IMPORTANT NOTICE

To whom it may concern

Proposed offering of EUR-denominated Fixed Rate Reset Perpetual Additional Tier 1 Temporary Write Down Notes (the "Notes") to be issued by AS LHV Group (the "Issuer")

The Issuer is proposing to undertake an offering of the Notes on the terms set out in the attached offering circular dated 28 April 2025 (the "**Offering Circular**") which is being sent to you with this letter. This letter contains important information relating to restrictions with respect to the offer and sale of the Notes to retail investors.

PROHIBITION ON MARKETING AND SALES TO RETAIL INVESTORS

1. The Notes are complex financial instruments. They are not a suitable or appropriate investment for all investors, especially retail investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes. Potential investors in the Notes should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein).

2.

   (a) In the United Kingdom (the "**UK**"), the Financial Conduct Authority ("**FCA**") Conduct of Business Sourcebook ("**COBS**") requires, in summary, that the Notes should not be offered or sold to retail clients (as defined in COBS 3.4 and each a "**retail client**") in the UK.

   (b) By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Notes) from the Issuer and/or Erste Group Bank AG (the "**Sole Bookrunner**"), each prospective investor represents, warrants, agrees with and undertakes to the Issuer and the Sole Bookrunner that:

      (i) it is not a retail client in the UK; and

      (ii) it will not sell or offer the Notes (or any beneficial interest therein) to retail clients in the UK or communicate (including the distribution of the attached Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK.

   (c) In selling or offering the Notes or making or approving communications relating to the Notes you may not rely on the limited exemptions set out in COBS.

3. By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Notes) from the Issuer and/or the Sole Bookrunner, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and the Sole Bookrunner that:

   (a) it is not a retail client (as defined in the Markets in Financial Instruments Directive 2014/65/EU (as amended) ("**MiFID II**")); and

   (b) it will not, (i) sell or offer the Notes (or any beneficial interest therein) to retail clients (as defined in MiFID II) in the European Economic Area (the "**EEA**") or communicate (including the distribution of the attached Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is

addressed to or disseminated in such a way that it is likely to be received by a retail client (within the meaning of MiFID II).

4. The obligations in paragraphs 2 and 3 above are in addition to the need to comply at all times with all other applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the UK) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), whether or not specifically mentioned in the attached Offering Circular, including (without limitation) any requirements under MiFID II, the UK FCA Handbook or any other applicable laws, regulations and regulatory guidance as to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) for investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Issuer and/or the Sole Bookrunner the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

You acknowledge that each of the Issuer and the Sole Bookrunner will rely upon the truth and accuracy of the representations, warranties, agreements and undertakings set forth herein and are entitled to rely upon this letter and are irrevocably authorised to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby. This letter is additional to, and shall not replace, the obligations set out in any pre-existing general engagement terms entered into between you and the Sole Bookrunner relating to the matters set out herein.

This document is not an offer to sell or an invitation to buy any Notes (or any beneficial interests therein).

Your offer or agreement to buy any Notes (or any beneficial interests therein) will be evidence of your acceptance of the terms of this letter and your confirmation that the representations and warranties made by you pursuant to this letter are accurate.

This letter and any non-contractual obligations arising out of or in connection with it are governed by English law. The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this letter (including a dispute relating to the existence or validity of this letter or any non-contractual obligations arising out of or in connection with this letter) or the consequences of its nullity.

Yours faithfully,

The Sole Bookrunner

cc: AS LHV Group

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the offering circular (the "**Offering Circular**"), and you are therefore advised to read this notice carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them, any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OF AS LHV GROUP (THE "**ISSUER**"). THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

In the UK, the Offering Circular is being distributed only to, and are directed only at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), and persons falling within Article 49 of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). The Offering Circular must not be acted on or relied on in the UK by persons who are not relevant persons. Any investment or investment activity to which the Offering Circular relates is available only to relevant persons in the UK and will be engaged in only with such persons.

The Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By accessing the Offering Circular, you shall be deemed to have confirmed and represented to us that: (a) you have understood and agree to the terms set out herein; (b) you consent to delivery of the Offering Circular by electronic transmission; (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia; (d) if you are in the European Economic Area ("**EEA**"), then you are not a retail investor (as defined below) and (e) if you are a person in the UK, then you are a relevant person and not a retail investor (as defined below).

IMPORTANT – EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, a "retail investor" means a person who is one (or more) of (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. No action has been or will be taken in any jurisdiction by the Sole Bookrunner or the Issuer that would, or is intended to, permit a public offering of the securities, or possession or distribution of the offering circular (in preliminary, proof or final form) or any other offering or publicity material relating to the securities, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Sole Bookrunner or any affiliate of the Sole Bookrunner is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Sole Bookrunner or such affiliate on behalf of the Issuer in such jurisdiction.

Recipients of the Offering Circular who intend to subscribe for or purchase any Notes are reminded that any subscription or purchase may only be made on the basis of the information contained in the Offering Circular in final form.

Neither the Sole Bookrunner nor any of its affiliates accepts any responsibility whatsoever for the contents of the Offering Circular or for any statement made or purported to be made by any of them, or on any of their behalf, in connection with the Issuer or the offer. The Sole Bookrunner and its affiliates accordingly disclaim all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of the Offering Circular or any such statement. No representation or warranty, express or implied, is made by any of the Sole Bookrunner or its affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in the Offering Circular.

The Sole Bookrunner is acting exclusively for the Issuer and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of the Offering Circular) as their client in relation to the offer and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer nor the Sole Bookrunner, or any person who controls any of them, or any director, officer, employee or agent of any of them, or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Sole Bookrunner.

(incorporated with limited liability in the Republic of Estonia)

EUR 50,000,000 Fixed Rate Reset Perpetual Additional Tier 1 Temporary Write Down Notes

The issue price of the EUR 50,000,000 Fixed Rate Reset Perpetual Additional Tier 1 Temporary Write Down Notes (the "**Notes**") of AS LHV Group (the "**Issuer**") is 100 per cent. of their principal amount.

The Notes will bear interest on their Prevailing Principal Amount (as defined in Condition 1 (*Definitions*) under "*Terms and Conditions of the Notes*") from (and including) 30 April 2025 (the "**Issue Date**") to (but excluding) 30 April 2030 (the "**First Reset Date**") at a rate of 9.500 per cent. per annum. In respect of the period from (and including) the First Reset Date to (but excluding) the fifth anniversary of such First Reset Date, and each successive five year period thereafter (each a "**Reset Period**"), the Notes will bear interest at the applicable Reset Rate of Interest as determined in accordance with Condition 4 (*Interest*) under "*Terms and Conditions of the Notes*". Interest shall be payable in equal instalments semi-annually in arrear on 30 April and 30 October in each year (each an "**Interest Payment Date**"), starting on (and including) 30 October 2025.

Payments on the Notes will be made in euros without deduction for or on account of taxes imposed or levied by the Republic of Estonia ("**Estonia**") to the extent described under Condition 9 (*Taxation*) under "*Terms and Conditions of the Notes*". The Issuer may elect to cancel any interest payment (in whole or in part) at its sole and full discretion, and must cancel payments of interest (i) in the circumstances described in Conditions 5(b) (*Cancellation of Interest - Mandatory Cancellation of Interest – Insufficient Distributable Items*), 5(c) (*Cancellation of Interest - Mandatory Cancellation of Interest – Maximum Distributable Amount*), 5(d) (*Cancellation of Interest - Mandatory Cancellation of Interest – Competent Authority Order*) and 6(a)(iii) (*Write Down and Write Up – Write Down*) and/or (ii) if and to the extent that such payment could not be made in compliance with the Solvency Condition (as defined in Condition 3(g) (*Status and Subordination*)). Any interest which is so cancelled will not accumulate or be payable at any time thereafter, no amount will become due from the Issuer in respect thereof and cancellation thereof shall not constitute a default for any purpose on the part of the Issuer.

The Notes and obligations in relation to any related Coupons and Talons resulting therefrom will constitute direct, unsecured and subordinated obligations of the Issuer which will at all times rank *pari passu* without any preference among themselves. In the event of the voluntary or involuntary liquidation (in Estonian: *likvideerimine*) or bankruptcy (in Estonian: *pankrot*) of the Issuer, the rights and claims (if any) of holders of the Notes to payments of the Prevailing Principal Amount and any other amounts in respect of the Notes (including any accrued but unpaid and uncancelled interest amount or damages or other payments awarded for breach of any obligations under the Terms and Conditions of the Notes (the "**Conditions**"), if any are payable) shall rank junior to the rights and claims of creditors (a) who are depositors (if any) or other unsubordinated creditors of the Issuer; or (b) who are subordinated creditors of the Issuer (including holders of Tier 2 Capital instruments of the Issuer), whether in the event of the liquidation or bankruptcy of the Issuer or otherwise (other than holders of Parity Securities (as defined in Condition 1 (*Definitions*) under "*Terms and Conditions of the Notes*") and subordinated creditors whose claims by law rank, or by their terms are expressed to rank (to the extent such ranking is recognised by applicable law), *pari passu* with or junior to the claims of the holders of the Notes). The Notes are intended, on the Issue Date, to constitute instruments of the Issuer qualifying as Additional Tier 1 Capital of the Group (as defined in the "*Terms and Conditions of the Notes*").

Upon the occurrence of a Trigger Event (as defined in the Conditions), the Prevailing Principal Amount of each Note will be immediately and mandatorily Written Down by the relevant Write Down Amount and any interest accrued to the relevant Write Down Date (each such term as defined in the Conditions) and unpaid shall be cancelled in accordance with Conditions 6(a) (*Write Down and Write Up – Write Down*) and 6(b) (*Write Down and Write Up – Write Down Amount*). Holders of Notes (the "Noteholders") may lose some or all of their investment as a result of such a Write Down (as defined in the Conditions). Following such a Write Down, the Issuer may, in certain circumstances and at its sole and full discretion, Write Up the Prevailing Principal Amount of each Note in accordance with Condition 6(d) (*Write Down and Write Up – Write Up*).

The Notes are perpetual securities in respect of which there is no fixed redemption date or maturity date and the Issuer shall, without prejudice to its ability to effect a Write Down in accordance with Condition 6 (*Write Down and Write Up*), only have the right to redeem or purchase the Notes in accordance with the provisions of Condition 7 (*Redemption and Purchase*). The Issuer may, in its sole and full discretion but subject to the approval of the Competent Authority (as defined in the Conditions), satisfaction of the conditions to redemption or purchase set out in Condition 7(i) (*Redemption and Purchase – Conditions to Redemption, Substitution, Variation or Repurchase*) and compliance with the Solvency Condition, elect to redeem in whole (but not in part) the Notes at their Prevailing Principal Amount, together with interest accrued and unpaid (excluding interest that has been cancelled in accordance with the Conditions) (i) on the First Reset Date, (ii) on any Interest Payment Date thereafter, (iii) at any time following the occurrence of a Tax Event or a Withholding Tax Event or a Capital Event or an MREL Disqualification Event (in each case, as defined in the Conditions) or (iv) at any time where the outstanding aggregate principal amount of the Notes is 20 per cent. or less of the Notes originally issued (and, for these purposes, any further Notes issued pursuant to Condition 15 (*Further Issues*) shall be deemed to have been originally issued and any Write Down and/or Write Up of the principal amount of the Notes shall be disregarded). The Issuer may also, subject to the approval of the Competent Authority, repurchase the Notes in accordance with the then prevailing Applicable Banking Regulations.

This Offering Circular has been approved by the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") and application has been made to Euronext Dublin for the Notes to be admitted to Euronext Dublin's official list ("**Official List**") and trading on its Global Exchange Market ("**GEM**") (the "**Listing**"). This Offering Circular constitutes "Listing Particulars" for the purposes of admission of the Notes to the Official List and to trading on the GEM and, for such purposes, does not constitute a "prospectus" for the purposes of Regulation (EU) No. 2017/1129. The GEM is not a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**").

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (as amended, the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Sole Bookrunner named under "*Subscription and Sale*" below (the "**Sole Bookrunner**") in accordance with Regulation S under the Securities Act ("**Regulation S")** and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other state securities laws.

The Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients in the European Economic Area ("**EEA**") or in the United Kingdom ("**UK**"). Prospective investors are referred to the section headed "*Prohibition on Marketing and Sales to Retail Investors*" below for further information. Potential investors should read the whole of this document (including all documents and information incorporated by reference) in particular the section entitled "*Risk Factors*". Investors should make their own assessment as to the suitability of investing in the Notes.

The Notes will be in bearer form and in denominations of EUR 200,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 399,000. The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), without interest coupons or talons, which will be deposited on or around the Issue Date with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**"), without interest coupons or talons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form each in denominations of EUR 200,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 399,000 and with interest coupons and talons attached. See "*Summary of Provisions Relating to the Notes in Global Form*".

The Issuer has been rated Baa3 by Moody's Investors Service (Nordics) AB ("**Moody's**") and the Notes have been rated Ba3 by Moody's.

Moody's is established in the EEA and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**EU CRA Regulation**"). As such, Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. Moody's is not established in the UK and has not applied for registration under Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK CRA Regulation**"). Accordingly, the ratings issued by Moody's have been endorsed by Moody's Investors Service Limited in accordance with the UK CRA and have not been withdrawn. Moody's Investors Service Limited is established in the UK and registered under the UK CRA Regulation.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Investing in the Notes involved risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations in respect of the Notes are set out under "Risk Factors" below.

Sole Bookrunner

ERSTE GROUP

The date of this Offering Circular is 28 April 2025

IMPORTANT NOTICES

Responsibility for this Offering Circular

The Issuer accepts responsibility for the information contained in this Offering Circular and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular, to the best of its knowledge, is in accordance with the facts and makes no omission likely to affect its import.

Other relevant information

Any information sourced from third parties contained in this Offering Circular has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Issuer has confirmed to the Sole Bookrunner that this Offering Circular contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Offering Circular on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the issue of the Notes) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Offering Circular or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Sole Bookrunner.

Unauthorised information

Neither the Sole Bookrunner nor any of its affiliates have authorised the whole or any part of this Offering Circular and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Offering Circular or any responsibility for the acts or omissions of the Issuer or any other person (other than the Sole Bookrunner) in connection with the issue and offering of the Notes. Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Offering Circular.

Restrictions on distribution

This Offering Circular does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes and should not be considered as a recommendation by the Issuer, the Sole Bookrunner or either of them that any recipient of this Offering Circular should subscribe for or purchase any Notes. Each recipient of this Offering Circular shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer. The Sole Bookrunner has not provided any financial or taxation advice in connection with the Notes.

The distribution of this Offering Circular and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Sole Bookrunner to inform themselves about and to observe any such

restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Offering Circular and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

The Notes are complex financial instruments and may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor should either on its own or with the help of its financial and other professional advisers:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in, or incorporated by reference in, this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including (a) where the currency for principal or interest payments is different from the potential investor's currency, (b) the possibility that any and all interest payments on the Notes may be cancelled and/or (c) that the entire principal amount of the Notes could be lost, including following the exercise of the Bail-in and Loss Absorption Powers by the Relevant Resolution Authority or a Write Down of the Notes (as each term is defined in this Offering Circular);

(iv) understand thoroughly the terms of the Notes, such as the provisions governing Write Down (including, in particular, the CET1 Ratio of the Group, as well as under what circumstances a Trigger Event might occur), and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial, legal or tax adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

An investment in the Notes is not equivalent to an investment in a bank deposit. An investment in the Notes may give rise to higher yields than a bank deposit placed with the Issuer or any of its subsidiaries acting as a deposit-taking bank. However, an investment in the Notes carries risks which are very different from the risk profile of such a bank deposit. The Notes may provide greater liquidity than a bank deposit since bank deposits are generally not transferable. Conversely, unlike certain bank deposits, Noteholders have no ability to require repayment of their investment unless a default occurs and then only in limited circumstances (see "*Terms and Conditions of the Notes*") and Noteholders will not have the benefit of any insurance or deposit guarantee from any government agency in Estonia or elsewhere.

Prohibition on Marketing and Sales to Retail Investors

1. The Notes are complex financial instruments. They are not a suitable or appropriate investment for all investors, especially retail investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes. Potential investors in the Notes should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein).

2. (a) In the UK, the Financial Conduct Authority ("**FCA**") Conduct of Business Sourcebook ("**COBS**") requires, in summary, that the Notes should not be offered or sold to retail clients (as defined in COBS 3.4 and each a "**retail client**") in the UK.

   (b) By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Notes) from the Issuer and/or the Sole Bookrunner, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and the Sole Bookrunner that:

      (i) it is not a retail client in the UK; and

      (ii) it will not sell or offer the Notes (or any beneficial interest therein) to retail clients in the UK or communicate (including the distribution of the Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK.

   (c) In selling or offering the Notes or making or approving communications relating to the Notes, you may not rely on the limited exemptions set out in COBS.

3. By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Notes) from the Issuer and/or the Sole Bookrunner, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Sole Bookrunner that:

   (a) it is not a retail client (as defined in MiFID II); and

   (b) it will not, (i) sell or offer the Notes (or any beneficial interest therein) to retail clients (as defined in MiFID II) in the European Economic Area (the "**EEA**") or communicate (including the distribution of the attached Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client (within the meaning of MiFID II).

4. The obligations in paragraphs 2 and 3 above are in addition to the need to comply at all times with all other applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the UK) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), whether or not specifically mentioned in this Offering Circular, including (without limitation) any requirements under MiFID II, the UK FCA Handbook or any other applicable laws, regulations and regulatory guidance as to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) for investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Issuer and/or the Sole Bookrunner, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

In the UK, the Offering Circular is being distributed only to, and are directed only at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), and persons falling within Article 49 of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). The Offering Circular must not be acted on or relied on in the UK by persons who are not relevant persons. Any investment or investment activity to which the Offering Circular relates is available only to relevant persons in the UK and will be engaged in only with such persons.

Certain definitions

In this Offering Circular, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area.

References to "**U.S. $**", "**U.S. dollars**" or "**dollars**" are to United States dollars, "**EUR**", "**€**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

In this Offering Circular, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

Language

The language of this Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

PRESENTATION OF FINANCIAL INFORMATION

Historical financial statements

The financial statements relating to AS LHV Group and its subsidiaries (the "**Group**") and incorporated by reference in this Offering Circular are:

- the audited consolidated financial statements as at and for the year ended 31 December 2023 (the "**2023 Financial Statements**");
- the audited consolidated financial statements as at and for the year ended 31 December 2024 (the "**2024 Financial Statements**" and, together with the 2023 Financial Statements, the "**Annual Financial Statements**"); and
- the unaudited condensed consolidated interim financial statements as at and for the three months ended 31 March 2025 (the "**Interim Financial Statements**").

The Annual Financial Statements and the Interim Financial Statements are together referred to as the "**Financial Statements**". The Annual Financial Statements have been prepared in accordance with the International Financial Reporting Standards as adopted in the European Union (the "**EU**") (the "**IFRS**"). Unless stated otherwise, the financial information presented in this Offering Circular is derived from the 2024 Financial Statements or the 2023 Financial Statements. The Interim Financial Statements have been prepared in accordance with International Accounting Standard IAS 34 "*Interim Financial Reporting*", as adopted in the EU.

The Issuer's financial year ends on 31 December and references in this Offering Circular to "**2024**"and "**2023**" are to the 12-month periods ending on 31 December in both years.

Auditors and unaudited information

The 2023 Financial Statements have been audited by KPMG Baltics OÜ, independent auditors ("**KPMG**"), in accordance with International Standards on Auditing, who have issued an unqualified auditor's report on the 2023 Financial Statements.

The 2024 Financial Statements have been audited by AS PricewaterhouseCoopers, independent auditors ("**PwC**"), in accordance with International Standards on Auditing, who have issued an unqualified auditor's report on the 2024 Financial Statements.

The Interim Financial Statements were not audited or reviewed by an independent auditor.

Certain other financial information in this Offering Circular identified as such is unaudited financial information which has been extracted without material adjustment from the accounting records of the Group which form the underlying basis of the Financial Statements.

Certain non-IFRS financial information

This Offering Circular includes references to capital, leverage and certain other ratios. Although these ratios are not IFRS measures, the Group believes that the capital and leverage ratios in particular are important to understanding its capital and leverage position, particularly in light of current or planned future regulatory requirements to maintain these ratios above prescribed minimum levels. Certain of these ratios also constitute Alternative Performance Measures ("**APM**s"), as defined in the European Securities and Markets Authority Guidelines on Alternative Performance Measures. See "*Selected Financial Information—Selected Consolidated Ratios and APMs*". None of this financial information is subject to any audit or review by independent auditors.

The ratios referred to above should not be used instead of, or considered as alternatives to, the Group's historical financial results based on IFRS. The non-IFRS measures relate to the reporting periods presented in this Offering Circular and are not meant to be predictive of future results. They are not defined under, or presented in accordance with, IFRS. Management uses APMs because the Issuer believes that these measures are commonly used by lenders, investors and analysts. The Issuer's use of the APMs and its method of calculating APMs may vary from other companies' use and calculation of such terms. These measures are presented for purposes of providing investors with a better understanding of the Group's financial performance, cash flows or financial position as they are used by the Issuer when managing its business.

Restatements and changes in presentation affecting comparative financial information

When preparing the 2024 Financial Statements, the content and structure of the consolidated financial statements, including the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and consolidated statement of cash flows, were updated to improve the quality of disclosure and enhance readability.

The management of the Group restated the impact of the incorrect application of IFRS 17 in the 2023 Financial Statements, which was followed by a restatement of the comparative figures in the 2024 Financial Statements for the relevant items in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and consolidated statement of cash flows.

Additionally, within the 2024 Financial Statements consolidated statement of cash flows' comparative figures, the management of the Group reclassified financial investments related cash flows that were previously classified under investing activities to operating activities, as these cash flows pertain to operating activities by nature and are essential for operational efficiency of the Group. These changes include reclassifications of financial investments related to cash flows from/used in loans and advances to customers, investments in debt securities at amortised cost, financial assets at fair value through profit or loss, covered bonds issued, and other liabilities line items.

Moreover, the management of the Group restated cash and cash equivalents line item, with the changes primarily impacting due from banks and investment companies, cash and balances with central banks, and due from investment companies.

The Group's operating segments have also been restated and aligned with the reporting structure for the Group's chief decision makers. The Group divides its business activities into operating segments based

on its legal structure. Previously, LHV Pank's segment results were presented as separate operating segments rather than as a single operating segment. Refer to Note 4 (*Operating Segments*) to the 2024 Financial Statements for additional details.

Due to these changes, the comparative figures in the 2024 Financial Statements (i.e. as of and for the year ended 31 December 2023) were restated and disclosed in the 2024 Financial Statements.

In this Offering Circular, the financial data as of and for the year ended 31 December 2023 are disclosed, where applicable (including non-IFRS calculations), on a revised presentation basis, reflecting the changes described above. The details and the effect of these changes on the comparative financial data of the Group are disclosed in Note 1 (*General Information*) to the 2024 Financial Statements.

The same changes were made in the preparation of the Interim Financial Statements. Accordingly, the comparative figures in the Interim Financial Statements (i.e. as of and for the three months ended 31 March 2024) were restated and disclosed in the Interim Financial Statements. The details and the effect of these changes on the comparative financial data of the Group are disclosed in Note 1 (*General Information*) to the Interim Financial Statements.

PRESENTATION OF OTHER INFORMATION

Currencies

Unless otherwise indicated, the financial information contained in this Offering Circular has been expressed in euro. The Group's functional currency is euro and the Group prepares its financial statements in euro.

Third party and market share data

This Offering Circular contains information regarding the Group's business and the financial services industry in which it operates and competes, which the Issuer has obtained from third party sources. Where third party information has been used in this Offering Circular, the source of such information has been identified.

Statistical information relating to Estonia included in this Offering Circular has been derived from official public sources, including the statistical releases of the Bank of Estonia, the Estonian Statistical Office and the Estonian Financial Supervision and Resolution Authority ("**EFSA**"). All such statistical information may differ from that stated in other sources for a variety of reasons, including the use of different definitions and cut-off times. This data may subsequently be revised as new data becomes available and any such revised data will not be circulated by the Issuer to investors who have purchased the Notes.

In some cases, independently determined industry data is not available. In these cases, any market share data included in this Offering Circular is referred to as having been estimated. All such estimates have been made by the Issuer using its own information and other market information which is publicly available. The Issuer believes that these estimates of market share are helpful as they give prospective investors a better understanding of the industry in which the Group operates as well as its position within that industry. Although all such estimations have been made in good faith based on the information available and the Issuer's knowledge of the markets within which it operates, the Issuer cannot guarantee that a third party expert using different methods would reach the same conclusions.

Where information has not been independently sourced, it is the Issuer's own information.

No incorporation of website information

The Issuer's website is https://investor.lhv.ee/en/. Unless specifically incorporated by reference into this Offering Circular, information on this website or any other website mentioned in this Offering Circular or any website directly or indirectly linked to these websites (including, but not limited to, www.lhv.ee, investor.lhv.ee and fp.lhv.ee) has not been verified, is not incorporated by reference into, and does not form part of, this Offering Circular, and investors should not rely on it.

Rounding

Certain data in this Offering Circular has been rounded. As a result of such rounding, the totals of data presented in tables in this Offering Circular may vary slightly from the arithmetic totals of such data. Where used in tables, the figure "0" means that the data for the relevant item has been rounded to zero and the symbol "—" means that there is no data in respect of the relevant item.

CONTENTS

OVERVIEW

This overview must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including the documents incorporated by reference.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Offering Circular have the same meanings in this overview.

The Issuer:	AS LHV Group
Sole Bookrunner:	Erste Group Bank AG
The Notes:	EUR 50,000,000 Fixed Rate Reset Perpetual Additional Tier 1 Temporary Write Down Notes
Issue Price:	100 per cent. of the principal amount of the Notes.
Issue Date:	Expected to be on or about 30 April 2025.
Interest:	Subject to Conditions 3(g), 5 and 6, the Notes will bear interest on their Prevailing Principal Amount from (and including) the Issue Date to (but excluding) the First Reset Date (as defined below) at the rate of 9.500 per cent. per annum. From and including the First Reset Date (as defined below), subject to Conditions 3(g), 5 and 6, the Notes will bear interest for each Reset Period at the applicable Reset Rate of Interest as determined in accordance with Condition 4 (*Interest*). Interest shall be payable in equal instalments semi-annually in arrear on 30 April and 30 October in each year (each an "**Interest Payment Date**"), starting on (and including) 30 October 2025.
Optional Cancellation of Interest:	The Issuer may elect at its sole and full discretion to cancel (in whole or in part) the interest otherwise scheduled to be paid on any date. See Condition 5(a) (*Cancellation of Interest – Optional cancellation of Interest*) for further information.
Mandatory Cancellation of Interest:	Interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made if and to the extent that: (a) such interest payment otherwise due (together with any additional amounts payable thereon pursuant to Condition 9 (*Taxation*), if applicable), together with any interest payments or other distributions which have been paid or made or which are

scheduled to be paid or made during the then current Financial Year on the Notes and all other own funds items of the Issuer (excluding any such interest payments or other distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in calculating the amount of Distributable Items), in aggregate would exceed the amount of the Distributable Items of the Issuer as at such date;

(b) the amount of such interest payment otherwise due (together with any Additional Amounts payable thereon pursuant to Condition 9 (*Taxation*), if applicable) would cause, when aggregated together with other distributions of the kind referred to in Article 141(2) of the CRD Directive (or any provision of applicable law transposing or implementing Article 141(2) of the CRD Directive as amended or replaced), or referred to in any other applicable provisions of the Applicable Banking Regulations which require a maximum distributable amount to be calculated and which are required under prevailing Applicable Banking Regulations to be taken into account for this purpose, in aggregate would cause the Maximum Distributable Amount (as defined in the Conditions) (if any) then applicable to the Group to be exceeded; or

(c) to the extent the Competent Authority orders the Issuer to cancel such payment.

See Conditions 5(b) (*Cancellation of Interest – Mandatory Cancellation of Interest – Insufficient Distributable Items*), 5(c) (*Cancellation of Interest – Mandatory Cancellation of Interest – Maximum Distributable Amount*) and 5(d) (*Cancellation of Interest – Mandatory Cancellation of Interest – Competent Authority Order*) for further information.

Payments of interest are also subject to the Solvency Condition (see "*Solvency Condition*" below). Following the occurrence of a Trigger Event, the Issuer will also cancel all interest accrued and unpaid up to (but excluding) the Write Down Date (see "*Write Down following a Trigger Event*" below).

Solvency Condition:

Except in the event of a voluntary or involuntary liquidation or bankruptcy of the Issuer, all payments in respect of, or arising from (including any damages awarded for breach of any obligations under), the Notes are, in addition to the right or obligation of the Issuer to cancel payments of interest under Condition 5 or Condition 6(a), conditional upon the Issuer being solvent at the time of payment by the Issuer

and no payments of principal, interest or any other amount shall be due and payable in respect of, or arising from, the Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**"). See Condition 3(*g*) (*Solvency Condition*).

Status and Ranking:

The Notes and obligations in relation to any related Coupons and Talons resulting therefrom constitute direct, unsecured and subordinated obligations of the Issuer ranking *pari passu* without any preference among themselves.

For regulatory capital purposes, the Issuer intends, on the Issue Date, that the Notes will constitute instruments of the Issuer qualifying as Additional Tier 1 Capital of the Group.

In the event of the voluntary or involuntary liquidation (in Estonian: *likvideerimine*) or bankruptcy (in Estonian: *pankrot*) of the Issuer, the rights and claims (if any) of the Noteholders to payments of the Prevailing Principal Amount and any other amounts in respect of the Notes (including any accrued but unpaid and uncancelled interest amount or damages or other payments awarded for breach of any obligations under the Conditions (if payable)) shall:

(i) rank junior to the rights and claims of creditors (a) who are depositors (if any) or other unsubordinated creditors of the Issuer or (b) who are subordinated creditors of the Issuer (including holders of Tier 2 Capital instruments of the Issuer), whether in the event of the liquidation or bankruptcy of the Issuer or otherwise (other than holders of Parity Securities and subordinated creditors whose claims by law rank, or by their terms are expressed to rank (to the extent such ranking is recognised by applicable law), *pari passu* with or junior to the claims of the holders of the Notes);

(ii) rank at least *pari passu* with the claims of any Parity Securities of the Issuer; and

(iii) rank senior only to the rights and claims of holders of share capital of the Issuer and any obligations of the Issuer which in each case by law rank, or by their terms are expressed to rank (to the extent such ranking is recognised by applicable law), junior to the Notes.

See further Condition 3 (*Status and Subordination*).

Non-cumulative Interest:

Any interest payment (or, as the case may be, part thereof) not paid on any scheduled payment date in accordance with the Conditions as described above shall be cancelled, shall not accumulate and will not become due and payable at any

time thereafter, whether in the event of the liquidation or bankruptcy of the Issuer or otherwise. Accordingly, non-payment of any interest (in whole or, as the case may be, in part) in accordance with the Conditions as described above will not constitute a default by the Issuer for any purpose (whether under the Notes or otherwise) and the Noteholders shall have no right thereto whether in the liquidation or bankruptcy of the Issuer or otherwise.

See Condition 5(f) (*Cancellation of Interest – Interest non-cumulative; no default or restrictions*) for further information.

Write Down following a Trigger Event:

If, at any time, it is determined that a Trigger Event has occurred:

(a) the Issuer shall (unless the determination was made by the Competent Authority), inform the Competent Authority (or procure that the Competent Authority is informed) immediately following the occurrence of the relevant Trigger Event;

(b) the Issuer shall, without delay, deliver the relevant Trigger Event Notice to Noteholders which notice shall be irrevocable;

(c) any interest which is accrued to the relevant Write Down Date shall be automatically and irrevocably cancelled (whether or not the same has become due for payment); and

(d) the then Prevailing Principal Amount of each Note shall be automatically and irrevocably reduced by the relevant Write Down Amount.

See Condition 6(a) (*Write Down and Write Up – Write Down*) for further information.

Write Up of the Notes at the Discretion of the Issuer:

To the extent permitted in compliance with the Applicable Banking Regulations and subject to any Maximum Distributable Amount (after taking account of (x) any other relevant distributions of the kind referred to in Article 141(2) of the CRD Directive (or any provision of applicable law transposing or implementing Article 141(2) of the CRD Directive, as amended or replaced) or in any other applicable provisions of the Applicable Banking Regulations which require a maximum distributable amount to be calculated and which are required under prevailing Applicable Banking Regulations to be taken into account for this purpose and (y) the applicable requirements of Article 21.2(f) of the CRR Supplementing Regulation, as amended or replaced)) not being exceeded thereby, the Issuer, to the extent permitted in compliance with the Applicable Banking Regulations, shall have full discretion

to reinstate any portion of the principal amount of each Note which has been Written Down and which has not previously been Written Up (such portion, the "**Write Up Amount**"), up to a maximum of its Initial Principal Amount, on a pro rata basis and without any preference among the Notes and on a pro rata basis with the write up of all Written Down Additional Tier 1 Instruments (if any), provided that the sum of:

(a) the aggregate amount of the relevant Write Up on all the Notes on the Write Up Date;

(b) the aggregate amount of any other Write Up on the Notes since the Specified Date and prior to the Write Up Date;

(c) the aggregate amount of any interest payments paid on the Notes since the Specified Date and which accrued on the basis of a Prevailing Principal Amount which is less than the Initial Principal Amount;

(d) the aggregate amount of the increase in principal amount of each Written Down Additional Tier 1 Instrument at the time of the relevant Write Up;

(e) the aggregate amount of any other increase in principal amount of each Written Down Additional Tier 1 Instrument since the Specified Date and prior to the time of the relevant Write Up; and

(f) the aggregate amount of any interest payments paid on each Loss Absorbing Instrument since the Specified Date and which accrued on the basis of a prevailing principal amount which is less than its initial principal amount,

does not exceed the Maximum Write Up Amount. See Condition 6(d) (*Write Down and Write Up – Write Up*) for further information.

