



**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 25,000,000<sup>1</sup> 10.5 per cent. Fixed Rate Subordinated Bonds due 29 September 2033 (the "Bonds")**

Issue Price: 100 per cent.

The date of these Final Terms is 8 September 2023

**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 8 September 2023 which constitutes 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. The Prospectus is available for viewing through the Company's website (<https://investor.lhv.ee/en/>).

A summary of this Series has been appended to these Final Terms. The Final Terms have been approved by a decision of the Company's Management Board on 8 September 2023. 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**

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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 35,000,000

**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	1
3.	Aggregate Nominal Amount	EUR 25,000,000. The Aggregate Nominal Amount of the Series may be increased by the decision of the Company until Issue Date (including) by up to EUR 35,000,000 or decreased in case part of the Offering is cancelled
4.	Nominal Amount	EUR 1,000
5.	Issue Price	EUR 1,000, which corresponds to 100% of the Nominal Amount
6.	Issue Date	29 September 2023
7.	Interest Commencement Date	29 September 2023
8.	Maturity Date	29 September 2033
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	29 March, 29 June, 29 September and 29 December in each year
	ii. Rate of Interest	10.5% <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	10.5% <i>per annum</i>

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

Signed digitally on behalf of AS LHV Group:

By: Madis Toomsalu

Duly authorised

Date: 8 September 2023

## **PART B – OTHER INFORMATION**

### **1. LISTING**

Listing Nasdaq Tallinn Stock Exchange

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 on or about 2 October 2023.

### **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

ii. Estimated net proceeds: EUR 25,000,000, unless the Aggregate Nominal Amount of the Series is increased

### **4. YIELD**

Indication of yield: 10.5% *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**

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.

**6. OPERATIONAL INFORMATION**

ISIN Code: EE3300003573

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

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| i. The Offering Period:                              | From 10:00 a.m. (Eastern European Summer Time – Estonian time) on 12 September 2023 until 16:00 p.m. (Eastern European Summer Time – Estonian time) on 26 September 2023 |
| ii. Description of the subscription process:         | See Sections “Subscription Undertakings” and “Payment” of the Prospectus   |
| iii. Date of publishing the results of the Offering: | 27 September 2023  |
| iv. Description of distribution and allocation:      | See Section “Distribution and Allocation” of the Prospectus  |
| v. Date of settlement:                               | 29 September 2023  |

## SUMMARY

### 1. INTRODUCTION AND WARNINGS

This Summary (the **Summary**) is a brief overview of the information disclosed in the base prospectus (the **Prospectus**), dated 8 September 2023, in connection with the public offering, listing and admission to trading (the **Offering**) of up to 35,000 subordinated bonds with the nominal value of EUR 1,000 each (the **Bonds**) of AS LHV Group (the **Company**) which forms the first series in the programme whereby up to 200,000 Bonds in total may be issued in separate series (the **Programme**). The Bonds offered in the first series shall be listed on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange (**Nasdaq Tallinn**). The Summary has been appended to the final terms applicable to the Bonds issued in the first series (the **Final Terms**) and is, therefore, specific to the Bonds in the first series. Information given in this Summary has been presented by the Company as at the registration of the Prospectus, unless otherwise stipulated herein.

This Summary should be read as an introduction to the Prospectus and any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by the investor. Civil liability in relation to this Summary attaches only to those persons who have tabled the Summary, including any translation thereof, and only where the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Bonds. Investment into the Bonds involves risks, and the investor may lose all or part of the investment. The investor must consider that in the event the investor wants to bring a claim to the court in relation to the information contained in the Prospectus, they may be required to bear the costs of translating the Prospectus.

Name and international securities identification number (ISIN) of the securities. EUR 10.5 LHV GROUP SUBORDINATED BOND 23-2033, ISIN code EE3300003573.

The identity and contact details of the issuer, including its legal entity identifier (LEI). The business name of the Company is AS LHV Group. The Company was registered in the Estonian Commercial Register on 21 January 2005 under the register code 11098261 and its legal entity identifier (LEI) code is 529900JG015JC10LED24. The contact details of the Company are the following: address: Tartu mnt 2, 10145 Tallinn, Estonia; phone: +372 6 800 400; e-mail: group@lhv.ee.

