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TERMS AND CONDITIONS OF THE AS LHV GROUP FIXED TO FLOATING SENIOR PREFERRED NOTES

8 May 2023

AS LHV Group, registry code 11098261, a limited liability company established and operating in Estonia (the "**Issuer**") has decided to issue EUR 20,000,000 Fixed to Floating Rate Senior Preferred Notes due May 2027 (the "**Notes**"). The Issuer may increase or decrease the aggregate nominal value of the Notes, including after the Issue Date by issuing additional Notes pursuant to Condition 10 (*Further issues*). The Notes are issued on 26 May 2023 (the "**Issue Date**").

These Terms and Conditions (the "**Conditions**") apply to the Notes.

No person should form their investment decision regarding the Notes solely based on these Conditions. Investors considering an investment should familiarise themselves with and read carefully the information made available by the Issuer, including information regarding the business, financial performance and associated risks of the Issuer and its group, and the Description of Risk Factors regarding the Notes made available by the Issuer either through the website of the Issuer <https://investor.lhv.ee/en/> or otherwise in connection with the Notes.

1. Form, Denomination and Registration

- (a) The Notes are issued in dematerialised form. No physical document of title will be issued in respect of Notes.
- (b) The Notes are issued in denominations of EUR 10,000.
- (c) The Notes are registered in the securities register operated by Nasdaq CSD SE Estonian Branch (the "**Register**") and assigned an ISIN code. The Notes may be subscribed for only by such persons that have a securities account with the Register (whether directly or via a nominee account).

2. Distribution, Delivery, Title, Transfers

- (a) Information and details regarding the subscription for the Notes is made available by AS LHV Pank, register code 10539549 (the "**Agent**").
- (b) The minimum subscription amount is ten Notes per investor which corresponds to the minimum aggregate subscription price of EUR 100,000.
- (c) The Notes are issued at 100% of their nominal amount. Payment for the Notes will be made via delivery versus payment transaction or as an advance payment to the Issuer's account.
- (d) The Agent, pursuant to an agreement with the Issuer, arranges the registration of the Notes in the Register, crediting of the Notes to the securities accounts of the investors, and the deletion the Notes from the Register upon their redemption.

- (e) Notes are not offered publicly, and the Issuer will not apply for the Notes to be admitted for trading on any trading venue. Therefore, no prospectus or other similar information document will be prepared, registered, or made available.
- (f) The Notes are freely transferable. The Notes can be transferred by initiating respective transfers through the securities accounts with the Register.
- (g) Title to the Notes belongs to the person in whose name the Notes are registered in the Register (the “**Noteholder**”). The title to the Notes passes by registration of change of ownership in the Register.
- (h) The issue and transfer of a Note will be effected without charge by or on behalf of the Issuer. However, the investors and Noteholders may be obliged to cover expenses which are related to the opening of securities accounts with respective service providers, as well as commissions which are charged by such service providers in relation to the execution of the subscription or transfer instructions of the Notes, the holding of the Notes or any other operations in relation to the Notes. The Issuer will not compensate the Noteholders for any such expenses.

3. Status

- (a) The Notes constitute senior, unsecured, unsubordinated, direct, and unconditional obligations of the Issuer which will at all times rank:
 - (i) *pari passu* among themselves, and
 - (ii) at least *pari passu* with all other present and future unsecured unsubordinated obligations of the Issuer, except for any present or future unsecured senior non-preferred obligations, or other unsecured and unsubordinated obligations which rank or are expressed to rank junior to the Notes (which are senior preferred obligations of the Issuer),save for such obligations as may be preferred to the Notes by provisions of law that are both mandatory and of general application.
- (b) No Noteholder shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of such Notes. If any amounts owed by the Issuer to any Noteholder in connection with the Notes is discharged by set-off, such Noteholder shall, where permitted by applicable law, immediately pay an amount equal to the amount discharged to the Issuer (or, in the event of its insolvency or liquidation, the bankruptcy administrator or the liquidator, respectively, of the Issuer) 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 bankruptcy administrator or the liquidator of the Issuer) and accordingly not deem any such discharge to have taken place.
- (c) The rights of Noteholders shall be subject to any present or future Estonian laws or regulations relating to the insolvency, recovery and resolution of credit institutions and their parent companies in Estonia which are or will be applicable to the Notes only as a result of the operation of such laws or regulations.