Tenor: The Notes are perpetual securities with no fixed redemption date or maturity date. The Notes may only be redeemed or repurchased by the Issuer in the circumstances below (as more fully described in Condition 7 (*Redemption and Purchase*)).

Waiver of Set-Off: No holder of the Notes shall be entitled to exercise any right of set-off, netting, counterclaim, abatement or other similar remedy against moneys owed by the Issuer in respect of the Notes, Coupons or Talons.

Form and Denomination: The Notes will be in bearer form and in denominations of EUR 200,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 399,000. The

	Notes will initially be in the form of a Temporary Global Note, without interest coupons or talons, which will be deposited on or around the Issue Date with a common depositary for Euroclear and Clearstream, Luxembourg. The Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons or talons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form each in denominations of EUR 200,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 399,000 and with interest coupons and talons attached. See "*Summary of Provisions Relating to the Notes in Global Form*".
Optional Redemption:	Subject to Condition 7(i) (*Redemption and Purchase – Conditions to Redemption, Substitution, Variation or Repurchase*), on giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 16 (*Notices*), the Issuer may elect to redeem the Notes in whole, but not in part, (i) on 30 April 2030 (the "**First Reset Date**") or (ii) on any Interest Payment Date thereafter, at a price equal to 100 per cent. of their Prevailing Principal Amount, together with interest accrued and unpaid to (but excluding) the date fixed for redemption (excluding interest that has been cancelled in accordance with the Conditions). See Condition 7(c) (*Redemption and Purchase – Redemption at the option of the Issuer*).
Redemption as a result of a Capital Event:	Upon the occurrence of a Capital Event in respect of the Notes (but subject to Condition 7(i) (*Redemption and Purchase – Conditions to Redemption, Substitution, Variation or Repurchase*)), the Issuer may, at its option, having given not less than 15 days' nor more than 30 days' notice to the Noteholders redeem all (but not some only) of the Notes at any time at a price equal to 100 per cent. of their Prevailing Principal Amount together with any interest accrued (excluding interest that has been cancelled in accordance with these Conditions) to but excluding the date of redemption as described in Condition 7(f) (*Redemption and Purchase – Early Redemption as a result of a Capital Event*).
Redemption as a result of a MREL Disqualification Event:	Upon the occurrence of a MREL Disqualification Event in respect of the Notes (but subject to Condition 7(j) (Redemption and Purchase – Conditions to Redemption and Repurchase)), the Issuer may at any time after the MREL Disqualification Event Effective Date, at its option having given not less than 15 days' nor more than 30 days' notice to the Noteholders redeem all (but not some only) of the

	Notes at a price equal to 100 per cent. of their Prevailing Principal Amount together with any interest accrued (excluding interest that has been cancelled in accordance with these Conditions) to but excluding the date of redemption as described in Condition 7(e) (*Redemption and Purchase – Early Redemption as a result of an MREL Disqualification Event*).
Tax Redemption:	In the event of certain tax changes, subject to Condition 7(i) (*Redemption and Purchase – Conditions to Redemption, Substitution, Variation or Repurchase*), the Issuer may redeem the Notes in whole, but not in part, at any time at price equal to 100 per cent. of their Prevailing Principal Amount, together with any interest accrued (excluding interest that has been cancelled in accordance with these Conditions) to but excluding the date of redemption as described in Condition 7(b) (*Redemption and Purchase – Redemption for tax reasons*).
Residual Call:	Subject to Condition 7(i) (*Redemption and Purchase – Conditions to Redemption or Repurchase*), if, at any time the outstanding aggregate principal amount of the Notes is 20 per cent. or less of the aggregate principal amount of the Notes originally issued (which shall include, for these purposes, any further Notes issued pursuant to Condition 15 (*Further Issues*)) and any Write Down and/or Write Up of the principal amount of the Notes shall be disregarded, the Issuer may redeem all (but not some only) of the remaining outstanding Notes on any date upon giving not less than 15 nor more than 30 days' notice to the Noteholders, at a price equal to 100 per cent. of their Prevailing Principal Amount together with any accrued and unpaid interest up (excluding interest that has been cancelled in accordance with these Conditions) to (but excluding) the date of redemption as described in Condition 7(d) (*Redemption and Purchase – Issuer Residual Call*).
Conditions to Redemption, Substitution, Variation or Repurchase	The Issuer may redeem or repurchase the Notes (and give notice thereof to the Noteholders) only if such redemption or repurchase is in accordance with the Applicable Banking Regulations (if applicable) and it has been granted the permission of the Competent Authority and certain other conditions have been complied with, as described in Condition 7(i) (*Redemption and Purchase – Conditions to Redemption, Substitution, Variation or Repurchase*). In addition, if the Issuer has elected to redeem the Notes, or if the Issuer (or any other person for the Issuer's account) has entered into an agreement to purchase any Notes and (i) the Solvency Condition is not satisfied in respect of the relevant payment on the date scheduled for redemption or purchase, or (ii) prior to the redemption or purchase of the Notes, a Trigger Event occurs, then the relevant redemption notice, or, as the case may be, the relevant purchase

agreement shall be automatically rescinded and shall be of no force and effect.

The Notes may only be redeemed pursuant to Condition 7(c) (*Redemption and Purchase – Redemption at the option of the Issuer*) if the Prevailing Principal Amount of each Note is equal to its Initial Principal Amount.

Enforcement:

If any of the following events occurs:

(i) *Non-payment*: the Issuer fails to pay any amount of principal due in respect of the Notes (without prejudice to Condition 3(g), Condition 5 or Condition 6(a)) for more than ten business days; or

(ii) *Winding-up, etc.*: if any order is made by any competent court or resolution passed for the voluntary or involuntary liquidation, bankruptcy or otherwise winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution (a "**Winding-Up**"),

any Noteholder may:

(A) (in the case of paragraph (i) above) institute proceedings (subject to applicable laws of Estonia) for the Winding-Up of the Issuer, in each case, in Estonia and not elsewhere, and/or prove or claim in the Winding-Up of the Issuer; and/or

(B) (in the case of paragraph (ii) above) prove or claim in the Winding-Up of the Issuer, whether in Estonia or elsewhere and instituted by the Issuer itself or by a third party,

but (in either case) the Noteholder may claim payment in respect of the Note only in the Winding-Up of the Issuer, as described in Condition 10 (*Enforcement*). There are no other events of default under the Notes and no other circumstances in which holders of the Notes may accelerate amounts to be paid in respect of the Notes.

For the avoidance of doubt, no amounts shall be due in respect of the Notes if payment of the same shall have been cancelled in accordance with Condition 3(g), Condition 5, Condition 6(a)(iii), Condition 6(a)(iv) and/or Condition 7(i), and accordingly non-payment of such amounts shall not constitute a default.

Taxation:

All payments of principal, interest and other amounts in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental

	charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Estonia or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as described in Condition 9 (*Taxation*).
Rating:	The Issuer has been rated Baa3 by Moody's and the Notes have been rated Ba3 by Moody's. Moody's is established in the EEA and registered under the EU CRA Regulation. Moody's is not established in the UK and has not applied for registration under the UK CRA Regulation. Accordingly, the ratings issued by Moody's have been endorsed by Moody's Investors Service Limited in accordance with the UK CRA Regulation and have not been withdrawn. Moody's Investors Service Limited is established in the UK and registered under the UK CRA Regulation.
Governing Law:	The Notes, the Agency Agreement and the Deed of Covenant, and any non-contractual obligations arising out of or in connection with them, will be governed by English law, except for Conditions 3(a) to (f) (both inclusive) and 3(h) (*Status and Subordination*) and Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*) which shall be governed by Estonian law.
Acknowledgement of Bail-in Powers:	Pursuant to Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*), notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for these purposes, includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of such Bail-in and Loss Absorption Powers as may be exercised by the Relevant Resolution Authority, as further set out in such Condition. See Condition 21 (*Acknowledgment of Bail-in and Loss Absorption Powers*) for further information. For the avoidance of doubt, any potential write-down or cancellation of all, or a portion, of the Amounts Due on the Notes or the conversion of the Notes into shares, other securities or other obligations in connection with the exercise of any Statutory Loss Absorption Power by the

	Relevant Resolution Authority is separate and distinct from a Write Down following a Trigger Event, although these events may occur consecutively.
Listing and Trading:	Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on the GEM.
Clearing Systems:	Euroclear and Clearstream, Luxembourg.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of offering materials in the United States of America, the European Economic Area, the UK and Italy, see "*Subscription and Sale*".
Risk Factors:	Investing in the Notes involves risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "*Risk Factors*" below.
Use of Proceeds:	The net proceeds of the issue will be used by the Issuer for general corporate purposes of the Group.

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industries in which it operates together with all other information contained in this Offering Circular, including, in particular the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Offering Circular have the same meanings in this section.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Offering Circular and their personal circumstances.

RISKS RELATING TO THE GROUP

The Issuer is a holding company and availability of Group operating cash flow may be limited.

The Issuer is a holding company and conducts its operations principally through, and derives all of its revenue and cash flow from, its subsidiaries and it does not anticipate that this will change in the near future. The subsidiaries are separate and distinct legal entities, and they have no obligations to pay any amounts due to Noteholders from the Issuer or to provide the Issuer with funds to meet any of its payment obligations under the Notes. The Issuer's rights to participate in the assets of any of its subsidiaries if such subsidiary is liquidated will be subject to the prior claims of such subsidiary's creditors, except in the circumstance where the Issuer is also a creditor with claims that are recognised to be ranked ahead of or which rank *pari passu* with the claims of other creditors. Accordingly, if a subsidiary of the Issuer were to be wound up, liquidated or dissolved, (i) Noteholders would have no right to proceed against the assets of such subsidiary, and (ii) the Issuer would only recover any amounts directly in the liquidation of that subsidiary in respect of its direct holding of ordinary shares in such subsidiary, if and to the extent that any surplus assets remain following payment in full of the claims of the creditors and preference shareholders (if any) of such subsidiary or if the Issuer is itself a creditor of such subsidiary (in accordance with the relevant ranking of its claims).

The Issuer itself does not own significant assets other than its investments in subsidiaries. Therefore, in order to be able to make payments in respect of the Notes, pay dividends to its shareholders and meet its other obligations, the Issuer is dependent on the receipt of dividends, principal and interest payments or other payments from its subsidiaries, which in turn, in the case of AS LHV Pank ("**LHV Pank**"), may be influenced by the need to comply with applicable capital adequacy ratios. In 2024 and 2023, the Issuer paid out dividends to its shareholders of €41.6 million and €12.6 million, respectively, and received dividends of €4.9 million and €3.0 million from AS LHV Varahaldus ("**LHV Varahaldus**") and €76.3 million and €2.3 million from LHV Pank. In April 2025, the Issuer paid out dividends to its shareholders of €29.2 million (which amount was deducted from the Issuer's own funds as at 31 March 2025) and, during the three months ended 31 March 2025, the Issuer received dividends of €126.8 million from LHV Pank and €2.0 million from LHV Varahaldus.

The Issuer may have to commit additional investments into its existing subsidiaries or any new businesses that it may launch in the future. For example, in 2021 the Issuer established a new subsidiary LHV Bank Limited ("**LHV Bank**") in the UK which received a banking licence in the UK in 2023. The Issuer may have to commit further additional capital to cover the costs expanding the subsidiary's business as envisaged in its business plan.

Under Estonian law, a company may only pay dividends or make other distributions if its current profits and retained earnings are sufficient for such distribution. Therefore, the Group's financial position and the Issuer's ability to make payments in respect of the Notes remains dependent on its subsidiaries' profit and financial position which, in turn, will depend on the future performance of the subsidiary concerned which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that may be beyond its control. In addition, any such subsidiary itself may be subject to restrictions on the making of such distributions contained in applicable laws and regulations or in contractual agreements entered into by it.

There can be no assurance that the Group's subsidiaries will generate sufficient cash flow from operations or that alternative sources of financing will be available at any time in an amount sufficient to enable these subsidiaries to service their indebtedness, fund their other liquidity needs and make payments to the Issuer to enable it to service its indebtedness, including the Notes.

Additionally, the Issuer may suffer losses if any of its loans to, or investments in, LHV Pank (as defined below) are subject to statutory write-down and conversion powers or if LHV Pank is otherwise subject to resolution proceedings. The Issuer is also exposed to the risk of losses in the event of a Group member's insolvency. The Issuer may in the future make loans to, or other investments in, LHV Pank with the proceeds received from the Issuer's issuance of debt instruments (including the issuance of the Notes), and loans or other investments. Any loans made with the proceeds from subordinated debt instruments (such as the Notes) should be expected to be similarly subordinated and replicate, to the maximum extent permitted by applicable laws, the terms of such subordinated debt instruments. Where securities (including the Notes) issued by the Issuer have been structured so as to qualify as capital instruments under the CRD (as defined below), the terms of the corresponding on-loan to, or investment in, LHV Pank may be structured to achieve equivalent regulatory treatment for LHV Pank, as the case may be. Accordingly, loans to, or investments in, LHV Pank may contain contractual mechanisms that, upon the occurrence of a trigger related to the prudential or financial condition of LHV Pank or other specified trigger events, would automatically result in a write-down or conversion into equity of such loans or investments, impairing the Issuer's ability to recover amounts that would otherwise have been payable under such loans or investments. Such loans to, or investments in, LHV Pank may also be subject to non-viability loss absorption as described in "*The Group may be subject to statutory resolution*". The Issuer retains absolute discretion to restructure such loans to (or any other investments in) any of its subsidiaries, including LHV Pank, at any time and for any purpose including, without limitation, in order to provide different amounts or types of capital or funding to such subsidiary as part of meeting regulatory requirements, including the total loss-absorbing capacity requirements in respect of the Group. A restructuring of a loan or investment made by the Issuer in a Group member could include changes to any or all features of such loan, including its legal or regulatory form and how it would rank in the event of resolution and/or insolvency proceedings in relation to the Group member. Any restructuring of the Issuer's loans to any of the members of the Group may be implemented by the Issuer without prior notification to, or consent of, Noteholders.

The Group's operations and assets are principally located in Estonia and, accordingly, the Group is exposed to general economic conditions in Estonia.

The Issuer and most of its subsidiaries operate principally in Estonia and the vast majority of the Group's assets and business are located in Estonia. Whilst the Group also has a banking subsidiary in the UK, LHV Bank, the business of LHV Bank is at present still a small part of the Group overall. As a result, the Group is predominantly affected by general economic and geopolitical conditions in Estonia, changes in which are outside the Group's control. The Estonian economy is a small open economy that is closely linked to the global economy and especially to macro-economic conditions in Europe.

Global macroeconomic conditions may, for example, be adversely affected by geopolitical tensions, conflicts and/or expansion of sanctions, or the imposition of further international trade tariffs such as those announced by the US in April 2025. The prolongation of such geopolitical tensions, sanctions and

political uncertainty, or the imposition of further international trade tariffs could negatively impact economic growth and business operations in Estonia, which in turn, could have a material adverse effect on the Estonian economy and any material adverse impact on the Estonian economy could negatively impact the financial position and profitability of the Group.

The Estonian economy, which had been in decline for the past two and a half years, entered into a slow growth phase in the fourth quarter of 2024. Over the full year of 2024, gross domestic product ("**GDP**") contracted by 0.2 per cent., but economic activity expanded by 1.1 per cent. in the fourth quarter of 2024, marking an initial recovery phase. The downturn resulted from a combination of factors that reinforced each other. High inflation rates coupled with a restrictive monetary policy significantly constrained economic activity. Weak external and domestic demand further hampered growth, reducing both business activity and household purchasing power. Despite prolonged economic weakness, growth in trade activity and private consumption contributed positively to GDP in the fourth quarter of 2024. On a sectoral level, value-added in energy, manufacturing, and real estate activities supported the positive growth. However, inflation in Estonia remains among the highest in Europe. If elevated inflation persists, it may impact the ability of the Group's customers to service their debts. Overdue loans currently remain at low levels, standing at 1.85 per cent. (gross) of the loan portfolio as at 31 December 2024. However, if high interest rates and tight financing conditions would continue in a prolonged period. Prolonged high interest rates and tight financing conditions could adversely affect the economy and weaken the creditworthiness of the Group's borrowers. Any further deterioration or delayed recovery in the Estonian economy could negatively impact the financial position and profitability of the Group.

The Group may be materially adversely affected by the Russian invasion of Ukraine.

The global and European economic and political environment has been influenced by the Russian war against Ukraine since 24 February 2022. This aggression was followed by comprehensive sanctions against Russian and Belarusian leaders and companies. The war has put additional pressure on the growth of energy and commodity prices. Whilst Estonian companies have been able to rearrange supply chains and adjust consumption, and the Group has been able to manage related risks including credit and anti-money laundering ("**AML**") related risks successfully to date, there is no certainty that this will continue or that there will not be a further deterioration in the geopolitical and economic environment as a result of Russia's war against Ukraine. Should any such risks materialise, this could have a material adverse effect on the financial position and profitability of the Group.

The Group is exposed to the credit risk of borrowers and other counterparties due to its lending activities.

Risks arising from adverse changes in the credit quality and recoverability of lending and other amounts due from counterparties are inherent in the Group's business, principally in its lending activities. In particular, the Group is exposed to the risk that its counterparties may not meet their obligations in respect of loans advanced by the Group and that the collateral (if any) securing the loans advanced may be insufficient. Credit losses could arise from a deterioration in the credit quality of specific counterparties of the Group, from a general deterioration in local or global economic conditions, or from systemic risks within these financial systems, any of which could affect the recoverability and value of the Group's assets and require an increase in its allowances for credit losses of loans and other credit exposures.

As at 31 December 2024, the Group's loans and advances to customers amounted to €4,552.1 million, compared to €3,561.8 million as at 31 December 2023. The Group's non-performing loans (calculated in accordance with the guidelines on management of non-performing and forborne exposures EBA/GL/2018/06 and Annex V to Commission Implementing Regulation (EU) No 680/2014) ("**Stage 3 loans**") were €37.6 million as at 31 December 2024 compared to €23.5 million as at 31 December 2023. Allowance for impairments in respect of the Group's loans and advances to customers amounted

to 0.9 per cent. and 0.8 per cent. of the value of its loan portfolio as at 31 December 2024 and 31 December 2023, respectively.

Due to the re-classification of outstanding loans to two client groups as Stage 3 loans, the amount of Stage 3 loans amounted to €119.7 million, and allowances for impairments in respect of the Group's loans and advances to customers amounted to 0.96 per cent, in each case as at 31 March 2025. The Issuer considers such allowances to be sufficient.

Although the Group makes allowances for potential credit losses in accordance with applicable requirements, the allowances are made based on available information, estimates and assumptions, which by definition are subject to uncertainty. Therefore, there can be no assurance that allowances made by the Group are or will be sufficient to cover potential future losses. Further, if the credit quality of the Group's loans or the financial health of any of its borrowers were to deteriorate, the Group may have to make additional allowances for credit losses which could have a material adverse effect on the Group. The recoverability of the credit provided by the Group to its customers may be adversely affected by negative changes in the overall economic, political or regulatory environment affecting the ability of the Group's counterparties to repay their loans, the effectiveness of enforcement proceedings, a decrease in collateral values and other circumstances beyond the Group's control.

The Group's loans and advances to customers and its deposits from customers are concentrated in Estonia.

Geographically, the Group's loans and advances to customers and its deposits from customers are concentrated in Estonia.

The Group's loans and advances to customers accounted for 52.1 per cent. of its total assets as at 31 December 2024, compared to 50.2 per cent. of its total assets as at 31 December 2023. As at 31 December 2024, 91.3 per cent. of the Group's loans and advances to customers was classified as Estonian risk meaning that the borrowers are Estonian entities or individuals. As at 31 December 2023, the comparative percentage was 96.8 per cent.

The only other materially significant class of assets on the Group's statement of financial position is the amounts due from central banks, which represented 43.2 per cent. of the Group's total assets as at 31 December 2024 compared to 43.3 per cent. of its total assets as at 31 December 2023.

The Group's deposits from customers were €6,910.1 million, equal to 85.8 per cent. of its total liabilities, as at 31 December 2024 and €5,731.0 million, or 87.7 per cent. of its total liabilities, as at 31 December 2023. As at 31 December 2024, 66.0 per cent. of the Group's deposits from customers was classified as Estonian risk meaning that the depositors are Estonian entities. As at 31 December 2023, the comparative percentage was 70.8 per cent.

Accordingly, any deterioration in general economic conditions in Estonia or any failure by the Group to effectively manage its geographic risk concentrations could have a more significant adverse effect on its business than on that of a more diversified banking group. See "*—The Group's operations and assets are principally located in Estonia and, accordingly, the Group is exposed to general economic conditions in Estonia*" above.

The Group has significant customer and sector concentrations.

The Group's loans and advances to customers are concentrated in the real estate sector, which is traditionally the sector that receives the greatest financing from commercial banks in Estonia. As at 31 December 2024, the Group's loans and advances before allowances for credit losses to the real estate sector accounted for 29.6 per cent. of its total loans and advances to customers before allowances for credit losses. As at 31 December 2023, the comparative percentage was 24.3 per cent. A large majority

of loans granted to the real estate sector are cash-flow based, with a well-diversified spectrum of customers split across office, retail and industrial segments.

In addition, loans and advances to individuals before allowances for credit losses accounted for 36.1 per cent. of the Group's total loans and advances to customers as at 31 December 2024 compared to 38.0 per cent. as at 31 December 2023.

A small number of the Group's loans and advances to customers carry a large risk exposure, meaning that the Group's exposure under each loan exceeded 10 per cent. of its net own funds (broadly equal to its capital). As at 31 December 2024, the Group had large exposure loans outstanding to three customers and these loans constituted 32.4 per cent of the Group's net own funds and as at 31 December 2023, the Group had large exposure loans outstanding to four customers and these loans constituted 47.4 per cent. of the Group's net own funds.

As a result, a material weakening in the credit quality of, or a default by, any one or more of the Group's large exposure counterparties, or any factors which negatively impact the real estate or retail sectors in Estonia to which the Group has significant exposure, could result in the Group having to make significant additional allowances for credit losses and/or experiencing significantly reduced interest income, each of which could have a material adverse effect on the Group.

The sector specific factors referred to above might include:

- a significant decline in real estate values which would weaken the credit quality of the Group's real estate borrowers and could also reduce the value of the real estate collateral which the Group holds;

- low levels of economic growth or a recession in Estonia which could materially adversely impact the ability of the Group's retail customers to repay their financing, particularly if combined with increased levels of unemployment, falling house prices, higher interest rates, increased inflation or other factors constraining consumer income.

The Group also has some very large customers contributing a large proportion of deposits. These customers are predominantly serviced by LHV Pank's financial intermediaries unit and their deposits are backed with liquidity buffers, instead of using the deposits for long-term lending. These financial intermediaries are holding these deposits in LHV Pank due to the regulations imposed on the e-money institutions of having a certain percentage amount of their cash in the European banking system. Nevertheless, the share of the Group's 20 largest depositors was 25.9 per cent. as at 31 December 2024 compared to 16.5 per cent. as at 31 December 2023. As at 31 December 2024, there were seven customers whose deposits exceeded 1 per cent. of the Group's total deposits from customers and their deposits aggregated €1,232.8 million. As at 31 December 2023, there were four customers whose deposits exceeded 1 per cent. of the Group's total deposits from customers, and their deposits aggregated € 390.7 million.

See further "*—The Group is subject to the risk that liquidity may not always be readily available*" below.

The Group is subject to the risk that liquidity may not always be readily available.

Liquidity risk is the risk that the Group will be unable to meet its obligations, including funding commitments, as they become due. This risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding (including, for example, short-term and overnight funding and, particularly in the Group's case, demand deposits) and changes in credit ratings or market-wide phenomena such as market dislocation and major disasters.

The Group's assets have, on average, a longer maturity than its funding sources. The Group has historically principally relied on deposits from customers, which are mainly repayable on demand or short-term and generally low cost in nature, to meet most of its funding needs. For example, as at 31 December in each of 2024 and 2023, demand and term deposits from customers amounted to 88.2 per cent. and 91.0 per cent., respectively, of the Group's total deposits from customers and loans received and debt securities in issue.

The availability of deposits is subject to fluctuation due to factors outside the Group's control, including possible loss of confidence and competitive pressures, and this could result in a significant outflow of deposits within a short period of time or may cause the Group to increase the return paid on its deposits to ensure that it retains sufficient deposits. As part of its liquidity risk management strategy, the Group makes assumptions in relation to the potential deposit outflows which could occur at times of stress. For example, demand deposits raised from retail customers are assumed to be a relatively stable source of funding based on historical behaviour analysis. Nevertheless, they are contractually repayable on demand. If any of these assumptions prove to be incorrect, the Group could face unplanned liquidity outflows which have not been considered in its liquidity contingency plans and funding plans.

On a future undiscounted cash flow basis, as at 31 December 2024, 55.8 per cent. of the Group's deposits from customers and loans received and debt securities in issue did not have a fixed maturity. As at the same date and on the same basis, only 10.2 per cent. of the Group's total funding (which comprises deposits from customers and loans received and debt securities in issue and subordinated debt) had a remaining contractual maturity in excess of one year. These percentages were 60.2 per cent. and 8.9 per cent., respectively, as at 31 December 2023.

The Group may experience outflows of deposits at times when liquidity in Estonia is constrained generally or when its major depositors experience short- or long-term liquidity requirements.

In addition to deposits from its core customers in Estonia and the UK, the Group has also raised term deposits from the Raisin deposit intermediation platform. The Raisin platform enables the Group to raise term deposit funding from outside its geographic home markets (from outside of Estonia for LHV Pank and from non-core customers in the UK for LHV Bank). As at the date of this Offering Circular, the main geographic markets from which the Group has raised term deposit funding through the Raisin platform have been the UK and the Netherlands. However, the availability of these platform deposits could be more volatile than the Group's core customer deposits in the event of any market or idiosyncratic stress. Furthermore, as these term deposits mature, it is not certain that they can be rolled over and the Group may be required to raise other types of funding to replace any of these deposits which are not rolled over.

In addition, the Group's deposits are geographically concentrated and the Group is reliant on certain large deposits from a limited group of customers. See "*—The Group's loans and advances to customers and its deposits from customers are concentrated in Estonia*" above and "*—The Group has significant customer and sector concentrations*" above.

In addition to deposits, the Group has raised funding from capital markets through the issuance of covered bonds, unsecured bonds and other financial instruments. The Group may not be able to raise funds from money and/or capital markets on terms comparable with those previously available, which may have an adverse effect on its business operations, performance or financial position. Access to, and the cost of, financing raised by the Group through money and capital markets are affected, among other things, by general interest rate levels, the situation on the financial markets, downturns in the performance of market participants and the Group's own capital adequacy and credit ratings.

If a substantial portion of the Group's depositors, or any of its largest depositors, withdraw their demand deposits or do not roll over their time deposits at maturity, the Group may need to seek other sources of funding or may have to sell, or enter into sale and repurchase or securitisation transactions over, certain

of its assets to meet its funding requirements. There can be no assurance that the Group will be able to obtain additional funding as and when required or at prices that will not affect its ability to compete effectively and, if the Group is forced to sell assets to meet its funding requirements, it may suffer material losses as a result.

In extreme cases, if the Group is unable to refinance or replace such deposits with alternative sources of funding to meet its liquidity needs, such as the interbank markets, the international capital markets or through asset sales, this would have a material adverse effect on its business generally and could, potentially, result in insolvency.

The Group could be adversely affected by the soundness or the perceived soundness of other financial institutions and counterparties.

Given the high level of inter-dependence between financial institutions, the Group is subject to the risk of deterioration in the commercial and financial soundness, or perceived soundness, of other financial institutions. Within the financial services industry, the default of any one institution could lead to significant losses, and potentially defaults, by other institutions. This was experienced in 2008, 2009 and again in late 2022 and early 2023, demonstrating that concerns about, or a default by, one institution can lead to significant liquidity problems, losses or defaults by other institutions. This is because the commercial and financial soundness of many financial institutions is closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide or institution specific liquidity problems and losses or defaults by the Group or other institutions. This risk, often referred to as "systemic risk", may also adversely affect other financial intermediaries, such as clearing agencies, clearing houses, securities firms and exchanges, with whom the Group interacts on a daily basis. There is also a risk that problems initially affecting only one or a few financial institutions could spill over to the LHV due to perceived interconnectedness or supposed similarities in risk profile, no matter if actually true or not. Such risks, should they materialise, could have a material adverse effect on the Group's ability to raise new funding and on its business generally.

The Group is exposed to reputational risks related to its operations and industry.

The Group, through the activities of its member companies, is exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not valid, will harm its reputation. The Group's reputation may also be adversely affected by the conduct of third parties over whom it has no control, including entities to which it has advanced financing. For example, if one of the Group's borrowers becomes associated with financial scandals or widely publicised improper behaviour, the Group's own reputation may be affected. The Group is also exposed to adverse publicity relating to the financial services industry as a whole or individual institutions which are perceived to be similar to the Group. Financial scandals unrelated to the Group or questionable ethical conduct by a competitor may taint the reputation of the industry and affect the perception of investors, public opinion and the attitude of regulators. Any damage to the Group's reputation could lead to existing customers withdrawing their business and potential customers hesitating to do business with the Group, which could have a material adverse effect on the Group.

The Group could be adversely affected by market risks.

The Group could be adversely affected by market risks that are outside its control, including, without limitation, material adverse changes in interest rates, prices of securities and currency exchange rates. In relation to interest rates, the Group is vulnerable to fluctuations in interests rates as there is a pricing gap between the Group's interest-rate sensitive assets and liabilities. For example, an increase in interest rates generally may decrease the value of the Group's fixed-rate loans and securities and may increase the Group's funding costs. Further, a decrease in the level of interest rates may decrease the revenue that the Group earns from its floating rate loans, securities and other assets. At the same time, the

Group's ability to pass on declining interest rates to its customers on the funding side by lowering the rates on its deposits is limited. See subsection 3.3 to the risk management section of the 2024 Financial Statements (which is incorporated by reference herein) which references stress tests conducted in relation to the Group's sensitivity to change in interest rates as at 31 December 2024 and 31 December 2023. Interest rates are sensitive to many factors beyond the Group's control, including the policies of central banks, such as the European Central Bank (the "**ECB**") and the Bank of England, political factors and domestic and international economic conditions.

The Group faces foreign exchange rate risk as a financial intermediary. This encompasses the potential for changes in exchange rates to alter the value of assets or liabilities denominated in foreign currencies, and the risk of incurring losses when closing open positions in a foreign currency due to unfavourable exchange rate fluctuations. The Group attempts to match the currencies of its assets and liabilities and any open currency position is maintained within the limits set out in the Group's internal risk management documents. However, where the Group is not so hedged, it is exposed to fluctuations in foreign exchange rates and any such hedging activity may not protect the Group against such risks. See subsection 3.1 to the risk management section of the 2024 Financial Statements (which is incorporated by reference herein) which shows the Group's open foreign currency positions as at 31 December 2024 and 31 December 2023.

The Group also has a portfolio of debt and equity financial assets held at fair value which are exposed to the effect of changes in market prices on their fair value. However, in 2022 the majority of the investments classified as debt securities held at fair value were reclassified as investment securities measured as amortised cost. See subsection 3.2 to the risk management section of the 2024 Financial Statements (which is incorporated by reference herein) which illustrates the Group's sensitivity to a 2 per cent. change in interest rates for debt securities, a 5 per cent. change in the value of its mandatory pension fund units and a 26 per cent. change in market prices of shares and fund units on this portfolio as at 31 December 2024 and 31 December 2023.

Group companies may enter into derivative transactions, such as interest rate swaps and currency swaps and forward contracts, as part of their ordinary customer business. There is no assurance that these derivative contracts will be successful in mitigating the Group's interest rate and foreign exchange exposures or that the Group will not experience significant losses on these derivatives contracts from time to time.

Adverse movements in interest and foreign exchange rates may also adversely impact the revenue and financial condition of the Group's depositors, borrowers and other counterparties which, in turn, may impact the Group's deposit base and the quality of its credit exposures to certain borrowers and other counterparties. Ultimately, there can be no assurance that the Group will be able to protect itself from any adverse effects of a currency revaluation or future negative changes in interest rate or currency exchange rates or from a significant change in the prices of its securities.

The Group is exposed to a range of operational risks. In particular, the Group is exposed to the risk of loss as a result of employee misrepresentation, misconduct and improper practice.

Operational risk and losses can result from fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, systems and equipment failures (including, in particular, information technology ("**IT**") failures), natural disasters or the failure of external systems (for example, those of the Group's counterparties or vendors). The Group has implemented risk controls and loss mitigation strategies, and substantial resources are devoted to developing efficient procedures and to staff training, but it is not possible to eliminate entirely each of the potential operational risks that the Group faces. Losses from the failure of the Group's system of internal controls could have a material adverse effect on its business generally and its reputation.

The Group's employees could engage in misrepresentation, misconduct or improper practices that could expose the Group to direct and indirect financial loss and damage to its reputation. Such practices may include embezzling clients' funds, engaging in corrupt or illegal practices to originate further business, intentionally or inadvertently releasing confidential information about clients or failing to follow internal procedures. It is not always possible to detect or deter these types of misconduct, and the precautions which the Group takes to detect and prevent such misconduct may not be effective in all cases. There can be no assurance that measures undertaken to combat these types of misconduct will be successful. Any such actions by employees could expose the Group to financial losses resulting from the need to reimburse clients, co-investors or other business partners who suffered loss or as a result or to fines or other regulatory sanctions and could damage the Group's reputation.