The identity and contact details of the competent authority approving the prospectus, date of approval of the prospectus. This Prospectus has been approved by the Estonian Financial Supervision and Resolution Authority (the **EFSA**) under registration number 4.3-4.9/4085 on 11 September 2023. The contact details of the EFSA are the following: address Sakala 4, Tallinn 15030, Estonia; phone: +372 668 0500; e-mail: info@fi.ee.

### 2. KEY INFORMATION ON THE ISSUER

#### “Who is the issuer of the securities?”

The issuer is the AS LHV Group (the Company). The Company has been established and is currently operating under the laws of the Republic of Estonia in the form of a public limited company (in Estonian: *aktsiaselts* or AS) and is established for an indefinite term. The principal and permanent activity of the Company is the activities of holding companies and on consolidated level the principal activities are that of credit institutions, fund managers, security brokerage and financial lease. The Company's group includes the following consolidated subsidiaries (the **Group**): AS LHV Pank together with its 65% subsidiary AS LHV Finance; Aktsiaselts LHV Varahaldus; LHV Bank Limited; EveryPay AS; and AS LHV Kindlustus.

AS LHV Pank and its subsidiary offers a full range of banking and lending services in two segments – retail and corporate banking. In addition, the Company's subsidiary in the United Kingdom (the **UK**) forms a separate segment currently operating two primary business lines – banking services to payment intermediaries and SME lending. In August 2023 the transfer of AS LHV Pank UK branch's activities to LHV Bank Ltd. was completed and currently the process of transferring the whole of Group's financial intermediaries' business segment (which currently forms an independent segment operated by AS LHV Pank and LHV Bank Ltd.) to LHV Bank Ltd. is ongoing. As of 30 June 2023, AS LHV Pank's loan portfolio comprised of 39.6% of loans to individuals. AS LHV Varahaldus is the subsidiary managing seven compulsory second pillar pension funds, three voluntary pension funds and one UCITS (Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities) fund – LHV World Equities Fund. AS LHV Kindlustus is the subsidiary offering non-life insurance products to clients of the Group and the general public. EveryPay AS is a company acquired in 2022 developing and operating a cloud-based payment gateway platform for digital payments acceptance in digital environments and as such is providing the Group with technology to enter more actively in the growing e-commerce segment.

As of the date of the Prospectus, the shareholders holding directly over 5% of all shares in the Company (the **Shares**) are the following:

Shareholder	Number of Shares	Proportion
AS Lõhmus Holdings	37,162,070	11.62%

Viisemann Investments AG	33,910,370	10.60%
Rain Lõhmus	25,449,470	7.96%

The Company is as of the date of the Prospectus not aware of any person directly or indirectly controlling the Company, nor of any arrangements or circumstances which may at a subsequent date result in a change in control over the Company.

The Company has a three-layer management. The management board is responsible for the day-to-day management of the Company. The management board can be represented by the chairman of the management board alone or by two members of the management board together. The supervisory board of the Company is responsible for the strategic planning of the activities of the Company and for supervising the activities of the management board. The highest governing body of the Company is the general meeting of shareholders.

As of the date of this Prospectus, the management board of the Company has four members – Mr Madis Toomsalu (chairman of the management board), Mr Meelis Paakspuu, Mr Jüri Heero and Mr Martti Singi. The supervisory board of the Company has seven members Mr Rain Lõhmus (the chairman of the supervisory board), Mr Raivo Hein, Mr Heldur Meerits, Mrs Tiina Mõis, Mr Tauno Tats, Mr Andres Viisemann and Mr Sten Tamkivi.

The statutory auditor of the Group for the financial years 2020–2023 is KPMG Baltics OÜ (registry code 10096082; having its registered address at Narva mnt 5, 10117 Tallinn, Estonia). KPMG Baltics OÜ is a member of the Estonian Auditors' Association.

### “What is the key financial information regarding the issuer?”

The Group's consolidated audited financial statements of and for the year ended on 31 December 2022 (**Audited Financial Statements**), and the Group's consolidated unaudited interim financial statements for six months ended on 30 June 2023 (the **Unaudited Interim Financial Statements**, together with the Audited Financial Statements, the **Financial Statements**) have been incorporated to the Prospectus by reference. The Audited Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Unaudited Interim Financial Statements have been prepared in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting. Below information has been presented in accordance with Annex III of European Commission Delegated Regulation (EU) 2019/979 as deemed most appropriate in relation to the Bonds by the Company.

