Company in respect of such Bonds. If any amounts owed by the Company to any Bondholder in connection with the Bonds is discharged by set-off, such Bondholder shall, where permitted by applicable law, immediately pay an amount equal to the amount discharged to the Company (or, in the event of its insolvency or liquidation, the bankruptcy administrator or the liquidator, respectively, of the Company) and, until such time as payment is made, shall hold an amount equal to such amount discharged on behalf and for the benefit of the Company (or the bankruptcy administrator or the liquidator of the Company) and accordingly not deem any such discharge to have taken place.
- (d) The rights of Bondholders shall be subject to any present or future Estonian laws or regulations relating to the insolvency, recovery and resolution of credit institutions and their parent companies in Estonia which are or will be applicable to the Bonds only as a result of the operation of such laws or regulations.

## 5. Interest

The Bonds shall bear interest on its Outstanding Principal Amount from the day immediately following the Issue Date (as specified in the Final Terms) to, and including, the date of any final redemption at the Rate of Interest *per annum* specified in the Final Terms. Such interest will be payable in arrear on each Interest Payment Date as is specified in the relevant Final Terms and on the date of any final redemption.

The amount of interest payable in respect of each Bond shall be calculated by applying the Rate of Interest to the Outstanding Principal Amount, whereas interest for each full calendar month during the term of the Bonds will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and interest for the partial calendar month will be calculated on the basis of a 360-day year and the actual number of days elapsed (the 30/360 interest calculation convention).

The determination by the Agent of all amounts of interest for the purposes of this Condition 5 shall,

in the absence of manifest error, be final and binding on all parties.

## 6. **Redemption and Purchase**

### (a) ***Redemption at Maturity***

Unless previously redeemed, or purchased and cancelled, the Bonds shall be redeemed at their principal amount on the Maturity Date.

### (b) ***Early Redemption as a result of Tax Event***

Upon the occurrence of a Tax Event, but subject to having obtained the relevant Competent Authority permission if such permission is then required under the Applicable Banking Regulations, the Company may, at its option, having given not less than 30 days' notice to the Bondholders in accordance with Condition 13 (which notice shall be irrevocable) redeem all (but not some only) of the outstanding Bonds of the relevant Series at any time at a redemption amount equal to their Outstanding Principal Amount together with interest (if any) accrued up to but excluding the date of redemption.

### (c) ***Early Redemption as a result of Capital Event***

Upon the occurrence of a Capital Event, but subject to having obtained the relevant Competent Authority permission if such permission is then required under the Applicable Banking Regulations, the Company may, at its option, having given not less than 30 days' notice to the Bondholders in accordance with Condition 13 (which notice shall be irrevocable) at any time redeem all (but not some only) of the outstanding Bonds of the relevant Series at a redemption amount equal to their Outstanding Principal Amount, together with interest (if any) accrued up to but excluding the date of redemption.

### (d) ***Optional Early Redemption (Call)***

After 5 years have passed from the Issue Date of the Bonds of the relevant Series and having obtained the relevant Competent Authority permission if such permission is then required under the Applicable Banking Regulations, the Company may, having given not less than 30 days' notice to the Bondholders in accordance with Condition 13 (which notice shall be irrevocable) redeem fully or partially the Bonds of the relevant Series at their Outstanding Principal Amount, together with accrued interest (if any) thereon.

The appropriate notice referred to in this Condition 6(d) is a notice given by the Company to the Agent and the Bondholders, which notice shall be signed by a duly authorised officer of the Company and shall specify:

- (i) the Series of Bonds subject to redemption;
- (ii) whether the Bonds of such Series are to be redeemed in whole or in part only and, if in part only, the aggregate Outstanding Principal Amount of the Bonds which are to be redeemed;
- (iii) the due date for such redemption, which shall be not less than 30 days after the date on which such notice is validly given; and
- (iv) the amount at which such Bonds are to be redeemed, which shall be their Outstanding Principal Amount together with accrued interest thereon.

Any such notice shall be irrevocable, and the delivery thereof shall oblige the Company to make the redemption therein specified.

### (e) ***Partial Redemption***

If the Bonds of a Series are to be redeemed in part only on any date in accordance with

Condition 6(d), the Bonds shall be redeemed *pro rata* to their Outstanding Principal Amount, subject always to compliance with Applicable Banking Regulations and other applicable laws, and if relevant, the rules of the stock exchange on which the Bonds have then been admitted to trading.

(f) **Purchase**

The Company and its subsidiaries may at any time, if in accordance with the Applicable Banking Regulations, purchase the Bonds for the purpose of market making or otherwise at any price and any such purchases shall be subject to the prior permission of the Competent Authority, if such permission is then required, under the Applicable Banking Regulations.