The Group is dependent on its IT systems and any disruption to these systems, including as a result of cyber-attack, could materially disrupt the Group's business.

The Group depends on its IT systems to process a large number of transactions on an accurate and timely basis and to store and process substantially all of the Group's business and operating data. The proper functioning of the Group's financial control, risk management, credit analysis and reporting, accounting, customer service and other IT systems, as well as the communication networks between its branches and main data processing centres, are critical to its business and its ability to compete effectively. The Group's business activities would be materially disrupted if there were a partial or complete failure of any of these IT systems or communications networks. Such failures can be caused by a variety of reasons some of which are outside the Group's control, including natural disasters, extended power outages, and computer viruses and other external electronic attacks. The proper functioning of the Group's IT systems also depends on accurate and reliable data and other system inputs, which are subject to internal human errors. Any failure or delay in recording or processing transaction data could subject the Group to claims for losses and regulatory fines and penalties. There can be no assurance that the Group's IT safeguards will be fully effective in the event of a disaster and or that they will protect the Group from all losses that could occur.

The threat to the security of the Group's information and customer data from security breaches and cyber-attacks presents a real and growing risk to its business. Activists, rogue states and cyber criminals are among those targeting IT systems around the world. Risks to technology and cyber-security evolve and change rapidly and require continued focus, monitoring and investment in preventative measures. Given the increasing sophistication and scope of potential cyber-attack, it is possible that future attacks may lead to significant breaches of security. A failure to adequately manage cyber-security risk and continually monitor, review and update current processes in response to new threats could have a number of adverse effects on the Group, including disruption to its business, unauthorised disclosure of confidential information, significant financial and/or legal exposure and damage to its reputation.

The Group takes proactive measures to adjust its cybersecurity policies and practices in preparation for potential future regulations that could present new compliance challenges. This approach is designed to ensure continued compliance with changing regulatory requirements, safeguarding the Group's operations and its stakeholders' interests. The Digital Operational Resilience Act ("**DORA**") creates a regulatory framework for financial institutions on digital operational resilience to respond to and recover from all types of information communication technologies ("**ICT**") related disruptions and threats. These requirements are homogenous across all EU Member States and are currently expected to enter into force during the course of 2025. Non-compliance by the Group or the relevant entities of the Group with new regulations could lead to administrative penalties or remedial measures, as well as criminal penalties under national law. Such increased regulatory engagement, supervision and enforcement is uncertain in relation to the scope, cost, consequence and the pace of change, which may adversely affect the Group's future results, financial condition and/or prospects.

In accordance with the EU General Data Protection Regulation ("**GDPR**"), the Group is required to ensure it implements timely, appropriate and effective organisational and technological safeguards

against unauthorised or unlawful access to the data of the Group, its customers and its employees. In order to meet this requirement, the Group places a high priority on employee training and awareness programmes to combat phishing and other forms of social engineering attacks. Recognising that a well-informed workforce is a critical defence layer, these programmes aim to equip employees with the knowledge and tools necessary to identify and respond to cybersecurity threats effectively. The Group relies on the effectiveness of its internal policies, controls and procedures to protect the confidentiality, integrity and availability of information held on its IT systems, networks and devices as well as with third parties with whom the Group interacts. A failure to monitor and manage data in accordance with the requirements of the applicable legislation may result in financial losses, regulatory fines and investigations and associated reputational damage.

The Group's risk management policies and procedures may leave it exposed to unidentified or unanticipated risks.

There can be no assurance that the Group's risk management policies and procedures will adequately control, or protect it against, all credit, liquidity, market, operational and other risks. In addition, certain risks may not be accurately quantified by the Group's risk management systems. Some of the Group's methods of managing risk are based upon the use of historical market data which, as evidenced by events caused by the global financial crisis of 2008 to 2010, may not always accurately predict future risk exposures which could be significantly greater than historical measures indicate. In addition, certain risks could be greater than the Group's empirical data would otherwise indicate.

Other risk management methods depend upon evaluation of information regarding the markets in which the Group operates, its clients or other matters that are publicly available or information otherwise accessible to it. This information may not be accurate, complete, up-to-date or properly evaluated in all cases. Any material deficiency in the Group's risk management or other internal control policies or procedures may expose it to significant losses as a result of unidentified credit, liquidity, market or operational risks, should they occur.

The Group's internal compliance systems might not be fully effective in all circumstances.

The Group's ability to comply with all applicable regulations is largely dependent on its maintenance of compliance, audit and reporting systems and procedures, and its ability to attract and retain personnel qualified to manage and monitor such systems and procedures. Although the Group is subject to oversight by regulatory authorities, including regular examination activity and annual supervisory review visits in relation to the Group's banking entities, performs regular internal audits and employs an external auditing firm to review its internal auditing function as required by applicable regulations, the Group cannot be certain that these systems and procedures will be fully effective in all circumstances, particularly in the case of deliberate employee misconduct or other frauds perpetrated against it.

In 2022, the EFSA conducted an on-site inspection to assess the compliance of LHV Pank's financial intermediation business line control systems. The supervisory proceedings identified deficiencies regarding the assessment and management of money laundering and terrorist financing risks, as well as in the solutions for the onboarding and monitoring of clients to faultlessly fulfil the due diligence measures set for LHV Pank. In August 2023, the EFSA issued a precept to LHV Pank as a result of these supervisory proceedings and imposed a fine of €900,000 for the misdemeanour of incorrect application of due diligence measures. LHV Pank has since reported to the EFSA on a monthly basis on the action plan to remediate all of the shortcomings identified by the EFSA. The final report was presented to the EFSA on 26 January 2024 and the matter is now closed. LHV Pank continues to improve the risk control system of the financial intermediation business line.

Further, in 2024, the Estonian Financial Intelligence Unit ("**FIU**") conducted a misdemeanour proceeding against LHV Pank concerning two incidents in 2022 and one incident in January 2023 and

on 6 May 2024 the FIU concluded that LHV Pank had violated the International Sanction Act and issued a fine of EUR 300,000. However, in September 2024, the Harju County Court annulled the EUR 300,000 fine imposed by the FIU in May 2024 and terminated the proceedings against LHV Pank, citing the absence of a misdemeanour. The FIU did not appeal the decision.

In the case of actual or alleged non-compliance with applicable regulations, the Group could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits for damages that could have a material adverse effect on the Group.

Failure to maintain an effective system of financial reporting and internal controls may materially and adversely affect the Group's ability to accurately or timely prepare financial information.

Internal controls over financial reporting are intended to ensure the Group maintains accurate records, promote the accurate and timely reporting of the Group's financial information, maintain adequate control over the Group's assets, and detect unauthorized acquisition, use or disposition of the Group's assets. Effective internal and disclosure controls are necessary for the Group to provide reliable financial reports and to operate successfully as a business. The Group's management is responsible for establishing and maintaining adequate internal controls.

While preparing the 2024 Financial Statements, certain restatements resulting from incorrect application of IFRS 17 were identified relating to the year ended 31 December 2023. These resulted in restated comparative figures in the 2024 Financial Statements incorporated by reference in this Offering Circular. For more information on these disclosures and the corrections, see Note 1 (*General Information*) in the 2024 Financial Statements.

If the Group's systems over internal controls and/or financial reporting do not keep pace with the sophistication of its businesses or the applicable financial reporting framework; or its finance and accounting personnel, and other relevant resources in such areas, for any reason cease to be sufficient, and the Group is not able to replace them in a timely manner, if at all, the Group may not be able to maintain adequate internal controls over financial reporting. This in turn could result in the Group's failure to meet its financial reporting obligations as a public company in an accurate or timely manner in accordance with the requirements of the applicable legislation, may result in financial losses, regulatory fines, investigations and associated reputational damage which could have a material adverse effect on the Group.

The Group is subject to extensive regulation and changes in this regulation, or the interpretation or enforcement of this regulation, or any failure by the Group to comply with this regulation could have a material adverse effect on the Group.

The financial services industry in which the Group operates is highly regulated and the Group's operations are subject to numerous European directives and regulations, as well as Estonian laws, policies, guidance and voluntary codes of practice. Since the global financial crisis of 2008 to 2010, financial services regulation has changed materially and will continue to develop in the future. The regulatory requirements that the Group must comply with when conducting its business and operations or which the Group may become subject to include:

- capital adequacy requirements, for example Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions, as amended from time to time (the "**CRD**"), including by Directive (EU) 2024/2994 (as to be transposed into Estonian law), and Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms, as amended from time to time (the "**CRR**"), including by Regulation (EU) 2024/2987;

- a bank resolution framework, for example Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms as amended from time to time (the "**Bank Recovery and Resolution Directive**" or "**BRRD**"), including by Directive (EU) 2024/1174 and Regulation (EU) No 806/2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund, as amended from time to time (the "**SRM Regulation**"), including by Directive (EU) 2024/1174, to be further updated to adjust and further strengthen the European Union's existing bank crisis management and deposit insurance (CMDI) framework and increase the efficiency of crisis management as published by the European Commission in April 2023;

- continuously tightening requirements with respect to anti-money laundering and anti-terrorism financing as well as the implementation of international financial sanctions and EU restrictive measures;

- payment services regulations, for example Directive (EU) 2015/2366 on payment services in the internal market and Regulation (EU) 2024/886 as regards instant credit transfers in euro, as amended from time to time;

- regulations on markets in financial instruments, for example Directive 2014/65/EU on markets in financial instruments, as amended from time to time;

- the prudential framework for insurance undertakings, for example Directive 2009/138/EC on the taking-up and pursuit of the business on Insurance and Reinsurance (Solvency II) and Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC, as amended from time to time;

- regulation on pension and pension funds, including the Estonian Funded Pensions Act and Investment Funds Act;

- data protection regulations, for example Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, as amended from time to time and regulations on IT security and prevention of cybercrime, such as Regulation (EU) 2022/2554 on digital operational resilience for the financial sector;

- DORA containing rules designed to strengthen the operational resilience of financial institutions; and

- new and continuously evolving environmental, social and governance ("**ESG**") related regulations.

From 1 January 2023 onwards, the Issuer and its subsidiary LHV Pank are being directly supervised by the ECB. As such, the Issuer became subject to the SRM Regulation, increasing the regulatory requirements applicable to the Issuer and its activities, such as those further explained under the risk factor "*The Group may be subject to statutory resolution*". If the Group were to fail to maintain its regulatory requirements, this may result in administrative actions or sanctions against it which may impact the Issuer's ability to fulfil its obligations under the Notes.

In addition, the Group's UK subsidiary, LHV Bank, must also comply with UK laws and regulations when conducting its business and operations.

The Group has sought to comply with all of the requirements affecting it, but no assurance can be given that it will at all times and in all material respects either be or remain in compliance with applicable regulations. A number of Estonian and European authorities, including financial supervision, consumer

protection, anti-money laundering, tax and other authorities, regularly perform investigations, examinations, inspections and audits of the Group's business, including in relation to capital requirements, standards of consumer lending, anti-money laundering, anti-bribery, payments, reporting and corporate governance. Any determination by any relevant authority that the Group has not acted in compliance with all applicable laws and regulations could have serious legal and reputational consequences for the Group, including exposure to fines, criminal and civil penalties and other damages, increased prudential requirements or requirements to cease carrying on all or part of its business.

The pension funds management sector in Estonia has been subject to frequent regulatory changes and these, and any further changes, may adversely affect the Group's pensions business.

In recent years, the fees related to compulsory pension funds have been the subject of several reforms, each decreasing the fund management or other fees relating to compulsory pension funds. In December 2018, the Estonian Parliament reduced the management fee thresholds of compulsory pension funds.

In 2020, further reforms were passed which, from the start of 2021, enable Estonian citizens to opt out of the mandatory pension system, pay the 22 per cent. income tax on the amount they receive and remain solely reliant on the state pension. It is possible to re-join the mandatory pension system after 10 years. Estonian citizens can also decide to remain in the system but use a personal pension investment account instead of receiving the funds. LHV Varahaldus estimates that approximately one quarter of LHV pension fund clients have exited the system since these reforms were introduced, according to LHV's internal assessment.

Any further regulatory changes relating to the pension funds management sector may affect the Group's ability to effectively manage its pension funds and may have a negative impact on the revenues and profits that the Group earns from its pension fund management business.

The Group may need to raise eligible liabilities and capital and it may not be able to do so as and when needed on commercially attractive terms.

The capital of banks and investment firms in the EU is subject to the legal framework of the CRR, the CRD and the BRRD. The requirements imposed under this framework have been constantly evolving over time and can be expected to undergo further developments in the future. This will likely necessitate further and potentially significant changes to the Group's operations, including the Group's procedures, rules and reporting systems, as well as to the calculation systems of the capital requirements applicable to the Group.

The Group is currently required to hold a minimum amount of regulatory capital equal to 8 per cent. of its risk exposure amounts, which must be covered by a combination of common equity Tier 1 capital, additional Tier 1 capital and Tier 2 capital. In addition to these so called minimum Pillar 1 requirements, the regulation also prescribes the combined buffer requirement. For the Group, the combined buffer requirement is comprised of:

- the other systemically important institution ("**O-SII**") buffer, which as at the date of this Offering Circular stands at 2.0 per cent.;
- the capital conservation buffer which has been set at 2.5 per cent.;
- the countercyclical buffer which as at the date of this Offering Circular stands at 1.5 per cent.; and
- the systemic risk buffer which currently stands at 0.0 per cent. but could be raised by competent authorities in the future.

The combined buffer requirement applies to the total risk exposure amount and must be met by common equity Tier 1 own funds.

In addition to the minimum own funds requirements described above, the competent authorities may require additional so called Pillar 2 capital to be maintained by a credit institution relating to elements of risk which are not fully captured by other own funds requirements. Furthermore, competent authorities expect banks to follow Pillar 2 guidance, which indicates to banks the adequate level of capital to be maintained in order to have sufficient capital as a buffer to withstand stressed situations, in particular as assessed on the basis of the adverse scenario in the supervisory stress tests. The Pillar 2 requirement applicable to the Group as at the date of this Offering Circular equalled 3.00 per cent. of the total own funds. The Pillar 2 capital requirement and the Pillar 2 guidance are subject to an annual review by the competent authorities as part of the supervisory review and evaluation process ("**SREP**").

As part of the crisis resolution plan provided for in the BRRD, the minimum requirement for own funds and eligible liabilities ("**MREL**") obliges banks and banking groups to have sufficient own funds and unsecured long-term liabilities that can be used to cover losses under the crisis resolution plan. The preferred resolution strategy for the Issuer is the "single point of entry" strategy, with the Issuer being the resolution entity of the Group. By its decision of 13 May 2024, the EFSA has set the MREL target at 26.30 per cent. of the total risk exposure amount ("**MREL-TREA**") and 5.91 per cent. of the leverage ratio exposure measure ("**MREL-LRE**") for the Group. There is no certainty that MREL requirements will not be increased further in the future. To distribute dividends, the Group must satisfy a higher MREL-TREA threshold. At the date of this Offering Circular, the specified MREL-TREA threshold required for the distribution of dividends stands at 32.29 per cent. Since the Issuer and its subsidiary AS LHV Pank are being directly supervised by the ECB from 1 January 2023 and are therefore subject to the SRM Regulation, the determination of applicable minimum requirement for own funds and eligible liabilities for the Group now falls within the competence of the Resolution Board (as further explained under the risk factor "*The Group may be subject to statutory resolution*"). On the basis of these target levels, the Group has set internal limits for MREL-TREA at 26.50 per cent. for MREL-TREA to distribute dividends at 32.50 per cent. and for MREL-LRE at 6.2 per cent.

In addition to regulatory requirements, a variety of other factors may affect the Group's need for additional capital and eligible liabilities. For example, a significant increase in lending, reduced profitability or any losses experienced would reduce its capital adequacy and MREL ratios. The Group may also need to increase their capital or eligible liabilities as a result of market perceptions of adequate capitalisation levels and the perceptions of rating agencies.

The Group is likely to need to obtain additional capital and eligible liabilities in the future to support the future growth of its business. Such capital and funding, whether in the form of debt financing or additional equity, may not be available on commercially favourable terms, or at all. Moreover, should the Group's or any of the Group's banking entities' capital and MREL ratios fall close to regulatory minimum levels or the Group's own internal minimum levels, the Group or any of the Group's banking entities may need to adjust their business practices, including reducing the risk and leverage of certain activities or limiting asset growth. If either the Group or any of the Group's banking entities are unable to maintain satisfactory capital adequacy and MREL ratios, the Issuer's credit ratings may be lowered, its cost of funding may increase and it may suffer regulatory sanctions. Any such development may have a material adverse effect on the Group.

The Group is exposed to risks related to money laundering activities and sanctions violations.

In general, the risk that financial institutions will be subjected to or used for money laundering has increased worldwide. The high turnover of employees, the difficulty in consistently implementing related policies and technology systems, and the general business conditions in Estonia and proximate markets such as Russia, mean that the risk of the occurrence of money laundering for the Group is high. If global and regional financial market conditions deteriorate, there is a risk that incidents involving

money laundering may increase and this may affect the Group's ability to monitor, detect and respond to such incidents.

Additionally, one of the core business areas of the Group is offering services to financial intermediaries such as payment service providers and virtual asset service providers. The services being offered include accounts, payments (including real time EUR and GBP payments), acquiring, working capital finance and foreign currency exchange services. Servicing such financial intermediary clients entails a higher risk of fraud and money laundering compared to regular retail and non-financial corporate clients due to the large number of end customers serviced by the financial intermediaries.

In addition, financial institutions are required to comply with a number of international sanctions regimes, including those of the EU, the United Nations, the United States and a number of other individual countries. A wide range of countries, organisations and individuals may be subject to sanctions under these regimes and the complexity of banking operations means that steps taken to screen transactions against sanctions lists may not always be effective.

For the remainder of 2025, the introduction of further sanctions regimes (especially to combat the circumvention of sanctions) and enforcement actions throughout the world are expected (for example, the EU Parliament recently adopted Directive (EU) 2024/1226 of the European Parliament and of the Council to criminalise EU sanctions breaches with much stronger punishments for violations which is due to be transposed by EU Member States by late May 2025). Because of the evolving complexity of sanctions regimes and sanctions evasion schemes there is a risk that the Group may not be able to adapt to changes quickly and detect the new patterns of sanctions evasion/circumvention which could lead to potential fines for sanctions breaches, regulatory criticism and reputational damage.

As a result, the risk of future incidents in relation to money laundering and sanctions violations always exists for the Group. Any violation of anti-money laundering rules or sanctions regimes, or even the suggestion of violations, may have severe legal and reputational consequences for the Group and may, as a result, have a material adverse effect on the Group.

The Group is subject to the risk of changes in tax regulations reducing its profitability.

Estonian tax regulations are subject to changes, some of which may be dictated by short-term political needs and may therefore be unexpected and unpredictable. For example, as a result of a separate corporate income tax ("**CIT**") regime targeted specifically at Estonian resident credit institutions, these institutions are required to make quarterly advance payments of corporate income tax on the profit earned by them in the previous quarter while the companies operating in other sectors remain subject to the general corporate income tax regime under which profit is subject to taxation only upon distribution.

Advance payments of CIT are made at a rate of 18 per cent. from 1 January 2025. The quarterly profit of credit institutions, on the basis of which the advance CIT is calculated, is reduced by the amount of the tax-exempt flow-through dividends received by the credit institution in that quarter, as well as by the amount of any loss recorded during the preceding 19 quarters (loss carry forward for five years). Estonian credit institutions cannot account for losses that have arisen prior to the 19 previous quarters. Estonian credit institutions have the right to set-off the CIT payable from dividend distributions or distributions from their equity capital, against the advance CIT payments that had been previously made to the tax authority under the above described advance payment arrangement. Furthermore, from 1 January 2025, the standard CIT rate for dividend and equity capital distributions has increased from the previous rate of 20 per cent. to 22 per cent. and the reduced CIT rate of 14 per cent. applied to regular dividend payments was abolished. The increase in the applicable CIT tax rate will reduce the own funds of the credit institutions and will tighten the ability to issue loans. The advance CIT has a more significant impact on credit institutions in an active growth phase, such as LHV Pank, as it reduces the own funds of the institution.

Any other changes in Estonian tax regulations or in the interpretation of such regulations, may also have material adverse effect on the Group. It cannot be ruled out that new or additional taxes that may affect the Group may be implemented in the future. For instance, other Baltic countries have recently taken steps for the imposition of a banking tax. While no official proposals have been made and no legislative initiative has been taken in Estonia for the introduction of a banking tax, no assurance can be given that such similar tax will not be introduced in Estonia any time in the future.

In addition to the above, in late 2024 a new Security Tax Act was passed in Estonia, introducing rises in existing tax rates and introducing new taxes. Among others, a temporary 2 per cent. profit tax on unconsolidated accounting profits before tax was introduced, applicable to companies from 2026 until the end of 2028. Additionally, from 1 July 2025, the value added tax rate will increase by 2 per cent., rising from 22 per cent. to 24 per cent. Both changes could adversely impact the Group's tax costs and overall profitability.

The current Estonian government is considering repealing the Security Tax Act, along with the associated profit tax. As of the date of this Offering Circular, no amendments to the law have been officially adopted.

A negative change, or perceived negative change, in the Issuer's credit rating could limit its ability to raise funding and may increase its borrowing costs.

The Issuer currently has a long-term issuer rating of Baa3 with a positive outlook from Moody's and the Notes have been rated Ba3 by Moody's. This credit rating is an important factor in determining the Issuer's cost of borrowings.

There is no assurance that the Issuer's rating will remain in effect for any given period of time or that the rating will not be lowered or withdrawn entirely if circumstances in the future so warrant. A downgrade, or increased risk of a downgrade, of the Issuer's credit rating, or a negative change in its outlook, may:

- limit the Issuer's ability to raise funding;
- increase the Issuer's cost of borrowing; and
- limit the Issuer's ability to raise capital.

In addition, actual or anticipated changes in the Issuer's credit rating may negatively affect the market value of the Notes.

Moody's notes three factors which, if they materialise, could lead to a future downgrade of the Issuer's rating:

- a deterioration in solvency ratios;
- a material increase in the operational risk relating to its services to financial intermediaries, for example, as a result of weaknesses in anti-money laundering monitoring; and
- lower volumes of liquid resources, leading to reduced liquidity buffers compared to the increasing volume of more volatile funding sources such as senior debt.

In addition, the credit rating assigned to the Issuer may not reflect the potential impact of all risks related to an investment in the Notes, the market, additional factors discussed in this Offering Circular and other factors that may affect the value of the Notes. A security rating is not a recommendation to buy,

sell or hold securities. A rating may be subject to revision or withdrawal at any time by an assigning rating organisation.

The Group may not be able to recruit and retain qualified and experienced personnel, which could have an adverse effect on its business and its ability to implement its strategy.

The Group's success and ability to maintain current business levels and sustain growth will depend, in part, on its ability to continue to recruit and retain qualified and experienced operational and management personnel. The market for such personnel in Estonia is intensely competitive and the Group could face challenges in recruiting and retaining such personnel to manage its businesses. Amongst others, regulatory restrictions, such as the limits on certain types of remuneration paid by credit institutions and investment firms could adversely affect the Group's ability to attract new qualified personnel and retain and motivate existing employees. Any loss of the services of key employees, particularly to competitors, or any inability to attract and retain highly skilled personnel may have material adverse effect on the Group.

The Group also depends on the efforts, skill, reputation and experience of its senior management, as well as synergies among their diverse fields of expertise and knowledge. The loss of key personnel could delay or prevent the Group from implementing its strategies and the Group may not be able to efficiently replace any such lost personnel. The Group has crime and professional indemnity insurance cover in relation to its key personnel but is not insured against losses that may be incurred in the event of the loss of any member of its key personnel.

The Group operates in a highly competitive market which may adversely affect its results of operations if it is unable to compete effectively.

The Group operates in a highly competitive market. In relation to its banking activities, in addition to the licensed credit institutions and branches of foreign banks present in Estonia, there are market participants (such as non-bank lenders) who are not subject to regulatory and capital requirements as burdensome as those to which the Group is subject and who may therefore have a competitive advantage in relation to lending. Furthermore, the credit and lending market is characterised by the development of new products and technological solutions which compete with the more conservative and traditional products and services offered by the Group and may result in price pressure on the products and services offered by the Group. In addition, the Group is competing in the market of customer deposits in order to raise the funding that is required for supporting its lending business. In tightening monetary conditions, it is possible that competition in the deposits market will increase.

The majority of LHV Varahaldus' business is related to second and third pillar pension funds. While the number of market participants in the local pension market is limited to five fund managers, the competition between market players is strong. While voluntary third pillar funds are the most tax efficient solution for long-term investing, they are also indirectly competing with all other investment opportunities.

If the Group fails to respond to a more competitive environment by offering attractive and profitable product and service solutions, it may experience a loss of market share and a decrease in profitability.

The Group is subject to legal risks.

The Group's operations are materially dependent on the validity and enforceability of the transactions and agreements it enters into, high volumes of which may be based on standard templates. These transactions and agreements may be subject to the laws of Estonia or to the laws of other countries where the Group operates. While due care is taken to ensure that the terms of these transactions and agreements are fully enforceable under the laws applicable to them, human error or new laws and regulations and changes in interpretation of existing laws and regulations by the competent authorities

and courts may create uncertainty or render part or all of a particular agreement unenforceable by the Group. Consequently, the Group may not be able to always enforce its contractual rights. Particularly in the context of a template agreement which has been replicated extensively, this could have a material adverse effect on the Group.

In the ordinary course of its business, Group companies are exposed to a significant risk of claims, disputes and legal proceedings. In many cases, the Group will be the plaintiff, typically seeking to recover money advanced and it may not always be successful in this endeavour and, even where it is successful, the costs involved in the litigation will reduce its recoveries. In cases where a Group company is a defendant, in addition to the cost of defending the claim the Group may be required to pay significant damages, and the dispute could also negatively affect the Group's reputation.

Environmental, social and governance risks.

The Group is subject to a variety of risks arising from ESG matters including physical climate risks, transition risks and regulatory compliance risks, among others. In addition, ESG risks can also materialise through their impact on traditional risk categories, such as market risk, liquidity and funding risk, credit risk, operational risk or reputational risk.

In recognition of such risks, the Group has taken several actions, including those intended to manage its carbon footprint, and has sought to engage in sustainable lending and investment activities. However, the Group cannot guarantee the success of these actions, nor can it make any assurances that its regulators, investors or other third parties, such as environmental advocacy organisations, will find such initiatives to be sufficient. Climate change, and businesses' response to the emerging threats, are under increasing scrutiny by governments, regulators, activists and the public alike. Further, the Group may be exposed to negative publicity based on the identity and activities of the Group's customers and business partners, and the public's view of their approach and performance with respect to ESG matters. This may have a negative impact on the Group’s reputation, which, in turn, could have an adverse effect on the Group's ability to attract and retain customers and employees and therefore, an adverse effect on the Group's business, results of operations, financial condition or prospects.

Without a coordinated and timely response from governments, the economy and other stakeholders, the physical risks of climate change have the potential to pose a significant threat to the Group's business as well as to the Group's customers. Physical risks include more frequent extreme weather events and gradual changes in climate, as well as environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation. Such physical climate risks could impact the Group by increasing the risk of damage to the Group’s customers' properties or operations, which could impair asset values and the creditworthiness of customers leading to increased default rates, delinquencies, write-offs and impairment charges in the Group’s portfolios. In addition, the Group’s premises and resilience may also suffer physical damage due to weather-related events leading to increased costs for the Group.

Transition risks include the potential negative financial impact to the Group that could result, directly or indirectly, from the process of decarbonisation and enacting more environmentally sustainable economic policies. The transition to a low-carbon economy, driven by policy, technological or market changes, and the necessity to mitigate physical risks, may itself have negative impact on the Group’s customers. The possible negative impacts on the Group’s customers from both physical and transition climate risks may lead to decreased collateral values and increased default rates and credit impairments for the Group.

In addition, regulatory authorities have been increasingly focusing on ESG matters and have communicated their expectations of larger financial institutions to measure, monitor and manage climate-related risk as part of their enterprise risk management processes. This increased focus may subject the Group to increased regulatory scrutiny and additional compliance costs, which could have

a material adverse effect on the Group's business, results of operations, financial conditions or prospects. Given the complexity of new ESG-related laws and regulations, and as they have been introduced only recently, there is a risk that the Group may fail to comply with all such ESG-related regulatory requirements on time. Failure to comply with such ESG requirements may have an adverse impact on the Group through the imposition of fines and other regulatory sanctions as well as through reputational damage.

RISKS RELATING TO THE NOTES

Upon the occurrence of a Trigger Event, Noteholders may lose all or some of the value of their investment in the Notes.

The Notes are issued for prudential regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 Capital instruments of the Group. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Conditions. One of these relates to the ability of the Notes and the proceeds of their issue to be available to absorb any losses of the Group. Accordingly, if, at any time, a Trigger Event occurs: (a) the Prevailing Principal Amount of each Note shall be immediately and mandatorily Written Down by the Write Down Amount; and (b) all accrued and unpaid interest up to (and including) the Write Down Date (whether or not such interest has become due for payment) shall be deemed cancelled.

A Trigger Event will occur if the CET1 Ratio of the Group falls below 5.125 per cent. The Issuer intends to calculate and publish the CET1 Ratio of the Group on at least a quarterly basis. Although Condition 6(d) (*Write Down and Write Up – Write Up*) permits the Issuer in its sole and full discretion to reinstate Written Down principal amounts if certain conditions (further described in the Conditions) are met, the Issuer is under no obligation to do so. Moreover the Issuer will only have the option to Write Up the principal amount of the Notes if, at a time when the Prevailing Principal Amount is less than their Initial Principal Amount, it records positive net income and (to the extent permitted by the then prevailing Applicable Banking Regulations) positive consolidated net income, and if the Maximum Distributable Amount (if any) (after taking account of (x) any other relevant distributions of the kind referred to in Article 141(2) of the CRD Directive (or any provision of applicable law transposing or implementing Article 141(2) of the CRD Directive, as amended or replaced) or in any other applicable provisions of the Applicable Banking Regulations which require a maximum distributable amount to be calculated and which are required under prevailing Applicable Banking Regulations to be taken into account for this purpose and (y) the applicable requirements of Article 21.2(f) of the CRR Supplementing Regulation, as amended or replaced) would not be exceeded as a result of the Write Up. No assurance can be given that these conditions will ever be met, or that the Issuer will ever Write Up the principal amount of the Notes following a Write Down. Furthermore, any Write Up must be undertaken on a *pro rata* basis with any other securities of the Issuer and any member of the Group that have terms permitting a principal write up to occur on a basis similar to that set out in Condition 6(d) (*Write Down and Write Up – Write Up*) in the circumstances then existing. During the period of any Write Down pursuant to Condition 6 (*Write Down and Write Up*), interest will accrue on the Prevailing Principal Amount of the Notes, which shall be lower than the Initial Principal Amount unless and until the Notes are subsequently Written Up in full. Furthermore, in the event that a Write Down occurs during an Interest Period, any interest accrued but not yet paid until the occurrence of such Write Down will be cancelled and, if not cancelled in accordance with Condition 5 (*Cancellation of Interest*), the interest amount payable on the Interest Payment Date immediately following such Interest Period shall be calculated on the Prevailing Principal Amount resulting from the Write Down.

Noteholders may lose all or some of their investment as a result of a Write Down. In any Winding-Up (as defined in the Conditions) commenced prior to the Notes being written up in full pursuant to Condition 6(d) (*Write Down and Write Up – Write Up),* Noteholders' claims for principal and interest will be based on the reduced Prevailing Principal Amount of the Notes. Noteholders' claims for principal and interest will also be based on the reduced Prevailing Principal Amount of the Notes in the event

that the Issuer exercises its option to redeem the Notes upon the occurrence of a Tax Event, a Capital Event, an MREL Disqualification Event or where the outstanding aggregate principal amount of the Notes is 20 per cent. or less of the Notes originally issued (and, for these purposes, any further Notes issued pursuant to Condition 15 (*Further Issues*) shall be deemed to have been originally issued and any Write Down and/or Write Up of the principal amount of the Notes shall be disregarded) in accordance with Conditions 7(b) (*Redemption for Tax Reasons*), 7(e) (*Early Redemption as a result of an MREL Disqualification Event*), 7(f) (*Early Redemption as a Result of Capital Event*) or 7(d) (*Issuer Residual Call*) at a time when the Notes have been Written Down and not subsequently Written Up. In addition, in certain circumstances the Maximum Distributable Amount will impose a cap on the Issuer's ability to pay interest on the Notes, on the Issuer's ability to reinstate the Prevailing Principal Amount of the Notes following a Write Down and on its ability to redeem or repurchase Notes.

The market price of the Notes is expected to be affected by fluctuations in the CET1 Ratio of the Group. Any indication that the CET1 Ratio of the Group is approaching the level that would trigger a Trigger Event may have an adverse effect on the market price of the Notes. The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, which may be outside the control of the Issuer or the Group. Accordingly, investors may be unable to accurately predict if and when a Trigger Event may occur. See also the risk factor entitled "*The circumstances surrounding or triggering a Write Down are unpredictable, and there are a number of factors that could affect the CET1 Ratio*" below.

The Issuer may at any time elect, and in certain circumstances shall be required, not to make interest payments on the Notes.

The Issuer may at any time (but subject to the requirement for mandatory cancellation of interest pursuant to Conditions 3(g), 5(b), 5(c), 5(d) and 6(a)(iii)) elect, in its sole and full discretion, to cancel any interest payment (in whole or in part) on the Notes otherwise scheduled to be paid on any date.

The Issuer may use such cancelled payment without restriction and the cancellation of such interest amounts will not impose any restrictions on the Issuer nor prevent or restrict the Issuer from declaring or making any distributions or interest payments on any of its shares or other instruments or obligations. Additionally, as reflected in the Conditions, the Competent Authority has the power (including under Article 104 of the CRD Directive) to restrict or prohibit payments by an issuer of interest to holders of Additional Tier 1 Capital instruments (such as the Notes).

