

# Holm Bank AS

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## Company Description

for public offering and admission  
to trading of up to EUR 2 000 000  
subordinated bonds.



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## Important information



The information contained in this company description (the Company Description) is drafted and disclosed by Holm Bank AS (the Company, Holm) for the purpose of providing prospective investors information about Holm, its group (the Group) and the intended public offering, listing and the admission to trading on Nasdaq First North Baltic Bond List of the subordinated Tier 2 bonds by the Company with issue size of up to EUR 2 000 000.

All information or opinions contained in this Company Description are provided as of the date of this Company Description. In providing you with this Company Description, neither the Company nor its respective advisers undertake any obligation to provide the recipient with access to any additional information or to update this Company Description or any additional information or to correct any inaccuracies in any such information which may become apparent.

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The descriptions contained herein are intended to provide background information on the Company, its business and the industry in which it operates and are not intended to provide complete disclosure upon which an investment could be made. Each party to whom this Company Description is made available must make its own independent assessment of the Company after making such investigations and taking such advice as may be deemed necessary.

The Company Description contains forward-looking statements that are based on current expectations, estimates and projections about, inter alia, the Industry and markets in which the Company will operate. Any estimates or projections or opinions contained herein necessarily involve significant elements of subjective judgment, analysis and assumption and each recipient should satisfy itself in relation to such matters. In no circumstances will the Company be responsible for any costs, losses or expenses incurred in connection with any appraisal or investigation of the Company. The information in this Company Description and any other information discussed at any presentation or investor meeting is subject to change.

The sole purpose of this Company Description is to assist the prospective investors in deciding whether they wish to provide financing to the Company introduced. The Company Description does not qualify as a prospectus. The bonds that are mentioned in this Company Description (the Bonds) have their own terms and conditions which should be read and consulted before entering any transaction. No information set out or referred to in this Company Description shall form the basis of any contract.

This Company Description does not constitute an offer to sell or a solicitation of an offer to purchase any Bonds in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. Each violation of such restrictions may constitute a violation of applicable securities laws of such countries. Investors are required to inform themselves of any such restrictions and return this Company Description to the Company should such restriction exist. The Company reserves the right to approve each investor.

This Company Description is not intended to provide, and should not be relied upon for accounting, legal, tax advice or investment recommendations. You should consult your tax, legal, accounting or other professional advisors about the issues discussed herein

This Company Description and any use hereof is governed by Estonian law with regard to Estonian rules of choice of law and venue. Any disputes that may arise as consequence hereof shall be settled by Harju County Court.

The investment into the Bonds involves a degree of risk appropriate to the specific area of activity of the Company and only these persons or entities that can bear the risks associated with the Bonds should consider making commitments that expose them to such risk.

## Company details

**HOLM**

<b>Business name:</b>	Holm Bank AS
<b>Activity field:</b>	Credit institution
<b>Legal address:</b>	Lääne county, Haapsalu city, Posti street 30, 90504, Estonia
<b>Parent company:</b>	OÜ Koduliising (registry code 14571396)
<b>Subsidiary:</b>	Holm Bank Latvia SIA (registry code 54103053771)
<b>Registry code:</b>	14080830
<b>Telephone:</b>	+372 675 5055
<b>E-mail:</b>	info@holmbank.ee
<b>Website:</b>	www.holmbank.ee

**Trademarks:**

*Liisi* **HOLM**



## Executive summary

Holm Bank is an **Estonian-owned bank** whose operations are subject to oversight by the Estonian Financial Supervision Authority (the Estonian FSA).

Holm offers the public to **become part of the success story** by subscribing for the first time public Tier2 bond issue

- ✓ Holm has been in **continuous growth pace since acquiring banking licence in 2019**
- ✓ The Company has demonstrated strong growth in business volumes and profitability and sees **positive outlook for further expansion**
- ✓ Holm has **a robust financial profile with strong capitalisation, a healthy balance sheet and a sustainable business model** driven by positive cash flows from its core operations. In 2023 bond programme was established to raise Additional Tier 1 capital, which will be used to strengthen the capital structure
- ✓ The proceeds from the current Tier 2 Bond issue will be used to **strengthen the capital base of the Group and to further expand its loan portfolio**

# HOLM

## Summary of the terms of the bond issue

<b>Issuer</b>	Holm Bank AS
<b>Type of security</b>	Unsecured subordinated bonds
<b>Name of security</b>	EUR 9.5% HOLM BANK BOND 24-2034
<b>Interest rate</b>	<b>9.5%</b>
<b>Interest payments</b>	30 May and 30 November
<b>Issue size</b>	up to EUR 2 000 000
<b>Placement</b>	Public offering in Estonia
<b>Subscription period</b>	10 May 2024 – 24 May 2024
<b>Issue date</b>	30 May 2024
<b>Maturity date</b>	30 May 2034
<b>Admission to trading</b>	First North Baltic Bond List
<b>Legal adviser</b>	Advokaadibüroo Sorainen OÜ

# Business model



# Main markets and strategy

**HOLM**

**Banking license since 2019**, prior operations from 1995, **expanding the loan portfolio on average >36% a year**

Youngest, 8th largest, and **fastest growing\*** bank in **Estonia**

**Fast growing** consumer lending business in **Latvia**

Not a universal bank – **only selected products** – narrow focus allows for fast developments and quick adjustments and decisions, a key competitive advantage

**100% digital** modern IT infrastructure-based platform

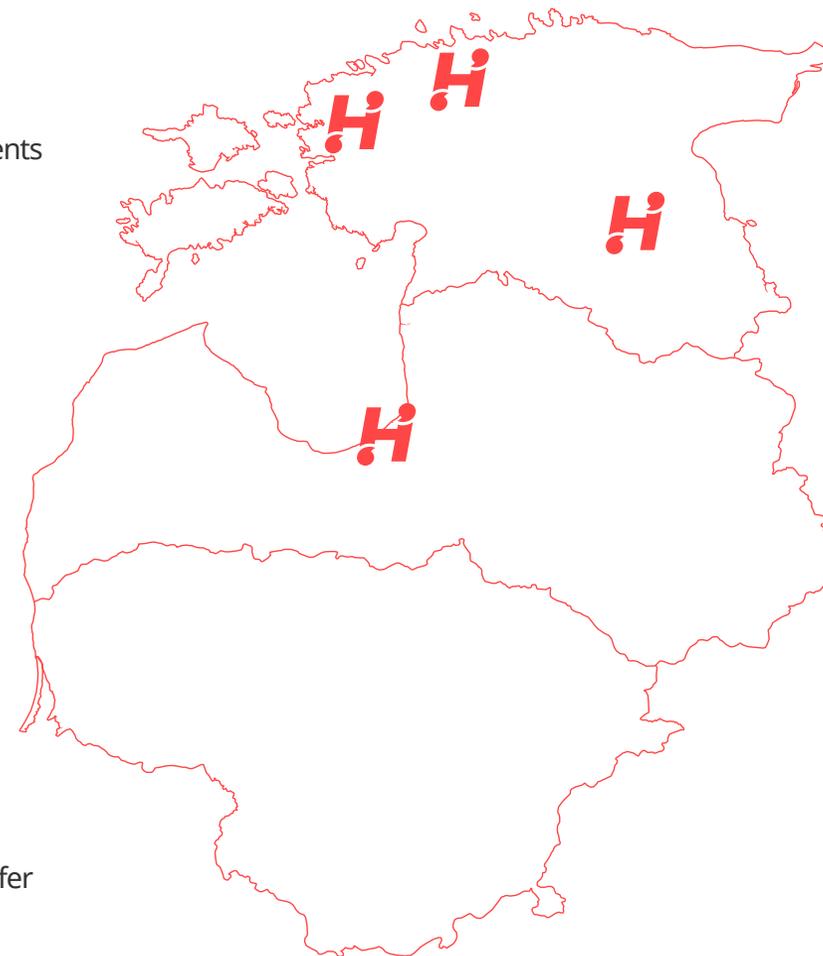
- ✓ Majority of business: various consumer lending products
- ✓ Increased share of SME business lending, leasing and home loan products
- ✓ **Highly diversified and short maturity credit risk book**
- ✓ Fully term deposit funded with limited liquidity risk
- ✓ Term deposits offering in Estonia, Germany and Austria

**Clear strategy for 2024-2026**

- ✓ Improved brand recognition
- ✓ Continued scale-up of volumes
- ✓ Profitability substantially increasing in time
- ✓ Develop high quality processes and tools

We have successfully increased our loan portfolio during economic recession and demonstrated competitive offer across the economic cycle