4. Interest

(a) *Interest Accrual*: The Notes bear interest on their outstanding principal amount:

- (i) from and including 26 May 2023 (the "**Interest Commencement Date**") until (but excluding) 26 May 2026 (the "**Reset Date**") at the Fixed Rate of Interest (as defined in paragraph (b) below); and
- (ii) from and including the Reset Date until the Maturity Date (as defined in Condition 5(a) below) at the Floating Rate of Interest (as defined in paragraph (b) below),

payable, in each case quarterly, in arrear on 26 August, 26 November, 26 February and on the Maturity Date (as defined in Condition 5(a) below) (each such date an "**Interest Payment Date**" and each Interest Payment Date until the Reset Date, a "**Fixed Interest Payment Date**"). If any Interest Payment Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next day which is a Business Day.

The amount of interest payable on each Fixed Interest Payment Date shall be EUR 175 in respect of each Note of EUR 10,000 (the "**Calculation Amount**"). If interest is required to be paid in respect of a Note for a period other than an Interest Period and such period ends prior to or on the Reset Date, such interest shall be calculated by applying the Fixed Rate of Interest to the Calculation Amount, multiplying such sum by the Day Count Fraction and rounding the resultant figure to the nearest cent, (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount, where:

"**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 Tallinn and a TARGET Settlement Day;

"**Day Count Fraction**" is 30/360, which means that interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months;

"**Interest Period**" means the period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro; and

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilizes a single shared platform, and which was launched on 19 November 2007.

Whenever it is necessary to calculate an amount of interest in respect of the Notes for a period beginning on or after the Reset Date, such interest shall be calculated in accordance with Condition 4(c) (*Determination of Floating Rate of Interest and Interest Amount*) below.

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until the day on which all sums due in respect of such Note up to that day have been paid.

- (b) *Interest Rate*: The rate of interest payable in respect of each Interest Period ending prior to the Reset Date shall be 7.0 per cent. per annum (the "**Fixed Rate of Interest**"). Thereafter, the rate of interest payable from time to time in respect of the Notes (the "**Floating Rate of Interest**") will be determined by the Agent on the following basis:
- (i) on each Interest Determination Date, the Agent will determine the Screen Rate at approximately 11.00 a.m. (Brussels time) on that Interest Determination Date. If the Screen Rate is unavailable, the Issuer will request the principal Eurozone office of each of the Reference Banks to provide the Agent with the rate at which deposits in euro are offered by it to prime banks in the Euro-zone interbank market for three months at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question and for a Representative Amount;
 - (ii) the Floating Rate of Interest for the Interest Period shall be the Screen Rate plus the Margin or, if the Screen Rate is unavailable, and at least two of the Reference Banks provide such rates, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) as established by the Agent of such rates, plus the Margin; and
 - (iii) if fewer than two rates are provided as requested, the Floating Rate of Interest for that Interest Period will be the arithmetic mean of the rates quoted by major banks in the Euro-zone, selected by the Issuer and communicated to the Agent, at approximately 11.00 a.m. (Brussels time) on the first day of such Interest Period for loans in euro to leading European banks for a period of three months commencing on the first day of such Interest Period and for a Representative Amount, plus the Margin. If the Floating Rate of Interest cannot be determined in accordance with the above provisions, the Floating Rate of Interest shall be determined as at the last preceding Interest Determination Date (unless such Interest Determination Date was in respect of an Interest Period ending prior to the Reset Date, in which case the Floating Rate of Interest shall be the last observable Screen Rate as determined by the Agent plus the Margin).

Where:

"**Interest Determination Date**" means the second TARGET Settlement Day before the commencement of the Interest Period for which the rate will apply.

"**Margin**" means 3.87 per cent. per annum.

"**Reference Banks**" means the principal Euro-zone office of each of four major banks engaged in the Euro-zone interbank market selected by the Issuer on the advice of an investment bank of international repute.

"**Representative Amount**" means, in relation to any quotation of a rate for which a Representative Amount is relevant, an amount that is representative for a single transaction in the relevant market at the relevant time.

"**Screen Rate**" means the 3-months EURIBOR rate as administered and published by the European Money Markets Institute or any replacement administrator for the EURIBOR benchmark.

- (c) *Determination of Floating Rate of Interest and Interest Amount*: In respect of each Interest Period starting on or after the Reset Date, the Agent shall, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date, but in no event later than

the third Business Day thereafter, determine the euro amount (the "**Interest Amount**") payable in respect of interest on each Note for the relevant Interest Period. The Interest Amount shall be determined by applying the Floating Rate of Interest to the Calculation Amount, multiplying the sum by the actual number of days in the Interest Period concerned divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount.