(g) **Cancellation of Redeemed and Purchased Bonds**

All Bonds redeemed or purchased in accordance with this Condition 6 will be cancelled and may not be reissued or resold. References in this Condition 6(g) to the purchase of the Bonds by the Company shall not include the purchase of Bonds in the ordinary course of business of dealing in securities as a market maker or the purchase of Bonds otherwise than as beneficial owner.

**7. Events of Default**

(a) The following events or circumstances (each “**Event of Default**”) shall be events of default in relation to the Bonds:

- (i) Non-payment: the Company fails to pay any amount of principal due in respect of the Bonds for more than ten Business Days or fails to pay any amount of interest due in respect of the Bonds for more than ten Business Days; or
- (ii) Winding-up: if any order is made by any competent court or resolution passed for the insolvency or liquidation of the Company.

(b) If any Event of Default shall occur and be continuing in relation to any Bonds, then Bondholder thereof shall be entitled to:

- (i) (in the case of paragraph (a)(i) above) institute proceedings for the bankruptcy of the Company in Estonia and not elsewhere, and prove or claim in the bankruptcy proceedings of the Company; and/or
- (ii) (in the case of paragraph (a)(ii) above) by notice to the Company, declare such Bond to be due and payable, and such Bond shall accordingly become due and payable at its outstanding principal amount together with accrued interest to the date of payment, and such Bondholder may prove or claim for such payment in the bankruptcy or liquidation proceedings of the Company, whether in Estonia or elsewhere and instituted by the Company itself or by a third party,

but (in either case) such Bondholder may claim payment in respect of the Bond only in the bankruptcy or liquidation proceedings of the Company, and may not take any further action in respect of such default.

(c) Any exercise of any Bail-in and Loss Absorption Powers (as described in condition 16 (Acknowledgement of Bail-in and Loss Absorption Powers below)) or any other resolution tool by the Resolution Authority will not constitute an Event of Default under the Bonds.

(d) No remedy against the Company, other than as provided in the condition 7(b) above, shall be available to the Bondholders, whether for the recovery of amounts owing in respect of the Company or in respect of any breach by the Company of any of its obligations or undertakings with respect to the Bonds.



## 8. Payments

- (a) Payments of amounts (whether principal, interest or otherwise, including on the final redemption) due on the Bonds will be made to the Bondholders thereof, as appearing in the Register at the close of business on the Business Day preceding the due date for such payment (the “**Record Date**”). Payment of amounts due on the final redemption of the Bonds will be made simultaneously with deletion of the Bonds, or, if so required by the Company, against delivery of the Bonds to the Company. If the due date for payment of the final redemption amount of the Bonds is not a Business Day, the Bondholder thereof will not be entitled to payment thereof until the next following Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Bond Terms.
- (b) If the Company fails to transfer any amount payable to a Bondholder in connection with the Bond by the due date, the Company undertakes to pay delay interest to the Bondholder at the Rate of Delay Interest as specified in the Final Terms on the outstanding amount as from the payment deadline until actual payment.

## 9. Taxation

- (a) Should any amounts payable in cash or in kind (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Bonds be subject to withholding or deduction of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Republic of Estonia or any political subdivision thereof or any authority or agency therein or thereof having power to tax, the Company shall be entitled to withhold or deduct the respective taxes or duties. For the avoidance of doubt, any such withholdings or deductions shall be made by the Company on the account of the Bondholder with the Company having no obligation to compensate the withheld or deducted tax amounts to the Bondholder.
- (b) Should an applicable treaty for the avoidance of double taxation set out lower withholding rates than those otherwise applicable to the interest payment under Estonian domestic law, the respective Bondholder shall be requested to provide the documents necessary for application of the respective treaty (including, but not limited to, residence certificate issued or attested by the tax authority of the residence state of the Bondholder) at least 15 (fifteen) days prior to the payment. If such documents are not presented to the Company, the Company shall be entitled to withhold tax at the rates set out by the Estonian domestic legislation.
- (c) Estonian tax resident individuals may postpone the taxation of their (interest) income from the Bonds by using an investment account (in Estonian: *investeerimiskonto*) or pension investment account (in Estonian: *pensionini investeerimiskonto*) for making transactions with the Bonds and notifying the Company in a form reproducible in writing at least 15 (fifteen) days prior to the payment that they are entitled to benefit from the investment account or the pension investment account special tax regime. At the date of these Bond Terms, individuals are entitled to benefit from the investment account or the pension investment account’s special tax regime if they have acquired the Bonds on account of monetary means held at the respective Bondholder’s investment account or pension investment account. If the relevant notice is not duly presented to the Company, the Company shall be entitled to withhold tax in accordance with the general withholding rules.
- (d) Any reference in these Bond Terms to interest in respect of the Bonds shall be deemed also to refer to any additional amounts which may be payable under this Condition 9 or any undertaking given in addition thereto or in substitution therefor. For the avoidance of doubt,

no additional amounts shall be payable by the Company in respect of payments of principal under the Bonds.