*\* taking into account the growth of lending volume (%) 2023 of credit institutions under supervision of Estonian FSA*



# Products

 Hire purchase

 Business loans

 Term deposit

 Small loans

 Leasing

 Home loans

 Credit cards

**The main activity of the Company is financing consumers and companies through various financial services and financial products.**

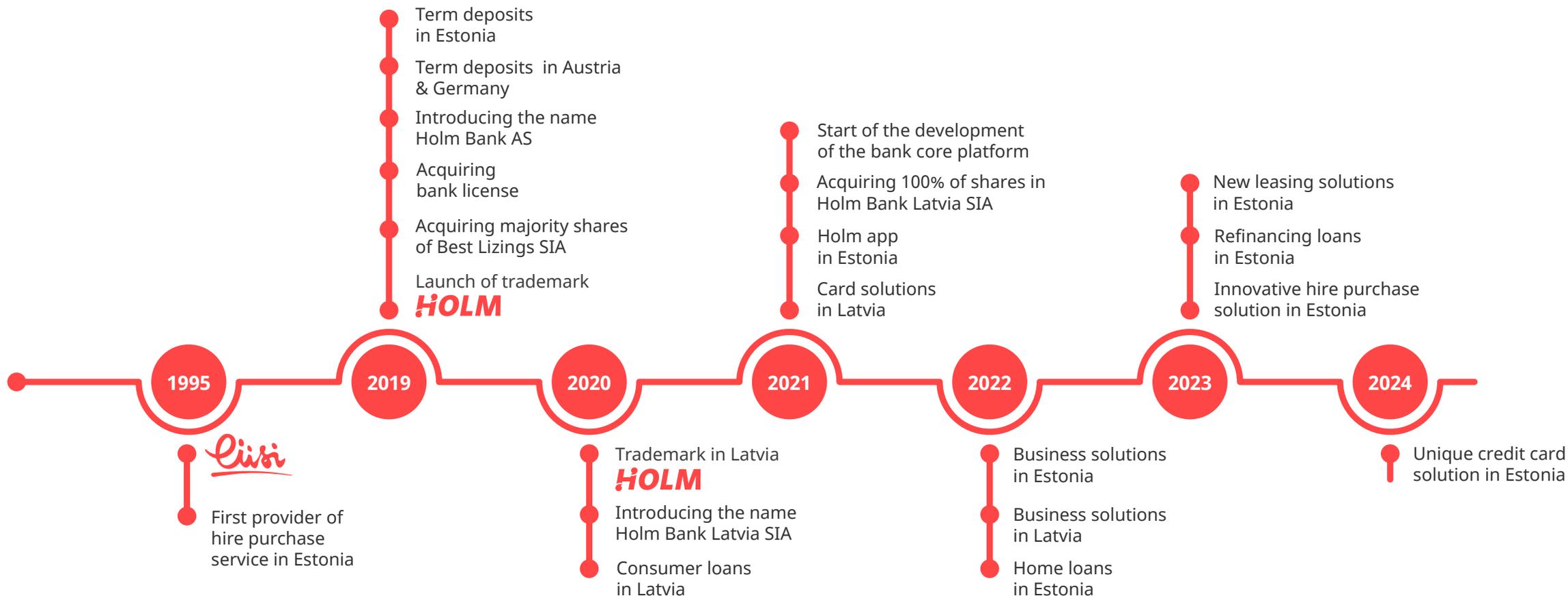
We believe our small size allows us to react to changes fast and come through the complex external environment with a stronger market position than what we had at the beginning.

- ✓ Consumer loans in Estonia are a mature business line for Holm Bank, with a long operating history since 1995, but we still see room for growth also in this area
- ✓ Collateralised loans have higher credit quality and represent a much larger market with a substantial growth potential
- ✓ In Latvia, the company has entered the market so far with a few products only, yet achieved an impressive growth, possible to expand the offering
- ✓ We see substantial growth potential as we introduce additional products



# HOLM

# History



### Key values of Holm Bank

At Holm Bank, we work to help individuals and businesses realise their positive plans, offering contemporary, user-friendly, and high-quality financial services with a forward-looking approach.

#### We value **PROGRESS**

We are constantly in pursuit of improvement and work towards better solutions for tomorrow.

#### We value **TIME**

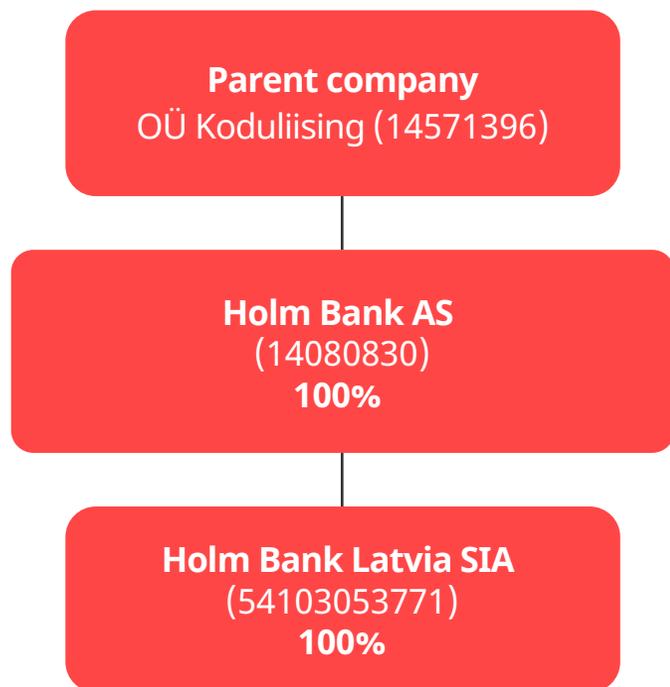
We consider time a valuable asset and hence refine our services and processes for a time-efficient and seamless experience.

#### We value **INDIVIDUALS**

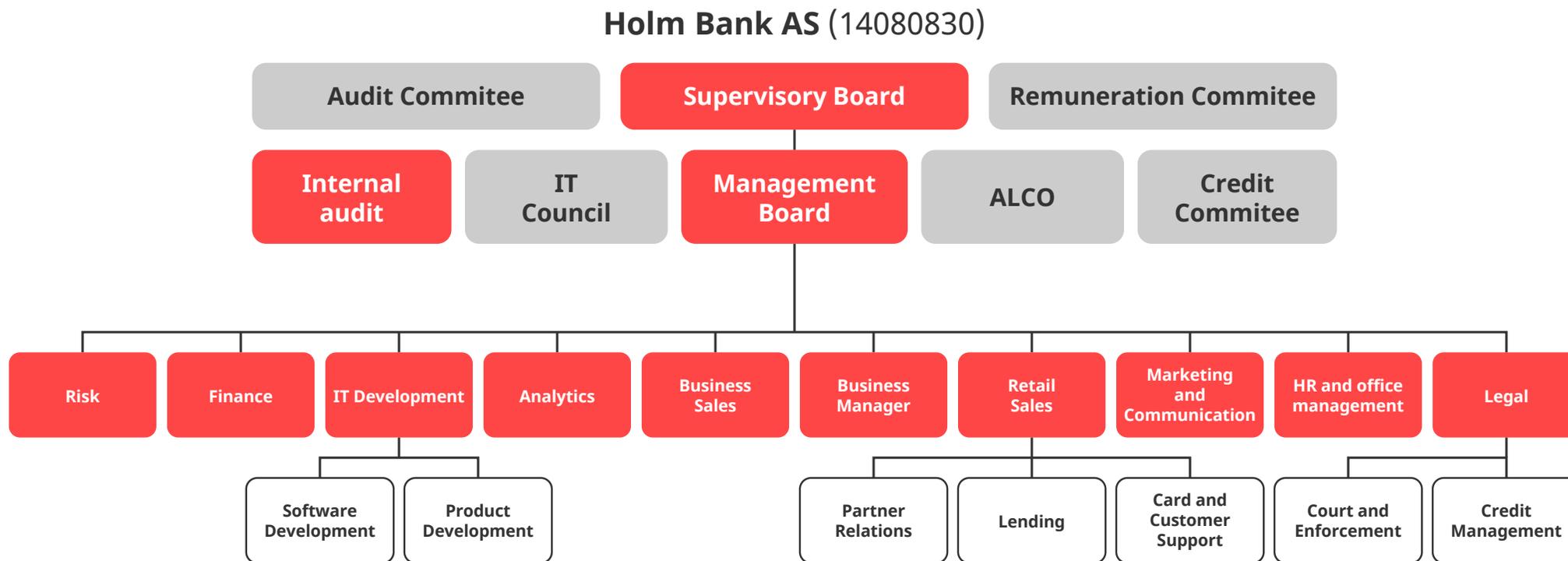
We hold respect for each individual and support them in achieving their goals.