Table 1. Consolidated income statement (in thousands of euros)

Year	2022 (audited)	2021 (audited)	2023 6 months (unaudited)	2022 6 months (unaudited)
Net interest income	129,111	97,319	118,008	52,971
Net fee and commission income	44,900	43,479	24,229	21,351
Impairment losses on financial instruments measured at fair value <sup>1</sup>	-5,056	0	N/A	N/A
Impairment losses on financial instruments measured at amortised cost <sup>1</sup>	-2,996	-3,948	N/A	N/A
Impairment losses on loans and bonds <sup>1</sup>	N/A	N/A	954	-394
Net gain (-loss) from financial assets	-594	-946	838	-1 657
Profit before expected credit losses and other credit impairment	83,905	75,197	79,623	32,742
Total comprehensive income attributable to owners of the parent	58,319	58,309	69,122	25,300

<sup>1</sup>The different method of presentation of impairment loss values for interim and year end period is caused by the fact that the Company differentiates between impairment losses measured at fair value and amortised costs in the Audited Financial Statements but does not make the same differentiation in Unaudited Interim Financial Statements.

Table 2. Consolidated balance sheet (in thousands of euros)

Year	2022 (audited)	2021 (audited)	2023 6 months (unaudited)	SREP outcome
Total assets	6,135,002	6,844,933	6,307,315	N/A
Loans from central banks (TLTRO)	147,841	197,461	49,972	N/A

Loans received and debt securities in issue	438,642	349,146	461,124	N/A
Subordinated debt	130,843	110,378	131,301	N/A
Receivables from customers	21,019	9,752	27,694	N/A
Deposits from customers	4,900,515	5,807,617	5,062,368	N/A
Total equity	420,849	324,801	481,816	N/A
Common Equity Tier 1 capital ratio (%) <sup>1</sup>	16.02	14.27	16.01	6.41
CAD (%) <sup>1</sup>	21.72	19.97	21.6	11.4
Leverage ratio (%) <sup>1</sup>	6.49	4.32	N/A	N/A

<sup>1</sup>These ratios are unaudited.

### **“What are the key risks that are specific to the issuer?”**

**Credit Risk.** Credit risk arises most significantly from the core business line of the Group – lending to retail and corporate customers. Credit risk may be adversely affected by circumstances beyond the Group’s control, such as adverse events in the general economic, political or regulatory environment or a decrease in the value of collateral provided in order to secure the credit granted by the Group’s companies. Credit risk includes concentration risk, which is a risk arising from overall spread of outstanding accounts over the number and variety of clients i.e., from having a large exposure to one client or group of clients. Credit risk also includes collateral risk, which is the risk that collateral securing the loans offered by the Group may lose its value or regulations regarding realisation of collateral may change in unfavourable direction for the Group.

**Market Risk.** Market risk stems from Group’s trading and investment activities in the financial markets, primarily in interest rate products, foreign exchange and stock markets as well as from borrowing activities and other means of taking in financial resources. Market risk is the risk of potential loss which may arise from unfavourable changes in foreign exchange rates, prices of securities or interest rates. The Group is exposed to the following types of market risk: foreign currency risk, price risk and interest rate risk.

**Liquidity Risk.** Liquidity risk relates to the ability of the Group to meet its contractual obligations on time without incurring material losses or disrupting its normal business operations. The Group relies on deposits from retail and corporate customers in order to service its liquidity needs. The liquidity risk arises from the difference between the assets (loans provided to the clients) and the liabilities (deposits) and is mainly related to LHV Pank.

**Funding Risk.** The Group’s business and ability to duly fulfil its obligations is reliant on its ability to finance its current operations at reasonable terms. Access to, and the cost of, financing raised by the Group’s companies through the money and capital markets are affected, among other things, by general interest rate levels, the situation on the financial markets, or a downturn in the performance of market participants and the Group companies’ own capital adequacy and credit rating. Given that the conditions on the capital markets and the global economic environment have deteriorated significantly in the past year and that the global and Estonian economy continues to recede the Company may find it increasingly difficult to receive funding in the international financial markets on favourable terms.

**Operational Risk.** Operational risk is a risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. Operational risk includes legal risk, information and communications technology risk and reputational risk, but excludes strategic risk. Operational risk is inherent in all products, activities, processes, and systems.