It is the Issuer's policy that, whenever exercising its discretion to declare any distribution in respect of its shares, or its discretion to cancel interest on the Notes or any other Additional Tier 1 Capital instruments, it will take into account the relative ranking of solely the shares, the Notes and any other Additional Tier 1 Capital instruments and no other outstanding instruments in the Group's capital structure. The Issuer reserves the right to depart from this policy at its sole discretion at any time and in any circumstance.

Furthermore, interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made if and to the extent that payment of such interest otherwise due (together with any additional amounts payable thereon pursuant to Condition 9 (*Taxation*), if applicable) would, (A) together with any interest payments or other distributions which have been paid or made or which are scheduled to be paid or made during the then current Financial Year on the Notes and all other own funds instruments of the Issuer (excluding any such interest payments or other distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items) in aggregate would exceed the amount of Distributable Items of the Issuer as at such date, (B) result in the Solvency Condition not being satisfied with respect to payment of such interest amount (or part thereof), or (C) cause, when aggregated with other distributions of the kind referred to in Article 141(2) of the CRD Directive (or any provision of applicable law transposing or

implementing Article 141(2) of the CRD Directive as amended or replaced), or referred to in any other applicable provisions of the Applicable Banking Regulations which require a maximum distributable amount to be calculated if the Group is failing to meet any relevant requirement or any buffers relating to such requirements, to the extent then applicable, the Maximum Distributable Amount then applicable to the Group to be exceeded.

Under Article 141(2) (*Restrictions on distributions*) of the CRD Directive, EU Member States must require that institutions that fail to meet the combined buffer (broadly, the combination of the capital conservation buffer, an institution-specific countercyclical capital buffer and either the higher of (depending on the institution), the systemic risk buffer, the G-SII buffer and the O-SII buffer or a combination thereof, in each case as applicable to the institution) will be subject to restricted discretionary payments (which are defined broadly by CRD as distributions in connection with CET1 Capital, payments on Additional Tier 1 Capital instruments (including interest amounts on the Notes) and payments of discretionary staff remuneration). As at the date of this Offering Circular, the Group's combined buffer is made up of a combination of the capital conservation buffer, an institution-specific countercyclical capital buffer, the systemic risk buffer and the O-SII buffer.

In the event of a breach of the combined buffer, the restrictions under article 141(2) of the CRD Directive will be scaled according to the extent of the breach of the combined buffer and calculated as a percentage of the institution's profits. Such calculation will result in a Maximum Distributable Amount in each relevant period. As an example, the scaling is such that in the bottom quartile of the combined buffer, no discretionary distributions will be permitted to be paid. As a consequence, in the event of breach of the combined buffer it may be necessary to reduce payments that would, but for the breach of the combined buffer, be discretionary, including potentially exercising the Issuer's discretion to cancel (in whole or in part) interest payments in respect of the Notes. In such circumstances, the aggregate amount of distributions which the Issuer can make on account of dividends, interest payments, write-up amounts and redemption amounts on its Tier 1 instruments (including the Notes) and certain bonuses will be limited.

Maximum Distributable Amount restrictions ("**MDA restrictions**") would need to be calculated for each separate level of supervision. As at the date of this Offering Circular prudential supervision only takes place at Group consolidated level and therefore MDA restrictions should be calculated at Group consolidated level. For each such level of supervision, the level of restriction under Article 141(2) of the CRD Directive will be scaled according to the extent of the breach of the combined buffer applicable at such level and calculated as a percentage of the respective profits calculated at such level.

Amendments to the CRR and BRRD extend the scope of the MDA restrictions, with the original restrictions based on risk-weighted capital requirements being extended also to include restrictions based on leverage requirements for certain institutions and restrictions based on MREL requirements. The CRR and BRRD, respectively, now provide for the following:

- **leverage-based MDA**: an institution that is designated as a "global systemically important institution" ("**GSII**") that: (A) meets an applicable leverage ratio buffer shall not be entitled to make any distribution in connection with tier 1 capital to the extent this would decrease its tier 1 capital to a level where the leverage ratio buffer requirement is no longer met; and (B) is failing to meet an applicable leverage ratio buffer shall calculate a leverage ratio-based maximum distributable amount (the "**L-MDA**") and must not make discretionary payments (payments relating to Common Equity Tier 1 Capital instruments, Additional Tier 1 Capital instruments (such as the Notes) and variable remuneration) which would, in aggregate, exceed such L-MDA. As with the MDA, the L-MDA restrictions will be scaled according to the extent of the breach of the leverage buffer requirement and calculated by reference to the institution's distributable profits; and

- **MREL-based MDA**: where an institution is failing to meet its buffer requirements as a result of its MREL requirement (but would meet its buffer requirements but for its MREL requirement), the relevant resolution authority, having considered certain specified factors, will be entitled (and, if non-compliance continues for an extended period, may, subject to certain exceptions, be required) to prohibit such institution from distributing more than a maximum distributable amount determined by reference to its MREL requirement (the "**M-MDA**") by way of discretionary payments (payments relating to Common Equity Tier 1 Capital instruments, Additional Tier 1 Capital instruments (such as the Notes) and variable remuneration). As with the MDA and the L-MDA, the M-MDA restrictions will be scaled according to the extent of the breach of the buffer requirement (when having regard to MREL requirements) and calculated by reference to the institution's distributable profits.

The Resolution Board may set restrictions for banks that do not comply with the combined buffer, which is added on top of the MREL requirements expressed in total risk exposure amount ("**TREA**"), preventing them from distributing more than the M-MDA via various actions (including dividend payments on ordinary shares, variable remuneration and payments on AT1 instruments (including the Notes)). The M-MDA may be applied where the bank meets the combined buffer on top of the own funds requirements (i.e. the bank is not under the prudential MDA restriction), but fails to meet the combined buffer when considered in addition to the external and internal MREL (including subordination), in all cases calculated in terms of TREA. In addition, the M-MDA may also be imposed in cases of breaches of the minimum requirement, i.e. MREL.

In addition, if a Trigger Event occurs, any accrued and unpaid interest up to (but excluding) the Write Down Date shall be automatically and irrevocably cancelled.

With respect to cancellation of interest due to insufficient Distributable Items, see also the risk factor entitled "*The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Notes*". With respect to cancellation of interest due to the application of a Maximum Distributable Amount, see also the risk factor entitled "*The Group is subject to extensive regulation and changes in this regulation, or the interpretation or enforcement of this regulation, or any failure by the Group to comply with this regulation could have a material adverse effect on the Group*" above. With respect to the CET1 Ratio of the Group, see also the risk factor entitled "*The circumstances surrounding or triggering a Write Down are unpredictable, and there are a number of factors that could affect the CET1 Ratio*" and "*The CET1 Ratio will be affected by the Group's business decisions and, in making such decisions, the Group's interests may not be aligned with those of the Noteholders*" below.

Any interest payment (or, as the case may be, part thereof) not paid on any scheduled payment date in accordance with the Conditions shall be cancelled, shall not accumulate and will not become due or payable at any time thereafter. A cancellation of interest in accordance with the Conditions will not constitute a default of the Issuer under the Notes for any purpose, nor shall it impose any contractual restrictions (such as dividend stoppers) or any other obligation on the Issuer. Any actual or anticipated cancellation of interest on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provisions of the Notes, the market price (if any) of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's or the Group's financial condition. Any indication that the CET1 Ratio of the Group is trending towards the combined capital buffer requirement (the level at which the Maximum Distributable Amount restriction under the CRD Directive becomes relevant) may have an adverse effect on the market price of the Notes.

The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Notes.

Interest otherwise due on an Interest Payment Date will not be due (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, if and to the extent that the amount of such interest payment otherwise due, when aggregated with other relevant stipulated payments or distributions, exceed the Distributable Items of the Issuer.

Distributable Items are defined under Article 4(1)(128) of the CRR as follows: "*the amount of the profits at the end of the last financial year plus any profits brought forward and reserves available for that purpose, before distributions to holders of own funds instruments, less any losses brought forward, any profits which are non-distributable pursuant to Union or national law or the institution's by-laws and any sums placed in non-distributable reserves in accordance with national law or the statutes of the institution, in each case with respect to the specific category of own funds instruments to which Union or national law, institutions' by-laws, or statutes relate; such profits, losses and reserves being determined on the basis of the individual accounts of the institution and not on the basis of the consolidated accounts*".

As at 31 March 2025, the Issuer had Distributable Items of EUR 29.4 million on a solo basis. The level of the Issuer's Distributable Items and available funding, and therefore its ability to make interest payments under the Notes, are a function of the Issuer's existing Distributable Items, the future profitability of the Issuer and other members of the Group and the ability of the Issuer's operating subsidiaries to distribute or dividend profits up the Group structure to the Issuer. In addition, the Issuer's Distributable Items available for making payments to Noteholders may also be adversely affected by the servicing of other instruments issued by the Issuer or by Group subsidiaries.

The level of the Issuer's Distributable Items may be further affected by changes to regulation or the requirements and expectations of applicable regulatory authorities. Any such potential changes could adversely affect the Issuer's Distributable Items in the future.

Further, the Issuer's Distributable Items and its available funding, and therefore the Issuer's ability to make interest payments under the Notes, may be adversely affected by the performance of the business of the Group in general, factors affecting its financial position (including capital and leverage), the economic environment in which the Group operates and other factors outside of the Issuer's control. Adverse changes in the performance of the business of the Group could result in an impairment of the carrying value of the Issuer's investment in the Group, which could affect the level of the Issuer's Distributable Items. In addition, adjustments to earnings, as determined by the Board, may fluctuate significantly and may materially adversely affect Distributable Items.

In addition, the ability of the Issuer's subsidiaries to make distributions and the Issuer's ability to receive distributions and other payments from its investments in other entities is subject to applicable laws and other restrictions, including such subsidiaries' respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws.

The Notes may be traded with accrued interest, but under certain circumstances described above, such interest may be cancelled and not paid on the relevant Interest Payment Date.

The Notes may trade, and/or the prices for the Notes may appear, on the GEM and in other trading systems with accrued interest. If this occurs, purchasers of Notes in the secondary market will pay a price that reflects such accrued interest upon purchase of the Notes. However, if a payment of interest on any Interest Payment Date is cancelled (in whole or in part) as described herein and thus is not due and payable, purchasers of such Notes will not be entitled to that interest payment (or, if the Issuer elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant Interest Payment Date.

The circumstances surrounding or triggering a Write Down are unpredictable, and there are a number of factors that could affect the CET1 Ratio.

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, which may be outside the control of the Issuer. Moreover, because the Competent Authority may instruct to calculate the CET1 Ratio of the Group as at any date, a Trigger Event could occur at any time, including if the Group is subject to recovery and resolution actions by the Relevant Resolution Authority, or the Issuer might otherwise determine to calculate such ratio(s) in its own discretion. Moreover, the Relevant Resolution Authority is likely to allow a Trigger Event to occur rather than to resort to the use of public funds to provide capital to the Group. Additionally the Relevant Resolution Authority may permanently write down the Notes at the point of non-viability of the Group or any relevant entity of the Group, and this may occur prior to a Trigger Event (see the risk factors entitled "*The Group may be subject to statutory resolution*" and "*The Estonian resolution legislation implementing the BRRD Directive*" and "*The Notes may be subjected in the future to the bail-in and loss absorption resolution tool by the Relevant Resolution Authority and to the mandatory burden sharing measures for the provision of precautionary capital support which may result into their write-down in full*" for further information).

The CET1 Ratio of the Group may fluctuate. The calculation of such ratios could be affected by one or more factors, including, among other things, changes in the mix of the business of the Issuer and the Group, major events affecting their earnings, distributions by the Issuer or other entities of the Group, regulatory changes (including changes to definitions and calculations of the CET1 Ratio and its components, including Common Equity Tier 1 Capital and risk weighted assets (including as a result of the operation of any applicable output floors), in each case on either an individual or consolidated basis, and the unwinding of transitional provisions under CRD) and the ability of the Group to manage risk weighted assets in both its on-going businesses and those which it may seek to exit. In addition, each of the Issuer and the Group may have capital resources and risk weighted assets denominated in foreign currencies, and changes in foreign exchange rates will result in changes in the euro equivalent value of foreign currency denominated capital resources and risk weighted assets. As a result, the CET1 Ratio of the Group is exposed to foreign currency movements.

The calculation of the CET1 Ratio of the Group may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules. Moreover, even if changes in applicable accounting rules, or changes to regulatory adjustments which modify accounting rules, are not yet in force as at the relevant calculation date, the Competent Authority could require reflection of such changes in any particular calculation of the CET1 Ratio.

Accordingly, accounting changes or regulatory changes may have a material adverse impact on the Group's calculations of regulatory capital, including Common Equity Tier 1 Capital and risk weighted assets and the CET1 Ratio of the Group.

Further, the Issuer currently constitutes the highest entity of the prudential regulatory consolidation in the group of which the Issuer forms part, but there can be no assurance that that will be the case for so long as the Notes remain outstanding. For example, the Issuer could be acquired by another banking group or financial conglomerate which is regulated in accordance with CRR or a parent financial holding company could be interposed between the shareholders of the Issuer and the Issuer. This could, in turn, affect the calculation of the CET1 Ratio of the Group.

It will be difficult to predict when, if at all, a Trigger Event and subsequent Write Down may occur. Accordingly, the trading behaviour of the Notes is not necessarily expected to follow the trading behaviour of other types of securities. Any indication that a Trigger Event and subsequent Write Down may occur can be expected to have a material adverse effect on the market price (if any) of the Notes.

The CET1 Ratio will be affected by the Group's business decisions and, in making such decisions, the Group's interests may not be aligned with those of the Noteholders.

As discussed in the risk factor entitled "*The circumstances surrounding or triggering a Write Down are unpredictable, and there are a number of factors that could affect the CET1 Ratio*" above, the CET1 Ratio of the Group could be affected by a number of factors. The CET1 Ratio will also depend on the decisions of the Group relating to its business and operations, as well as the management of its capital position. The Group will not have any obligation to consider the interests of the Noteholders in connection with its strategic decisions, including in respect of its capital management. Noteholders will not have any claim against the Issuer or any other member of the Group relating to decisions that affect the business and operations of the Issuer or the Group, including the Group's capital position, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause Noteholders to lose all or part of the value of their investment in the Notes.

The Notes have no scheduled maturity date and may only be redeemed at the option of the Issuer at a price equal to 100 per cent. of their Prevailing Principal Amount (which may be less than par).

The Notes are undated (perpetual) securities in respect of which there is no fixed redemption or maturity date. The Issuer is under no obligation to redeem the Notes at any time and the Noteholders have no right to require the Issuer or any member of the Group to redeem or purchase any Notes at any time. Any redemption of the Notes and any purchase of any Notes by the Issuer or any of its subsidiaries will be subject always to the prior approval of the Competent Authority and to compliance with prevailing prudential requirements, and the Noteholders may not be able to sell their Notes in the secondary market (if at all) at a price equal to or higher than the price at which they purchased their Notes. Accordingly, investors in the Notes should be prepared to hold their Notes for a significant period of time.

In the event that the Issuer is, or will be, subject to additional taxes, duties or other governmental charges with respect to the Notes, or the Issuer is not, or will not, be entitled to claim a deduction in respect of payments in respect of the Notes as the case may be in computing its taxation liabilities (or the value of such deduction would be materially reduced), in either case as a result of any Change in Tax Law of the Taxing Jurisdiction which becomes effective or is announced on or after the Issue Date, the Issuer may redeem all outstanding Notes in accordance with the Conditions and, subject to compliance with certain regulatory conditions and approval by the Competent Authority, as may be applicable. Furthermore, in the event that the Issuer is, has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any Change in Tax Law, which change or amendment becomes effective on or after the Issue Date, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may redeem all outstanding Notes in accordance with the Conditions and, subject to compliance with certain regulatory conditions and approval by the Competent Authority, as may be applicable.

The Issuer may also be entitled to redeem in whole (but not in part) the Notes if a Capital Event or an MREL Disqualification Event occurs.

Any such redemption will be at the Prevailing Principal Amount of the Notes from time to time, which may be less than the Initial Principal Amount, provided that the Notes may only be redeemed pursuant to Condition 7(c) (*Redemption at the option of the Issuer*) if the Prevailing Principal Amount of each Note is equal to its Initial Principal Amount.

In respect of the Notes, the regulatory conditions include the requirement that, if the Notes are to be redeemed during the first five years after the Issue Date of the Notes (or if later, five years after the issue date of any further notes issued pursuant to Condition 15 (*Further Issues*)), the Issuer must demonstrate (in respect of early redemption relating to the tax treatment of the Notes or relating to a Capital Event) to the satisfaction of the Competent Authority that the event triggering such redemption was not reasonably foreseeable at the time of the issue of the Notes and, in the case of an early

redemption relating to the tax treatment of the Notes, that the adverse treatment is material and, in the case of an early redemption relating to a Capital Event, that such change is sufficiently certain. These foreseeability and materiality conditions to redemption only apply to a redemption of the Notes occurring in the first five years after the Issue Date of the Notes (or if later, five years after the issue date of any further notes issued pursuant to Condition 15 (*Further Issues*)) and, therefore the Issuer could opt to redeem the Notes for tax or regulatory reasons after the fifth anniversary of issue, including based upon an event that occurred within the first five years after the Issue Date of the Notes (or if later, five years after the issue date of any further notes issued pursuant to Condition 15 (*Further Issues*)). There can therefore be no assurances that the Notes will not be called for tax or regulatory reasons prior to any specified optional call date.

In addition, the Issuer may redeem the Notes at its option in whole, but not in part, on the First Reset Date or on any Interest Payment Date thereafter and if, at any time, the outstanding aggregate principal amount of the Notes is 20 per cent. or less of the aggregate principal amount of the Notes originally issued (which shall include, for these purposes, any further Notes issued pursuant to Condition 15 (*Further Issues*) and any Write Down and/or Write Up of the principal amount of the Notes shall be disregarded). The Issuer may choose to redeem the Notes (subject to certain regulatory conditions and approvals) at times when prevailing interest rates may be relatively low. In such circumstances a holder of the Notes may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes and may only be able to do so at a significantly lower rate. The exercise of any optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may, or is perceived to be able to, elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period or date.

Under certain circumstances, the Issuer's ability to redeem or repurchase the Notes may be limited.

Pursuant to the CRR and the CRD, and as set out in Condition 7(i) (*Redemption and Purchase - Conditions to Redemption, Substitution, Variation or Repurchase*), the Issuer may redeem or repurchase the Notes only if such redemption or repurchase is in accordance with applicable provisions of the Applicable Banking Regulations, and, where necessary, has been granted the approval of or permission from the Competent Authority (to the extent such approval is then required under the Applicable Banking Regulations) and, in addition if:

(i) on or before such redemption or repurchase of the Notes, the Issuer replaces the Notes with own funds instruments or eligible liabilities instruments (as applicable) of an equal or higher quality on terms that are sustainable for its income capacity; or

(ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that its own funds and eligible liabilities would, following such redemption or repurchase, exceed the requirements under the Applicable Banking Regulations by a margin that the Competent Authority may consider necessary.

In addition, the Competent Authority may only permit the Issuer to redeem the Notes before five years after the Issue Date of the Notes (or if later, five years after the issue date of any further notes issued pursuant to Condition 15 (*Further Issues*)) if:

(a) the conditions listed in paragraph (i) or (ii) above are met; and

(b) in the case of redemption due to the occurrence of a Capital Event, (i) the Competent Authority considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the Capital Event was not reasonably foreseeable at the time of the issuance of the Notes; or

(c) in the case of redemption for taxation reasons pursuant to Condition 7(b) (*Redemption and Purchase – Redemption for tax reasons*), the Issuer demonstrates to the satisfaction of the Competent Authority that the change in tax treatment is material and was not reasonably foreseeable at the time of issuance of the Notes; or

(d) before or at the same time of such redemption or repurchase, the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for its income capacity and the Competent Authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or

(e) the Notes are repurchased for market making purposes.

The rules under the Applicable Banking Regulations may be modified from time to time after the Issue Date.

In addition, if the Issuer has elected to redeem the Notes, or if the Issuer (or any other person for the Issuer's account) has entered into an agreement to purchase any Notes and (A) the Solvency Condition is not satisfied in respect of the relevant payment on the date scheduled for redemption or purchase; or (B) prior to the redemption or purchase of the Notes, a Trigger Event occurs, the relevant redemption notice or, as the case may be, the relevant purchase agreement shall be automatically rescinded and shall be of no force and effect and the Issuer shall give notice thereof to the Noteholders.

Further, no notice of redemption shall be given in the period following the occurrence of a Trigger Event and prior to the relevant Write Down Date (and any purported such notice shall be ineffective).

Remedies in case of default on the Notes are limited.

The Notes contain limited enforcement events relating to (a) non-payment by the Issuer of any amounts due under the Notes for more than ten business days and (b) the voluntary or involuntary liquidation or bankruptcy of the Issuer, whether in Estonia or elsewhere. The Conditions do not provide for events of default allowing acceleration of the Notes. Accordingly, if the Issuer fails to make a payment that has become due under the Notes for more than ten business days, investors will not have the right to accelerate the Prevailing Principal Amount of the Notes. In such circumstances, as described in more detail in Condition 10 (*Enforcement*) of the Conditions, a Noteholder may institute proceedings for the liquidation or bankruptcy of the Issuer.

The Notes are subordinated to most of the Issuer's liabilities.

The Notes constitute unsecured and deeply subordinated obligations of the Issuer.

If the Issuer is declared bankrupt and a winding up is initiated, the claims of the holders of its senior debt and its obligations to most of its other creditors (including holders of Tier 2 Capital instruments and other unsecured and subordinated creditors but excluding any other obligations that by law rank, or by their terms are expressed to rank, *pari passu* with or junior to the claims of the holders of the Notes) will be satisfied (after covering the costs of and other payments relating to bankruptcy proceedings) before any payments on the Notes. Furthermore, pursuant to the amendments introduced by BRRD II (which was transposed into Estonian law in 2021), all claims resulting from the Group's own funds items (such as the Notes) shall have, in relevant insolvency proceedings, a lower priority ranking than any claim that does not result from an own funds item. For the purposes of the previous sentence, to the extent that an instrument is only partly recognised as an own funds item, the whole instrument shall be treated as a claim resulting from an own funds item and shall rank lower than any claim that does not result from an own funds item. This means that, regardless of their contractual ranking, liabilities that are no longer at least partially recognised as an own funds instrument for the purpose of the CRR shall

rank senior to any liabilities fully or partially recognised as an own funds instrument. Accordingly, claims of the holders of the Notes will have, in the bankruptcy proceedings carried out in respect of the Group, a lower priority ranking than any claims that do not result from own funds items in accordance with the provisions of BBRD II, even if the Notes are only partly recognised as an own funds item of the Group. In any of the above situations, the Issuer may not have enough assets remaining after these payments to pay amounts due under the Notes. Furthermore, if the Issuer does have remaining assets thereafter, any claim in respect of the Notes will be for the Prevailing Principal Amount of the Notes held by a Noteholder, which, if the Notes have been Written Down and not subsequently Written Up to the Initial Principal Amount at the time of claim, will be less than par. As such, although the Notes may pay a higher rate of interest than Tier 2 Capital instruments and notes which are not subordinated, there is a substantial risk that investors in the Notes will lose all or some of the value of their investment should the Issuer become insolvent. See also "*The Group may be subject to statutory resolution*".

The Group may be subject to statutory resolution.

The Issuer as a financial holding company falls under the scope of Directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended by Directive (EU) 2019/879 of the European Parliament and of the Council ("**BRRD II**") and Directive (EU) 2024/1174 of the European Parliament and of the Council) (the "**Bank Recovery and Resolution Directive**" or "**BRRD**"). The BRRD sets out the necessary steps and powers to ensure that bank and banking group failures across the EU are managed in a way which mitigates the risk of financial instability and minimises costs for taxpayers. The BRRD is designed to provide authorities with a harmonised set of tools and powers to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

For this purpose, the BRRD grants competent and resolution authorities various rights including (but not limited to) a statutory "**write-down and conversion power**" (exercisable in relation to Tier 1 Capital instruments (such as the Notes) and Tier 2 Capital instruments) and a 'bail-in and loss absorption' power (exercisable in relation to other securities that are not Tier 1 Capital instruments or Tier 2 Capital instruments), which gives the resolution authority under the BRRD and the SRM Regulation (the "**Relevant Resolution Authority**"), the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Notes) of a failing financial institution and/or to convert certain debt claims (which could include the Notes) into another security, including equity instruments of the surviving issuer entity, if any. The BRRD is implemented into Estonian law by the Estonian Financial Crisis Prevention and Resolution Act (the "**FCPRA**"). For more information on the implementation of the BRRD in Estonia, see "*The Estonian resolution legislation implementing the BRRD Directive*" below.

As well as a "write-down and conversion power" and a "bail-in and loss absorption" power described above, the powers granted to the Relevant Resolution Authority under the BRRD include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply (known as the 'sale of business tool'), (ii) transfer all or part of the business of the relevant financial institution to a "bridge bank" which is wholly or partially owned by a publicly controlled entity (known as the 'bridge institution tool') and (iii) transfer assets of the relevant financial institution to an asset management vehicle which is wholly or partially owned by public authorities to allow them to be managed over time (known as the 'asset separation tool'). In addition, among the broader powers granted to the Relevant Resolution Authority under the BRRD, the BRRD provides powers to the Relevant Resolution Authority to amend the maturity date and/or any interest payment date of debt instruments or other eligible liabilities of the relevant financial institution and/or impose a temporary suspension of payments.

The write-down and conversion power can be used to ensure that Tier 1 Capital instruments (such as the Notes) and Tier 2 Capital instruments fully absorb losses at the point of non-viability of an institution (or, if applicable, its group) and before any other resolution action is taken. The BRRD specifies the order in which the bail-in tool should be applied, reflecting the hierarchy of capital instruments under CRD and otherwise respecting the hierarchy of claims in an ordinary insolvency (see "*The Notes may be subjected in the future to the bail-in and loss absorption resolution tool by the Relevant Resolution Authority and to the mandatory burden sharing measures for the provision of precautionary capital support which may result into their write-down in full*" below).

While the BRRD (and the FCPRA implementing the BRRD) lists certain general principles applicable to resolution, including the principle that no creditor of the institution subject to resolution shall incur greater losses than would have been incurred thereby if the institution had been wound up under hypothetical insolvency proceedings (so-called "**NCWO safeguard**"), the operation of this principle in various circumstances is not clear on the basis of the manner of transposition of this principle into the FCPRA. While EBA has explained that the NCWO safeguard serves as a fundamental right of creditors, and several amendments were introduced by the BRRD II to clarify the application of the said principle, it is not entirely clear from the FCPRA whether this principle will be strictly applied in all circumstances, particularly, in case write-down and conversion powers are used independently without the application of any other resolution tools and outside of resolution proceedings. Further, it is not entirely clear if this principle is equally applied in case of financial holding companies. Provided the provisions of the FCPRA are applied and interpreted in conformity with the objectives of the BRRD, the NCWO safeguard should also apply equally in the aforesaid scenario, but no assurances can be given to this respect.

Pursuant to Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*), each Noteholder acknowledges and accepts that any liability of the Issuer arising under the Notes may be subject to the exercise of Bail-in and Loss Absorption Powers by the Relevant Resolution Authority. The exercise of any such power or any suggestion of such exercise could materially adversely affect the value of any Notes subject to the BRRD and could lead to the Noteholders losing some or all of their investment in the Notes. Prospective investors in the Notes should consult their own advisers as to the consequences of the implementation of the BRRD.

In addition to the BRRD, the EU has adopted the SRM Regulation, a directly applicable regulation governing the resolution of the most significant financial institutions in the Eurozone, *i.e.* a regulation establishing a Single Resolution Mechanism. The SRM Regulation establishes a single resolution board (including representatives from the relevant national resolution authorities and working in cooperation with the representatives from the ECB, the European Commission) (the "**Resolution Board**") having resolution powers over the entities that are subject to the SRM Regulation, thus replacing or exceeding the powers of the national resolution authorities. The Issuer and LHV Pank as its subsidiary are classified as other systemically important institutions and are being directly supervised by the ECB as of 1 January 2023. As such, the Issuer and LHV Pank became subject to the SRM Regulation.

Under the SRM Regulation, the Resolution Board has been granted those responsibilities and powers granted to the member states' resolution authorities under the BRRD for those banking groups and banks subject to direct supervision by the ECB. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the Resolution Board is able to apply the same powers (including the bail-in and loss absorption tool and the mandatory write-down and conversion power described above) that would otherwise be available to the relevant national resolution authority. The use of one or more of these tools will be included in a resolution scheme to be adopted by the Resolution Board. National resolution authorities will remain responsible for the execution of the resolution scheme according to the instructions of the Resolution Board.

The Resolution Board is responsible for preparing and adopting a resolution plan for the entities subject to its powers, including the Issuer and the Issuer's subsidiary, AS LHV Pank. It also determines, after

consulting competent authorities, including the ECB, the MREL requirement which the Issuer is expected to meet at all times. The ECB has the powers of early intervention as set forth in the SRM Regulation, and the Resolution Board, having been informed of the relevant measures, has the power to require the Issuer to contact potential purchasers in order to prepare for resolution of the Issuer. The Resolution Board has the authority to exercise the specific resolution powers under the SRM Regulation. These will be launched if the Resolution Board assesses that the following conditions are met: (i) the Issuer is failing or is likely to fail; (ii) having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector measures or supervisory action or the write-down or conversion of relevant capital instruments, taken in respect of the Issuer, would prevent its failure within a reasonable timeframe; and (iii) a resolution action is necessary in the public interest.

In 2023, the European Commission made a legislative proposal to adjust and further strengthen the existing European Union bank crisis management and deposit insurance framework ("**CMDI**") which is envisaged to encompass amendments to, inter alia, the BRRD as well as the SRM Regulation. The purpose of the developments is to give resolution authorities even more effective tools to ensure the depositors of the relevant financial institution (e.g. depositors) can continue access to their accounts and, more broadly, to facilitate the use of industry-funded safeguards to enable authorities to shield the depositors in bank crisis.

The exercise of any resolution powers, early intervention measures or any powers pursuant to the BRRD and the SRM Regulation with respect to the Issuer or LHV Pank, or any suggestion of such exercise will likely materially adversely affect the price or value of an investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes and could lead to the holders of the Notes losing some or all of their investment in the Notes.

The Estonian resolution legislation implementing the BRRD.

The BRRD is implemented in Estonia by the FCPRA. Under the FCPRA, the Relevant Resolution Authority is the Estonian Financial Supervision and Resolution Authority (the "**EFSA**"). The FCPRA provides for certain resolution measures, including the power to impose in certain circumstances a suspension of activities. Any suspension of activities can, to the extent determined by the EFSA, result in the partial or complete suspension of the performance of agreements entered into by the Issuer or AS LHV Pank. The FCPRA also grants the power to the EFSA to take a number of resolution measures which may apply to the Issuer or AS LHV Pank, including, without limitation, the application of the general bail-in and loss absorption tool (and other tools as described under the risk factor "*The Group may be subject to statutory resolution*"). The powers set out in the resolution legislation will impact how credit institutions are managed as well as, in certain circumstances, the rights of creditors.

If the debt bail-in and loss absorption tool and the statutory write-down and conversion power become applicable to the Issuer or the Group, the Notes may be subject to write-down or conversion into equity on any application of the bail-in and loss absorption tool, which may result in Noteholders losing some or all of their investment. Subject to certain conditions, the terms of the obligations owed by the Issuer may also be varied by the Relevant Resolution Authority (*e.g.* as to maturity, interest and interest payment dates). The exercise of any power under the resolution legislation or any suggestion of such exercise could materially adversely affect the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

The Notes may be subjected in the future to the bail-in and loss absorption resolution tool by the Relevant Resolution Authority and to the mandatory burden sharing measures for the provision of precautionary capital support which may result into their write-down in full.

Under the FCPRA, powers have been granted to the Relevant Resolution Authority which include the bail-in and loss absorption tool through which a credit institution or banking group subjected to

resolution may be recapitalised either by way of write-down or conversion of liabilities into ordinary shares. The bail-in and loss absorption tool may be imposed either as a sole resolution measure or in combination with the rest of the resolution tools that may be imposed by the Relevant Resolution Authority in case of the resolution of a failing credit institution or group.

The Notes may be subjected to the said bail-in and loss absorption tool. So, if the Issuer, AS LHV Pank or the Group is subjected to resolution measures in the future, then the value of the Notes may be written down (up to zero) as a result of the imposition of the bail-in and loss absorption tool. Furthermore, the Notes may be subject to modifications or the disapplication of provisions in the Conditions, including alteration of the principal amount or any interest payable on the Notes, the dates on which payments may be due, as well as the suspension of payments for a certain period.

The BRRD and, accordingly, the FCPRA, contemplates a statutory sequence for the application of the bail-in tool towards the liabilities of the failing credit institution or group. According to this sequence, first, the CET1 Capital items are reduced in the proportion and in accordance with the terms outlined under the BRRD. If the reduction pursuant to these rules is less than the aggregate necessary amount of write-down, next the amounts of Additional Tier 1 Capital instruments and Tier 2 Capital instruments are reduced to the extent required. If the total reduction of the own funds items is not sufficient to cover the aggregate necessary amount of write-down, the principal amount of other subordinated liabilities that do not constitute Additional Tier 1 Capital instruments or Tier 2 Capital instruments of the institution are reduced to the extent required in accordance with the ranking of claims in bankruptcy proceedings. Further, if (and only if) the total reduction of the foregoing liabilities of the institution is less than the aggregate necessary amount of write-down, the Relevant Resolution Authority will apply the bail-in tool (to the extent required) to the rest of the liabilities of the institution, reducing the principal amount of or outstanding amount of the respective liabilities in the order of ranking of claims in bankruptcy proceedings.