# Group structure

The legal and ownership structure of the Group:



# Company structure



## Management

**HOLM**

### Chairman of the Supervisory Board

Owner and final beneficiary (100%)

**Arne Veske**

### Members of the Supervisory Board

**Kelly Veske**

**Pärt Kivaste**

**Ruslan Mahhov**

**Reimo Hammerberg**

### Members of the Management Board

**Kaspar Kalvet**

**Arvi Lipp**

**Monika Tomberg**

## Supervisory Board

**Arne Veske** (*Chairman*) has long-term experience as a manager in the finance sector, having been associated with Holm Bank, including its predecessor Koduliising AS, for approximately 25 years. Arne Veske established and developed the company, which is currently a very successful bank. As a Chairman of the Supervisory Board, he is responsible for Holm Bank's sales, marketing, customer service and relations, products and services areas.

**Kelly Veske** has been a member of the Management Board of Holm Bank (and its predecessor Koduliising AS) for many years and therefore knows Holm Bank's business, products and customers. She is a responsible Supervisory Board member for Holm Bank's personnel management area, customer service and relations.

**Pärt Kivaste** has almost 10 years of banking experience from Hansapank, and for the last years he has been successfully engaged in investment consulting. As an expert and experienced manager in financial sector he is supporting Holm Bank with his expertise in general company management and development, strategic planning, financial analysis and leading people. In Supervisory Board he is responsible for the financial management, accounting, risk management and inclusion deposits.

**Ruslan Mahhov** has diverse experience from various credit institutions. He is financial manager, advisor and founder of various FinTech and Start-Up companies. As Holm Bank's Supervisory Board member, he is mainly responsible for the following areas: products and services, risk management, credit management and ICT.

**Reimo Hammerberg** has long-term and versatile experience in banking, finance and insurance law having practiced in these fields since 2001 in law firm Sorainen. In addition, Reimo Hammerberg has previous experience in the position of a member of the supervisory board of financial and credit institutions. As Holm Bank's Supervisory Board member, he is mainly responsible for the legal and compliance area.



## Management Board



**Arvi Lipp**  
*CEO*

is an experienced leader with 30-year career in banking sector. During his career he successfully managed risk departments in different credit institutions and held various other leading positions, including in the field of credit, risk and customer relations.



**Kaspar Kalvet**  
*CEO*

has 15 years of banking experience in international banks in Germany, Italy, Estonia and Latvia in various leading positions. He is an experienced business manager and has been responsible for both sales and all support functions in a bank. He is also an experienced risk manager.



**Monika Tomberg**  
*Head of Legal*

has over 15 years of experience in the financial sector and long-term experience in the legal field. She has previously managed credit and financial institutions' legal departments and worked as a legal advisor for financing sector companies.

**HOLM**

**Financials**

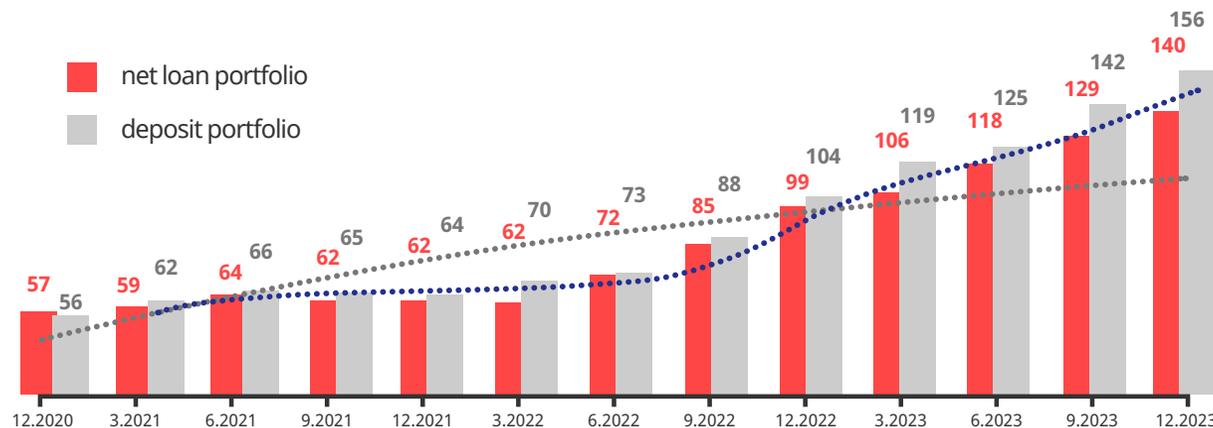


# Key financial highlights

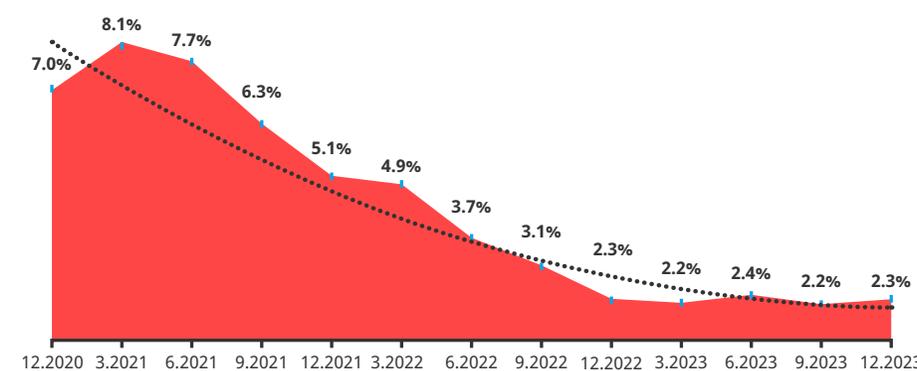


## Impressive business volume growth and strong credit quality of the portfolio

**Portfolio curves, in million euros**  
2023 loan book volume is up by 41%



**Gross ratio of non-performing loans**  
Ongoing work to improve credit quality of the portfolio



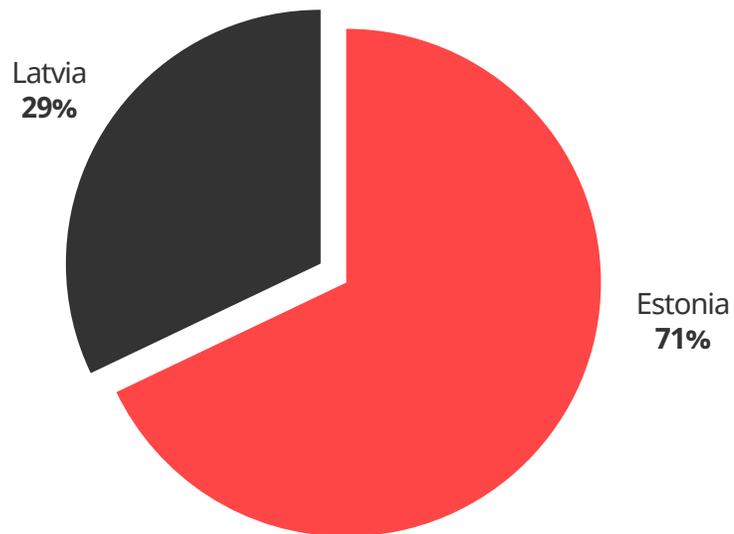
- ✓ Net loan portfolio grew by 41% in 2023, reaching the highest level in the Group's history
- ✓ Estonia's net loan portfolio grew by 45% y-o-y
- ✓ Latvia's net loan portfolio grew by 32% y-o-y
- ✓ Growth is broad-based, including all the most important business segments, and in both countries where the Group operates

- ✓ Despite the rapid growth of the loan portfolio and the difficult economic environment, the credit quality of the loan portfolio is strong
- ✓ All the most important indicators reflecting the credit risk, including the share of the overdue portfolio and the amount of NPLs, remained stable over the year
- ✓ The share of secured loans increased to 23%
- ✓ The share of NPLs from the entire loan portfolio was only 2.3%