**10. Limitation Period**

Claims against the Company in respect of the Bonds will expire (in Estonian: *aeguvad*) unless made within 3 years after the due date for payment.

**11. Agent**

- (a) Pursuant to an agreement between the Company and the Agent, the Agent has agreed to act as the mediator of documents between the Company and the Bondholders, organise registration of the Bonds in the Register as well as subscription for Bonds, and making of subscription, interest and redemption payments.
- (b) In carrying out its duties, the Agent acts as a representative of the Company and is not a party to the legal relationship created between the Company and the Bondholders as a result of the issue and acquisition of Bonds; however, the Agent has assumed an obligation to the Company and Bondholders to act in the interests of Bondholders when performing certain duties. The Agent is not liable to the Bondholders if the Company is in breach of obligations arising from these Bond Terms. The Agent's breach of obligations arising from these Bond Terms is also deemed to constitute a breach of obligations by the Company and the Company is liable to the Bondholders for the Agent's breach as if it were the Company's breach. If the Agent fails to properly perform its obligation to forward to the Company any document submitted by or payment made by a Bondholder under the Bond Terms or in connection with Bonds, the Bondholder is deemed to have submitted the relevant document or made the payment to the Company at the moment when the Agent was supposed to perform its relevant obligation.
- (c) The Bondholders acknowledge that the Agent is a subsidiary of the Company and hereby confirm that they have no claims against the Company or the Agent arising from that fact.

**12. Meetings of Bondholders; Modification**

- (a) Circumstances may arise that call for convening meetings of the Bondholders, or for requesting Bondholders' written consent, by the Company to consider the modification or waiver of the Bond Terms, whereas any modification of these Bond Terms may only be made as proposed by the Company. Any modification or waiver of the Bond Terms which affects the Bonds will be effected in accordance with Applicable Banking Regulations.
- (b) A notice of the Bondholders' meeting shall be provided to the Bondholders in accordance with Condition 13 (Notices) no later than 10 (ten) Business Days prior to the meeting. Bondholders registered as Bondholders in the Register as of close of business of the Register on the Business Day immediately preceding the meeting date or the date determined by the Company as the first date for collecting written consents without a meeting, shall be entitled to vote at the Bondholders' meeting or to provide their written consent.
- (c) Modifications of and amendments to the Bond Terms may be effected by the Issuer, and future compliance with any Bond Terms by the Issuer may be waived, with the prior consent of Bondholders representing not less than two-thirds of the outstanding principal amount of the Bonds (excluding any Bonds held by the Company or its subsidiaries) or, in the case of a written consent without a meeting, the consent of persons holding or representing not less than two-thirds of the outstanding principal amount of the Bonds (excluding any Bonds held by the Company or its subsidiaries).

- (d) Any modification shall be binding on the Bondholders and, any modification shall be notified by the Company to the Bondholders as soon as practicable thereafter.
- (e) The Company may, without the consent of any of the Bondholders, at any time make modifications to the Bonds which are, in the opinion of the Company, of a formal, minor, or technical nature or are made to correct a manifest error.

### **13. Notices**

#### **(a) To Bondholders**

Notices to Bondholders will be deemed to be validly given if:

- (i) in case the Bonds are listed and admitted to trading on a stock exchange - published through the information system of the stock exchange in which they are listed; or
- (ii) in case of unlisted Bonds - sent by e-mail to the Bondholders at their e-mail addresses available to the Agent or registered in the Estonian Commercial Register, the database belonging to the state information system, and also published in English on the Company's website at <https://investor.lhv.ee/en/>. Any such notice will be deemed to have been validly given on the next Business Day after sending the notice by e-mail, but in no case later than on the fifth Business Day after the notice has been published in accordance with this sub-paragraph.

#### **(b) To Company**

Notices to the Company will be deemed to be validly given if delivered to the Agent at Tartu maantee 2, 10145 Tallinn, Estonia or by e-mail to [lhv@lhv.ee](mailto:lhv@lhv.ee) or by fax to +372 6 800 410 (or at such other contact details as may have been notified to the Bondholders) and will be deemed to have been validly given on the fourth Business Day after the date of sending the notice by registered mail and on the next Business Day after sending the notice by e-mail.

### **14. Further Issues**

The Company may from time to time without the consent of the Bondholders of any Series create and issue further Bonds and other debt securities having terms and conditions the same as those of the Bonds of such Series or the same except for the Issue Price and Issue Date which may be consolidated and form a single Series with the outstanding Bonds of such Series.