The BRRD further contemplates the statutory preference in the insolvency proceedings of credit institutions (such as the Issuer's subsidiary AS LHV Pank), ascribing deposits that are covered under deposit guarantee schemes set-up and implemented in accordance with Directive 2014/49/EU on deposit guarantee schemes ("**covered deposits**") and certain other deposits of individuals, micro, small and medium sized enterprises priority ranking over other unsecured senior creditors of the institution in insolvency proceedings, including the Issuer as the holder of the intra-group liabilities that will be issued in order to downstream the proceeds of the Notes to AS LHV Pank. Furthermore, unlike the liabilities arising from the Notes, covered deposits are excluded from the scope of application of the bail-in tool. As a result, the Notes issued by the Issuer will be more likely to be bailed in than certain other unsubordinated liabilities of the Issuer or AS LHV Pank (such as covered deposits and other deposits of individuals and micro, small and medium sized enterprises). In addition, in April 2023, the European Commission published a proposal to update the CMDI, including changes which would, if implemented, amend the hierarchy of claims towards credit institutions in a manner so that even a broader scope of claims of various depositors rank senior to other unsecured and unsubordinated claims towards the relevant credit institution.

Pursuant to Condition 21 (*Acknowledgment of Bail-in and Loss Absorption Powers*), each Noteholder acknowledges and accepts that any liability of the Issuer arising under the Notes may be subject to the exercise of Bail-in and Loss Absorption Powers by the Relevant Resolution Authority.

In any case, a Noteholder may claim payment in respect of the Notes only in the event of the liquidation or bankruptcy of the Issuer. Further, the Issuer will not be obliged to pay any sum or sums sooner than the same would otherwise have been due and payable by it, except with the prior approval of the Competent Authority (if such approval is then required under the Applicable Banking Regulations).

Certain rights of the Noteholders under the Conditions would not be enforceable upon commencement of resolution proceedings.

The Conditions allowing the Notes to be declared due and payable on the grounds of an order by a competent court or resolution passed for the voluntary or involuntary liquidation, bankruptcy or otherwise winding up or dissolution of the Issuer (save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution) would not be effective and enforceable pursuant to Estonian law to the extent they relate to the imposition of resolution proceedings. Pursuant to the FCPRA, the fact of taking a crisis prevention measure or a crisis management measure, suspending certain obligations or making a decision on the commencement of resolution proceedings shall not be deemed to be an enforcement event or initiation of insolvency proceedings. Furthermore, the FCPRA provides that where the obligations under the contract, including payment and delivery obligations, and provision of collateral, continue to be performed by the institution under resolution proceedings, a decision on the application of a crisis prevention measure, the suspension of certain obligations or the commencement of the resolution proceedings or the occurrence of any event directly linked to such application shall not serve as basis for exercising any termination, suspension, modification or set off or close out netting rights.

Therefore, in order to be effective pursuant to Estonian law, a declaration of a default and demand for payment under the Conditions would have to (i) be made before commencement of resolution proceedings, or (ii) otherwise be a default that is not triggered, as of itself, by commencement of resolution proceedings (such as non-payment, voluntary or involuntary liquidation, bankruptcy or otherwise winding up or dissolution of the Issuer, as set out Condition 10 (*Enforcement*)).

The exercise of any power under the resolution legislation in respect of the Issuer or the Group could materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under the Notes. Further, BRRD II (as transposed by the FCPRA), includes the power of the resolution authorities to suspend, for a limited time period, certain contractual obligations of a credit institution or its holding company in the circumstances where the credit institution or holding company is failing or likely to fail, if applicable private sector measures that would prevent the failure of the credit institution are not immediately available, the suspension is necessary to avoid further deterioration of the credit institution or an entity belonging to the consolidation group of the credit institution and the suspension measure is necessary due to public interest or for the purposes of determination of appropriate resolution measures or the effective application of resolution measures by the relevant resolution authority. The scope and time limit for the suspension (which may not, however, exceed two business days pursuant to the FCPRA) shall be determined by the Relevant Resolution Authority (please see the risk factor "*The Group may be subject to statutory resolution*") on a case-by-case basis, and the right of suspension may be exercised prior to the adoption of a resolution decision by the Relevant Resolution Authority. Therefore, the exercise of the right to suspend contractual obligations of the Issuer could affect the rights of Noteholders prior to the official initiation of resolution proceedings with respect to the Issuer.

The Issuer is not prohibited from issuing further debt, which may rank pari passu with or senior to the Notes.

There is no restriction on the amount of debt that the Issuer may issue that ranks senior to the Notes or on the amount of securities that it may issue that rank *pari passu* with the Notes. The issue of any such debt or securities may reduce the amount recoverable by Noteholders in the event of voluntary or involuntary liquidation or bankruptcy of the Issuer.

Interest rate risks.

An investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. Particularly long-term fixed-rate reset Notes involve a high risk

of a material decline in value if the market rate exceeds the rate paid in accordance with the fixed-rate reset Notes. On the other hand, if the Notes are subject to redemption at the option of the Issuer, Noteholders should not expect, in case of falling market rates, that the price would substantially exceed the optional redemption price.

The interest rate on the Notes will be reset on each Reset Date, which may affect the market value of the Notes.

The Notes will initially bear interest on the Prevailing Principal Amount from (and including) the Issue Date to (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest.

The interest rate will be reset in respect of each Reset Period commencing on or after the First Reset Date at the rate per annum equal to the relevant Reset Rate of Interest (as described in Condition 4(*d*) (*Interest*)). A Reset Rate of Interest could be less than the Initial Rate of Interest or (where applicable) the previous Reset Rate of Interest, which could affect the amount of any interest payments under the Notes and so the market value of an investment in the Notes. As the Notes bear interest at a fixed rate (reset with effect from each Reset Date), an investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Certain benchmark rates, including EURIBOR, may be discontinued or reformed in the future.

From and including the First Reset Date, amounts payable under the Notes will be calculated by reference to the applicable annualised mid-swap rate for swap transactions in euro (with a maturity equal to 5 years) as displayed on Reuters screen "ICESWAP2" at 11:00 a.m. (Central European Time) on the relevant Reset Determination Date and by reference to the Euro Interbank Offered Rate ("**EURIBOR**"). EURIBOR and other interest rate or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Notes.

Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**") on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds became applicable from 1 January 2018. The EU Benchmarks Regulation applies, subject to certain transitional provisions to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU.

The EU Benchmarks Regulation could have a material impact on the Notes which are linked to EURIBOR, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmarks Regulation and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks."

On 21 September 2017, the ECB announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate

("**€STR**") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has been reformed in order to comply with the terms of the Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The elimination of EURIBOR (or any successor benchmark), or changes in the manner of administration of EURIBOR (or any successor benchmark), could require or result in an adjustment to the reset interest calculation provisions of the Conditions (as further described in Condition 4(e) (*Interest*)) or result in adverse consequences to holders of the Notes. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to EURIBOR (or any successor benchmark) may adversely affect such benchmark and in turn the 5 Year Swap Rate during the term of the Notes, the return on the Notes and the trading market for securities (including the Notes) based on EURIBOR (or any successor benchmark).

The Conditions set out herein provide for certain fallback arrangements in the event that the Original Reference Rate becomes unavailable, including the possibility that the rate of interest could be determined by an independent adviser or the Issuer or set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. However, any such adjustment may not be successful in eliminating economic prejudice or benefit and the Notes may still perform differently than they would if the original rate had remained in place. In certain circumstances the ultimate fallback of interest for the relevant Reset Period may result in the rate of interest for the last preceding Interest Period being used. Therefore, in respect of the first Reset Period, this may result in the application of the Initial Rate of Interest. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an independent adviser or the Issuer, the relevant fallback provisions may not operate as intended at the relevant time.

Notwithstanding any provision of Condition 4(e) (*Interest*), no Successor Rate, Alternative Reference Rate or Adjustment Spread will be adopted, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Additional Tier 1 Capital instruments of the Issuer.

Any such consequences could have a material adverse effect on the value of and return on any the Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under the Notes. Investors should consider these matters when making their investment decision with respect to the Notes and consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation, any of the international or national reforms and the possible application of the benchmarks replacement provisions on the Notes in making any investment decision with respect to the Notes.

Changes in laws or administrative practices could entail risks

In accordance with Condition 20(a) (*Governing Law and Jurisdiction – Governing Law*), the Notes are expressed to be governed by English law, with the exception of Conditions 3(a) to (f) (both inclusive), 3(h) (*Status and Subordination*) and 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*) which are governed by Estonian Law, in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or administrative practice after the date of this Offering Circular. Furthermore, the Group operates in a heavily regulated environment and has to comply with extensive regulations in the jurisdictions in which it operates. No assurance can be given as to the impact of any possible judicial decision or change

to laws or administrative practices or certain regulatory developments in such jurisdictions after the date of this Offering Circular.

Recognition of choice of court agreements and enforcement of foreign judgements in Estonia.

In accordance with Condition 20(b) (*Governing Law and Jurisdiction - English courts*), the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes). In accordance with Condition 20(d) (*Governing Law and Jurisdiction - Rights of the Noteholders to take proceedings outside England*), notwithstanding Condition 20(b) (*Governing Law and Jurisdiction - English courts*), any Noteholder may take proceedings relating to a dispute in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent proceedings in any number of jurisdictions.

The recognition of the choice of jurisdiction of English courts and the recognition and enforcement of judgements of English courts would be assessed and carried out in Estonia in accordance with Hague Convention of 30 June 2005 on Choice of Court Agreements ("**Hague 2005**") and the Estonian Code of Civil Procedure, if and as applicable. Further, on 12 January 2024, the UK signed the Hague Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgements in Civil or Commercial Matters ("**Hague 2019**"), which will come into force in the UK in July 2025. Hague 2019 provides for the mutual enforcement of judgements between the UK and the other contracting states, including EU Member States, in proceedings started after Hague 2019 comes into force in the UK. Asymmetric and non-exclusive jurisdiction clauses will be covered by Hague 2019, and will apply to judgements given in proceedings initiated after Hague 2019 comes into effect, regardless of when the agreement was made.

The validity of the parties' agreement on jurisdiction, including as stipulated by Condition 20(b) (*Governing Law and Jurisdiction - English courts*) would be assessed by Estonian courts in accordance with, firstly, the Hague 2005, and, secondly, the Estonian Code of Civil Procedure. The Estonian Code of Civil Procedure would also apply to recognition of choice of court and enforcement of judgements of courts of other countries which are not subject to Regulation (EU) No. 1215/2012 of 12 December 2012 on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters (recast) (the Brussels Ia Regulation), Hague 2019, or other applicable international agreements or conventions that regulate the recognition of choice of court and/or enforcement of judgements of courts.

As a general principle, conflict-of-law issues are regulated by international agreements that apply to Estonia and by domestic laws only when the issue is not regulated by any international agreement (or the international agreement refers to domestic law). As both the United Kingdom and Estonia are parties to Hague 2005, as per the principles, Hague 2005 is applied to the extent of its scope (and to the extent neither party has made any reservations on the issue).

The Estonian Code of Civil Procedure stipulates that parties are generally free to contractually agree on a jurisdiction of their choice, **provided that**, among others, the contract is concluded in the course of their business activities, in writing or in a format which can be reproduced in writing and does not relate to a matter in respect of which the exclusive jurisdiction of Estonian courts is stipulated by the Estonian Code of Civil Procedure. In order to be valid, the relevant agreement concerning applicable jurisdiction should not in bad faith exclude a party's right to use Estonian jurisdiction. The validity of asymmetric jurisdiction clauses is not expressly regulated in the Estonian Code of Civil Procedure and is untested in the practice of the Estonian Supreme Court. Furthermore, the Estonian Code of Civil Procedure provides with respect to the recognition of judgements of foreign courts that, a court may refuse, on the application of an interested party, to recognise the judgement based on the grounds stipulated in the Estonian Code of Civil Procedure. Such grounds include, above all, conflict with public policy, failure to deliver the action and procedural documents to the defendant, existence of the conflicting court decisions and inappropriate jurisdiction, amongst others.

Thus, subject to the entry into force of Hague 2019, the ability of Noteholders to bring proceedings against the Issuer in English courts or other foreign courts and the recognition and enforcement of the judgements of English courts and other foreign courts in Estonia may be subject to limitations and conditions arising from, as applicable in each particular situation, the international agreements or conventions or the Estonian Code of Civil Procedure.

Recognition and enforcement of choice of English law to govern the Notes and procedural rules applied in court proceedings in Estonia.

Recognition of choice of law to govern any contractual obligations would, in a situation where a relevant dispute is brought before an Estonian court (and **provided that** such Estonian court has jurisdiction over the dispute instead of the English courts due to the limitations and conditions applicable under any of the legislative acts, as applicable, described under "*Recognition of choice of court agreements and enforcement of foreign judgements in Estonia"* above) be decided by the Estonian court in accordance with the Estonian conflicts of laws rules (including Regulation (EC) 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations and the Estonian Private International Law Act, if and as applicable). In accordance with such rules, as a general principle, an agreement shall be governed by the law chosen by the parties and, by their choice, parties may select the law applicable to the whole or part of the agreement. However, a foreign law chosen by the parties shall not be applied by Estonian courts in certain circumstances, above all, if: (i) application of a provision of foreign law is manifestly incompatible with the public policy ("**order public**") of Estonia; (ii) provisions of foreign law allow the parties to deviate from the provisions of Estonian law that have extraterritorial application or overriding mandatory provisions; or (iii) the substance of the applicable foreign law cannot be established by the Estonian court, regardless of all reasonable efforts, within a reasonable time. In such circumstances Estonian courts may apply Estonian law instead.

Further to the above, in any proceedings taken in Estonian courts or other authorities for the enforcement of the Notes, the courts and the authorities would apply procedural rules of Estonian law, and the enforcement would thus be subject to the limitations arising from Estonian law. Such limitations include, *inter alia*, that the enforcement of the Notes in Estonian courts may be subject to restrictions based upon principles of reasonableness and fairness, statutory limitations for filing of claims and the general discretionary authority of the courts to mitigate damages. In addition, restrictions on the enforcement of the Notes could (depending on the circumstances) arise from applicable bankruptcy, insolvency and other laws of general application relating to or affecting generally the enforcement of creditors' rights and remedies from time to time in effect.

Any of the above may adversely affect the enforcement by Noteholders of their claims against the Issuer arising from the Notes.

The Issuer could, in certain circumstances, substitute or vary the terms of the Notes.

In certain circumstances (such as if a Capital Event, Withholding Tax Event, Tax Event or an MREL Disqualification Event has occurred and is continuing, or in order to ensure the effectiveness of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*)), the Issuer may, in accordance with Applicable Banking Regulations and without the consent or approval of the Noteholders, substitute or vary the terms of the Notes (including changing the governing law of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*)) to ensure that, if applicable, they continue to qualify as Qualifying Securities, or as the case may be count towards the eligible liabilities and/or loss absorbing capacity of the Issuer and/or the Group, or in order to ensure the effectiveness or enforceability of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*).

While the Issuer cannot make changes to the terms of the Notes that are materially less favourable to Noteholders (unless any such prejudice is solely attributable to the effectiveness and enforceability of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*)), the governing law of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*) may be changed in order to ensure the effectiveness and enforceability of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*).

There can be no assurance as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such varied Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution or variation. See also the risk factor entitled "*Modification and waivers*".

Modification, waivers and Substitution.

The Conditions contain provisions for calling meetings of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting, or as the case may be, did not sign the written resolution including those Noteholders who voted in a manner contrary to the majority.

Furthermore, the Conditions provide that the Notes, the Conditions and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error or to comply with any amendments, updates and/or modifications to applicable legislation passed after the date hereof by or on behalf of Estonia or any political subdivision thereof or any authority therein or thereof having power to make such amendment, update and/or modification, which impacts the Issuer's obligations in relation to the Notes. The Issuer cannot foresee, as at the date of this Offering Circular, what such changes may entail, however, any changes made will be binding on Noteholders.

The Conditions also provide that the Issuer may, without the consent of the Noteholders or the Couponholders, substitute any other body corporate incorporated in any country in the world (including any Successor in Business or any Holding Company or subsidiary of the Issuer) as principal debtor under the Notes, any Coupons, the Agency Agreement and the Deed of Covenant in its place as the Issuer, in the circumstances and subject to the Issuer obtaining prior written consent of the Competent Authority (if such approval is then required under the Applicable Banking Regulations), complying with the rules of any competent authority and the additional conditions described in Condition 19 (*Substitution of the Issuer*). No assurance can be given as to the impact of any substitution of the Issuer as described above, and any such substitution could materially adversely impact the value of any Notes.

In particular, following such a substitution, the Documents (as defined in Condition 19 (*Substitution of the Issuer*)) may (at the option of the Issuer and the Substituted Debtor) contain such amendments to the Conditions that the Issuer and the Substituted Debtor may (in their sole discretion) determine are necessary solely for the purposes of ensuring that the Notes would have been eligible to count as Additional Tier 1 Capital instruments of the Issuer on a solo basis as well as the Group on a consolidated basis in accordance with the Applicable Banking Regulations as at the Issue Date (assuming for such purposes that the Issuer had a solo capital requirement on the Issue Date).

Such amendments may include changes to the operation of the Write Down provisions in Condition 6 (*Write Down and Write Up*) such that the Common Equity Tier 1 Ratio of the Substituted Debtor on a solo basis is also taken into account for the purposes of a Write Down. This may result in an increased likelihood that a Write Down would occur under the Conditions if the Common Equity Tier 1 Ratio of the Substituted Debtor on a solo basis is lower than the Common Equity Tier 1 Ratio of the Group on a consolidated basis.

Furthermore, in respect of a Write Up, such amendments may include changes to the definition and provisions relating to the Maximum Distributable Amount such that any applicable Maximum Distributable Amount relating to the Substituted Debtor on a solo basis and the unconsolidated net profit after tax of the Substituted Debtor is taken into account. Such changes may further limit the Substituted Debtor's ability to Write Up the Notes in the event the Maximum Distributable Amount applicable to the Substituted Debtor on a solo basis is lower than that which is applicable to it on a consolidated basis and/or the unconsolidated net profit after tax of the Substituted Debtor is lower than its consolidated net profit after tax.

In addition, such changes to the definition and provisions relating to the Maximum Distributable Amount may result in an increased risk of the cancellation of interest pursuant to Condition 5 (*Cancellation of Interest*) in the event the Maximum Distributable Amount applicable to the Substituted Debtor on a solo basis is lower than which is applicable to it on a consolidated basis.

There can be no assurance as to whether any substitution of the Issuer will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding Notes following such substitution could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution.

There may be no rights of set-off, netting or counterclaim.

Noteholders shall not be entitled to exercise any right of set-off, netting or counterclaim against moneys owed by the Issuer in respect of the Notes. Therefore, the Noteholders will not be entitled (subject to applicable law) to set off the Issuer's obligations under the Notes against obligations owed by them to the Issuer. This could have an adverse impact on the counterparty risk for such Noteholders in the event that the Issuer were to become insolvent.

The Issuer's gross-up obligation under the Notes is limited.

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the terms of the Notes (which is also subject to the Solvency Condition and the availability of Distributable Items) applies only to payments of interest due and payable under the Notes and not to payments of principal (which term, for these purposes, includes any premium, final redemption amount, early redemption amount, optional redemption amount and any other amount (other than interest) which may from time to time be payable in respect of the Notes).

As such, the Issuer would not be required to pay any additional amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, such Noteholders would, upon repayment or redemption of the Notes, be entitled to receive only the net amount of such redemption or repayment proceeds after deduction of the amount required to be withheld. Therefore, Noteholders may receive less than the full amount due under the Notes, and the market value of the Notes may be adversely affected as a result.

Conflicts may arise between the interests of the Calculation Agent and the interests of the Noteholders.

Potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that such Calculation Agent makes pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

The Issuer has appointed Citibank, N.A., London Branch as Calculation Agent in respect of the Notes. Citibank, N.A., London Branch is a member of an international financial group that is involved, in the

ordinary course of its business, in a wide range of banking activities out of which conflicting interests may arise. Whilst the Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Credit risk.

An investment in the Notes is subject to credit risk, which means that the Issuer may fail to meet its obligations arising from the Notes duly and in a timely manner. The Issuer's ability to meet its obligations arising from the Notes and the ability of the holders of the Notes to receive payments arising from the Notes depends on the financial position and the results of operations of the Issuer and its subsidiaries, which are subject to other risks described in this Offering Circular. The Notes are not bank deposits in the Issuer and are not guaranteed by the Deposit Guarantee Fund (in Estonian: *Tagatisfond*).

No ownership rights.

An investment in the Notes is an investment into debt instruments, which does not confer any legal or beneficial interest in the equity of the Issuer or any of the subsidiaries thereof or any voting rights or rights to receive dividends or other rights which may arise from equity instruments. The Notes represent an unsecured debt obligation of the Issuer, granting the Noteholders only such rights as set forth in the Conditions. The value of the Notes might be affected by the actions of the shareholder of the Issuer over which the investors do not have control.

There may be no active trading market for the Notes.

There can be no assurance that a liquid market for the Notes will be maintained. The investors may find it difficult to sell their Notes or to sell them at prices producing a return comparable to returns on similar investments in the secondary market.

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If a market does develop for the Notes, it may not be very liquid. Therefore, no liquidity of any market in the Notes can be assured; nor the ability of the holders of the Notes to sell their Notes or the prices at which they would be able to sell their Notes. Additionally, given the relatively small size of the issuance, large holdings by one or more investors could also impact secondary market liquidity.

If the Notes are traded after their initial issuance, they may be traded at a discount or at a premium to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. It is possible that the market for the Notes will be subject to disruptions or volatility. Any such disruption or volatility may have a negative effect on holders of the Notes, regardless of the Issuer's prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all.

Although an application has been made for the Notes to be admitted to listing on Euronext Dublin and trading on its GEM, there can be no assurance that such application will be accepted, that the Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

Exchange rates and exchange controls.

The Issuer will predominantly pay principal and interest on the Notes in Euro (the "**Specified Currency**"). This presents certain risks relating to currency conversions if a holder of the Notes financial activities is denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, holders of the Notes may receive less interest or principal than expected, or no interest or principal.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Deed of Covenant.

Minimum Denomination.

As the Notes are in denominations of EUR 200,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 399,000, it is possible that the Notes may be traded in amounts less than the minimum authorised denomination of EUR 200,000. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than EUR 200,000 may not receive Definitive Notes in respect of such holding (should Definitive Notes be printed) and may need to purchase a principal amount of Notes such that its holding amounts to EUR 200,000.

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of EUR 200,000 may be illiquid and difficult to trade.

Credit Rating.

The Issuer has been rated of Baa3 with a positive outlook by Moody's and the Notes have been rated Ba3 by Moody's. The rating may not reflect the potential impact of all of the risks related to the structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes. In general, European regulated investors are restricted under the EU CRA Regulation from using a rating for regulatory purposes in the EEA, unless such ratings are not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies unless (1) the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

INFORMATION INCORPORATED BY REFERENCE

The documents set out below shall be deemed to be incorporated in, and to form part of, this Offering Circular **provided however that** any statement contained in any document incorporated by reference in, and forming part of, this Offering Circular shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such statement.

1. the audited consolidated financial statements (including the independent auditors' report thereon and notes thereto) of the Issuer in respect of the year ended 31 December 2023 prepared in accordance with IFRS (set out on pages 83 to 169 and pages 174 to 178 of the 2023 consolidated annual report of the Issuer) (available at: https://www.lhv.ee/assets/files/investor/LHV_Group_Annual_Report_2023-EN.pdf);

2. the audited consolidated financial statements (including the independent auditors' report thereon and notes thereto) of the Issuer in respect of the year ended 31 December 2024 prepared in accordance with IFRS (set out on pages 139 to 240 and page 242[1] to 251[2] of the 2024 consolidated annual report of the Issuer (the "**Annual Report 2024**")) (available at: https://www.lhv.ee/assets/files/investor/LHV_Group_Annual_Report_2024-EN.pdf); and

3. the following sections of the Annual Report 2024:

Section	Page no.
LHV at a Glance	6
Financial Results	11-17
Overview of the Group's Subsidiaries	21-27
Strategy and financial plan – 1. Strategy and the future	28 - 29
Governance of the Group - Supervisory board	116-117
Governance of the Group – Management board	117
Corporate governance report – General Meeting	121-122
Corporate governance report - Management Board	122-125
Corporate governance report - Supervisory Board	125-132

4. the condensed consolidated interim financial statements of the Issuer and related notes as of and for the three months ended 31 March 2025 (set out on pages 20 to 41 of the interim report January – March 2025 of the Issuer (the "**Q1 Report**")) and the sections "The Group's Liquidity, Capitalisation and Asset Quality" (set out on pages 10 to 12 of the Q1 Report), "Overview of AS LHV Pank Consolidation Group" (set out on pages 13 to 15 of the Q1 Report), "Overview of LHV Bank Limited" (set out on page 16 of the Q1 Report), "Overview of AS LHV Varahaldus" (set out on pages 17 to 18 of the Q1 Report) and "Overview of AS LHV

[1] This refers to the number of the page in the PDF document.
[2] This refers to the number of the page in the PDF document.

Kindlustus" (set out on page 19 of the Q1 Report) (available at: www.lhv.ee/assets/files/investor/LHV_Group_Interim_Report_2025_Q1-EN.pdf).

The Annual Financial Statements along with the accompanying independent auditors' reports, the Interim Financial Statements and the sections of the Annual Report 2024 identified above and incorporated by reference into this Offering Circular, all of which are in English, were prepared as convenience translations of the original issued Estonian language documents.

The Financial Statements will be made available, free of charge, during usual business hours at the specified offices of the Fiscal Agent and on the website of the Issuer at https://investor.lhv.ee/en.

This Offering Circular will be available, in electronic format, on the website of Euronext Dublin (https://live.euronext.com/en/markets/dublin).

Any information contained in or incorporated by reference in any of the documents specified above which is not incorporated by reference in this Offering Circular is either not relevant to investors or is covered elsewhere in this Offering Circular and, for the avoidance of doubt, unless specifically incorporated by reference into this Offering Circular, information contained on the website of the Issuer does not form part of this Offering Circular.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form:

The EUR 50,000,000 Fixed Rate Reset Perpetual Additional Tier 1 Temporary Write Down Notes (the "**Notes**", which expression includes any further notes issued pursuant to Condition 15 (Further issues) and forming a single series therewith) of AS LHV Group are the subject of a fiscal agency agreement dated 30 April 2025 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Citibank, N.A., London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and a deed of covenant dated 30 April 2025 (as amended or supplemented from time to time, the "**Deed of Covenant**") made by the Issuer in favour of the Accountholders (as defined therein). Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection or collection by Noteholders upon provision of proof of holding and identification satisfactory to the relevant Paying Agent during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. Definitions

In these Conditions the following expressions have the following meanings:

"**5 Year Swap Rate**" means, in respect of a Reset Period, the mid-swap rate for euro swap transactions with a maturity of 5 years as displayed on Reuters screen "ICESWAP2" or, if such rate is not displayed on such screen as at the relevant time, such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices for euro swap transactions (in each case, the "**Reset Screen Page**") as at 11:00 a.m. (Central European time) on the relevant Reset Determination Date, all as determined by the Calculation Agent. Subject to the operation of Condition 4(e) in the event that the 5 Year Swap Rate does not appear on the Reset Screen Page at such time on the relevant Reset Determination Date, the 5 Year Swap Rate for the relevant Reset Period will be the Reset Reference Bank Rate on the relevant Reset Determination Date;

"**5 Year Swap Rate Quotations**" means, in relation to a Reset Period, the mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 Day Count basis) of a fixed-for-floating euro interest rate swap which (i) has a term of 5 years commencing on the relevant Reset Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on 6-month EURIBOR (calculated on the basis of the actual number of days elapsed and a year of 360 days);

"**30/360 Day Count**" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period (such number of days being calculated on the basis of a 360 day year consisting of 12 months of 30 days each), divided by 360;

"**Additional Tier 1 Capital**" means additional tier 1 capital for the purposes of Applicable Banking Regulations, or any equivalent or successor term;

"**Applicable Banking Regulations**" means at any time the laws, regulations, delegated or implementing acts, regulatory or implementing technical standards, rules, requirements, guidelines and policies relating to capital adequacy and/or minimum requirement for own funds and eligible liabilities and/or loss absorbing capacity and/or resolution then in effect in Estonia including, without limitation to the generality of the foregoing, CRD, the SRM Regulation, BRRD, the Creditor Hierarchy Directive and those regulations, standards, rules, requirements, guidelines and policies relating to capital adequacy and/or minimum requirement for own funds and eligible liabilities and/or loss absorbing capacity and/or resolution and/or the implementation of the Creditor Hierarchy Directive adopted by the Competent Authority, the Relevant Resolution Authority (as defined in Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Power*)) or any other national or European authority from time to time, and then in effect (whether or not such standards, rules, requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group);

"**Assets**" means the unconsolidated gross assets of the Issuer, as shown in the latest audited published balance sheet of the Issuer, but adjusted for subsequent events in such manner as the directors of the Issuer may determine;

"**BRRD**" means Directive 2014/59/EU as amended or replaced from time to time, including without limitation, by the Creditor Hierarchy Directive and Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the Bank Recovery and Resolution Directive as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC, in each case as implemented in Estonia, unless the context otherwise requires;

"**Business Day**" means a day which is both a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and a TARGET Settlement Day (as defined in Condition 8(c));

"**Calculation Agent**" means Citibank, N.A., London Branch, or any successor thereto;

"**Capital Event**" means the determination by the Issuer, after consultation with the Competent Authority, that a change in Estonian law or Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date, which change was not reasonably foreseeable by the Issuer as at Issue Date, has resulted or would be likely to result in the outstanding Prevailing Principal Amount of the Notes being fully, or partially, excluded from inclusion in the Additional Tier 1 Capital of the Group (other than as a result of a Write Down pursuant to Condition 6 or as a result of any applicable limitation on the amount of such capital as applicable to the Group);

"**CET1 Capital**" means, at any time, the sum, expressed in euro, of all amounts that constitute Common Equity Tier 1 Capital at such time of the Group less any deductions therefrom required to be made at such time, as calculated on a consolidated basis in accordance with the Applicable Banking Regulations at such time, but without applying any transitional, phasing-in or similar provisions set out in the Applicable Banking Regulations which are applicable at such time unless such transitional, phasing-in or similar provisions are permitted under such Applicable Banking Regulations to be applied for the purposes of determining whether a Trigger Event has occurred;

"**CET1 Ratio**" means, at any time, the ratio of the aggregate amount of the CET1 Capital of the Group at such time to the Risk Weighted Assets of the Group at such time and expressed as a percentage;

"**Common Equity Tier 1 Capital**" means common equity tier 1 capital for the purposes of Applicable Banking Regulations, or any equivalent or successor term;

"**Competent Authority**" means the authority having primary responsibility for the prudential supervision of the Group at the relevant time;

"**CRD**" means the legislative package consisting of the CRD Directive, the CRR and any CRD Implementing Measures;

"**CRD Directive**" means Directive 2013/36/EU, as amended or replaced from time to time, including without limitation as amended by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019, in each case as implemented in Estonia;

"**CRD Implementing Measures**" means any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer and/or the Group and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer and/or the Group (on a solo or consolidated basis, as the case may be) to the extent required by the CRD Directive or the CRR, including for the avoidance of doubt any regulatory technical standards released by the European Banking Authority (or any successor or replacement thereof);

"**Creditor Hierarchy Directive**" means Directive 2017/2399/EU or any equivalent legislation that supersedes or replaces it, in each case as implemented in Estonia;

"**CRR**" means Regulation 575/2013, as amended or replaced from time to time, including as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of May 20, 2019 and Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024, in each case as implemented and/or applicable in Estonia;

"**CRR Supplementing Regulation**" means the Commission Delegated Regulation (EU No. 241/2014) of 7 January 2014 supplementing the CRR, as amended or replaced from time to time and as implemented and/or applicable in Estonia;

"**Distributable Items**" means, subject as otherwise defined from time to time in the Applicable Banking Regulations, in relation to interest otherwise scheduled to be paid on a date, the amount of the profits of the Issuer at the end of the last Financial Year immediately preceding such date plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments of the Issuer less any losses brought forward, any profits which are non-distributable pursuant to applicable European Union or national law or the Issuer's articles of association and any sums placed in non-distributable reserves in accordance with applicable national law or the articles of association of the Issuer; such profits, losses and reserves being determined on the basis of the individual accounts of the Issuer and not on the basis of the consolidated accounts of the Group;

"**Estonia**" means the Republic of Estonia;

"**EURIBOR**" means the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any person which takes over administration of that rate);

"**Extraordinary Resolution**" has the meaning given in the Agency Agreement;

"**Financial Year**" means the financial year of the Issuer (being the one-year period in respect of which it prepares annual audited financial statements) from time to time;

"**First Reset Date**" means 30 April 2030;

"**Full Loss Absorbing Instruments**" has the meaning given to it in Condition 6(b);

"**Group**" means the Issuer and its consolidated Subsidiaries, taken as a whole;

"**Initial Principal Amount**" means, in relation to each Note, the principal amount of that Note when first issued;

"**Initial Rate of Interest**" means 9.500 per cent. per annum;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Period**" means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**Issue Date**" means 30 April 2025;

"**Issuer**" means AS LHV Group or, following a substitution of the Issuer in accordance with Condition 19 (*Substitution of the Issuer*), any Substituted Debtor;