**Strategic Risk.** Strategic risk is the risk of losses, including in the form of foregone revenues or additional costs including restructuring costs or assets write-offs, due to mis-assessment of or changes in the Group’s external environment, to which the Group does not timely and appropriately adapt to. The relevant factors within the external environment include the competitive landscape, technological shifts, customer preferences, changes in regulation, and industry and product profitability.

**Solvency risk.** Solvency risk is the risk of not having sufficient capital to absorb losses, including the risk of not having sufficient capital to meet the regulatory minimum requirements. Credit institutions and investment firms must adhere to strict capital adequacy requirements subject to frequent reforms and changes. Such changes, either individually or in combination, may lead to unexpected increased requirements and have a material adverse effect on the business of LHV Pank and the Group as a whole.

**Compliance Risks.** Compliance risk is the existing and potential risk to income, capital, and reputation due to noncompliance or violation of legislation, guidelines, standards or ethical principles. Compliance risk can manifest in the

form of fines, claims for damages, termination of contractual relations, and in extreme cases withdrawal of operating licenses.

Country risk. Country risk. Country risk is the risk of suffering losses caused by events associated with a specific sovereign jurisdiction, rather than due to reasons related to a specific counterparty. Selected subcategories of country risk include transfer and convertibility risk, political risk, macroeconomic and sovereign risk. Distinction is made between cross-border country risk and domestic country risk.

Exposure to Regulatory Actions and Investigations. The Group offers financial services and products and is therefore subject to extensive and comprehensive regulations imposed both through local Estonian and UK as well as through European legal acts. Any determination by the authorities regarding the incompliance with all the applicable regulations may have a material adverse effect on the Group's business, financial condition, and results of operations.

### **3. KEY INFORMATION ON THE SECURITIES**

#### **“What are the main features of the securities?”**

The Bonds are subordinated bonds with the nominal value of EUR 1,000. The Bonds represent a direct, unsecured and subordinated debt obligation of the Company before the bondholder. The Bonds are in dematerialised book-entry form and are not numbered. The Bonds are registered in Nasdaq CSD under ISIN code EE3300003573.

The rights attached to the Bonds have been established by the terms and conditions of the Bonds (the **Bond Terms**). The main rights of bondholders arising from the Bonds and the Bond Terms are the right to the redemption of the Bonds and the right to receive payment of interest. Bondholders can exercise their rights in accordance with the Bond Terms of the Bonds and applicable law.

Interest and yield. Bonds carry an annual coupon interest at the fixed rate of 10.5 per cent., calculated from the Issue Date of the Bonds until the date of redemption. Interest payments are made quarterly on 29 March, 29 June, 29 September and 29 December in each year. The interest on the Bonds is calculated based on the 30-day calendar month and 360-day calendar year (30/360).

Maturity of Bonds. Bonds are issued with a maturity of 10 years with the maturity date on 29 September 2033. According to the Bond Terms, the Company is entitled to redeem the Bonds prematurely at any time after the lapse of 5 years as from the date of issue by notifying the bondholders at least 30 days in advance. The Company is further entitled to redeem the Bonds prematurely before the lapse of the 5-year term if there is a change in the regulative classification of the Bonds resulting in the Bonds being, in the opinion of the Company, excluded from the classification as own funds of a credit institution or if there is a significant change in the taxation regime applicable in respect of the Bonds, provided that the Company was not in a position to foresee such changes upon the issue of the Bonds.

The Bonds may be redeemed prematurely by the Company on the above-described grounds only if the European Central Bank or such other competent authority has granted its consent to the early redemption. The bondholders are not entitled to claim early redemption of the Bonds under any circumstances.

Ranking and subordination. The Bonds are intended to qualify as own funds instruments within the meaning of point 119 of Article 4(1) of the CRR in the form of Tier 2 instruments as defined in Article 63 of the CRR.

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

- (i) junior to any present or future claims of (A) unsecured and unsubordinated creditors of the Company (including holders of senior preferred notes and the senior non-preferred notes, if any, issued by the Company), and (B) holders of senior subordinated notes and claims of any other subordinated creditors the claims of which rank, or are expressed to rank, in priority to the Bonds;
- (ii) *pari passu* among themselves and with any other present or future indebtedness of the Company which constitutes Tier 2 capital (as defined in Article 71 of the CRR);
- (iii) in priority to claims of holders of any outstanding Additional Tier 1 instruments (as defined in Article 52 of the CRR), and payments to holders of all classes of share capital of the Company in their capacity as such holders, and claims of any other subordinated creditors the claims of which rank, or are expressed to rank, junior to the Bonds,

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

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

Furthermore, any liability arising under the Bonds may be subject to the exercise of powers to write-down, conversion, transfer, modification, suspension or similar related power existing from time to time under, and exercised in compliance

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

Transferability. The Bonds are freely transferable; however, any 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 Bond Terms, ensuring that any offering of the Bonds does not require the publication of a prospectus in accordance with the applicable law is the obligation and liability of the bondholder.