# Key financial highlights

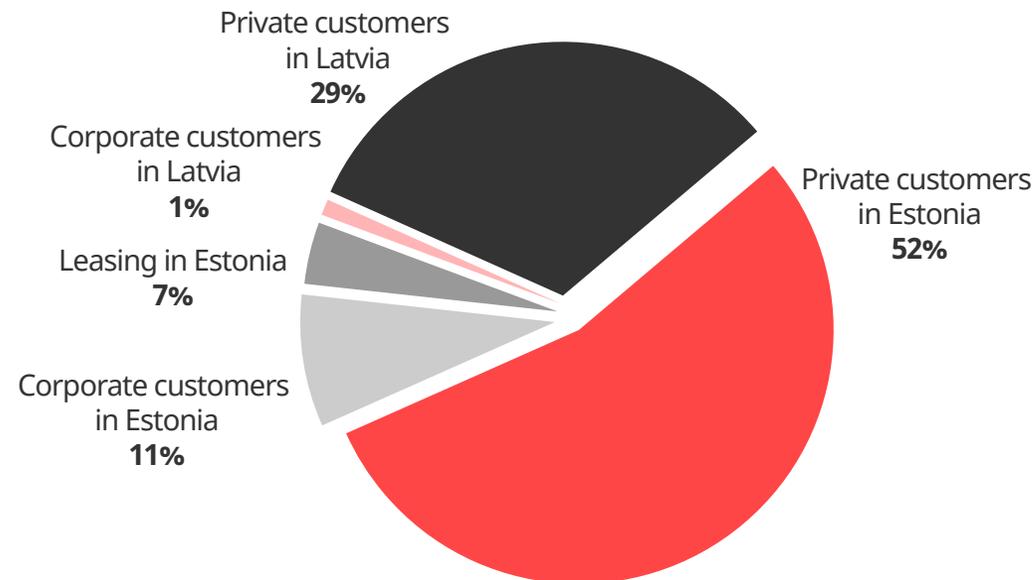
Portfolio is well diversified and growth broad-based

**Portfolio distribution by countries**  
Estonia and Latvia are the key markets



- ✓ The core markets of the group are Estonia and Latvia
- ✓ Group offering portfolio is currently larger in Estonia, but both markets are growing at the similar pace
- ✓ Strong growth potential in Latvia, upside in launching new products to the market

**Portfolio distribution by customer groups**



- ✓ Majority of the customers are private individuals in Estonia and Latvia
- ✓ The shares of leasing and corporate customers are gaining importance year-by-year

# Key financial highlights



Improving financials due to strong focus on profitability and limited cost base growth

## 2023 results

- ✓ Revenues up 33%, driven by increased portfolio volumes
- ✓ Cost discipline also in high inflation environment
- ✓ Conservative approach for booking credit losses

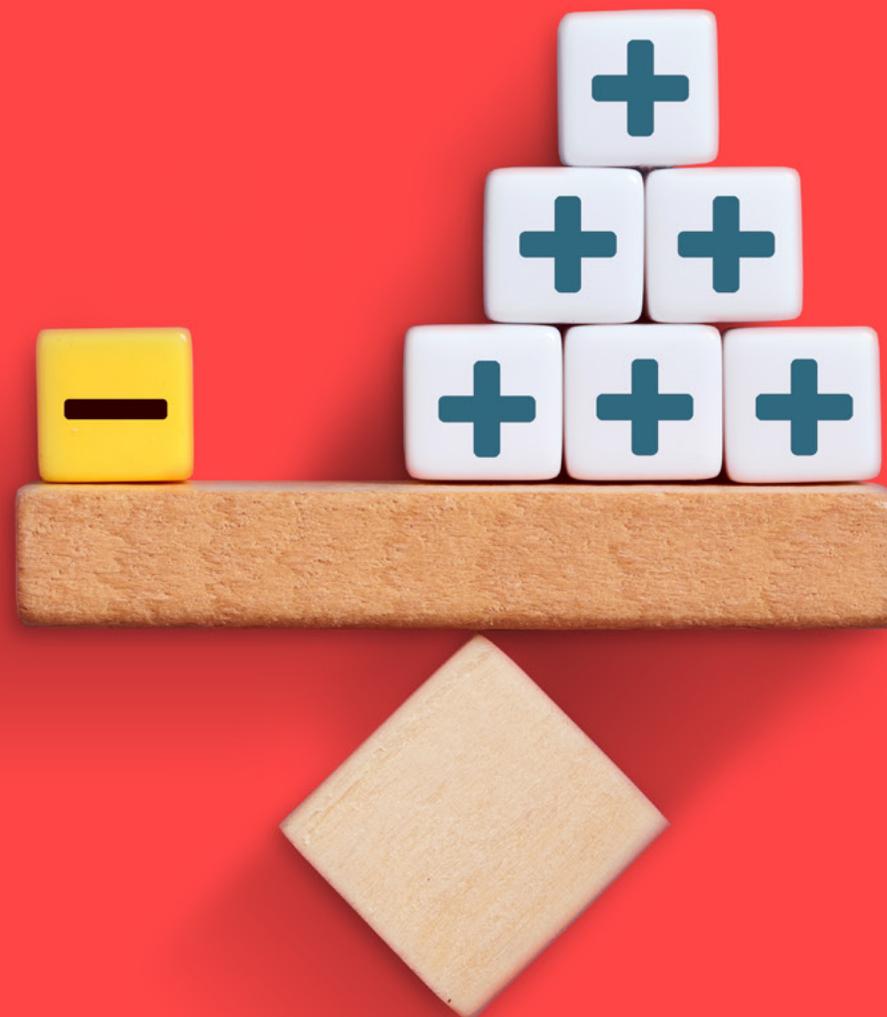
## Overall business results

- ✓ Revenues will grow together with the loan portfolio
- ✓ Limited cost base growth both in 2023 and going forwards
- ✓ Internal liquidity and capital ratios are with strong buffers and well above the regulative requirements

Income statement			
<i>in thousand euros</i>	2022A	2023A	2024F
<b>Net interest income</b>	<b>11 138</b>	<b>14 193</b>	<b>18 021</b>
Net fee and commission income	-764	-560	-507
Other operating income	1 250	1 796	2 238
<b>Total operating income</b>	<b>11 625</b>	<b>15 428</b>	<b>19 752</b>
Total operating expenses	-9 287	-9 622	-11 766
Impairment losses on loans	-3 265	-3 969	-4 632
Income tax	-17	-201	-539
<b>Profit for the period</b>	<b>-945</b>	<b>1 637</b>	<b>2 815</b>

Balance sheet			
<i>in thousand euros</i>	2022A	2023A	2024F
<b>Assets</b>			
Loans and advances to customers	99 135	139 644	173 233
Other assets	30 393	43 902	55 981
<b>Total assets</b>	<b>129 528</b>	<b>183 546</b>	<b>229 214</b>
<b>Liabilities and equity</b>			
Deposits from customers	104 372	155 523	192 481
Subordinated debt	3 523	4 531	9 381
Other liabilities	3 355	3 578	4 623
Total equity	18 278	19 915	22 279
<b>Total liabilities and equity</b>	<b>129 528</b>	<b>183 546</b>	<b>229 214</b>

# Overview of risks



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## Main risk factors



Financial strength, adequate capitalization and a strong liquidity position are the main principles of Holm Bank risk management. The Group's risk management is risk appetite-driven, and a sound risk culture is the core priority of the Group.

The Group takes risks only within risk capacity and shall ensure risk-taking activities are within the bank's capacity to take such risks. The capital of the bank shall be adequate for covering all the risks at all times and must exceed its aggregated risks. The bank is not accepting the risk, if its capital is inadequate for covering future losses resulting from the materialization of this risk or the risk may affect the conservative liquidity position.

The Group's main business activities are consumer and SME finance. Loan portfolio credit risk is predominantly most significant risk on the bank risk profile, where above average risk level is accepted. However, the Group shall avoid unreasonably high credit risk, using a diversified loan portfolio, a low average loan amount, a higher-than-average interest rate and constant monitoring of the loan portfolio quality for excessive credit risk mitigation.

The Group risk appetite to all other risk categories is rather conservative, on below-average level, and risks can be taken only to support core activities. The Group has a diversified and balanced risk exposure, avoiding excessive reliance on and excessive concentration of risk. A targeted appetite for each individual risk is avoided where uncertain changes in an individual exposure could have a serious impact on the financial capacity of the Group.

# Risk factors related with the company and the business

**Credit Risk** is a risk that the counterparty to the transaction is not capable of performing or willing to perform its contractual obligations. The value of Credit risk expresses the probable loss, that may result from the non-fulfilment of the counterparty's obligations in respect of claims exposed to credit risk towards the Group. Credit risk arises in the Group's direct lending operations, and in its payment services, liquidity management and investment activities where counterparties have repayment or other obligations to the Group. Credit risk in the loan portfolio is the most significant risk of the Group's risk profile and the most significant driver of the Group's overall risk exposure. The Group knowingly accepts moderate, above-average credit risk in the loan portfolio.