"**Liabilities**" means the unconsolidated gross liabilities of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for contingent and prospective liabilities, for subsequent events and otherwise to reflect the criteria that would be applied by an Estonian court (or the relevant authority of such other jurisdiction in which the Issuer may be organised) in determining whether the Issuer is solvent or insolvent pursuant to and in accordance with the Estonian Bankruptcy Act and (where applicable) the Credit Institutions Act of Estonia or any amendment or re-enactment thereof (or in accordance with the corresponding provisions of the applicable laws of such other jurisdiction in which the Issuer may be organised) in such manner as the directors of the Issuer may determine;

"**Loss Absorbing Instruments**" means capital instruments or other obligations issued directly or indirectly by any member of the Group (other than the Notes) which constitute Additional Tier 1 Capital, and which include a principal loss absorption mechanism that is capable of generating Common Equity Tier 1 Capital and that is activated by a trigger event set by reference to the CET1 Ratio;

"**Mandatory Provision of Law**" means any amendments, updates and/or modifications to any applicable legislation passed after the date hereof by or on behalf of Estonia or any political subdivision thereof or any authority therein or thereof having power to make such amendment, update and/or modification, which impacts the Issuer's obligations in relation to the Notes;

"**Margin**" means 7.601 per cent.;

"**Maximum Distributable Amount"** means any applicable maximum distributable amount relating to the Group required to be calculated in accordance with Article 141 of the CRD Directive (or any provision of applicable law or other regulation transposing or implementing Article 141 of the CRD Directive, as amended or replaced) or in accordance with any other

applicable provisions of the Applicable Banking Regulations which require a maximum distributable amount to be calculated if the Group is failing to meet any applicable requirement or any buffers relating to such requirement;

"**MREL Disqualification Event**" means the whole or any part of the outstanding aggregate principal amount of the Notes at any time ceases or (in the opinion of the Issuer) will cease to count towards the Issuer's or the Group's eligible liabilities and/or loss absorbing capacity (in each case for the purposes of, and in accordance with, the relevant Applicable Banking Regulations); **provided that** an MREL Disqualification Event shall not occur if such whole or part of the outstanding aggregate principal amount of the Notes ceases or (in the opinion of the Issuer) will cease to count towards such eligible liabilities, and/or loss absorbing capacity due to the remaining effective maturity of such Notes being less than the minimum period prescribed by the relevant Applicable Banking Regulations and/or as a result of reaching or exceeding an applicable limit in respect of eligible liabilities that may count towards the MREL requirements as applicable to the Issuer and/or the Group;

"**MREL Disqualification Event Effective Date**" means the Issue Date, or such other date as may be permitted under the Applicable Banking Regulations;

"**Parity Securities**" means any (i) subordinated and undated debt instruments or securities of the Issuer which are recognised as "*täiendavad esimese taseme omavahenditesse kuuluvad instrumendid*" or Additional Tier 1 Capital of the Group, from time to time by the Competent Authority and (ii) any other securities or other obligations of the Issuer which rank, or are expressed to rank (to the extent such ranking is recognised by applicable law), on a voluntary or involuntary liquidation (*likvideerimine*) or bankruptcy (*pankrot*) of the Issuer, *pari passu* with the Notes;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Prevailing Principal Amount**" means, in relation to each Note at any time, the principal amount of such Note at that time, being its Initial Principal Amount, as adjusted from time to time for any Write Down and/or Write Up, in accordance with Condition 6 and/or as otherwise required by then current legislation and/or regulations applicable to the Issuer;

"**Rate of Interest**" means, for the period from (and including) the Issue Date to (but excluding) the First Reset Date, the Initial Rate of Interest and, for each subsequent Reset Period, the relevant Reset Rate of Interest;

"**Regulatory Permission**" means, in relation to any action, such notice, regulatory permission (and/or, as appropriate, consent, approval or waiver) as is required therefor under prevailing Applicable Banking Regulations;

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment

under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**Reset Date**" means the First Reset Date and each date falling on the fifth anniversary of the previous Reset Date;

"**Reset Determination Date**" means, in respect of a Reset Period, the second Business Day prior to the first day of such Reset Period;

"**Reset Period**" means the period from (and including) the First Reset Date to (but excluding) the next succeeding Reset Date, and each successive period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date;

"**Reset Rate of Interest**" means, in respect of a Reset Period, the rate of Interest determined by the Calculation Agent as the sum of the relevant 5 Year Swap Rate and the Margin, converted from an annual to a semi-annual rate in accordance with market convention;

"**Reset Reference Bank Rate**" means, in respect of a Reset Period, the percentage rate calculated by the Calculation Agent on the basis of the 5 Year Swap Rate Quotations provided by four major banks selected and requested by the Issuer in the market (the "**Reset Reference Banks**") to the Issuer at approximately 12:00 p.m. (noon) (Central European Time) on the relevant Reset Determination Date and the Issuer or an agent appointed by it shall notify the Calculation Agent of all quotations received by it. If two or more of the Reset Reference Banks provide the Issuer or an agent appointed by it with 5 Year Swap Rate Quotations, the Reset Reference Bank Rate for the relevant Reset Period shall be the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant 5 Year Swap Rate Quotations, as determined by the Calculation Agent. If only one 5 Year Swap Rate Quotation is provided, the relevant Reset Reference Bank Rate will be the quotation provided. If no quotations are provided the relevant Reset Reference Bank Rate will be the 5 Year Swap Rate or Reset Reference Bank (as applicable) determined in respect of the immediately preceding Reset Period or, in respect of the initial Reset Period, 2.125 per cent.;

"**Risk Weighted Assets**" means, at any time, the aggregate amount, expressed in euro, of the total risk exposure amount of the Group, as calculated on a consolidated basis in accordance with the Applicable Banking Regulations at such time, but without applying any transitional, phasing-in or similar provisions set out in the Applicable Banking Regulations which are applicable at such time unless such transitional, phasing-in or similar provisions are permitted under such Applicable Banking Regulations to be applied for the purposes of determining whether a Trigger Event has occurred;

"**Solvency Condition**" has the meaning given to it in Condition 3(g);

"**SRM Regulation**" means Regulation (EU) No. 806/2014, as amended or replaced from time to time and as implemented and/or applicable in Estonia;

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"**Tier 1 Capital**" means the sum, expressed in euro, of all amounts that constitute tier 1 capital (or any equivalent or successor term) for the purposes of Applicable Banking Regulations;

"**Tier 2 Capital**" means tier 2 capital (or any equivalent or successor term) for the purposes of the Applicable Banking Regulations;

"**Trigger Event**" means that the CET1 Ratio has fallen below 5.125 per cent.;

"**Trigger Event Notice**" means the notice referred to as such in Condition 6(a) which shall be given by the Issuer to the Noteholders, in accordance with Condition 16, the Fiscal Agent and the Relevant Resolution Authority, and which shall state with reasonable detail the nature of the relevant Trigger Event, the relevant Write Down being implemented, any Write Down Amount (if then known) and the basis of its calculation and the relevant Write Down Date;

"**Write Down**" and "**Written Down**" shall be construed as provided in Condition 6(a);

"**Write Down Amount**" has the meaning given to it in Condition 6(a);

"**write down and/or conversion**" means, in respect of any Loss Absorbing Instruments, the reduction and/or, as the case may be, conversion into Common Equity Tier 1 Capital of the prevailing principal amount of such instruments as contemplated in Condition 6(b);

"**Write Down Date**" has the meaning given to it in Condition 6(a);

"**Write Up**" and "**Written Up**" shall be construed as provided in Condition 6(d);

"**Write Up Amount**" has the meaning given to it in Condition 6(d);

"**Write Up Date**" has the meaning given to it in Condition 6(d);

"**Write Up Notice**" has the meaning given to it in Condition 6(d); and

"**Written Down Additional Tier 1 Instrument**" means an instrument (other than the Notes) issued directly or indirectly by the Issuer or any member of the Group and qualifying (or which would qualify after any write-up pursuant to its terms) as Additional Tier 1 Capital of the Group that, immediately prior to any Write Up of the Notes, has a prevailing principal amount which is less than its initial principal amount due to a write down and that has terms permitting a principal write up to occur on a basis similar to that set out in Condition 6(d) in the circumstances existing on the relevant Write Up Date.

2. Form, Denomination and Title

The Notes are serially numbered and in bearer form in denominations of EUR 200,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 399,000 with Coupons and talons (each, a "**Talon**") for further Coupons attached at the time of issue. Notes of one denomination will not be exchangeable for Notes of another denomination. Title to the Notes, the Coupons and Talons will pass by delivery. The holder of any Note, Coupon or Talon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

3. Status and Subordination

(a) The Notes and obligations in relation to any related Coupons and Talons resulting therefrom constitute direct, unsecured and subordinated obligations of the Issuer which will at all times rank *pari passu* without any preference among themselves.

(b) For regulatory capital purposes, the Issuer intends, on the Issue Date, that the Notes will constitute instruments of the Issuer qualifying as Additional Tier 1 Capital of the Group.

(c) In the event of the voluntary or involuntary liquidation (in Estonian: *likvideerimine*) or bankruptcy (in Estonian: *pankrot*) of the Issuer, the rights and claims (if any) of holders of any Notes to payments of the Prevailing Principal Amount and any other amounts in respect of the Notes (including any accrued but unpaid and uncancelled interest amount or damages or other payments awarded for breach of any obligations under these Conditions, if any are payable) shall:

(i) rank junior to the rights and claims of creditors (a) who are depositors (if any) or other unsubordinated creditors of the Issuer; or (b) who are subordinated creditors of the Issuer (including holders of Tier 2 Capital instruments of the Issuer), whether in the event of the liquidation or bankruptcy of the Issuer or otherwise (other than holders of Parity Securities and subordinated creditors whose claims by law rank, or by their terms are expressed to rank (to the extent such ranking is recognised by applicable law), *pari passu* with or junior to the claims of the holders of the Notes);

(ii) rank at least *pari passu* with any claims in respect of any Parity Securities of the Issuer; and

(iii) rank senior only to the rights and claims of holders of share capital of the Issuer and any obligations of the Issuer which in each case by law rank, or by their terms are expressed to rank (to the extent such ranking is recognised by applicable law), junior to the Notes (if any).

(d) The rights of holders of the Notes shall be subject to any present or future laws or regulations applicable in Estonia relating to the insolvency, recovery and resolution of credit institutions, entities belonging to the same group as a credit institution and investment firms in Estonia which are or will be applicable to the Notes only as a result of the operation of such laws or regulations.

(e) No holder of the Notes or related Coupons shall be entitled to exercise any right of Set-off against moneys owed by the Issuer in respect of such Notes or Coupons. Notwithstanding the provision of the foregoing sentence, if any amounts owed by the Issuer to any holder in connection with the Notes is discharged by Set-off, such holder shall, where permitted by applicable law, immediately pay an amount equal to the amount discharged to the Issuer (or, in the event of its voluntary or involuntary liquidation and/or bankruptcy, to the liquidator, bankruptcy trustee or other relevant insolvency official (as the case may be and to the extent applicable)) and, until such time as payment is made, shall hold an amount equal to such amount discharged on behalf and for the benefit of the Issuer (or the liquidator, bankruptcy trustee or other relevant insolvency official of the Issuer) and accordingly not deem any such discharge to have taken place.

"**Set-off**" means set-off, netting, counterclaim, abatement or other similar remedy and, if "**Set Off**" is used as a verb in these Conditions, it shall be construed accordingly.

(f) The Notes shall not contribute to a determination that the liabilities of the Issuer exceed its assets and shall not be taken into consideration when determining whether the Issuer is insolvent in accordance with § 1(3) of the Estonian Bankruptcy Act.

(g) Except in the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer, all payments in respect of, or arising from (including any damages awarded for breach of any obligations under), the Notes are, in addition to the right or obligation of the Issuer to cancel payments of interest under Condition 5 or Condition 6(a), conditional upon the Issuer being solvent at the time of payment by the Issuer and no principal, interest or any other amount shall be due and payable in respect of, or arising from, the Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**").

For these purposes, the Issuer shall be considered to be solvent if (i) it is able to pay its debts owed to its creditors whose claims rank senior to claims arising from the Notes as they fall due and (ii) its Assets are at least equal to its Liabilities.

A certificate as to the solvency of the Issuer signed by one or more Authorised Signatories (or if there is a liquidation or bankruptcy of the Issuer, one or more authorised signatories of the liquidator, administrator, bankruptcy trustee or, as the case may be, other relevant insolvency official of the Issuer) shall (in the absence of manifest error) be treated and accepted by the Issuer, the Noteholders and all other interested parties as correct and sufficient evidence thereof.

Any payment of interest not due by reason of this Condition 3(g) shall not be or become payable at any time and shall be cancelled as provided in Condition 5(f).

(h) In the event of the voluntary and involuntary liquidation or bankruptcy of the Issuer, there shall be payable by the Issuer in respect of each Note an amount equal to the Prevailing Principal Amount of the relevant Note together with any accrued but unpaid interest thereon (to the extent such interest has not been cancelled in accordance with these Conditions) and any damages awarded for breach by the Issuer of any obligations in respect of such Note, whether or not the Solvency Condition is satisfied on the date upon which the same would otherwise be due and payable.

If the liquidation or bankruptcy of the Issuer occurs on or after the occurrence of a Trigger Event, the Write Down Date shall be the earlier of (i) the date of making of any order by any competent court or passing resolution for such liquidation or declaration of bankruptcy of the Issuer and (ii) the date specified as such by the Issuer pursuant to Condition 6.

4. Interest

(a) The Notes bear interest from (and including) the Issue Date at the Rate of Interest payable in equal instalments semi-annually in arrear on 30 April and 30 October in each year (each, an "**Interest Payment Date**"), from and including 30 October 2025 subject as provided in Condition 8 (*Payments*).

(b) Subject to Conditions 3(g), 5 and 6, each Note will cease to bear interest from the due date for redemption thereof pursuant to Conditions 7(b), (c), (d), (e) or (f) or the date of substitution thereof pursuant to Condition 18, as the case may be, unless, upon due

presentation, payment of all amounts due in respect of such Note is not properly and duly made, in which case it will continue to bear interest at such rate on the Prevailing Principal Amount of such Note (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is five days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).

(c) The Interest Amount shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Prevailing Principal Amount of such Note divided by the Calculation Amount, where:

"**Calculation Amount**" means EUR 1,000;

"**Day Count Fraction**" means, in respect of any period, the actual number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by the actual number of days in the period from (and including) the most recent Interest Payment Date to (but excluding) the next succeeding Interest Payment Date;

If, pursuant to Condition 6, the Prevailing Principal Amount of the Notes is Written Down or Written Up during an Interest Period, the Calculation Amount will be adjusted to reflect such Prevailing Principal Amount from time to time so that the relevant amount of interest is determined by reference to such Calculation Amount as adjusted from time to time and as if such Interest Period were comprised of two or (as applicable) more consecutive interest periods, with interest calculations based on the number of days for which each Prevailing Principal Amount and Calculation Amount was applicable.

(d) The Notes shall (subject to Conditions 3(g), 5 and 6) bear interest on their Prevailing Principal Amount:

(i) from (and including) the Issue Date to (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest; and

(ii) in respect of each Reset Period, at the rate per annum equal to the relevant Reset Rate of Interest,

payable, in each case, in arrear on each Interest Payment Date (subject to adjustment as described in this Condition 4). The Rate of Interest and the Interest Amount payable shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, and (B) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in this Condition 4.

The Calculation Agent shall cause notice of the Reset Rate of Interest determined by it in accordance with this Condition 4 in respect of each Reset Period to be given to the Issuer, the Fiscal Agent, and any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 16, the Noteholders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

(e) Notwithstanding the provisions above in this Condition 4, if the Issuer (in consultation, to the extent practicable, with an Independent Adviser) determines that a Benchmark Event has occurred when any Reset Rate of Interest remains to be determined by reference to the Original Reference Rate, then the following provisions shall apply:

(i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser and shall, to the extent practicable, consult with such Independent Adviser to determine a Successor Rate or, alternatively, if the Issuer, (in consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner) determines that there is no Successor Rate, an Alternative Reference Rate, and, in each case, an Adjustment Spread no later than three (3) Business Days prior to the Reset Determination Date relating to the relevant Reset Period (the "**IA Determination Cut-off Date**") for purposes of determining the Reset Rate of Interest applicable to the Notes for the relevant Reset Period and any subsequent Reset Period (subject to the subsequent operation of this Condition 4(e));

(ii) if the Issuer is unable to appoint an Independent Adviser prior to the IA Determination Cut-off Date in accordance with sub-paragraph (i) above, then the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if the Issuer determines that there is no Successor Rate, an Alternative Reference Rate for the purposes of determining the Reset Rate of Interest applicable to the Notes for the relevant Reset Period and any subsequent Reset Period (subject to the subsequent operation of this Condition 4(e)); provided, however, that if this sub-paragraph (ii) applies and the Issuer is unable or unwilling to determine a Successor Rate or an Alternative Reference Rate prior to the relevant Reset Determination Date in accordance with this sub-paragraph (ii), the Rate of Interest applicable to the relevant Reset Period shall be equal to the Rate of Interest last determined for the immediately preceding Interest Period or, in the case of the Reset Period commencing on the First Reset Date, the Initial Rate of Interest;

(iii) if a Successor Rate or an Alternative Reference Rate is determined in accordance with the preceding provisions, such Successor Rate or Alternative Reference Rate shall replace the Original Reference Rate for the relevant Reset Period and any subsequent Reset Period (subject to the subsequent operation of this Condition 4(e));

(iv) if a Successor Rate or Alternative Reference Rate is determined in accordance with Condition 4(e)(i) above, the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner shall determine an Adjustment Spread, which may be expressed as a specified quantum, or a formula or methodology for determining the applicable Adjustment Spread, and which Adjustment Spread may be positive, negative or zero and shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) for each subsequent determination of a Reset Rate of Interest (or the relevant component(s) thereof) by reference to such Successor Rate or Alternative Reference Rate, as applicable;

(v) if the Issuer determines a Successor Rate or an Alternative Reference Rate and, in each case, any Adjustment Spread in accordance with the above provisions, the Issuer (in consultation with the Independent Adviser) may also specify changes to the Business Days, Day Count Fraction, Reset Determination Dates, Interest Payment Dates, Reset Screen Page, and/or the definition of 5 Year

Swap Rate or the Adjustment Spread (and, in each case, related provisions and definitions), and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to such Successor Rate or Alternative Reference Rate (as applicable), which changes shall apply to the Notes for all future Reset Periods (as applicable) (subject to the subsequent operation of this Condition 4(e)). An Independent Adviser appointed pursuant to this Condition 4(e) shall (in the absence of bad faith, gross negligence and wilful misconduct) have no liability whatsoever to the Issuer, the Fiscal Agent, the Calculation Agent or Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4(e). No Noteholder consent shall be required in connection with effecting the Successor Rate or the Alternative Reference Rate (as applicable) and, in each case, the Adjustment Spread or such other changes, including for the execution of any documents, amendments or other steps by the Issuer or Fiscal Agent (if required); and

(vi) the Issuer shall promptly following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread give notice thereof and of any changes pursuant to sub-paragraph (v) above to the Calculation Agent, the Fiscal Agent and the Noteholders.

Notwithstanding any other provision of this Condition 4(e), no Successor Rate or Alternative Reference Rate or Adjustment Spread (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 4(e), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Additional Tier 1 Capital of the Group for the purposes of, and in accordance with, the relevant Applicable Banking Regulations.

For the purposes of this Condition 4(e):

"**Adjustment Spread**" means a spread (which may be positive, negative or zero) or formula or methodology for calculating a spread, in each case, to be applied to the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable), and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended or formally provided as an option for parties to adopt in relation to the replacement of the Original Refeence Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) in the case of a Successor Rate for which no such formal recommendation has been made as described in clause (i) above, or in the case of an Alternative Reference Rate, the Issuer (in consultation with the Independent Adviser) determines is recognised or acknowledged as being in customary market usage in international debt capital market transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Rate or Alternative Reference Rate (as applicable); or

(iii) if no such determination has been made, the Issuer (acting in good faith and in a commercially reasonable manner) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

(iv) (if no such industry standard is recognised or acknowledged) the Issuer (acting in good faith and in a commercially reasonable manner) determines to be appropriate to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable);

"**Alternative Reference Rate**" means the reference rate (and related alternative screen page or source, if available) that the Issuer determines has replaced the Original Reference Rate in customary market usage for the purposes of determining reset rates of interest in respect of bonds denominated in euro or, if the Issuer determines that there is no such rate, such other rate as the Issuer in its discretion (in consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner) in its discretion determines is most comparable to the Original Reference Rate;

"**Benchmark Event**" means:

(i) the Original Reference Rate has ceased to be published for a period of at least 5 Business Days or ceasing permanently to be calculated, administered or published; or

(ii) the later of (A) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (B) the date falling six months prior to the specified date referred to in (ii)(A); or

(iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued; or

(iv) the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, on or before a specified date, be permanently or indefinitely discontinued and (B) the date falling six months prior to the specified date referred to in (iv)(A); or

(v) the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means that the Original Reference Rate will, on or before a specified date, be prohibited from being used or that its use will be subject to restrictions or adverse consequences and (B) the date falling six months prior to the specified date referred to in (v)(A); or

(vi) the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that, such Original Reference Rate is or will, on or before a specified date, be no longer representative of an underlying market and (B) the date falling six months prior to the specified date referred to in (vi)(A); or

(vii) it has or will become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original

Reference Rate (including, without limitation, under Regulation (EU) 2016/1011, if applicable);

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser of recognised standing with relevant experience in the international capital markets, in each case appointed by the Issuer at its own expense;

"**Original Reference Rate**" means initially the 5 Year Swap Rate or any component part thereof (provided that if, following one or more Benchmark Events, the Screen Rate (or any Successor Rate or Alternative Reference Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Reference Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Reference Rate, the term "Original Reference Rate" shall include any such Successor Rate or Alternative Reference Rate);

"**Relevant Nominating Body**" means, in respect of a reference rate:

(i) the central bank, reserve bank, monetary authority or any similar institution for the currency to which such reference rate relates, or any other central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, (d) the International Swaps and Derivatives Association, Inc. or any part thereof, or (e) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the reference rate (and related alternative screen page or source, if available) that the Issuer (in consultation with the Independent Adviser, and acting in good faith and in a commercially reasonable manner) determines is a successor to, or replacement of, the Original Reference Rate (for the avoidance of doubt, whether or not such Original Reference Rate has ceased to be available) which is recommended, or formally provided as an option for parties to adopt, by any Relevant Nominating Body.

5. Cancellation of Interest

(a) *Optional cancellation of Interest*: The Issuer may in its sole and absolute discretion (but subject to the requirement for mandatory cancellation of interest pursuant to Conditions 3(g), 5(b), 5(c), 5(d) and 6(a)(iii)) at any time elect to cancel any interest payment, in whole or in part, which is scheduled to be paid on any date.

(b) *Mandatory Cancellation of Interest – Insufficient Distributable Items*: Interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, if and to the extent that the amount of such interest payment otherwise due (together with any additional amounts payable thereon pursuant to Condition 9 (*Taxation*), if applicable), together with any interest payments or other distributions which have been paid or made or which are scheduled to be paid or made during the

then current Financial Year on the Notes and all other own funds instruments of the Issuer (excluding any such interest payments or other distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items) in aggregate would exceed the amount of Distributable Items of the Issuer as at such date.

(c) *Mandatory Cancellation of Interest – Maximum Distributable Amount*: Interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, to the extent that the amount of such interest payment otherwise due (together with any additional amounts payable thereon pursuant to Condition 9 (*Taxation*), if applicable), together with other distributions of the kind referred to in Article 141(2) of the CRD Directive (or any provision of applicable law transposing or implementing Article 141(2) of the CRD Directive, as amended or replaced) or referred to in any other applicable provisions of the Applicable Banking Regulations which require a maximum distributable amount to be calculated and which are required under prevailing Applicable Banking Regulations to be taken into account for this purpose, in aggregate would cause the Maximum Distributable Amount (if any) then applicable to the Group to be exceeded.

(d) *Mandatory Cancellation of Interest – Competent Authority Order*: Interest otherwise due on an Interest Payment Date will not be due (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, to the extent the Competent Authority orders the Issuer or the Group to cancel such payment.

The Issuer will also cancel interest payments (in whole or in part) on the Notes in any other circumstances in which the Applicable Banking Regulations (or where the Competent Authority or an applicable resolution authority acting pursuant to such Applicable Banking Regulations or other applicable laws or regulations) require interest payments on the Notes to be so cancelled (including, but not limited to, if the Issuer or the Group becomes subject to any applicable MREL or leverage-based maximum distributable amount restrictions). See further the risk factor entitled "The Issuer may at any time elect, and in certain circumstances shall be required, not to make interest payments on the Notes."

(e) *Notice of Cancellation of Interest*: Upon the Issuer electing to cancel any interest payment (or part thereof) pursuant to Condition 5(a), or being prohibited from making any interest payment (or part thereof) pursuant to Conditions 3(g), 5(b), 5(c) or 5(d), the Issuer shall, as soon as reasonably practicable on or prior to the scheduled payment date, give notice of such non-payment and the reason therefor to the Noteholders in accordance with Condition 16, provided that any delay in giving or failure to give such notice shall not affect the cancellation of any interest payment (in whole or, as the case may be, in part) by the Issuer and shall not constitute a default under the Notes or for any purpose. Such notice shall specify the amount of the relevant cancellation and, accordingly, the amount (if any) of the relevant interest payment that will be paid on the relevant Date.

(f) *Interest non-cumulative; no default or restrictions*: Any interest payment (or, as the case may be, part thereof) not paid on any relevant scheduled payment date shall be cancelled, shall not accumulate, and will not become due or payable at any time thereafter, whether in the event of the liquidation or bankruptcy of the Issuer or otherwise. The Issuer may use such cancelled payment without restriction and the cancellation of such interest amounts will not impose any restrictions on the Issuer nor

prevent or restrict the Issuer from declaring or making any distributions or interest payments on any of its shares or other instruments or obligations.

If the Issuer does not pay any interest payment (in whole or, as the case may be, in part) on the relevant scheduled payment date, such non-payment (whether the notice referred to in Condition 5(e) or, as appropriate, Condition 6(a) has been given or not) shall evidence either the non-payment and cancellation of such interest payment (in whole or, as the case may be, in part) by reason of it not being due in accordance with Condition 3(g), the cancellation of such interest payment (in whole or, as the case may be, in part) in accordance with Conditions 5(b), 5(c), 5(d) or 6(a) or, as appropriate, the Issuer's exercise of its discretion to cancel such interest payment (in whole or, as the case may be, in part) in accordance with Condition 5(a). Accordingly, any non-payment of any interest (in whole or, as the case may be, in part) will not constitute a default by the Issuer for any purpose (whether under the Notes or otherwise) and the Noteholders shall have no right thereto, whether in the event of the liquidation or bankruptcy of the Issuer or otherwise.

6. Write Down and Write Up

(a) *Write Down:* If, at any time, it is determined (as provided below) that a Trigger Event has occurred:

(i) the Issuer shall (unless the determination was made by the Competent Authority), inform the Competent Authority (or procure that the Competent Authority is informed) immediately following the occurrence of the relevant Trigger Event;

(ii) the Issuer shall, without delay, give the relevant Trigger Event Notice which notice shall be irrevocable;

(iii) any interest which is accrued to the relevant Write Down Date and unpaid shall be automatically and irrevocably cancelled (whether or not the same has become due for payment); and

(iv) the then Prevailing Principal Amount of each Note shall be automatically and irrevocably reduced by the relevant Write Down Amount (such reduction being referred to herein as a "**Write Down**", and "**Written Down**" shall be construed accordingly) as provided below.

Such cancellation and reduction shall take place without the need for the consent of Noteholders and without delay on such date as is selected by the Issuer (the "**Write Down Date**") but which shall be no later than one month following the occurrence of the relevant Trigger Event. The Competent Authority may require that the period of one month referred to above is reduced in cases where the Competent Authority assesses that sufficient certainty on the required Write Down Amount is established or in cases where it assesses that an immediate Write Down is needed.

For the purposes of determining whether a Trigger Event has occurred, the CET1 Ratio may be calculated at any time based on information (whether or not published) available to management of the Issuer and/or to the Competent Authority, including information internally reported within the Issuer pursuant to its procedures for monitoring the CET1 Ratio.

The Issuer intends to calculate and publish the CET1 Ratio of the Group on at least a quarterly basis.

The determination as to whether a Trigger Event has occurred shall be made by the Issuer or the Competent Authority or any agent appointed for such purpose by the Competent Authority. Any such determination shall be binding on the Issuer and the Noteholders.

Any Trigger Event Notice delivered to the Fiscal Agent shall be accompanied by a certificate signed by one or more Authorised Signatories certifying the accuracy of the contents of the Trigger Event Notice upon which the Fiscal Agent shall rely (without liability to any person).

Any delay in giving or any failure by the Issuer to give a Trigger Event Notice and/or the certification referred to in the immediately foregoing paragraph will not, however affect the effectiveness of, or otherwise invalidate, any Write Down, or give Noteholders, the Fiscal Agent or any other person any rights as a result of such failure.

A Trigger Event may occur on more than one occasion (and each Note may be Written Down on more than one occasion).

Any reduction of the Prevailing Principal Amount of a Note pursuant to this Condition (a) shall not constitute a default by the Issuer for any purpose, and the Noteholders shall have no right to claim for amounts Written Down, whether in the winding-up or dissolution of the Issuer or otherwise, save to the extent (if any) such amounts are Written Up in accordance with Condition 6(d).

(b) *Write Down Amount*: The aggregate reduction of the Prevailing Principal Amounts of the Notes outstanding on the Write Down Date will, subject as provided below, be equal to the lower of:

(i) the amount necessary to generate sufficient Common Equity Tier 1 Capital that would result in the CET1 Ratio of the Group being at least 5.125 per cent. at the point of such reduction, after taking into account (subject as provided below and in Condition 6(c)) the *pro rata* write down and/or conversion of the prevailing principal amount of all Loss Absorbing Instruments (if any) to be written down and/or converted concurrently (or substantially concurrently) with the Notes, provided that, with respect to each Loss Absorbing Instrument (if any), such pro rata write down and/or conversion shall only be taken into account to the extent required to achieve the CET1 Ratio contemplated above to the lower of (a) such Loss Absorbing Instrument's trigger level (or, if it has more than one such trigger level, the higher or highest effective trigger level) and (b) the trigger level in respect of which the relevant Trigger Event under the Notes has occurred and, in each case, in accordance with the terms of the relevant Loss Absorbing Instruments and the Applicable Banking Regulations; and

(ii) the amount that would result in the Prevailing Principal Amount of a Note being reduced to one cent.

The aggregate reduction determined in accordance with the immediately preceding paragraph shall be applied to all of the Notes *pro rata* on the basis of their Prevailing Principal Amount immediately prior to the Write Down and references herein to

"**Write Down Amount**" shall mean, in respect of each Note, the amount by which the Prevailing Principal Amount of such Note is to be Written Down accordingly.

In calculating any amount in accordance with Condition 6(b)(i), the Common Equity Tier 1 Capital (if any) generated as a result of the cancellation of interest pursuant to Condition 6(a)(iii) shall not be taken into account.

If, in connection with the Write Down or the calculation of the Write Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall be written down and/or converted in full and not in part only ("**Full Loss Absorbing Instruments**") then:

(A) the provision that a Write Down of the Notes should be effected *pro rata* with the write down and/or conversion, as the case may be, of any Loss Absorbing Instruments shall not be construed as requiring the Notes to be Written Down in full solely by virtue of the fact that such Full Loss Absorbing Instruments may be written down and/or converted in full; and

(B) for the purposes of calculating the Write Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write down of principal and/or conversion, as the case may be, among the Notes and any Loss Absorbing Instruments on a *pro rata* basis) as if their terms permitted partial write down and/or conversion, such that the write down and/or conversion of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages: (I) first, the principal amount of such Full Loss Absorbing Instruments shall be written down and/or converted *pro rata* (in the manner contemplated above) with the Notes and all other Loss Absorbing Instruments to the extent necessary to achieve the CET1 Ratio referred to in Condition 6(b)(i); and (II) secondly, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (I) shall be written off and/or converted, as the case may be, with the effect of increasing the CET1 Ratio above the minimum required under Condition 6(b)(i).

To the extent the write down and/or conversion of any Loss Absorbing Instruments for the purpose of Condition 6(b)(i) is not possible for any reason, this shall not in any way prevent any Write Down of the Notes. Instead, in such circumstances, the Notes will be Written Down and the Write Down Amount determined as provided above but without including for the purpose of Condition 6(b)(i) any Common Equity Tier 1 Capital in respect of the write down or conversion of such Loss Absorbing Instruments, to the extent it is not possible for them to be written down and/or converted.

The Issuer shall set out its determination of the Write Down Amount per Calculation Amount in the relevant Trigger Event Notice together with the then Prevailing Principal Amount per Calculation Amount following the relevant Write Down. However, if the Write Down Amount has not been determined when the Trigger Event Notice is given, the Issuer shall, as soon as reasonably practicable following such determination, notify the Write Down Amount to the Noteholders in accordance with Condition 16, the Fiscal Agent and the Competent Authority and, at the same time, shall deliver a certificate signed by one or more Authorised Signatories certifying the accuracy of the contents of such notice, upon which the Fiscal Agent shall rely (without liability to any person). The Issuer's determination of the relevant Write Down Amount shall be irrevocable and binding on all parties.

(c) *Consequences of a Write Down*: Following a reduction of the Prevailing Principal Amount of the Notes as described in accordance with Condition 6(a), interest will continue to accrue on the Prevailing Principal Amount of each Note following such reduction, and will be subject to Conditions 3(g), 5(a), 5(b), 5(c), 5(d) and 6(a).