### **15. Law and Jurisdiction**

- (a) The Bonds and all non-contractual obligations arising out of or in connection with any of them are governed by Estonian law.
- (b) The courts of Estonia shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Bonds (including a dispute relating to any non-contractual obligation arising out of or in connection with the Bonds).

### **16. Acknowledgement of Bail-in and Loss Absorption Powers**

Notwithstanding and to the exclusion of any other term of the Bonds or any other agreements, arrangements or understanding between the Company and any Bondholder (which, for the purposes of this Condition 16, includes each holder of a beneficial interest in the Bonds), by its acquisition of the Bonds, each Bondholder acknowledges and accepts that any liability arising under the Bonds may be subject to the exercise of Bail-in and Loss Absorption Powers by the Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (a) the effect of the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
  - (i) the reduction of all, or a portion, of the Relevant Amounts in respect of the Bonds;
  - (ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Bonds into shares, other securities or other obligations of the Company or another person, and the issue to or conferral on the Bondholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Bonds;
  - (iii) the cancellation of the Bonds or the Relevant Amounts in respect of the Bonds;
  - (iv) the amendment or alteration of the amount of interest payable on the Bonds, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (b) the variation of the terms of the Bonds, as deemed necessary by the Resolution Authority, to give effect to the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority.

No repayment or payment of Relevant Amounts in respect of the Bonds will become due and payable or be paid after the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

Upon the exercise of the Bail-in and Loss Absorption Powers by the Resolution Authority with respect to the Bonds, the Company will provide a notice to the Bondholders in accordance with Condition 13 as soon as practicable regarding such exercise of the Bail-in and Loss Absorption Powers but any delay or failure to provide such notice shall not affect the validity or enforceability of such exercise of the Bail-in and Loss Absorption Powers.

## FORM OF FINAL TERMS FOR THE BONDS

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

### AS LHV GROUP

(register code 11098261)

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

**EUR 200,000,000**

### Tier 2 Subordinated Bond Programme of AS LHV GROUP

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

Issue Price: [NUMBER] per cent.

The date of these Final Terms is [DATE]

**[MIFID II PRODUCT GOVERNANCE** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties, professional clients and retail clients, each as defined in the Markets in Financial Instruments Directive (Directive 2014/65/EU) (as amended, MiFID II); (ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Bonds to retail clients are appropriate – investment advice[,/and] portfolio management[,/and][ non-advised sales ][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]. [Description of any negative target market]. Any person subsequently offering, selling or recommending the Bonds (a distributor) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]

### PART A – CONTRACTUAL TERMS

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

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

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<sup>1</sup> [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]]

[\(https://investor.lhv.ee/en/\)](https://investor.lhv.ee/en/).

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

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

1.	Company	AS LHV Group
2.	Series Number	[ ]
3.	Aggregate Nominal Amount	EUR [amount] [The Aggregate Nominal Amount of the Series may be increased by the decision of the Company until Issue Date (including) by up to EUR [amount] or decreased in case part of the Offering is cancelled]
4.	Nominal Amount	EUR 1,000
5.	Issue Price	100% of the Nominal Amount [plus accrued interest from [date]]
6.	Issue Date	[date]
7.	Interest Commencement Date	[date]
8.	Maturity Date	[date]
9.	Type of Bonds	Fixed rate
10.	Redemption type	Redemption at par
11.	Status of the Bonds	Tier 2 Subordinated Bond
12.	Interest	
	i. Interest Payment Dates	[ ] in each year
	ii. Rate of Interest	[ ]% <i>per annum</i>
	iii. Day count fraction	30/360
	iv. Record Date	Close of business on the Business Day immediately preceding the Interest Payment Date

v. Rate of Delay Interest [ ]% *per annum*

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

Signed [digitally] on behalf of AS LHV Group:

By: .....

Duly authorised

Date: .....

## PART B – OTHER INFORMATION

### 1. LISTING

Listing [Nasdaq Tallinn Stock Exchange / None]

Admission to Trading: [Application has been made for the Bonds to be admitted to trading on the Bond List of the Nasdaq Tallinn Stock Exchange with the effect from the Issue Date / OR *Details of another date*] / [No application for admission to trading has been made]

### 2. RATINGS

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

### 3. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

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

ii. Estimated net proceeds: EUR [ ]

### 4. YIELD

Indication of yield: [ ]% *per annum*

The yield is calculated at the Issue Date on the basis of the Issue Price for the period starting from the day

immediately following the Issue Date up to, and including, the Maturity Date. It is NOT an indication of future yield.

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

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

**6. OPERATIONAL INFORMATION**

ISIN Code: [ ]

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

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