#### **“Where will the securities be traded?”**

The Company intends to apply for the listing and admission to trading of the Bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange. The expected date of listing and the admission to trading of the Bonds is on or about 2 October 2023.

#### **“What are the key risks that are specific to the securities?”**

- Credit Risk. An investment into the Bonds is subject to credit risk, which means that the Company may fail to meet its obligations arising from the Bonds in a duly and timely manner.
- Subordination Risk. The Bonds are subordinated to all unsubordinated claims against the Company. This means that in the event of insolvency of the Company, all claims ranking senior to the claims under the Bonds will be satisfied ahead of the claims of the bondholders under the Bonds, and bondholders may lose all or some of their investment.
- Bail-in Risk. Any liability arising under the Bonds may be subject to the exercise of the Bail-in and Loss Absorption Powers by the relevant Resolution Authority, which may result in material losses for the bondholders. If such powers are exercised, it is possible that: (a) the amount outstanding of the Bonds is reduced, including to zero; (b) the Bonds are converted into shares, other securities or other instruments of the Company or another person; (c) the Bonds are cancelled; and/or (d) the Bond Terms are altered (e.g., the maturity date or interest rate of the Bonds could be changed).
- Bond Price and Limited Liquidity of Bonds. Although every effort will be made by the Company to ensure the listing of the Bonds as part of the Offering, no assurance can be provided that the Bonds will be listed and admitted to trading. The Company may also determine that not all series of the Bonds will be applied for the listing. No active secondary market in respect of unlisted Bonds may be established. And even if the Bonds are admitted to trading, the liquidity of the Bonds may remain low which may impair the ability of the bondholders to sell their Bonds on the open market, or sell them at the expected price or amount.

#### **4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND ADMISSION TO TRADING ON A REGULATED MARKET**

##### **“Under which conditions and timetable can I invest in this security?”**

In the course of the Offering, the Company offers up 25,000 Bonds to be issued as of the first series under the Programme. In case of over-subscription, the Company has the right to increase the Offering by up to 35,000 Bonds. The Offering may also be decreased by the amount unsubscribed.

Right to participate in the Offering. The Bonds are publicly offered to retail and institutional investors in Estonia. The Company may also 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.

Issue Price. The Bonds are offered for the price of EUR 1,000 per one Bond which corresponds to 100% of the nominal value of the Bonds (the **Issue Price**).

**Offering Period.** The Offering Period is the period during which the persons who have the right to participate in the Offering may submit Subscription Undertakings for the Bonds. The Offering Period commences on 12 September at 10:00 a.m. (Eastern European Summer Time – Estonian time) and terminates on 26 September 2023 at 16:00 p.m. (Eastern European Summer Time – Estonian time) (the **Offering Period**), unless the Offering is cancelled.

**Submission of Subscription Undertakings.** In order to participate in the Offering, an investor must submit an undertaking to subscribe for the Bonds (the **Subscription Undertaking**) during the Offering Period. In order to subscribe for the Bonds, an investor must have a securities account with a Nasdaq CSD account operator.

An investor participating in the Offering may subscribe for the Bonds only for the Issue Price in euros.

For subscribing for the Bonds, an investor should contact an account operator that operates such investor's ERS securities account and submit a Subscription Undertaking in the form accepted by the account operator and in conformity with the terms and conditions of the Offering. The Subscription Undertaking 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 10.5 LHV GROUP SUBORDINATED BOND 23-2033
<b>ISIN code:</b>	EE3300003573
<b>Amount of securities:</b>	the number of Bonds which the investor wishes to subscribe for
<b>Price:</b>	EUR 1,000
<b>Transaction amount:</b>	the number of Bonds which the investor wishes to subscribe for, multiplied by the Issue Price per Bond
<b>Counterparty:</b>	AS LHV Group
<b>Securities account of the counterparty:</b>	99100539709
<b>Account operator of the counterparty:</b>	AS LHV Pank
<b>Value date of the transaction:</b>	29 September 2023
<b>Type of transaction:</b>	„subscription“
<b>Type of settlement:</b>	“delivery versus payment”