Following any Write Down of a Note, references herein to "**Prevailing Principal Amount**" shall be construed accordingly. Once the Prevailing Principal Amount of a Note has been Written Down, the relevant Write Down Amount(s) may only be restored, at the discretion of the Issuer, in accordance with Condition 6(d).

Following the giving of a Trigger Event Notice which specifies a Write Down of the Notes, the Issuer shall procure that (i) a similar notice is given in respect of Loss Absorbing Instruments in accordance with their terms and (ii) the then prevailing principal amount of each series of Loss Absorbing Instruments outstanding (if any) is written down and/or converted in accordance with their terms following the giving of such Trigger Event Notice; provided, however, that any failure by the Issuer either to give such a notice or to procure such a write down and/or conversion will not affect the effectiveness of, or otherwise invalidate, any Write Down of the Notes pursuant to Condition 6(a) or give Noteholders any rights as a result of either such failure (and, for the avoidance of doubt, the Write Down Amount may increase as a result thereof).

(d) *Write Up*: The Issuer shall have, save as provided below, full discretion to reinstate, to the extent permitted in compliance with the Applicable Banking Regulations, any portion of the principal amount of the Notes which has been Written Down and which has not previously been Written Up (such portion, the "**Write Up Amount**"). The reinstatement of the Prevailing Principal Amount (such reinstatement being referred to herein as a "**Write Up**", and "**Written Up**" shall be construed accordingly) may occur on more than one occasion (and each Note may be Written Up on more than one occasion) provided that the principal amount of each Note shall never be Written Up to an amount greater than its Initial Principal Amount.

To the extent that the Prevailing Principal Amount of the Notes has been Written Up as described above, interest shall begin to accrue from (and including) the date of the relevant Write Up on the increased Prevailing Principal Amount of the Notes.

Any such Write Up of the Notes shall be made on a *pro rata* basis and without any preference among the Notes and on a *pro rata* basis with the write up of all Written Down Additional Tier 1 Instruments (if any). Any failure by the Issuer to Write Up the Notes on a *pro rata* basis with the write up of all Written Down Additional Tier 1 Instruments (if any), however, will not affect the effectiveness, or otherwise invalidate, any Write Up of the Notes and/or write up of the Written Down Additional Tier 1 Instruments or give Noteholders any rights as a result of such failure.

Any Write Up of the Prevailing Principal Amount of the Notes and any reinstatement of any Written Down Additional Tier 1 Instruments may not exceed the Maximum Distributable Amount (after taking account of (x) any other relevant distributions of the kind referred to in Article 141(2) of the CRD Directive (or any provision of applicable law transposing or implementing Article 141(2) of the CRD Directive, as amended or replaced), or in any other applicable provisions of the Applicable Banking Regulations which require a maximum distributable amount to be calculated and which are required under prevailing Applicable Banking Regulations to be taken into account for this purpose and (y) the requirements of Article 21.2(f) of the CRR Supplementing Regulation, as amended or replaced).

Further, any Write Up of the Prevailing Principal Amount of the Notes may not be made to the extent that the sum of:

(i) the aggregate amount of the relevant Write Up on all the Notes on the Write Up Date;

(ii) the aggregate amount of any other Write Up on the Notes since the Specified Date and prior to the Write Up Date;

(iii) the aggregate amount of any interest payments paid on the Notes since the Specified Date and which accrued on the basis of a Prevailing Principal Amount which is less than the Initial Principal Amount;

(iv) the aggregate amount of the increase in principal amount of each Written Down Additional Tier 1 Instrument at the time of the relevant Write Up;

(v) the aggregate amount of any other increase in principal amount of each Written Down Additional Tier 1 Instrument since the Specified Date and prior to the time of the relevant Write Up; and

(vi) the aggregate amount of any interest payments paid on all Loss Absorbing Instruments since the Specified Date and which accrued on the basis of a prevailing principal amount which is less than its initial principal amount,

would exceed the Maximum Write Up Amount.

As used above:

"**Maximum Write Up Amount**" means, as at any Write Up Date, the consolidated profits after tax of the Group, as calculated and set out in the then most recently published audited annual consolidated accounts of the Group, multiplied by the sum of the aggregate Initial Principal Amount of the outstanding Notes and the aggregate initial principal amount of all outstanding Written Down Additional Tier 1 Instruments of the Group, and divided by the total Tier 1 Capital of the Group as at the relevant Write Up Date; and

"**Specified Date**" means in respect of a Write Up, the date falling at the end of the Financial Year immediately preceding the relevant Write Up Date.

Any Write Up will be subject to (a) it not causing a Trigger Event, (b) the Issuer having taken a formal decision confirming such final profits after tax and (c) the Issuer obtaining any Regulatory Permission required therefor (provided at the relevant time such Regulatory Permission is required to be given) and such Regulatory Permission not having been revoked by the relevant date of such Write Up.

If the Issuer elects to Write Up the Notes pursuant to this Condition 6(d), notice (a "**Write Up Notice**") of such Write Up shall be given to Noteholders in accordance with Condition 16, the Fiscal Agent and the Competent Authority specifying the amount of any Write Up and the date on which such Write Up shall take effect (the "**Write Up Date**"). Such Write Up Notice shall be given at least ten Business Days prior to the date on which the relevant Write Up is to become effective.

(e) *Currency*: For the purpose of any calculation in connection with a Write Down or Write Up of the Notes which necessarily requires the determination of a figure in euro (or in

an otherwise consistent manner across obligations denominated in different currencies), including (without limitation) any determination of a Write Down Amount and/or a Maximum Write Up Amount, any relevant obligations which are not denominated in euro shall, (for the purposes of such calculation only) be deemed notionally to be converted into euro at the foreign exchange rates determined, in the sole and full discretion of the Issuer, to be applicable based on its regulatory reporting requirements under the Applicable Banking Regulations.

7. Redemption and Purchase

(a) *No fixed redemption date*: The Notes are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall, without prejudice to its ability to effect a Write Down in accordance with Condition 6(a), only have the right to redeem or purchase them in accordance with the following provisions of this Condition 7.

(b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer (subject to Condition 7(j) (*Conditions to Redemption, Substitution, Variation or Repurchase*)) in whole, but not in part, at any time, on giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall be irrevocable) at a price equal to 100 per cent. of their Prevailing Principal Amount, together with any accrued and unpaid interest (excluding interest that has been cancelled in accordance with these Conditions) to the date fixed for redemption, if:

(i) (A) a Withholding Tax Event occurs; or

(B) a Tax Event occurs; and

(ii) both a Tax Certificate and a Tax Opinion have been delivered to the Fiscal Agent by the Issuer.

However, where the Issuer would be obliged to pay additional amounts, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Upon the expiry of any such notice as is referred to in this Condition 7(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 7(b).

For the purpose of this Condition 7(b):

"**Change in Tax Law**" means any:

(i) amendment to, clarification of, or change in, the laws or regulations of any Taxing Jurisdiction; or

(ii) governmental action in the Taxing Jurisdiction; or

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

which such amendment, change, action, pronouncement, interpretation or decision is made known;

"**Relevant Jurisdiction**" means the jurisdiction in which the Issuer is incorporated at the relevant time;

"**Tax Certificate**" means a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect the redemption of the Notes pursuant to this Condition 7(b) and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred;

"**Tax Event**" shall occur if, as a result of any Change in Tax Law of the Taxing Jurisdiction, which becomes effective or is announced on or after the Issue Date:

(i) the Issuer is, or will be, subject to additional taxes, duties or other governmental charges with respect to the Notes as the case may be;

(ii) the Issuer is not, or will not, be entitled to claim a deduction in respect of payments in respect of the Notes as the case may be in computing its taxation liabilities (or the value of such deduction would be materially reduced); or

(iii) the Issuer will or would, in the future, have to bring into account a taxable credit, taxable profit or the receipt of taxable income if the principal amount of the Notes were Written Down;

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

"**Tax Opinion**" means an opinion of independent legal advisers (experienced in such matters and of recognised standing) in the relevant Taxing Jurisdiction stating that the circumstances constituting the Tax Event or Withholding Tax Event (as the case may be) are prevailing; and

"**Withholding Tax Event**" shall occur if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any Change in Tax Law, which change or amendment becomes effective on or after the Issue Date, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

(c) *Redemption at the option of the Issuer*: The Notes may be redeemed at the option of the Issuer (but subject to Condition 7(j) (*Redemption and Purchase - Conditions to Redemption, Substitution, Variation or Repurchase*)) in whole, but not in part on the First Reset Date, or on any Interest Payment Date thereafter (the "**Optional Redemption Date**") at a price equal to 100 per cent. of their Prevailing Principal Amount on the Issuer's giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the Optional Redemption Date at such price plus any accrued and unpaid interest (excluding interest that has been cancelled in accordance with these Conditions) to such date).

(d) *Issuer residual call*: Subject to Condition 7(j) (*Redemption and Purchase - Conditions to Redemption, Substitution, Variation or Repurchase*), if, at any time the outstanding aggregate principal amount of the Notes is 20 per cent. or less of the aggregate principal amount of the Notes originally issued (which shall include, for these purposes, any further Notes issued pursuant to Condition 15 (*Further Issues*) and consolidated with the Notes shall be deemed to have been originally issued and any Write Down and/or Write Up of the principal amount of the Notes shall be disregarded), the Issuer may redeem all (but not some only) of the remaining outstanding Notes on any date upon giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall specify the date for redemption and shall be irrevocable), at a price equal to 100 per cent. of their Prevailing Principal Amount together with any accrued and unpaid interest (excluding interest that has been cancelled in accordance with these Conditions) up to (but excluding) the date of redemption.

(e) *Early Redemption as a result of an MREL Disqualification Event*: Upon the occurrence of an MREL Disqualification Event in respect of the Notes (but subject to Condition 7(j) (*Redemption and Purchase - Conditions to Redemption or Repurchase*)), the Issuer may at any time after the MREL Disqualification Event Effective Date, at its option having given not less than 15 days' nor more than 30 days' notice to the Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable and delivery thereof shall oblige the Issuer to make the redemption therein specified) redeem all (but not some only) of the Notes at a price equal to 100 per cent. of their Prevailing Principal Amount together with any accrued and unpaid interest (excluding interest that has been cancelled in accordance with these Conditions) up to (but excluding) the date of redemption, subject to these Conditions.

(f) *Early Redemption as a result of a Capital Event*: Upon the occurrence of a Capital Event in respect of the Notes (but subject to Condition 7(j) (*Redemption and Purchase - Conditions to Redemption or Repurchase*)), the Issuer may, at its option, having given not less than 15 days' nor more than 30 days' notice to the Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable and delivery thereof shall oblige the Issuer to make the redemption therein specified) redeem all (but not some only) of the Notes at any time at a price equal to 100 per cent. of their Prevailing Principal Amount together with any accrued and unpaid interest (excluding interest that has been cancelled in accordance with these Conditions) up to (but excluding) the date of redemption, subject to these Conditions.

(g) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 7(b) to (e) (*Early Redemption as a result of a Capital Event*) above.

(h) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons and unexchanged Talons are purchased therewith, and **provided that** any such purchases will be subject to Condition 7(i) (*Redemption and Purchase - Conditions to Redemption or Repurchase*) and made in accordance with the Applicable Banking Regulations. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

Any refusal by the Competent Authority (if required) to grant its approval or permission as described above will not constitute a default for any purpose in respect of the Notes.

(i) *Cancellation*: All Notes that are redeemed and surrendered for cancellation by the Issuer or any of its Subsidiaries (along with any unmatured Coupons or unexchanged Talons attached to or surrendered with them) shall be cancelled and may not be reissued or resold.

(j) *Conditions to Redemption, Substitution, Variation or Repurchase*: The Issuer may redeem or repurchase the Notes (and give notice thereof to the Noteholders) in accordance with this Condition 7, only if such redemption or repurchase is in accordance with the Applicable Banking Regulations (if applicable) and it has been granted the permission of the Competent Authority and such permission has not been revoked by the relevant date of such redemption, substitution, variation or repurchase, and in addition if:

(i) on or before such redemption or repurchase of the Notes, the Issuer replaces the Notes with own funds instruments of an equal or higher quality on terms that are sustainable for its income capacity; or

(ii) on or before such redemption or repurchase of the Notes, the Issuer has demonstrated to the satisfaction of the Competent Authority that its own funds and eligible liabilities would, following such redemption or repurchase, exceed the requirements under the Applicable Banking Regulations by a margin that (save as provided below) the Competent Authority may consider necessary; or

(iii) in the case of redemption or repurchase before five years after the Issue Date of the Notes (or if later, five years after the issue date of any further notes issued pursuant to Condition 15 (*Further Issues*)), either of the conditions listed in paragraphs (i) and (ii) above is met, and either:

(A) in the case of redemption due to the occurrence of a Capital Event, (i) the Competent Authority considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the Capital Event was not reasonably foreseeable at the time of the issuance of the Notes; or

(B) in the case of redemption due to the occurrence of a taxation reason pursuant to Condition 7(b) (*Redemption for tax reasons*), the Issuer demonstrates to the satisfaction of the Competent Authority that such change in tax treatment is material and was not reasonably foreseeable at the time of issuance of the Notes; or

(C) before or at the same time of such redemption or repurchase, the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for its income capacity and the Competent Authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or

(D) the Notes are repurchased for market making purposes; and

(iv) in the case of a redemption of the Notes pursuant to Condition 7(c), the Prevailing Principal Amount of each Note is equal to its Initial Principal Amount.

Any refusal by the Competent Authority (if required) to grant its approval or permission as described above will not constitute a default for any purpose in respect of the Notes.

In addition, if the Issuer has elected to redeem the Notes, or if the Issuer (or any other person for the Issuer's account) has entered into an agreement to purchase any Notes and:

(A) the Solvency Condition is not satisfied in respect of the relevant payment on the date scheduled for redemption or purchase; or

(B) prior to the redemption or repurchase of the Notes, a Trigger Event occurs,

the relevant redemption notice or, as the case may be, the relevant purchase agreement shall be automatically rescinded and shall be of no force and effect and the Issuer shall give notice thereof to the Noteholders in accordance with Condition 16 and the Fiscal Agent, as soon as practicable.

Further, no notice of redemption shall be given in the period following the occurrence of a Trigger Event and prior to the relevant Write Down Date (and any purported such notice shall be ineffective).

8. Payments

(a) *Principal*: Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by transfer to a euro account (or other account to which euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to T2.

(b) *Interest*: Payments of interest shall, subject to paragraph (g) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.

(c) *Interpretation*: In these Conditions:

"**T2**" means the Trans-European Automated Real Time Gross Settlement Express Transfer System operated by the Eurosystem, or any successor or replacement for that system; and

"**TARGET Settlement Day**" means any day on which T2 is open for the settlement of payments in euro.

(d) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment or any other laws and regulations to which the Issuer or Paying Agents are subject, but without prejudice to the provisions of Condition 9 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9 (*Taxation*)) any law implementing an intergovernmental approach thereto. No

commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Unmatured Coupons*: Upon the presentation of any Note, all unmatured Coupons and unexchanged Talons (if any) relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them. Upon any Note becoming due and repayable, all unmatured Coupons and unexchanged Talons (if any) appertaining thereto will become void and no further Coupons or Talons will be issued in respect thereof.

(f) *Payments on business days*: If the due date for payment of any amount in respect of any Note, Coupon or Talon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a euro account as referred to above, a day on which T2 is open for the settlement of payments in Euro.

(g) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.

(h) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note, Coupon or Talon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

9. Taxation

(a) *Gross up:* All payments of principal, interest and other amounts in respect of the Notes and the Coupons by or on behalf of the Issuer shall (subject always to Conditions 3(g), 5, 6 and 7(i)) be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Estonia or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, in respect of interest (but not principal or any other amount), the Issuer shall (subject as aforesaid) pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note, Coupon or Talon presented for payment:

(i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Coupon or Talon by reason of its having some connection with Estonia other than the mere holding of the Note, Coupon or Talon; or

(ii) more than 30 days after the Relevant Date except to the extent that the holder of such Note, Coupon or Talon would have been entitled to such additional

amounts on presenting such Note, Coupon or Talon for payment on the last day of such period of 30 days.

(b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than Estonia, references in these Conditions to Estonia shall be construed as references to Estonia and/or such other jurisdiction.

References in these Conditions (including, without limitation, for the purposes of cancellation pursuant to Condition 5) to interest shall be deemed to include any additional amounts which may be payable under this Condition 9.

10. Enforcement

(a) If any of the following events occurs:

(i) *Non-payment:* the Issuer fails to pay any amount of principal due in respect of the Notes (without prejudice to Condition 3(g), Condition 5 or Condition 6(a)) for more than seven business days; or

(ii) *Winding-up, etc.:* if any order is made by any competent court or resolution passed for the voluntary or involuntary liquidation, bankruptcy or otherwise winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution (a "**Winding-Up**"),

any Noteholder may:

(A) (in the case of paragraph (i) above) institute proceedings for the Winding-Up of the Issuer, in each case, in Estonia and not elsewhere, and prove or claim in the Winding-Up of the Issuer; and/or

(B) (in the case of paragraph (ii) above) prove or claim in the Winding-Up of the Issuer, whether in Estonia or elsewhere and instituted by the Issuer itself or by a third party,

but (in either case) the Noteholder may claim payment in respect of the Note only in the Winding-Up of the Issuer.

(b) For the avoidance of doubt, no amounts shall be due in respect of the Notes if payment of the same shall have been cancelled in accordance with Condition 3(g), Condition 5, Condition 6(a)(iii), Condition 6(a)(iv) and/or Condition 7(i), and accordingly non-payment of such amounts shall not constitute a default.

(c) Any Noteholder may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes (other than, without prejudice to Conditions 10(a) and 10(b) any obligation for the payment of any principal or interest in respect of the Notes, including any damages for breach of obligation) ***provided that*** the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it, except with the prior approval of the Competent Authority (if such approval is then required under the Applicable Banking Regulations).

(d) No remedy against the Issuer, other than as provided in Conditions 10(a), 10(b) and 10(c) above, shall be available to the Noteholders, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations or undertakings with respect to the Notes.

11. Prescription

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

12. Replacement of Notes, Coupons and Talons

If any Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

13. Paying Agents and Calculation Agent

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents and Calculation Agent act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agent and its initial Specified Office is listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent or Calculation Agent and to appoint a successor fiscal agent or calculation agent and additional or successor paying agents or calculation agents; *provided, however, that* the Issuer shall at all times maintain a fiscal agent and a calculation agent.

Notice of any change in any of the Paying Agents or Calculation Agents or in their Specified Offices shall promptly be given to the Noteholders.

14. Meetings of Noteholders; Modification and Waiver

(a) *Meetings of Noteholders*: The Agency Agreement contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-fifth of the aggregate Prevailing Principal Amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing more than half of the aggregate Prevailing Principal Amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the Prevailing Principal Amount of the Notes held or represented; *provided, however, that* Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate Prevailing Principal Amount of

the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders, who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) *Modification*: The Notes, these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error or to comply with Mandatory Provision of Law. Any modification or waiver of these Conditions will, in each case, be effected in accordance with Applicable Banking Regulations. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

15. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders but subject to any Regulatory Permission required therefor (and such Regulatory Permission not having been revoked at the relevant date of such creation and issue), create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

16. Notices

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the Financial Times) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe and, if the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system by publication in a manner such that the rules of such listing authority, stock exchange and/or quotation system by which the Notes have then been admitted to listing, trading and/or quotation have been complied with. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

17. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.) and (b) all amounts denominated in euros used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up).

18. Substitution and Variation of the Notes

If at any time an MREL Disqualification Event, a Capital Event, Withholding Tax Event or Tax Event occurs, or to ensure the effectiveness or enforceability of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*), the Issuer may, subject to Condition 7(i) (*Conditions to Redemption, Substitution, Variation or Repurchase*) and the Applicable Banking Regulations (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days' notice to the Fiscal Agent (in accordance with the Agency Agreement) and the Noteholders (which notice shall be irrevocable), at any time either:

(a) substitute all (but not some only) of the Notes for new subordinated notes, which are Qualifying Securities; or

(b) vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Securities,

provided that, in each case:

(i) such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities; and

(ii) the solicited credit ratings of the Qualifying Securities would be at least equal to the solicited credit ratings assigned to the Notes by any rating agency immediately prior to such variation or substitution (unless any such difference is solely attributable to the effectiveness and enforceability of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*)); and

(iii) such variation or substitution is not materially less favourable to Noteholders (unless any such prejudice is solely attributable to the effectiveness and enforceability of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*)).

For the avoidance of doubt, any such substitution or variation shall not be deemed to be a modification or amendment for the purposes of Condition 14 (*Meetings of Noteholders; Modification and Waiver*).

Any substitution or variation in accordance with this Condition 18 is subject to the Issuer obtaining prior written consent of the Competent Authority (if such approval is then required under the Applicable Banking Regulations) and complying with the rules of any competent authority, stock exchange and/or quotation system by or on which the Notes are, for the time being, listed, traded and/or quoted.

For the purpose of this Condition 18, a variation or substitution shall be "**materially less favourable to holders**" if such varied or substituted securities do not:

(i) include a ranking at least equal to that of the Notes pursuant to Condition 3 (*Status and Subordination*), as applicable;

(ii) have the same interest rate and the same interest payment dates as those from time to time applying to the Notes;

(iii) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including as to timing and amounts payable in respect of any such redemption;

(iv) have the same currency of payment, denomination and original aggregate outstanding nominal amount as the Notes prior to such variation or substitution;

(v) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the interest payment date last preceding the date of substitution or variation; or

(vi) have a listing on a recognised stock exchange if the Notes were listed immediately prior to such variation or substitution; and

"**Qualifying Securities**" means securities issued directly or indirectly by the Issuer that contain terms which:

(i) if, immediately prior to such variation or substitution, the Notes qualify as Additional Tier 1 Capital of the Group, result in such securities being eligible to qualify towards the Group's Additional Tier 1 Capital, or

(ii) if, immediately prior to such variation or substitution, the Notes qualify as eligible liabilities and/or loss absorbing capacity of the Issuer and/or the Group (but not Additional Tier 1 Capital of the Group), result in such securities being eligible to qualify towards the Issuer's and/or the Group's eligible liabilities and/or loss absorbing capacity,

in each case for the purposes of, and in accordance with, the relevant Applicable Banking Regulations to at least the same extent as the Notes prior to the relevant MREL Disqualification Event, Capital Event, Withholding Tax Event or Tax Event.

In addition, if the Issuer has elected to substitute or vary the terms of the Notes and prior to the substitution or variation of the Notes, a Trigger Event occurs, the relevant substitution or variation notice shall be automatically rescinded and shall be of no force and effect and the Issuer shall give notice thereof to the Noteholders in accordance with Condition 16 and the Fiscal Agent, as soon as practicable. Further, no notice of substitution or variation shall be given in the period following the occurrence of a Trigger Event and prior to the relevant Write Down Date (and any purported such notice shall be ineffective).

19. Substitution of the Issuer

(a) Subject to, and as provided in, this Condition 19, the Issuer may, without the consent of any Noteholder or Couponholder, substitute for itself any other body corporate incorporated in any country in the world (including any Successor in Business or any Holding Company or subsidiary of the Issuer) as the debtor in respect of the Notes, any Coupons, the Agency Agreement and the Deed of Covenant (the "**Substituted Debtor**") upon notice by the Issuer to be given in accordance with Condition 16 (*Notices*), provided that:

(i) the Issuer is not in default in respect of any amount payable under the Notes;

(ii) the Issuer and the Substituted Debtor have entered into such documents (the "**Documents**") as are necessary to give effect to the substitution and in which the Substituted Debtor has undertaken in favour of each Noteholder to be bound by these Conditions and the provisions of the Agency Agreement as the debtor in respect of the Notes in place of the Issuer (or of any previous substitute under this Condition 19);

(iii) except if the Substituted Debtor is an Excluded Entity in relation to the Issuer, the Issuer shall unconditionally and irrevocably guarantee (such guarantee, the "**Guarantee**" and such guarantor, the "**Guarantor**") in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as such principal debtor, with the obligations of the Guarantor under the Guarantee ranking *pari passu* with the Issuer's obligations under the Notes prior to the substitution becoming effective;

(iv) the Substituted Debtor shall enter into a deed of covenant in favour of the Noteholders on terms no less favourable than the Deed of Covenant then in force in respect of the Notes;

(v) if the Substituted Debtor is resident for tax purposes in a territory (the "**New Residence**") other than that in which the Issuer prior to such substitution was resident for tax purposes (the "**Former Residence**"), the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of an undertaking in terms corresponding to the provisions of Condition 9 (*Taxation*), with the substitution of references to the Former Residence with references to the New Residence;

(vi) the Substituted Debtor and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the performance by the Substituted Debtor of its obligations under the Documents (if such approval or consent is then required under the Applicable Banking Regulations);

(vii) each stock exchange and/or quotation system by or on which the Notes are, for the time being, listed, traded and/or quoted shall have confirmed that, following the proposed substitution of the Substituted Debtor, the Notes will continue to be listed, traded and/or quoted on such stock exchange and/or quotation system; and

(viii) if applicable, the Substituted Debtor has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes and any related Coupons.

(b) Any substitution or variation in accordance with this Condition 19 is subject to the Issuer obtaining prior written consent of the Competent Authority (if such approval is then required under the Applicable Banking Regulations) and complying with the rules of any competent authority.

(c) Upon such substitution the Substituted Debtor shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Notes, any Coupons, the Deed of Covenant and the Agency Agreement with the same effect as if the Substituted Debtor had been named as the Issuer herein, and the Issuer shall be released from its obligations under the Notes, any Coupons, the Deed of Covenant and the Agency Agreement.

(d) After a substitution pursuant to paragraph (a) the Substituted Debtor may, without the consent of any Noteholder or Couponholder, effect a further substitution. All the provisions specified in paragraphs (a), (b) and (c) shall apply *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substituted Debtor.

(e) After a substitution pursuant to paragraph (a) or paragraph (d) any Substituted Debtor may, without the consent of any Noteholder or Couponholder, reverse the substitution, *mutatis mutandis*.

(f) The Documents may (at the option of the Issuer and the Substituted Debtor) contain such amendments to these Conditions that the Issuer and the Substituted Debtor may (in their sole discretion) determine are necessary solely for the purposes of ensuring that the Notes would have been eligible to count as Additional Tier 1 Capital of the Issuer on a solo basis as well as the Group on a consolidated basis in accordance with the Applicable Banking Regulations as at the Issue Date (assuming for such purposes that the Issuer had a solo capital requirement on the Issue Date). Such amendments may include (without limitation) amendments to: (i) the operation of the Write-Down and Write-Up provisions in Condition 6 (*Write Down and Write Up of Principal Amount*), such that the Common Equity Tier 1 Ratio of the Substituted Debtor on a solo basis is taken into account for the purposes of determining whether a Trigger Event has occurred and for determining the applicable Write Down Amount and such that the unconsolidated net profit after tax of the Substituted Debtor is taken into account for the purposes of calculating the Maximum Write-Up Amount (provided always that the additional Trigger Event shall be set at the lowest level permitted by the Applicable Banking Regulations at the Issue Date, being 5.125 per cent.); (ii) the definition and provisions relating to the Maximum Distributable Amount such that any applicable maximum distributable amount relating to the Substituted Debtor on a solo basis is taken into account; and (iii) (notwithstanding that such change is not strictly necessary for ensuring that the Notes would have counted as Additional Tier 1 Capital for the Issuer as described above) the definition of "Capital Event" such that the reference to "the Group" is amended to refer to "the Issuer and the Group".

(g) The Documents shall be delivered to, and kept by, the Fiscal Agent. Copies of the Documents will be available free of charge during normal business hours at the Specified Office of the Fiscal Agent for inspection by Noteholders upon provision of proof of holding and identification satisfactory to the Fiscal Agent.

For the purposes of this Condition 19:

"**Excluded Entity**" means any Successor in Business of the Issuer, any Holding Company of the Issuer, AS LHV Pank or any Successor in Business of AS LHV Pank;

"**Holding Company**" means (in relation to another body corporate ("**Company B**")) a body corporate which:

(a) holds a majority of the voting rights in Company B; or

(b) is a member of Company B and has the right to appoint or remove a majority of its board of directors; or

(c) is a member of Company B and controls alone, under an agreement with other shareholders and members, a majority of the voting rights in Company B.

"**Successor in Business**" shall mean, in relation to the Issuer, any company which:

(a) owns beneficially the whole or substantially the whole of the property and assets owned by the Issuer immediately prior thereto; and

(b) carries on, as successor to the Issuer, the whole or substantially the whole of the business carried on by the Issuer immediately prior thereto.

20. Governing Law and Jurisdiction

(a) *Governing law*: The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law, except for:

(i) Conditions 3(a) to (f) (both inclusive) and 3(h); and

(ii) Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*),

which shall be governed by Estonian law.

(b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute regarding any non-contractual obligation arising out of or in connection with the Notes).

(c) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(d) *Rights of the Noteholders to take proceedings outside England*: Notwithstanding Condition 20(b) (*English courts*), any Noteholder may take proceedings relating to a Dispute ("**Proceedings**") in addition to the courts of England, in any other court of Member States in accordance with the Brussels Ia Regulation or of States that are parties to the Lugano II Convention. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions identified in this Condition 20 that are competent to hear those Proceedings.

(e) *Service of process*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to LHV Bank Limited, at its office at 1 Angel Court, London, United Kingdom, EC2R 7HJ, or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders. Nothing in this paragraph (e) shall affect the right of any Noteholder to serve process in any other manner permitted by law. This paragraph (e) applies to Proceedings in England and to Proceedings elsewhere.

In this Condition 20:

"**Brussels Ia Regulation**" means Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, as amended; and

"**Lugano II Convention**" means the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, signed on 30 October 2007.

21. Acknowledgement of Bail-in and Loss Absorption Powers

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes

of this Condition 21, includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of such Bail-in and Loss Absorption Powers as may be exercised by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

(a) the effect of the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in some or any of the following, or a combination thereof:

(i) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;

(ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;

(iii) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and

(iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and

(b) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority.

For the purposes of this Condition 21:

"**Bail-in and Loss Absorption Powers**" means any loss absorption, write down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, the SRM Regulation, or any laws, regulations, rules or requirements in effect in Estonia, relating to (i) the transposition of the BRRD and (ii) the instruments, rules and standards created thereunder, as applicable, pursuant to which any obligation of the Issuer or any member of the Group (or any affiliate of the Issuer or any member of the Group) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period).

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

"**Relevant Resolution Authority**" means the resolution authority with the ability to exercise any Bail-in and Loss Absorption Powers in relation to the Issuer and/or the Group.

For the avoidance of doubt, any exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority will not constitute a default for any purposes in respect of the Notes.

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

Upon the exercise of the Bail-in and Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes, the Issuer will provide a written notice to the Noteholders in accordance with Condition 16 (*Notices*) as soon as practicable regarding such exercise of the Bail-in and Loss Absorption Powers but any delay or failure to provide such notice shall not affect the validity or enforceability of such exercise of the Bail-in and Loss Absorption Powers.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Issue Date with a common depositary for Euroclear and Clearstream, Luxembourg.

The Temporary Global Note will be exchangeable, in whole or in part, for interests in the Permanent Global Note not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Temporary Global Note cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in the denominations of EUR 200,000 and higher integral multiples of EUR 1,000 in excess thereof up to and including EUR 399,000 each at the request of the bearer of the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 10 (*Enforcement*) occurs.

So long as the Notes are represented by a Temporary Global Note or a Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum denomination of EUR 200,000 and higher integral multiples of EUR 1,000 in excess thereof, notwithstanding that no Definitive Notes will be issued with a denomination above EUR 399,000.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or

(b) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under a deed of covenant dated 30 April 2025 (the "**Deed of Covenant**")). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payments on business days: In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note "**business day**" means any day on which T2 is open.

Notices: Notwithstanding Condition 16 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common depositary for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

Calculation of interest: The calculation of any interest amount in respect of any Note which is represented by the Temporary Global Note or the Permanent Global Note will be calculated on the aggregate outstanding nominal amount of the Notes represented by Temporary Global Note or the Permanent Global Note and not by reference to the Calculation Amount (such principal amount being subject to Write Up or Write Down pursuant to Condition 6 (*Write Down and Write Up*)).

Electronic Consent and Written Resolution: While any Global Note is held on behalf of a clearing system, then:

(a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which a special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) accountholders in the clearing system with entitlements to such Global Note and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for

the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Xact WebPortal system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used by the Issuer for general corporate purposes of the Group.

SELECTED CONSOLIDATED RATIOS AND APMS

The table below shows selected consolidated ratios for the Group as at and for the three months ended 31 March 2025 and the years ended 31 December in 2024 and 2023, which are derived from the Interim Financial Statements and the 2024 Financial Statements respectively.