- (d) *Publication of Floating Rate of Interest and Interest Amount:* The Agent shall cause the Floating Rate of Interest and the Interest Amount for each Interest Period starting on or after the Reset Date and the relative Interest Payment Date to be notified to the Issuer (by no later than the first day of each Interest Period) and to be published in accordance with Condition 14 (*Notices*) as soon as possible after their determination, and in no event later than the second Business Day thereafter. The Interest Amount and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The Agent shall not be obliged to publish each Interest Amount but instead may publish only the Interest Amount per Calculation Amount.
- (e) *Notifications, etc. to be final:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 (*Interest*) by the Reference Banks (or any of them) will (in the absence of manifest error) be binding on the Issuer, the Agent, and all Noteholders and (in the absence of wilful default and bad faith) no liability to the Issuer, or the Noteholders shall attach to the Reference Banks (or any of them) in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 4 (*Interest*).
- (f) *Benchmark Replacement:* Notwithstanding the provisions above in this Condition 4 (*Interest*), if the Issuer (in consultation, to the extent practicable, with the Agent) determines that a Benchmark Event has occurred when any Floating Rate of Interest (or the relevant component part thereof) remains to be determined by reference to the Original Reference Rate (as applicable), 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 relevant Interest Determination Date relating to the next succeeding Interest Period starting on or after the Reset Date (the "**IA Determination Cut-off Date**") for purposes of determining the Floating Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 4(g) (*Benchmark Replacement*));
 - (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, and in consultation, to the extent practicable, with the Agent) may determine a Successor Rate or, if the Agent determines that there is no Successor Rate, an Alternative

Reference Rate for the purposes of determining the Floating Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 4(g) (*Benchmark Replacement*)); 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 Interest Determination Date relating to the next succeeding Interest Period starting on or after the Reset Date in accordance with this sub-paragraph (ii), the Floating Rate of Interest applicable to such Interest Period shall be equal to the Floating Rate of Interest last determined in relation to the Notes in respect of a preceding Interest Period (unless such Interest Period ended prior to the Reset Date, in which case the Floating Rate of Interest shall be the last observable Screen Rate as determined by the Agent plus the Margin);

- (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 be used in place of the Original Reference Rate for all future Interest Periods (subject to the subsequent operation of this Condition 4(g) (*Benchmark Replacement*));
- (iv) If a Successor Rate or Alternative Reference Rate is determined in accordance with sub-paragraph (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 the Floating 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 Day, business day convention, day count fraction, Interest Determination Date, Interest Payment Date, screen page, and/or the definition of Screen Rate or the Adjustment Spread applicable to the Notes (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 Interest Periods starting on or after the Reset Date (as applicable) (subject to the subsequent operation of this Condition 4(g) (*Benchmark Replacement*)). An Independent Adviser appointed pursuant to this Condition 4(g) (*Benchmark Replacement*) shall (in the absence of bad faith, gross negligence and wilful misconduct) have no liability whatsoever to the Issuer, the Agent, or Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4(g) (*Benchmark Replacement*). 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; 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 Agent and the Noteholders.
- (vii) Notwithstanding any other provision of this Condition 4(g) (*Benchmark Replacement*), no Successor Rate, 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(g) (*Benchmark Replacement*), if and to the extent that, in the determination of the Agent (i) the same could reasonably be expected to prejudice the qualification of the Notes being MREL Eligible Liabilities (for the purposes of, and in accordance with, the Applicable Banking Regulations) or (ii) the same could reasonably be expected to result in the Resolution Authority treating a future Interest Payment Date as the effective maturity of such Notes, rather than the Maturity Date for the purposes of qualification as eligible liabilities and/or loss absorbing capacity of the Issuer.

For the purposes of this Condition 4(g) (*Benchmark Replacement*):

"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 Reference 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 sub-paragraph (i) above, or in the case of an Alternative Reference Rate, the Issuer (in consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner) determines is recognised or acknowledged as being in customary market usage in 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 customary market usage is recognised or acknowledged, the Issuer (acting in good faith and in a commercially reasonable manner) in its discretion determines to be appropriate;

"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 floating 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 on the screen page as a result of such benchmark ceasing to be calculated or administered; 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 such Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Original Reference Rate) and (B) the date falling six months prior to the date specified in (A) above; or
- (iii) the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that such 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 date specified in (A) above; or
- (iv) the later of (Ai) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means that such 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 date specified in (A) above; or
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that, in the view of such supervisor, such Original Reference Rate is no longer representative of an underlying market; or
- (vi) it has or will become unlawful for 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 the Screen Rate (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 by any Relevant Nominating Body.