The Group's approach to credit risk management is transparent, responsible, and aimed at ensuring long-term sustainability. Responsible lending is critical part of loan portfolio risk appetite. The Group target is to hold proportion of other assets (investments, fixed assets) risk credit minimal, and the Group target risk appetite is rather conservative.

The Group assesses and makes allowances for expected 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 are subject to certain amount of uncertainty. Therefore, there can be no assurance that provisions are sufficient to cover potential losses. The credit quality of the Group's loan portfolio is impacted by various factors beyond the Group's control and may deteriorate for example due to adverse changes in economic conditions in the countries the Group operates or the global macroeconomic conditions. The currently prevailing macroeconomic uncertainty, elevated inflation, continuing changes in interest rate levels (in particular, the euro interbank offered rate; EURIBOR) and costs of living may negatively affect the ability of the Group's loan customers to fulfil their payment obligations to the Group and thus result in further credit losses and deterioration of the Group's financial situation.

**Country risk** is a specific form of risk over which the Group can exercise no direct influence, but which may lead to serious deterioration of credit quality. For country risk mitigation the Group shall continuously monitor and assess economic, social, and political developments as well as overall macroeconomic situation and regulatory environment developments. As of the date of this Company Description the Group's target markets are Estonia and Latvia. The Group is subject to the risk that economic, financial, political, or social conditions in the countries it operates negatively affect its operations, financial condition, and results of operations. The

recoverability of the loans provided to customers may be adversely affected by negative changes in the overall macroeconomic, political, social, or regulatory environment in the country where the counterparty is located and other circumstances beyond the control of the Group, including collective debtor risk, i.e., the probability of an event that may cause a large group of debtors become insolvent at the same time. In particular, since a large proportion of the Group's loan portfolio consists of unsecured consumer loans, the Group is subject to changes in the solvency of the private persons in the markets it operates (such as unemployment rate, level of wages and similar).

Group **concentration risk** strategy aim is to avoid significant impact of from the default of one counterparty by using a well-diversified loan portfolio. Large risk positions related to one counterparty must be avoided or properly hedged in the loan portfolio.

Group credit risk management strategy includes ongoing assessment and monitoring of **climate and environmental risks**. Since climate and environmental risks are dynamic and can change, we in the Group are ready to adapt our risk management strategy according to changing environmental and climate factors. This helps ensure that the Group's credit risk assessment reflects potential risks that may arise from climate and environmental factors.

**Market risk** is the risk of loss from changes in market prices and rates on unfavourable direction (including interest rates, credit spreads, equity prices, foreign exchange rates and commodity prices), the correlations among them, and their levels of volatility. Within market risk the Group identified currency risk (FX risk), equity risk, and interest rate risk in banking book (IRRBB). The Group does not have exposure to commodity risk.

Market risk may arise from the Group's activity at the financial markets (if any) and from majority of Group products: loans, deposits, trading portfolio etc. Market risks predominantly arise from the Group's core business activities, taking the market risk is not the Group main activity.

Based on the overall strategy, the market risk strategy is conservative. Preferred are activities necessary for supporting the Group core activities. Speculative market risk positions shall be avoided. Interest rate risk in banking book arises naturally as part of business (mainly due to different maturities of customers loans and deposits).

# Risk factors related with the company and the business

**Interest rate risk** in banking book (IRRBB) is the current or prospective risk to the institution's earnings and own funds arising from adverse movements in interest rates caused by banking book assets and liabilities. Interest rate risk in banking book is significant risk for the Group. The main sources of structural interest rate risk are adverse changes in loan and/or deposits interest rates. The interest rate risk management is integrated with credit- and liquidity risk management and is also considered as part of loan portfolio credit risk management and funding risk management. The basis of the Group IRRBB strategy is to balanced position in short term (next 12-24 months) perspective and controlled open risk position in longer perspective by active management of interest sensitive assets and liability's structure and maturities. The Group IRRBB risk appetite is closely inter-related to and driven by credit risk and liquidity risk appetite.

In 2022 the Group started to offer products related to EURIBOR. Since the portfolio that is dependent to EURIBOR rate differences is 14%, the possible effect from interest rate changes is analysed in total portfolio level. As of 31.12.2023 the banking book interest rate risk (IRRBB) is on low level and the Group interest rate sensitive assets and interest rate sensitive liabilities are cumulatively well balanced both in economic value of equity (EVE) and expected net interest income (NII) on earnings perspective.

**Currency risk** is the risk of loss due to changes in spot and forward prices, and the volatility of currency exchange rates. The Group strategy is conservative. The objective of currency risk management is to minimize open net currency positions so that the Group would not be too sensitive to foreign currency exchange movements and potential risk to profit will be minimal. Speculative positions shall be avoided, the Group shall mitigate open currency position if considered necessary. The Group does not provide currency related services to customers and does not accept any other forms of currency trading.

As of reporting date majority of assets and all liabilities of the Group are nominated in Euro.

**Trading portfolio position risk** is a risk to the earnings or market value of a portfolio due to uncertain future interest rates. The trading book position risks are broken down into a general risk and specific risk components. General risk is intended to potential losses caused by general market fluctuations, the specific risk is caused by issuer-specific risks.

Taking the trading portfolio positions is not the Group's core activity. The Group's risk appetite in its treasury operations is driven by the objective of maintaining a strong liquidity and funding position to support the lending activities and shall be set by Risk Appetite Statement. The Group risk appetite is on below average level. The Group does not take speculative trading positions. The Group does not provide customer focused trading activities. As of reporting date the Group does not have trading portfolio.

**Liquidity risk and funding risk.** Liquidity risk is the risk that the Group is unable to fulfil its obligations in a timely manner or to the full extent without incurring significant costs. As part of liquidity risk, the Group is also exposed to funding risk which is the risk that the Group is unable to raise resources without negatively affecting its daily business activities or financial position.

The Group shall have appropriate liquidity for fulfilling its obligations at any given moment in time. The primary objective of the liquidity management is to maximize shareholders value and support the Group main activities through a proactive and well-functioning asset-liability management and through minimizing liquidity and funding risks by conservative liquidity management. The profit expectations shall not override liquidity requirements. The liquidity management shall contribute to the profitability of the Group, but there shall be clear distinction between liquidity needs and profit targets. The Group is clearly identifying the liquidity reserves management as a non-profit center.

Deposits are the main source of funding for the Group. The Group has well diversified portfolio of deposits with no concentration risk. During the year 2023, the volume of customer deposits increased significantly, growing by 49% over the year and reaching the level of 155.8 million euros (31.12.2022: 104.4 million euros). The growth was broad-based, the total volumes of deposits of both Estonian and foreign depositors increased. It is important to emphasize that the volume of the Group's deposits continues to consist almost entirely of term deposits. This type of financing, on the one hand, increases the income earned by depositors and the financial cost of the Group, but on the other hand, significantly mitigates the Group's liquidity risks, as the maturity dates of deposits and the expected outflow times are significantly more precisely known than in the case of demand deposits.

# Risk factors related with the company and the business

**Operational risk** is a risk of potential loss caused by inadequate or failed internal processes or systems, people or external events. The sub-risks of operational risk are legal risk, compliance risk (including money laundering and terrorist financing and sanctions risk), information security risk and information and communication technology risk. Operational risk is present across all the Group's activities, for example, operational risk and losses can result from fraud, errors by employees or failures by the Group's counterparties. The Group also relies on certain outsourcing partners and third parties in carrying out its business and is therefore dependent on the continuous availability of services by such partners as well as their compliance with all applicable laws, regulations, and standards.

During 2023, there was increase of the operational risk losses related to external fraud cases, most of which consisted in using a stolen identity while applying for consumer loans or hire-purchase agreements. The increase in cyber risks due to Russia's war against Ukraine has not led to significant incidents or an increase in operational risk losses. Similarly to other financial institutions, the Group's operations are subject to cyber-threats as the Group's operations are highly dependent on a variety of outsourced information technology solutions as well as custom made solutions the Group is using for its internal processes and for providing its services to customers. 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.

For the Group, the realisation of operational risks could lead to a disruption in provision of services, security breaches, non-compliance with applicable legal requirements and financial losses and may have a negative impact on the reputation of the Group. The Group manages operational risk based on an established operational risk policy; however, the Group may fail to identify, control, and mitigate all risks and the operational risk may have a material adverse effect on the Group's business, financial condition, and results of business operations.