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

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

An investor must authorise the account operator that operates such investor's securities account to disclose to the Company and Nasdaq CSD among other information the investor's name, personal ID code or registration code and address of the investor, the number of the investor's securities account, the name of the investor's account operator and the number of Bonds for which the investor wishes to subscribe for. Subscription Undertakings without the disclosure of the above information will be disregarded. An investor must ensure that all information contained in the Subscription Undertaking is correct, complete and legible. The Company reserves the right to reject any Subscription Undertakings, which are incomplete, incorrect, unclear or illegible, or which have not been completed and submitted during the Offering Period in accordance with all requirements set out in the terms and conditions of the Offering.

**Payment.** By submitting a Subscription Undertaking, an investor authorises and instructs the institution operating the investor's cash account connected to its/his/her 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 terms and conditions of the Offering. The transaction amount to be blocked will be equal to the Issue Price in euros multiplied by the number of Bonds which the investor wishes to acquire.

**Distribution and 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: (i) the division of Bonds between the retail and institutional investors has not been predetermined. The Company will determine

the exact allocation in its sole discretion; (ii) under the same circumstances, all investors shall be treated equally, whereas dependent on the number of investors and interest towards the Offering, the Company may set minimum and maximum number of the Bonds allocated to one investor; (iii) the allocation shall be aimed to create a solid and reliable investor base for the Company; (iv) the Company shall be entitled to prefer Estonian investors to foreign investors; (v) the Company shall be entitled to prefer its existing shareholders and bondholders of the Company to other investors; (vi) the Company shall be entitled to prefer the clients of Group companies to other investors; (vii) possible multiple Subscription Undertakings submitted by an investor shall be merged for the purpose of allocation; (viii) Subscription Undertakings via a nominee accounts (incl. if made on the account of pension investment accounts) are treated as Subscription Undertakings from separate independent investors. Although each investor subscribing via a nominee account is considered as an independent investor during the allocation process, the nominee account holder is responsible for the allocation of the Bonds to the investor; and (ix) each investor entitled to receive the Bonds shall be allocated a whole number of Bonds and, if necessary, the number of Bonds to be allocated shall be rounded down to the closest whole number. Any remaining Bonds which cannot be allocated using the above-described process will be allocated to investors on a random basis.

The results of the allocation process of the Offering will be announced through the information system of the Nasdaq Tallinn Stock Exchange and through the Company's website <https://investor.lhv.ee/en/>. The Company plans to announce the results of allocation of the Bonds on or about 27 September 2023, but in any case, before the Bonds are transferred to the investors' securities accounts.

Settlement. The Bonds allocated to investors will be transferred to their securities accounts on or about 29 September 2023 through the "delivery versus payment" (DVP) method simultaneously with the transfer of payment for such Bonds. The title to the Bonds will pass to the relevant investors when the Bonds are transferred to their securities accounts.

Return of funds. If the Offering or a part thereof is cancelled in accordance with the terms and conditions described in the Prospectus, if the investor's Subscription Undertaking is rejected or if the allocation is less than the amount of Bonds applied for, the funds blocked on the investor's cash account, or the excess part thereof, will be released by the respective financial institution.

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. Any cancellation of the Offering will be announced through the information system of the Nasdaq Tallinn Stock Exchange and through the Company's website <https://investor.lhv.ee/en/>.

### **"Why is this Prospectus being produced?"**

Reasons for the Offering. The overall purpose of the Programme and the Offering is to strengthen the capital structure of the Group and ensure stable access to additional capital to support further growth and market position of the Group.

Use of Proceeds. The Company plans to use up to EUR 35 million of proceeds from the Offering for the premature redemption of the existing unsecured subordinated bonds issued by the Company, provided that the Company is entitled to redeem such bonds prematurely in accordance with the applicable bond terms, and the laws and regulations related to the own funds and capital adequacy requirements of the Group. In case the existing subordinated bonds are not redeemed prematurely, the entire net proceeds of the Offering, will be used in line with the overall purpose of the Offering.

Underwriting arrangements. The Offering is not subject to any underwriting on a firm commitment basis.

Material conflicts of interests. To the knowledge of the Management Board, there are no conflicting interests which are material to the Offering.