	As at/for the three months ended 31 March	As at/for the years ended 31 December	
	2025 (*unaudited*)	**2024** (*unaudited*)	**2023** (*unaudited, restated*)
	(*per cent.*)		
Performance measures			
Return on average assets[(1)]	1.4	1.9	2.1
Return on average equity[(2)]	17.0	24.5	29.0
Cost to income ratio[(3)]	47.3	43.4	42.3
Financial ratios			
Net interest margin[(4)]	2.89	3.48	3.88
Interest spread[(5)]	2.67	3.26	3.76
Asset quality			
Non-performing loans ratio[(6)]	2.5	0.8	0.7
Non-performing loans coverage ratio[(7)]	38.1	105.8	126.3
Loans to deposits ratio[(8)]	71.6	65.9	62.1
Other ratios			
LCR[(9)]	186.2	187.5	194.2
LCR, adjusted for deposits of financial intermediaries[(10)]	392.4	469.5	449.9
NSFR[(9)]	141.6	154.4	160.2
Leverage ratio[(9)]	7.13	6.71	6.78
Core equity tier 1 capital adequacy ratio[(9)(14)]	17.15	16.89	17.01
Tier 1 capital adequacy ratio[(9)(14)]	18.19	17.96	19.17
Total capital adequacy ratio[(9)(14)]	20.85	20.68	23.45
MREL-TREA[(9)(14)(15)]	33.10	33.24	34.16
MREL-LRE[(9)(14)(15)]	12.98	12.41	12.08
Key ratios for LHV Pank			
Cost to income ratio[(3)]	39.4	34.5	32.8
Pre-tax return on average equity[(11)]	22.7	29.3	35.8
Return on average equity[(2)]	18.4	25.0	30.9
Tier 1 capital adequacy ratio[(9)(14)]	16.90	17.21	19.17
Total capital adequacy ratio[(9)(14)]	19.63	19.89	22.19
Key ratios for LHV Varahaldus			
Cost to income ratio[(3)]	72.2	74.6	76.6
Pre-tax return on average equity[(11)]	14.0	11.4	9.4
Return on average equity[(2)]	2.2	7.6	7.2
Assets under management, € million[(16)]	1,559	1,558	1,519
Active customers of Pillar 2 funds, thousands[(17)]	113	114	123

	As at/for the three months ended 31 March	As at/for the years ended 31 December	
	2025	2024	2023
	(*unaudited*)	(*unaudited*)	(*unaudited, restated*)
	(*per cent.*)		
Key ratios for LHV Kindlustus			
Return on average equity[(2)]	39.0	20.4	6.0
Gross written premiums, € million	12.9	38.0	31.4
Net loss ratio[(12)]	69.1	66.5	66.8
Net expense ratio[(13)]	24.6	31.1	32.2

Notes:

(1) Net profit for the year divided by average assets for the year, with average assets calculated as the sum of assets at the beginning and at the end of the year divided by two.

(2) Net profit for the year attributable to owners of the parent divided by average shareholders' equity for the year, with average shareholders' equity calculated as the sum of total equity attributable to owners of the parent at the beginning and at the end of the year divided by two.

(3) The sum of staff costs and administrative and other operating expenses divided by the sum of net interest income, net fee and commission income, net gain/loss from financial assets, net insurance income and net other income.

(4) Net interest income divided by average interest earning assets for the year, with average interest earning assets for the purposes of the net interest margin definition calculated as the sum of interest earning assets at the beginning and at the end of the year divided by two. Interest earning assets comprise cash and balances with central bank, due from banks and investment companies, due from credit institutions, loans and advances to customers, financial assets at fair value through profit or loss and investments in debt securities at amortised cost.

(5) Yield on interest earning assets (calculated as interest income divided by average interest earning assets) less the cost of interest bearing liabilities (calculated as interest expense divided by average interest bearing liabilities, with average interest bearing liabilities calculated as the sum of interest bearing liabilities at the beginning and at the end of the year divided by two). Interest earning assets for the purposes of the interest spread definition comprise cash and balances due from banks, financial assets measured at amortized cost, financial assets measured at fair value, available-for-sale financial assets, financial investments with fixed maturity, and loans granted. Interest bearing liabilities comprise customer current accounts, customer overnight deposits, customer trading accounts, customer term deposits, loans received, covered bonds (including those held by the issuer itself), repos received, overdrafts received, obligation to European Investment Fund, senior non-preferred bonds, senior preferred bonds, finance lease liabilities, and subordinated liabilities.

(6) Non-performing loans (equal to gross amount of Stage 3 loans, which amounted to €119.7 million as at 31 March 2025, €37.6 million as at 31 December 2024 and €23.5 million as at 31 December 2023) as a percentage of total of the gross loans (being loans and advances to customers before allowances for credit losses).

(7) Total allowances for credit losses as a percentage of non-performing loans (equal to gross amount of Stage 3 loans). Allowances include allowances for loans and advances to customers.

(8) Loans and advances to customers divided by deposits from customers.

(9) Calculated in accordance with applicable requirements in Estonia.

(10) LCR, adjusted for financial intermediaries: the amount of deposits of financial intermediaries is deducted both from the numerator (high quality liquid assets) as well as the denominator (outflows) when calculating LCR. Full liquidity is kept by LHV to back the deposits of financial intermediary clients. The number of financial intermediaries payments amounted to 20.1 million for the three months ended 31 March 2025, 74.8 million for the year ended 31 December 2024 and 49.5 million for the year ended 31 December 2023.

(11) Net profit for the year attributable to owners of the parent less income tax expense for the year, divided by average shareholders' equity for the year, with average shareholders' equity calculated as the sum of total equity attributable to owners of the parent at the beginning and at the end of the year divided by two.

(12) The ratio of net claims incurred, including claims handling expenses, to net earned premiums.

(13) The ratio of total insurance-related operating expenses, including administrative expenses, commission expenses, depreciation and amortisation, net of reinsurance commissions, to net earned premiums.

(14) The net own funds are retrospectively increased by the net profit allowed to be included in the capital base after receiving the necessary permission from the supervisory authority. The profit inclusion permission affects the net own funds of the final month the period the profit was earned in. The ratios presented in the table take into account the net profit and other necessary adjustments included retrospectively to net own funds:

1. for the Group: €41.1 million and €38.8 million as at 31 December 2024 and 31 December 2023, respectively.
2. for LHV Pank: €13.7 million and €3.0 million as at 31 December 2024 and 31 December 2023, respectively.

(15) As at 31 March 2025, 31 December 2024 and 31 December 2023, the outstanding amount of the senior unsecured bonds (excluding accrued interest) issued for MREL requirement purposes was €415.4 million, €415.4 million and €311.1 million, respectively.

(16) Total volume of funds managed by LHV Varahaldus.

(17) Total volume of active customers in Pillar 2 funds. A client is considered active if at least one contribution has been made to their pension account within a defined period. This differs from a passive client, who holds fund units but does not make ongoing contributions.

CAPITAL ADEQUACY AND DISTRIBUTABLE ITEMS

Capital Adequacy of the Group

The following table sets forth details of the risk-weighted assets and capital ratios of the Group as at 31 March 2025, 31 December 2024 and 31 December 2023:

	As at 31 March 2025 (*unaudited*)	As at 31 December 2024 (*unaudited*)	As at 31 December 2023 (*unaudited*)
		(*€ thousand*)	
Capital base			
Paid-in share capital	32,419	32,419	31,983
Share premium	146,958	146,958	143,372
Legal reserves transferred from net profit	4,713	4,713	4,713
Other reserves	1,807	2,440	(996)
Retained earnings	440,550	320,757	229,287
Intangible assets (subtracted)	(21,604)	(21,834)	(21,278)
Net profit for the reporting period (COREP)	0	79,384	129,740
Other adjustments	(12)	(975)	(41,586)
CET1 capital elements or deductions	(18,204)	(648)	(382)
CET1 instruments of financial sector entities where the institution does not have a significant investment	0	0	0
CET1 instruments of financial sector entities where the institution has a significant investment	(4,754)	(4,313)	(3,496)
Tier 1 capital	**581,871**	**558,901**	**471,357**
Additional Tier 1 capital	35,307	35,314	55,000
Total Tier 1 capital	**617,178**	**594,215**	**526,357**
Subordinated debt	90,193	90,196	70,000
Total Tier 2 capital	**90,193**	**90,196**	**70,000**
Total net own funds for capital adequacy calculation	**707,371**	**684,411**	**596,357**
Risk weighted assets			
Credit risk and counterparty risk	2,928,220	2,829,675	2,279,038
Market risk	110,462	93,962	4,505
Operational risk	354,509	385,580	259,437
Total risk weighted assets	**3,393,191**	**3,309,217**	**2,542,980**

The following table sets forth the distance to Trigger Event of the Group:

	As at 31 March 2025	As at 31 December 2024	As at 31 December 2023
		(*€ thousand*)	
Distance to Trigger Event[3]	407,970	389,303	341,029

[3] The distance to Trigger Event reflects as at 31 December 2024 and 31 December 2023 the amount of common equity tier 1 capital above the Trigger Event level applicable to the Notes (being a CET1 ratio of less than 5.125 per cent.).

Maximum Distributable Amount of the Group

The table below sets forth the distance to Maximum Distributable Amount of the Group:

	As at 31 March 2025	As at 31 December 2024	As at 31 December 2023
		(*€ thousand*)	
Distance to Maximum Distributable Amount[4]	168,241	196,564	155,773

Distributable Items of the Issuer

The table below sets forth the Distributable Items of the Issuer:

	As at 31 March 2025	As at 31 December 2024	As at 31 December 2023
		(*€ thousand*)	
Distributable items	29,421	29,421	0

[4] The distance to Maximum Distributable Amount reflects as at 31 December 2024 and 31 December 2023 the amount of common equity tier 1 capital above the required amount of common equity tier 1 capital before the application of any Maximum Distributable Amount restrictions to the Group.

DESCRIPTION OF THE GROUP

INTRODUCTION

The Issuer (registration code 11098261) is a holding company for four main wholly-owned subsidiaries: LHV Pank, LHV Varahaldus, LHV Bank, and LHV Paytech ("**LHV Paytech**"). The Issuer also owns 65 per cent. of AS LHV Kindlustus ("**LHV Kindlustus**"), a non-life insurance joint venture that started operations in 2021. Additionally, through LHV Pank, the Issuer indirectly holds a 65 per cent. shareholding in AS LHV Finance ("**LHV Finance**"), an Estonian financial institution specialising in hire-purchase and small-loan services.

LHV Pank is the third largest bank in Estonia with a 18 per cent. market share in deposits, a 21 per cent. market share in corporate loans and a 11 per cent. share in household loans, in each case according to information provided by the EFSA as at 31 December 2024. In January 2025, an independent survey company, Dive, announced that LHV Pank offered the best service in Estonian banking with a score of 99.6 per cent.

LHV Pank is an Estonian licensed credit institution offering banking services to corporate and retail clients in Estonia. In addition to customer offices in Tallinn, Tartu and Pärnu, LHV Pank operated a UK branch, established in 2018, whose business was transferred to LHV Bank in August 2023. The formal winding down of the UK branch as a legal entity was completed by the end of 2023.

LHV Varahaldus is the second biggest pension fund manager in Estonia, with a market share of 24.2 per cent. among second pillar pension funds, according to data provided by the Estonian Pension Register (*Pensionikeskus*) as at 31 December 2024. LHV Varahaldus acts as the fund manager for Pillar 2 and Pillar 3 pension funds, and UCITS funds. As at 31 December 2024, LHV Varahaldus employed 29 people (on a full-time equivalent ("**FTE**") basis) and the volume of assets managed by it was over €1.5 billion. LHV Varahaldus has 153 thousand pension fund clients.

LHV Bank is a bank licensed in the UK. It has been lending to small and medium sized companies since 2023. In August 2023, it started operating part of the banking services business of the Group by acquiring the business of the UK branch of LHV Pank. Since September 2023, it has been raising retail deposits via deposit platforms.

As at 31 December 2024, the Group's consolidated net profit for the year was €150.3 million, compared to €140.9 million in 2023.

As at 31 December 2024, the Group's total loans and advances to customers amounted to €4.6 billion and its deposits from customers amounted to €6.9 billion. As at the same date, the Group's total assets were €8.7 billion. As at 31 December 2024, the Group employed 1,158 people (active employees only; FTE; consolidated).

HISTORY

The Group's history dates back to 1999 when LHV Pank was established pursuant to the Estonian Commercial Code by nine individuals and four legal entities, including Mr Rain Lõhmus and Mr Andres Viisemann. On 21 January 2025, the Issuer, in which Mr Rain Lõhmus and Mr Andres Viisemann remain significant shareholders, was incorporated as a holding company for both LHV Pank and LHV Varahaldus.

SHAREHOLDERS

Shareholders

The Issuer's principal shareholders are two of its founders who, between them own (directly and indirectly) 32.22 per cent. of the shares in the Issuer as at 31 December 2024. Both shareholders are also members of the Issuer's Supervisory Board.

For further information on the shareholders of the Issuer, please refer to Note 21 "Shareholders' equity" to the 2024 Financial Statements.

STRATEGY

The Group's vision is helping people and businesses dare to think big and act big. The Group's mission is to provide for better access to financial services and capital.

The Group's home markets are Estonia and increasingly also the UK. The Group has the capability to grow its business in both markets by leveraging its technological solutions. It has been demonstrated by the fact that the Group's deposits and loans have grown approximately two and a half times over the period from 31 December 2019 to 31 December 2024. The Group strives to grow within the bounds of predetermined risk appetite and profitability targets. The Group envisions itself as an international financial group that offers the best service to all customer groups and through all channels, from the mobile bank to the bricks-and mortar office.

For further information on the strategy of the Group, please refer to "Strategy and financial plan – 1. Strategy and the future" on pages 28-29 of the Annual Report 2024.

BUSINESS

The Group divides its business activities into operating segments based on the Group's legal structure. An operating segment is a part of the Group for which separate financial data is available and which is subject to regular monitoring of operating results by the Group's chief decision makers.

The Group's operating segment results are presented only at the legal entity level, as this is the level at which the Group's chief decision-makers monitor the results.

The LHV Pank segment includes banking activities and hire-purchase and consumer finance offering in Estonia. The main products are different kinds of credit and payments. For information on LHV Pank, please refer to "AS LHV Pank group" on pages 21-22 of the Annual Report 2024 which is incorporated by reference herein.

The LHV Varahaldus segment covers the activities of LHV Varahaldus that offers pillar II and III pension fund and other funds management services. For information on LHV Varahaldus, please refer to "AS LHV Varahaldus group" on page 23 of the Annual Report 2024 which is incorporated by reference herein.

The LHV Kindlustus segment covers the activities of LHV Kindlustus that offers non-life insurance. LHV Kindlustus has a 7 per cent. market share in insurance premiums according to information provided by the EFSA as at 30 June 2024. For information on LHV Kindlustus, please refer to "AS LHV Kindlustus" on pages 24 of the Annual Report 2024 which is incorporated by reference herein.

LHV Bank operates in three business lines – banking services for financial intermediaries, SME lending and retail banking. In banking services, LHV Bank offers a single platform to international financial

institutions enabling instant payment services in pounds and euros. LHV Bank is one of the largest banking services providers enabling its clients to reach 500 million end-customers in the UK and Europe. LHV Bank's banking services are used by more than 200 international clients with more than 10 million end-customers. In SME lending, LHV Bank offers commercial real estate investment loans and trading loans from £0.5 million to SMEs in the UK secured by commercial real estate and other guarantees. As at 31 December 2024, such SMEs contribute 8 per cent. of the Group's total credit portfolio. LHV Bank's strengths are a faster lending process and loan managers with long-term experience who understand the needs of local entrepreneurs and provide agile and tailored loans using purpose built technology. In retail banking, LHV Bank offers deposits to savers in the UK in partnership with deposit aggregators. LHV Bank launched its own retail banking app for private customers for their everyday banking transactions and savings in the first quarter of 2025. For further information on LHV Bank, please refer to "LHV Bank Ltd" on pages 25-26 of the Annual Report 2024 which is incorporated by reference herein.

Other activities include the parent company's activities, which are mostly capital and funding related, and Paytech which offers services to LHV Pank and LHV Bank, but also to external customers.

For further information on the operating segments of the Group, please refer to Note 4 of the 2024 Financial Statement and also refer to "Overview of the Group's subsidiaries 2024" on pages 21-27 of the Annual Report 2024 which is incorporated by reference herein for more information on subsidiaries and their business activities.

Lending and loan portfolio

For information on the Group's lending and loan portfolio, please refer to Note 12 "Loans and advances to customers" to the 2024 Financial Statements on page 223 of the Annual Report 2024 which is incorporated by reference herein.

Deposit portfolio

For information on the Group's deposit portfolio, please refer to Note 17 "Deposits from customers and loans received" to the 2024 Financial Statements on page 226 of the Annual Report 2024 which is incorporated by reference herein.

RISK MANAGEMENT AND INTERNAL CONTROL

For information on the Group's general risk management policies, please refer to "Risk management" in the 2024 Financial Statements on pages 139-143 of the Annual Report 2024 which is incorporated by reference herein.

Credit risk

For information on the Group's credit risk management, please refer to "Credit risk" in the 2024 Financial Statements on pages 147-173 of the Annual Report 2024 which is incorporated by reference herein.

Market risk

For information on the Group's market risk management, please refer to "Market risk" in the 2024 Financial Statements on pages 174-179 of the Annual Report 2024 which is incorporated by reference herein.

Liquidity risk

For information on the Group’s liquidity risk management, please refer to "Liquidity risk" in the 2024 Financial Statements on pages 179-183 of the Annual Report 2024 which is incorporated by reference herein.

INFORMATION TECHNOLOGY

The Group is offering digital banking and financial services, with technology at its heart since inception, with market-leading (based on publicly available data) digital channels including a mobile app, internet bank and API channels. Most systems are built in-house, utilising strong internal expertise.

The short to medium-term strategic focus of the Group in respect of information technology will be on cloud, mobile, and artificial intelligence based solutions.

INSURANCE

The Group maintains the following insurance policies:

- comprehensive crime and professional indemnity; and
- directors' and officers' liability.

The Group's insurance policies are subject to commercially negotiated deductibles, exclusions and limitations. Therefore, insurance may not cover all losses incurred by the Group and no assurance is given that the Group will not suffer losses beyond the limits of, or outside the cover provided by, its insurance policies.

COMPLIANCE

The Group's compliance function plays a vital role in identifying, assessing and providing advice relating to compliance with applicable laws and regulatory requirements. In addition to monitoring and reporting on compliance-related risks (which may give rise to legal and administrative penalties, financial loss or reputational damage), the compliance function is also responsible for conducting compliance audits.

ANTI-MONEY LAUNDERING

For information on the Group’s anti-money laundering policies, please refer to "Anti-financial crime (AFC)" on pages 185-187 of the Annual Report 2024 which is incorporated by reference herein.

LITIGATION

Entities of the Group are party to legal and administrative proceedings in the course of their everyday business operations. In the case of LHV Pank, it typically acts as plaintiff in these proceedings, seeking to recover debts by defaulting borrowers and other customers. As at the date of this Offering Circular, all on-going legal proceedings except those listed here below, concern debt recovery with members of the Group acting as plaintiffs.

Furthermore, since LHV Pank, LHV Bank, LHV Kindlustus and LHV Varahaldus operate in the fields subject to extensive legal regulation, they are subject to a number of administrative proceedings initiated primarily by the EFSA in the course of its ordinary financial supervision.

On 10 February 2022, the Central Bank of Lithuania passed a decision finding that LHV Pank had not met the requirements set out in the Regulation on Market Abuse (Regulation (EU) No 596/2014 of the

European Parliament and of the Council of 16 April 2014) when executing orders related to its client's securities. As a result, LHV Pank was fined EUR 200,000. The Central Bank of Lithuania conducted an investigation into LHV Pank's activities regarding the sale of AS Novaturas shares from 19 to 21 November 2019. The decision to impose the fine was adopted on 10 February 2022, and the amount determined was EUR 200,000. LHV Pank challenged this decision in the Administrative Court of Vilnius. On 10 October 2022, the Administrative Court of Vilnius passed a verdict rejecting LHV Pank's claim in its entirety. LHV Pank challenged the verdict in the Vilnius Court of Appeal on the basis of what LHV Pank considers to be significant flaws in the decision's substance and form. Additionally, LHV Pank requested a preliminary ruling from the Court of Justice of the European Union (the "**ECJ**"). As of the date of this Offering Circular, the ECJ has commenced preliminary ruling procedures, and the parties have submitted their arguments. A preliminary ruling from the ECJ is expected by the end of the second quarter of 2025.

On 13 June 2022, Wallter UAB, with registry code 304740691 (Lithuania), filed a lawsuit with the Harju County Court (Civil action No. 2-22-8816) against LHV Pank in the amount of EUR 3.3 million. The claim, which LHV Pank considers to be without merit, concerns legal relationships between third parties. On 18 December 2024, the Harju County Court dismissed the claim and ordered Wallter to bear the procedural costs. On 20 January 2025, Wallter filed an appeal against the decision, seeking its annulment in full. The Tallinn Court of Appeal accepted the appeal for proceedings on 24 January 2025, and granted LHV Pank 20 days from the delivery of the order to submit a response. LHV Pank received the order on 27 January 2025, and submitted a response on 17 February 2025. LHV Pank continues to assess the claim as without prospects but will contest it in all instances of court proceedings.

As of the date of this Offering Circular, none of the legal or administrative proceedings to which a member of the Group is a party to (including any such proceedings which are pending or threatened of which the management of the Group is aware) are considered likely to have any significant effect on the Group's financial position or profitability and there are no legal or administrative proceedings to which a member of the Group has been party to (including any such proceedings which are pending or threatened of which the management of the Group is aware) during the 12 months preceding the date of this Offering Circular which may have, or have had, significant effects on the Group's financial position or profitability.

MANAGEMENT

In accordance with Estonian law, the Issuer has a two-tier board system, consisting of the management board (the "**Management Board**") and the supervisory board (the "**Supervisory Board**"). The Management Board is responsible for the day-to-day management of the Issuer's operations and is authorised to represent the Issuer based on the law and the articles of association of the Issuer (the "**Articles of Association**"). The Supervisory Board is responsible for strategic planning and for supervising the activities of the Management Board.

The highest governing body of the Issuer is the general meeting of the shareholders (the "**General Meeting**").

The address of operations of the Management Board and the Supervisory Board is the Issuer's registered address: Tartu mnt 2, 10145 Tallinn, Estonia.

Management Board

For information on the Issuer's Management Board, please refer to "Governance of the Group - Management board" on page 117 of the Annual Report 2024 and "Corporate governance report -

Management Board" on pages 122-125 of the Annual Report 2024 which are incorporated by reference herein.

On 26 March 2025, Madis Toomsalu, the Chairman of the Management Board and Chief Executive Officer ("**CEO**") of the Issuer since 2016, announced his intention to resign by the autumn of 2025. Preparations are underway to find a new Chairman of the Management Board and CEO for the Issuer.

Supervisory Board

For information on the Issuer's Supervisory Board, please refer to "Governance of the Group - Supervisory board" on pages 116 –117 of the Annual Report 2024 and "Corporate governance report - Supervisory Board" on pages 125-126 of the Annual Report 2024 which are incorporated by reference herein.

General Meeting

For information on the Issuer's General Meeting, please refer to "Corporate governance report – General Meeting" on pages 121-122 of the Annual Report 2024 which is incorporated by reference herein.

Committees

The Issuer has four principal Supervisory Board level committees (Audit Committee, Remuneration Committee, Nomination Committee and Risk and Capital Committee). For information on such committees, please refer to "Corporate governance report – Supervisory Board" on pages 127-132 of the Annual Report 2024 which is incorporated by reference herein.

Conflicts of interest

Apart from their shareholdings in the Issuer, there are no known actual or potential conflicts of interest between the duties of any of the members of the Management Board and the Supervisory Board named above to the Issuer and their private interests or other duties.

Corporate governance

The Issuer complies with the corporate governance regime of Estonia. The Issuer is also committed to adhering the highest standards of corporate governance within its Group companies for ensuring transparent management of the Group companies and avoiding conflicts of interests. The Issuer follows the principles of good corporate governance arising from the Corporate Governance Recommendation of the EFSA and Nasdaq Tallinn Stock Exchange and the relevant reports are published as part of the annual reports of the Issuer. The Corporate Governance Recommendation is binding on the basis of "comply or explain principle", and any requirements which are currently not fully followed by the Issuer have been described in its latest Corporate Governance Report.

EMPLOYEES

For information on the Issuer's employees and recruitment strategy, please refer to "Remuneration policy" on pages 128-130 of the Annual Report 2024 which is incorporated by reference herein.

RELATED PARTY TRANSACTIONS

The Group's principal related party transactions are with its shareholders that have a significant impact on the Group and the entities related to them, members of its Management Board and legal entities controlled by them, members of its Supervisory Board and close relatives of the persons mentioned above and entities related to them. These transactions include transactions with related parties that

generate interest income and expense and fee and commission income for the Group. Further information on the Group's related party transactions is set out in Note 24 to the 2024 Financial Statements.

RECENT DEVELOPMENTS

The Interim Financial Statements were re-published on 23 April 2025 to reflect the accounting treatment for the dividend to shareholders declared by the Issuer in March 2025 (which was paid in April 2025) as a liability rather than equity as at 31 March 2025.

While the results for the three-months ended 31 March 2025 are broadly in line with the Group's financial plan for 2025, due to the re-classification of outstanding loans to two client groups as Stage 3 loans, the amount of Stage 3 loans increased to €119.7 million and allowances for impairments in respect of the Group's loans and advances to customers amounted to 0.96 per cent., in each case as at 31 March 2025. As a result, the non-performing loans ratio was 2.5 per cent. and the non-performing loans coverage ratio was 38.1 per cent., in each case as at 31 March 2025.

The Issuer considers such allowances to be sufficient given the collateralisation status of the two client group loans, and expects that these will no longer be classified as Stage 3 loans by the end of 2025 as they are expected to recover through viable restructuring.

TAXATION

The tax laws of the investor's jurisdiction and of the Issuer's jurisdiction might have an impact on the income received from the Notes. The following is a general description of certain Estonian tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Estonia of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.

Also investors should note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

Estonia

Estonian Resident Noteholders

Pursuant to Article 17(1) of the Estonian Income Tax Act of 1999 (*tulumaksuseadus*), as amended (the "**EITA**"), income tax at the rate of 22 per cent. is charged on all interest received by natural persons who are resident in Estonia. Income tax payable in respect of interest payments to be made to Estonian residents is to be withheld by the Issuer.

Under the approved Security Tax Act of Estonia, an additional 2 per cent. tax applies on natural persons' taxable income from 2026 until the end of 2028.

The Issuer will not withhold income tax and the additional 2 per cent. tax if the Estonian resident Noteholder, who is a natural person, has notified the Issuer that the interest was received on financial assets acquired for money held in an investment account as specified in Article 17^2 of the EITA.

Interest income earned by resident legal entities is not subject to annual corporate income tax. Under Estonia's unique corporate income tax regime, such income is included in profits and taxed only when the profits are distributed, in accordance with the applicable procedures.

Resident legal entities should also be aware of the 2 per cent. profit tax on unconsolidated accounting profits before tax, applicable from 2026 to 2028.

Non-resident Noteholders

The Issuer does not withhold any income tax on interest payments to non-residents (i.e. non-resident legal or natural persons).

The income earned by non-resident Noteholders is not subject to taxation in Estonia but may be subject to taxation in their country of residence. Due to the specific semi-equity character of the Notes, each Noteholder is encouraged to obtain personal tax advice on the treatment of payments under the Notes in their tax jurisdiction.

Definitive Notes

Noteholders should be aware that, if Definitive Notes are issued, holders of any Definitive Notes that are not held through Euroclear or Clearstream, Luxembourg, who are natural persons, will be required

to present evidence of non-Estonian residency or other evidence as required by the Issuer, to the relevant Paying Agent, in order to receive payments of interest free of Estonian withholding tax (which, as at the date of this Offering Circular, is charged at a rate of 22 per cent.).

If any change in law, treaty, regulation, or interpretation by the tax authorities in the Taxing Jurisdiction causes payments under the Notes to be classified as dividends instead of interest, requiring the Issuer to pay corporate income tax in its own name, the Issuer will bear this tax burden without deducting it from payments to Noteholders. However, if such payments are also subject to withholding or other taxes in Estonia, the Issuer may deduct these taxes from the amounts payable to Noteholders (subject to gross-up under Condition 9 (*Taxation*)).

Taxation of capital gains in Estonia

Estonian Resident Noteholders

The income earned by resident individuals from the sale or exchange of Notes is taxed as capital gain from the transfer of property which is subject to income tax at the rate of 22 per cent. A Noteholder has to declare the gain and pay the income tax.

Under the approved Security Tax Act of Estonia, an additional 2 per cent. tax applies on natural persons' taxable income from 2026 until the end of 2028.

Pursuant to Article 37(1) of the EITA, a resident individual has the right to deduct certified expenses directly related to the sale or exchange of Notes from the resident's gain or to add such expenses to the resident's loss. The gain or loss derived from the transfer of Notes is the difference between the acquisition cost and the sale price of the Notes. The gains or loss derived from the exchange of Notes is the difference between the acquisition cost of the Notes and the market price of the property received as a result of the exchange.

Individual Noteholders may postpone the taxation of their income derived from the sale or exchange of the Notes, by using an investment account specified in Article 17 of the EITA for the purposes of making transactions with the Notes and depositing the proceeds from the transfer of Notes in the investment account. The moment of taxation of the financial income held on an investment account is postponed until such income is withdrawn from the investment account (i.e. the amount withdrawn from the account exceeds the amount which had been previously paid into the account).

Gains received by resident legal entities from the sale of Notes is not subject to annual corporate income tax. Under Estonia's unique corporate income tax regime, such capital gain is included in profits and taxed only when the profits are distributed, in accordance with the applicable procedures. Resident legal entities should also be aware of the 2 per cent. profit tax on unconsolidated accounting profits before tax, applicable from 2026 to 2028.

Non-resident Noteholders

Gains received from the sale or exchange of Notes is not subject to income tax in Estonia by non-resident Noteholders (i.e. non-resident legal persons who do not have a permanent establishment in Estonia, and/or natural persons).

Any gains received by non-resident Noteholders may be subject to taxation in their country of residence.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each other than Estonia, the "**participating Member States**"). However, Estonia has ceased to participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment". Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

The Sole Bookrunner has, pursuant to a subscription agreement dated 28 April 2025 (the "**Subscription Agreement**"), agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Notes at 100 per cent. of their principal amount. In addition, the Issuer has agreed to pay the Sole Bookrunner a combined management and underwriting commission, to reimburse the Sole Bookrunner for certain of its expenses and to indemnify the Sole Bookrunner against certain liabilities in connection with the issue of the Notes. The Subscription Agreement entitles the Sole Bookrunner to terminate it in certain circumstances prior to payment being made to the Issuer including in the event that certain conditions precedent are not delivered or met to its satisfaction on or before the issue date of the Notes. In this situation, the issuance of the Notes may not be completed. Investors will have no rights against the Issuer or the Sole Bookrunner in respect of any expense incurred or loss suffered in these circumstances.

United States of America

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

The Sole Bookrunner has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by the Sole Bookrunner (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

The Sole Bookrunner has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of MiFID II; or

  (ii) a customer within the meaning of Directive (EU) 2016/97/ (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Prohibition of Sales to UK Retail Investors

The Sole Bookrunner has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA.

Other UK regulatory restrictions

The Sole Bookrunner has further represented, warranted and undertaken that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA would not, if it was not an authorised person apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK.

Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to any Notes be distributed in Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Italian laws and regulations; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**") and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time; and

(ii) comply with any other applicable laws or requirements imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

General

The Sole Bookrunner has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Offering Circular or any other offering material, in all cases at its own expense, relating to the Notes. Persons into whose hands this Offering Circular comes are required by the Issuer and the Sole Bookrunner to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Offering Circular or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

Authorisation

1. The creation and issue of the Notes has been authorised by the Supervisory Board of the Issuer given on 19 February 2025.

Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer and its Subsidiaries.

Significant/Material Change

3. Since 31 December 2024 there has been no material adverse change in the prospects of the Issuer or the Issuer and its Subsidiaries. Since 31 March 2025, there has been no significant change in the financial position or performance of the Issuer or the Issuer and its Subsidiaries.

Auditors

4. KPMG Baltics OÜ has audited the 2023 Financial Statements and issued an unqualified auditor's report from the audit thereof. KPMG Baltics OÜ is a member of the Estonian Auditors' Association.

   AS PricewaterhouseCoopers has audited the 2024 Financial Statements and issued an unqualified auditor's report from the audit thereof. AS PricewaterhouseCoopers is a member of the Estonian Auditors' Association.

Documents on Display

5. Copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the offices of the Issuer or at (i) https://investor.lhv.ee/en/subordinated-bonds/ (in the case of the documents listed at (a) and (b) below) or (ii) https://investor.lhv.ee/en/reports/ (in the case of the documents listed at (c) below) for as long as the Notes are admitted to trading on the GEM:

   (a) the articles of association and trade register extract of the Issuer (as the same may be updated from time to time);

   (b) the Agency Agreement and the Deed of Covenant; and

   (c) the Financial Statements.

   For the avoidance of doubt, unless specifically incorporated by reference into this Offering Circular, information contained on the website of the Issuer does not form part of this Offering Circular.

   In addition, this Offering Circular will be available, in electronic format, on the website of Euronext Dublin (https://live.euronext.com/en/markets/dublin).

Yield

6. If the Issuer were to pay interest on each Interest Payment Date up to and including the Reset Date and were to redeem the Notes on the Reset Date, the yield on the Notes would be 9.726 per cent. per annum on an annual basis (assuming no Write Down and no cancellation of interest during such period). The yield is calculated as of the date of this Offering Circular and may fluctuate in the future. It is not an indication of future yield.

ISIN and Common Code

7. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS3042781024 and the common code is 304278102. The Classification of Financial Instrument (CFI) code and the Financial Instrument Short Name (FISN) code are each as set out on the website of the Association of National Numbering Agencies (ANNA).

Listing Agent

8. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the GEM.

The Legal Entity Identifier

9. The Legal Entity Identifier (LEI) code of the Issuer is 529900JG015JC10LED24.

Conflicts of Interest

10. The Sole Bookrunner has engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. The Sole Bookrunner and its affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

    In addition, in the ordinary course of their business activities, the Sole Bookrunner and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and its affiliates. Certain of the Sole Bookrunner and its affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer and its affiliates consistent with their customary risk management policies. Typically, the Sole Bookrunner and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Sole Bookrunner and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

INDEX OF DEFINED TERMS

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