**Reputational risk** is the current or prospective risk to the Group earnings, own funds or liquidity arising from damage to the Group reputation. Reputational risk may arise from circumstances beyond control of the Company and their presentation in media and public space (e.g., social media coverage and rumors), which may or may not be grounded or adequately presented. Such

circumstances may, among others, include actions taken, legal proceedings initiated in respect of third parties or persons directly or indirectly related with any of the Group companies. Any deterioration of the Group's reputation in the eyes of customers, business partners, owners, employees, investors, or supervisory authorities may have a material adverse effect on the Group's operations, financial condition, and results of operations, including the Company's ability to attract deposits and secure funding on favorable terms.

**Strategic risk** is the risk that the business- and competition environment or impact of regulatory actions to the Group activities and achievement of business goals as well as risk of the inadequate strategy or inadequate implementation of strategy or changes in customer expectations or inadequate implementation new technologies will result in loss or significantly reduced revenues.

The Group aims to mitigate the strategic risk through comprehensive planning process and responding to changes adequately in a timely manner. However, despite the measures taken by the Group, the materialisation of strategic risk may have a material adverse effect on the Group's business, financial condition, and results of operations. The Group is using its capitalised net profit to finance further growth of the Group's assets and thus deviations from the projected net profit might negatively affect the ability to achieve the Group's strategic goals. Further growth and achievement of the strategic goals may also be affected by the Group's access to external financing on favorable terms.

**Regulatory risk.** To date, the Group has complied with all applicable capital requirements. However, the capital requirements adopted in Estonia and the EU may change, whether as a result of further changes of the EU or Estonian legislation, global standards, or interpretation thereof. Such changes, either individually or in combination, may lead to unexpected increased requirements and have a material adverse effect on the business of the Company and the Group as a whole. Further, maintaining the required minimum capital buffers may be more challenging during adverse market conditions, either on a global level or on the markets where the Group operates. Breaches of capital adequacy requirements may also result in a loss of a reporting period exceeding the amount of additionally available capital. Any material or systemic deviations by the Group from the above regulations are likely to result in supervisory action, including sanctions from the Estonian FSA that may have a material adverse effect on the Group's business, financial condition, and result of operations.

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## Risk factors related with the company and the business

**Legal risk** is the risk that the Group is not in compliance with or misinterprets the applicable laws, agreements, best practices, or ethical standards. Changes in any applicable laws or regulatory expectations as well as any failures or shortcomings to comply with such requirements may have a material effect on the Group's operations, financial condition, and result of business operations. Increased requirements, additional supervisory standards and uncertainty regarding further changes may result in limitations on operating flexibility and certain lines of business, additional costs and liabilities, a necessity to change legal, capital or funding structures, and decisions to exit or not to engage in certain business activities.

**Compliance risk** is the risk that the Group fails to fully meet the requirements of laws, regulations and internal rules or obligations to customers, employees, and other stakeholders. The banking sector is a highly regulated field of business, and Group's operations are subject to numerous laws, regulations, policies, guidelines, codes of practice or ethical standards. The Group provides services in different markets and its operations are subject to different laws in each market (notably, different consumer protection requirements and personal data processing regulations apply).

**Anti Money Laundering and Terrorist Financing risk** is the risk that the Group is used for money laundering or terrorist financing due to weaknesses or non-compliances in its internal processes. In addition, this risk includes the possibility of the Group's products and services being used for avoidance of sanctions. Although the Group does not offer products or services that are generally

considered to entail high money laundering and terrorist financing risks nor has the Group financed private individuals or companies who are residents of Russia or Belarus, failure to comply with legal requirements would most likely lead to implementation of strict supervisory measures, reputational damage and could result in business disruption.

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

**Dependency on Qualified Staff.** The results of operations of the Group and the ability of the Group to develop its business and compete effectively are highly dependent on the ability to attract and retain skilled and experienced staff. Regulatory restrictions, such as the limits on certain types of remuneration paid by credit institutions and investment firms set forth in CRD IV, could adversely affect the Group's ability to attract new qualified personnel and retain and motivate existing employees. Competition for qualified employees is intense and the Group's inability to attract talent or a loss of a significant number of key personnel may have a material adverse effect on the business of the Company and the Group as a whole.

## Risk factors related with the bonds

**The Company may fail to meet its obligations arising from the Bonds in a duly and timely manner or may not be able to repay or repurchase the Bonds at maturity.** The Company's ability to meet its obligations arising from the Bonds and the ability of the bondholders to receive payments arising from the Bonds depend on the financial position and the results of operations of the Company and the Group, which are subject to other risks described herein. The Bonds are not bank deposits in the Company and are not guaranteed by the Guarantee Fund.

**The Bonds will be subordinated to all other senior liabilities of the Company.** The subordination of the Bonds means that upon the liquidation or bankruptcy of the Company, all the claims arising from the Bonds will fall due and will be satisfied only after the full satisfaction of all other senior creditors' claims against the Issuer in accordance with the applicable law. Therefore, upon the liquidation or bankruptcy of the Company, the bondholders will not be entitled to any payments due until the full and due satisfaction of all other senior creditors' claims against the Company. The subordination may have adverse effect on the Company's ability to meet its obligations arising from the Bonds and therefore, in the event of insolvency of the Company, a bondholder may lose all or some of its investment.

**Only specific events can trigger redemption of the Bonds.** The bondholders have limited ability to trigger the termination of the Bonds by redemption. The terms and conditions of the Bonds (the Terms) provide for specific events of default, namely the non-payment of any amount due under the Bonds when the 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.

**The Bonds will be unsecured.** Bonds will not be secured by the Company nor there will be securities or guarantees provided by any of the Group companies. No one other than the Company will accept any liability whatsoever in respect of any failure by the Company to pay any amount due under the Bonds. The Company shall not be prevented from creating any security interest over any of its assets in favor of any third party. This Company Description and the Terms do not include any negative pledge provisions or provide any restrictions on entrance to particular security arrangements between the Company and any third party.

**No restriction on the amount of further debt instruments or indebtedness that the Company may issue or incur.** Subject to complying with applicable regulatory requirements, the Terms do not establish restrictions on the amount of debt instruments or other indebtedness that the Company or

any Group company may issue or incur after the issuance of the Bonds. Such further debt instruments or indebtedness may rank pari passu or senior to the Bonds and may consequently reduce the amount recoverable by the bondholders in case of insolvency of the Company.

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

**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.

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

**Trading on Alternative Market.** First North is a multilateral trading system arranged by Nasdaq Tallinn AS within the meaning of subsection 3(3) of the Securities Market Act, i.e., the so-called alternative market, which is organised by the Nasdaq Nordic and Baltic stock exchanges in addition to the regulated market. First North is not a regulated securities market within the meaning of subsection 3(2) of the Securities Market Act. Companies whose securities are traded on First North do not have to comply with the requirements established for the regulated market, instead having to comply with the requirements established in the First North regulations, with these requirements and regulations being more lenient than for companies listed on the main market.

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## Risk factors related with the bonds



**Bond Price and Limited Liquidity of Bonds.** The Company has applied for the admission to trading of the Bonds on the Nasdaq First North Baltic Bond List; however, although every effort will be made by the Company to ensure the admission to trading of the Bonds, no assurance can be provided that the Bonds will be admitted to trading. If the Bonds remain unlisted, it is likely that a secondary market for the Bonds will not develop, and there will not be a public and independent market price for the Bonds.

Further, the Nasdaq First North is substantially less liquid and more volatile than established markets in other jurisdictions. Also, the Bonds of each series will bear a different ISIN code and the respective Bonds will also be traded separately. Therefore, the relatively small number of investors

holding the Bonds and low liquidity of the Nasdaq First North market may impair the ability of the bondholders to sell their Bonds on the open market, sell them at the expected price or amount, use them as a collateral for other obligations, or engage in other transactions requiring the existence of an active market.

The value of the Bonds can fluctuate (including the Bonds may trade at a discount to the Offer Price) on the securities market due to events and the materialisation of risks related to the Group, but also because of events beyond the Group's control, such as economic, financial, or political events, changes of interest rate levels or currency exchange rates, level of inflation, policy of central banks, changes in the demand or supply of securities of the same type in general or of the Bonds.

**HOLM**

# Bond offering



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## General information



**HOLM**

### General information about the Offering

In the course of the current public offering, the Company intends to offer up to 2 000 Bonds with a total aggregated nominal value of EUR 2 000 000. In accordance with the guidelines provided in article 3(2)(b) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, and section 15(1) of the Estonian Securities Market Act, the Company is not required to publish a public offer prospectus provided that the total consideration of the offer of securities to the public is less than EUR 5 000 000 per all the contracting states in total calculated in a one-year period of the offer of the securities.

### Right to Participate in the Offering

The Offering will be directed to all retail and institutional investors in Estonia, as determined in the Final Terms of the respective series of the Bonds. For the purposes of the Offering, a person is considered to be in Estonia, and has the right to participate in the Offering if such person has an operational securities account with Nasdaq CSD, and such person submits a Subscription Undertaking in relation to the Bonds via that securities account.

The Company may also choose to offer the Bonds non-publicly to investors in any Member State of the EEA in circumstances described in Article 1(4) of the Prospectus Regulation. The Bonds may be offered in different series through several offerings.

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# Information about the bonds and the programme



## General information about the Programme

The 2 000 Bonds within current public offer are issued as part of the Company's 8 000 000 euros subordinated Tier 2 Bonds programme. The Terms of Holm Bank AS 8 000 000 euros Tier 2 Bonds Issue Program was approved by the shareholder of the Company on 7 May 2024. The size of the Programme is up to 8 000 000 euros, i.e., up to 8 000 Bonds can be issued under the Programme.

The Company may issue additional Bonds under the Programme in which case the additional Bonds will be issued in series. The amount of additional Bonds issued, their final terms and the timing of the issue will be decided by the Company at its discretion and published separately through the information system of Nasdaq Tallinn and the website of the Company. In each case the Company is obligated to follow the public offering rules stipulated in the applicable regulations and if required under the law publish a public offering prospectus.

## General information about the bonds

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

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

The Bonds are denominated **in euros**.

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

The Bonds are issued with a **maturity of 10 years**. According to the Terms, the Company is entitled to **redeem the Bonds prematurely** at any time after the lapse of 5 years as from the date of issue by notifying the bondholders at least 30 days in advance. The Company is further entitled to redeem the Bonds prematurely before the lapse of the 5-year term if there is a change in the regulative classification of the Bonds resulting in the Bonds being, in the opinion of the Company, excluded from the classification as own funds of a credit institution or if there is a significant change in the taxation regime applicable in respect of the Bonds, provided that the Company was not in a position to foresee such changes upon the issue of the Bonds. The Bonds may be redeemed prematurely by the Company on the above-described grounds **only if the Estonian Financial Supervision Authority (the EFSA) has granted its consent to the early redemption**. The EFSA may grant its consent for the early redemption of the Bonds as from the date when 5 years have passed from their issuance only if the conditions of Article 78(1) of the CRR are met. The EFSA may grant its consent for the early redemption of the Bonds before the date when 5 years have passed from their issuance only if the conditions of Article 78(4) of the CRR are met. The bondholders are not entitled to claim early redemption of the Bonds under any circumstances.

# Information about the bonds and the programme

## Tier 2 instruments and subordination

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

Therefore, in accordance with the Terms, in the event of the voluntary or involuntary liquidation or bankruptcy of the Company, the rights of the bondholders to payments on or in respect of the Bonds shall rank:

- 1) junior to any present or future claims of
  - (i) unsecured and unsubordinated creditors of the Company, and
  - (ii) 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;
- 2) pari passu among themselves and with any other present or future indebtedness of the Company which constitutes Tier 2 capital (as defined in Article 71 of the CRR);
- 3) in priority to claims of holders of any outstanding Additional Tier 1 (AT1) instruments (as defined in Article 52 of the CRR), and payments to holders of all classes of share capital of the Company in their capacity as such holders, and claims of any other subordinated creditors the claims of which rank, or are expressed to rank, junior to the Bonds, subject, in all cases, to mandatory provisions of the Estonian law.

## Transferability and Admission to Trading

The Bonds are freely transferable. A bondholder wishing to transfer the Bonds must ensure that any offering related to such a transfer would not be qualified as requiring the publication of a prospectus in accordance with the applicable law. According to the Terms, ensuring that any offering of the Bonds does require the publication of a prospectus in accordance with the applicable law is the obligation and liability of the bondholder.

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

The **rights attached to the Bonds** are set in the Terms. The main rights of bondholders arising from the Bonds are the right to the redemption of the Bonds and the right to receive payment of interest. In addition to these rights, upon a delay in making any payments due under the Terms, the bondholders are entitled to a delay interest at the rate as specified in the Final Terms. Under the Terms, the bondholders have the right to participate, and cast votes, in the bondholders' meeting, or to provide their written consent, when convened or requested by the Company.

The Company has applied for admission to trading of the Bonds on the Baltic Bond List of the Nasdaq First North. The expected date of the admission to trading of the Bonds is on or around 31 May 2024. While every effort will be made and due care will be taken in order to ensure the admission to trading of the Bonds by the Company, the Company cannot ensure that the Bonds are admitted to trading. Should the Bonds not be admitted to trading, it is likely that a secondary market for the Bonds will not develop, there will not be a public and independent market price for the Bonds.

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# Information about the offering



## Nominal Amount and Offer Price

The nominal value of each Bond is EUR 1 000. The Offer Price equals the nominal value, i.e. EUR 1 000 per Bond.

## Use of proceeds

The proceeds from the Offering will be used to strengthen the capital base of the Group and to further expand its loan portfolio.

## Offering Period and placing Subscription Orders

The Offering Period is the period during which persons who have the right to participate in the Offering may submit undertakings for subscription („Subscription Orders“) for the Bonds.

**The Offering Period starts at 10:00 on 10 May 2024 and ends at 16:00 on 24 May 2024.** The Subscription Orders may be submitted only during the Offering Period. An investor participating in the Offering may apply to subscribe for the Bonds only for the Offer Price. All investors participating in the Offering can submit Subscription Orders denominated only in euros. An investor shall bear all costs and fees charged by the respective account operator accepting the Subscription Order in connection with the submission, cancellation or amendment of a Subscription Order.

In order to subscribe for the Bonds, an investor must have (or open for that purpose) a securities account with a Nasdaq CSD account operator. The list of banks and investment firms operating as Nasdaq CSD participants is available on the website of Nasdaq CSD at <https://nasdaqcsd.com/list-of-participants/>

# Information about the offering



## Submitting Subscription Orders

An investor wishing to subscribe for the Bonds should contact an account operator that operates such investor's ERS securities account and submit a Subscription Order in the form accepted by the account operator. The Subscription Order must be submitted to the account operator by the end of the Offering Period using any method that such investor's account operator offers to submit the Subscription Order. The Subscription Order must include the following information:

<b>Owner of the securities account:</b>	name of the investor
<b>Securities account:</b>	number of the investor's securities account
<b>Account operator:</b>	name of the investor's account operator
<b>Security:</b>	EUR 9.5% HOLM BANK BOND 24-2034
<b>ISIN code:</b>	EE3300004290
<b>Amount of securities:</b>	the number of Bonds which the investor wishes to subscribe for
<b>Price (per Bond):</b>	1 000
<b>Transaction amount:</b>	the number of Bonds which the investor wishes to subscribe for, multiplied by the Offer Price per Bond
<b>Counterparty:</b>	Holm Bank AS
<b>Securities account of the counterparty:</b>	99109572851
<b>Account operator of the counterparty:</b>	AS LHV Pank
<b>Value date of the transaction:</b>	30.05.2024
<b>Type of transaction:</b>	„subscription“
<b>Type of settlement:</b>	“delivery versus payment“

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

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

### By submitting a Subscription Order, every investor:

1. accepts the terms of the Offering set out in this Company Description and agrees with the Company that such terms will be applicable to the investor's acquisition of any Bonds;
2. confirms that they have read, and that they fully understand, the Terms and Final Terms, and that by submitting the Subscription Order they accept the Terms and Final Terms;
3. accepts that the number of the Bonds indicated by the investor in the Subscription Order will be regarded as the maximum number of the Bonds which the investor wishes to acquire (the Maximum Amount) and that the investor may receive less (but not more) Bonds than the Maximum Amount subscribed for;
4. undertakes to acquire and pay for any number of Bonds allocated to them up to the Maximum Amount;

## Information about the offering



5. authorises and instructs the account operator through which the Subscription Order is submitted, and Nasdaq CSD 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 settlement;

6. authorises the account operator through which the Subscription Order is submitted, and Nasdaq CSD, to amend the information contained in the Subscription Order to

- (a) specify the value date of the transaction,
- (b) specify the number of Bonds to be purchased by the investor and the total amount of the transaction, up to the Maximum Amount times the Offer Price;
- (c) correct or clarify any obvious mistakes or irregularities in the Subscription Order.

7. acknowledges that the Offering does not constitute an offer (in Estonian: pakkumus) of the Bonds by the Company, and that the submission of a Subscription Order does not constitute the acceptance of an offer, and does result in a contract for the sale of the Bonds between the Company and the investor;

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

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

Investors have the right to amend or cancel their Subscription Orders at any time until the end of the Offering Period. To do so, the investor must contact their account operator through whom the Subscription Order in question has been made and carry out the procedures required by the respective account operator for amending or cancelling a Subscription Order (such procedures may vary from operator to operator). This may result in costs and fees charged by the account operator through which the Subscription Order is submitted.

### Payment for the Bonds

By submitting a Subscription Order, an investor authorises and instructs the institution operating the investor's cash account connected to their securities account to immediately block the whole transaction amount on the investor's cash account until the settlement is completed or funds are released in accordance with the Company Description. The transaction amount to be blocked will be equal to the Offer Price multiplied by the Maximum Amount. An investor may submit a Subscription Order only when there are sufficient funds on the cash account connected to their Nasdaq CSD securities account to cover the whole transaction amount for that particular Subscription Order.

### Allocation

The Company will decide on the allocation of the Bonds after the expiry of the Offering Period.

The Bonds will be allocated to the investors participating in the Offering in accordance with the following principles:

1. under the same circumstances, all investors shall be treated equally, whereas dependent on the number of investors and interest towards the Offering, the Company may set minimum and maximum number of the Bonds allocated to one investor;
2. the Company shall be entitled to use different allocation principles between the groups of retail investors and institutional investors. No separate tranche is reserved for investors based on countries where the Offering is carried out and the same distribution and allocation principles are applied for investors in all countries where the Offering takes place;
3. the Company shall be entitled to use different allocation principles for groups of investors tiered based on the size of the Subscription Orders;
4. the allocation shall be aimed to create a solid and reliable investor base for the Company;
5. the Company shall be entitled to give preference to the employees and management team members of companies belonging to the Group;
6. possible multiple Subscription Orders submitted by an investor shall be merged for the purpose of allocation;

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## Information about the offering

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

8. each investor entitled to receive the Bonds shall be allocated a whole number of Bonds and, if necessary, the number of Bonds to be allocated shall be rounded down to the closest whole number.

Any remaining Bonds which cannot be allocated using the above-described process will be allocated to investors on a random basis. The results of the allocation process of the Offering will be announced through the information system of the Nasdaq Tallinn Stock Exchange and the Company's website.

The Company plans to announce the results of the allocation of the Bonds during the next business day after the end of the Offering Period.

### Settlement

The Bonds allocated to investors will be transferred to their securities accounts on or about the issue date provided in the Final Terms, i.e. 30 May 2024 through the "delivery versus payment" method simultaneously with the transfer of payment for such Bonds.

The title to the Bonds will pass to the relevant investors when the Bonds are transferred to their securities accounts. If an investor has submitted several Subscription Orders through several securities accounts, the Bonds allocated to such investor will be transferred to all such securities accounts proportionally to the number of the Bonds indicated in the Subscription Orders submitted for each account, rounded up or down as necessary.

### Return of Funds

If the Offering or a part thereof is cancelled in accordance with the terms and conditions described herewith, if the investor's Subscription Order is rejected or if the allocation is less than the amount of Bonds applied for, the funds blocked on the investor's cash account, or the excess part thereof 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).

### Cancellation of Offering

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

### Information to Investors in other jurisdictions

In relation to each Member State of the European Union (other than Estonia) no offer to the public of the Bonds which are the subject of the Offering has been, or will be, made in that Member State other than: (i) to any legal entity which is a qualified investor as defined in the Prospectus Regulation; (ii) to fewer than 150 natural or legal persons (other than qualified Investors as defined in the Prospectus Regulation); or (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Bonds shall require the Company to publish a prospectus pursuant to Article 3 of the Prospectus Regulation. For the purposes of this provision, the expression an "offer of Bonds to the public" means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered to enable an investor to decide whether to purchase or subscribe for any Bonds.

Should Investors from other Member States submit Subscription Orders the Company reserves a right to accept such Subscription Orders and allocate Bonds subject to the abovementioned information and in accordance with applicable legislation. Any non-Estonian Investors should contact the Company directly.

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## Information about certified adviser



The certified adviser of Holm Bank AS on First North is Advokaadibüroo Sorainen OÜ.

<b>Registry code:</b>	10876331
<b>Main field of activity:</b>	activities of lawyers and law firms (EMTAK code 69101)
<b>Address:</b>	Rotermanni 6, Tallinn 10111, Harju County, Estonia
<b>Webpage:</b>	<a href="https://www.sorainen.com/">https://www.sorainen.com/</a>
<b>Term of contract concluded with the certified adviser:</b>	indefinite

The certified adviser does not have a holding in the share capital of Holm Bank.

Representative of the certified adviser:

Kätlin Krisak

E-mail: [katlin.krisak@sorainen.com](mailto:katlin.krisak@sorainen.com)

**Additional info**



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## Information about legal proceedings



As of the date of this Company Description there are no legal problems concerning the Company, no court judgments, pending or potential, litigations or other legal disputes that may have a material financial impact for the Company. There are also no claims (and potential claims) filed against the Company or Group assets. In all legal proceedings and disputes related to Holm Bank AS, the Company acts as a creditor and their purpose are to enforce the obligations owed to the bank or to its subsidiary or to compensate the damage caused to the Company or to its subsidiary.

There are no bankruptcy petitions nor initiated bankruptcy proceedings, as well as no legal proceedings related to fraud or economic violations in which members of the Company's management board or supervisory board, or other employees of the Company are involved.

# Information about transactions and balances with related parties\*



<b>Transactions</b> <i>in thousand euros</i>	<b>2023</b>	<b>2022</b>
<b>Interest income on given loans</b>	<b>116</b>	<b>86</b>
Senior management (including the ultimate controlling party)	116	86
<b>Interest expense on subordinated bonds received</b>	<b>13</b>	<b>0</b>
Senior management (including the ultimate controlling party)	13	0
<b>Other income</b>	<b>22</b>	<b>22</b>
Senior management (including the ultimate controlling party)	22	22
<b>Fee expenses, administrative and other operating expenses</b>	<b>356</b>	<b>201</b>
Senior management (including the ultimate controlling party)	322	189
Parent company	34	12
Close family members of the management and undertakings in their dominant or significant influence	0	0
<b>Loans and advances to customers</b>	<b>0</b>	<b>175</b>
Senior management (including the ultimate controlling party)	0	175
Close family members of the management and undertakings in their dominant or significant influence	0	0
<b>Repayments on given loans, inc interests</b>	<b>188</b>	<b>104</b>
Senior management (including the ultimate controlling party)	188	104
<b>Repayments on received loans, inc. interests</b>	<b>0</b>	<b>0</b>
Senior management (including the ultimate controlling party)	0	0
Non-controlling interest	0	0
Credit loss expense	-4	-4
Credit loss expense on the financial assets	-4	-4

<b>Balances</b> <i>in thousand euros</i>	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>Loans and advances to customers</b>	<b>2 089</b>	<b>2 162</b>
Senior management (including the ultimate controlling party)	2 089	2 162
Close family members of the management and undertakings in their dominant or significant influence	0	0
<b>Loss allowances</b>	<b>-4</b>	<b>-5</b>
Low allowances	-4	-5
<b>Subordinated bonds</b>	<b>360</b>	<b>0</b>
Senior management (including the ultimate controlling party)	360	0
<b>Deposits from customers</b>	<b>1 020</b>	<b>0</b>
Senior management (including the ultimate controlling party)	1 020	0
Close family members of the management and undertakings in their dominant or significant influence	0	0
<b>Other liabilities</b>	<b>22</b>	<b>2</b>
Senior management (including the ultimate controlling party)	22	2
Close family members of the management and undertakings in their dominant or significant influence	0	0

Related parties include the ultimate parent Koduliising OÜ and its sole shareholder (ultimate beneficial owner), the Group executive and higher management and their relatives as well as companies related to or under the control or significant influence of the ultimate beneficial owner.

The Company has no bonus program or significant contracts/patents the value of which exceeds 10% of the Company's consolidated equity.

\* As per audited consolidated financial statements for the period ended 31.12.2023



***H*OLM**

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