5. Redemption and Purchase

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Interest Payment Date falling on or nearest to 26 May 2027 (the **"Maturity Date"**), subject as provided in Condition 6 (*Payments*).
- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer (subject to Condition 5(h) (*Conditions to Redemption or Repurchase*)) in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued (if any) to the date fixed for redemption, if a Withholding Tax Event occurs provided, however, that 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 5(b) (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b) (*Redemption for tax reasons*). Where:

"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;
- (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;

"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; and

"Withholding Tax Event" shall occur if the Issuer has or will become obliged to pay material additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any Change in Tax Law, which change or amendment becomes effective on or after the Issue Date, it was not reasonably foreseeable before 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 (subject to Condition 5(h) (*Conditions to Redemption or Repurchase*)) in whole, but not in part, on the Interest Payment Date falling on the Reset Date (as defined in Condition 4(a) (*Interest*) above), at their outstanding aggregate principal amount together with interest (accrued to but excluding the date of redemption), on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption).
- (d) *Redemption as a result of an MREL Disqualification Event*: upon the occurrence of an MREL Disqualification Event (subject to Condition 5(h) (*Conditions to Redemption or Repurchase*)), the Issuer may, at its option having given not less than 30 days' nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), redeem all (but not some only) of the Notes at their outstanding aggregate principal amount together with interest (accrued to but excluding the date of redemption, subject to these Conditions).

Where:

"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 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, requirements, guidelines and policies relating to capital adequacy and/or minimum requirement for own funds and eligible liability and/or loss absorbing capacity and/or the implementation of the Creditor Hierarchy Directive adopted by the Competent Authority, the Resolution Authority or any other national or European authority from time to time, and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer);

"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 the Republic of 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 affiliate of the Issuer) 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);

"**BRRD**" means Directive 2014/59/EU as the same may be 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;

"**Competent Authority**" means any authority having primary responsibility for the prudential supervision of the Issuer 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 the same may be 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;

"**CRD Implementing Measures**" means any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer 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 (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;

"**CRR**" means Regulation 575/2013, as the same may be amended or replaced from time to time, including without limitation as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of May 20, 2019) or similar laws in Estonia;

"**MREL Disqualification Event**" means the whole or any part of the outstanding aggregate principal amount of the Notes at any time is not included in, ceases or (in the opinion of the Issuer) will cease to count towards the Issuer'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 is not included in, 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 maturity of such Notes being less than the minimum period prescribed by the relevant Applicable Banking Regulations;

"**MREL Eligible Liabilities**" means "eligible liabilities" (or any equivalent or successor term) which are available to count towards the Issuer's eligible liabilities and/or loss absorbing capacity;

"**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 Issuer's group (i.e., AS LHV Group and its Subsidiaries);

"**SRM Regulation**" means Regulation No. 806/2014, as the same may be amended or replaced from time to time; and

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

- (i) 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
 - (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.
- (e) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (d) (*Early Redemption as a result of an MREL Disqualification Event*) above.
- (f) *Purchase*: The Issuer or the Agent may purchase Notes in the open market or otherwise and at any price, *provided that* any such purchases will be made in accordance with the Applicable Banking Regulations and subject to the prior approval of or permission from the Competent Authority and/or the Resolution Authority (in each case to the extent such approval is then required under the Applicable Banking Regulations). Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to the Agent for cancellation.

Any refusal by the Competent Authority and/or the Resolution Authority (if required) to grant its approval or permission as described above will not constitute an event of default under the Notes.

- (g) *Cancellation*: All Notes that are redeemed and surrendered for cancellation by the Issuer shall be cancelled and may not be reissued or resold.
- (h) *Conditions to Redemption or Repurchase*: other than in the case of a redemption at maturity in accordance with Condition (a) (*Scheduled redemption*), 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 Resolution Authority (if required based on the Applicable Banking Regulations).

Any refusal by the Resolution Authority (if required) to grant its approval or permission as described above will not constitute an event of default under the Notes.

6. Payments

- (a) Payment of amounts (whether principal, interest or otherwise, including on the final redemption on Maturity Date) due in respect of the Notes will be paid to the Noteholders thereof as appearing in the Register as of close of business of the Register on the Business Day immediately preceding the due date for such payment (the "**Record Date**"). Payment of amounts due on the Maturity Date of the Notes will be made simultaneously with deletion of the Notes, or, if so required by the Issuer, against delivery of the Notes to the Issuer.
- (b) *Payments on Business Days*: If the due date for payment of any amount in respect of the Notes is not a Business Day, the Noteholder shall not be entitled to payment of the

amount due until the next succeeding Business Day and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment in respect of any such delay.

7. Taxation

- (a) Should any amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Notes be subject to withholding or deduction of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Republic of Estonia or any political subdivision thereof or any authority or agency therein or thereof having power to tax, the Issuer shall be entitled to withhold or deduct the respective taxes or duties. For the avoidance of doubt, any such withholdings or deductions shall be made by the Issuer on the account of the Noteholder with the Issuer having no obligation to compensate the withheld or deducted tax amounts to the Noteholder.
- (b) If a Noteholder:
- (i) can rely on special tax regime under the applicable tax law and the tax should not be withheld on the interest payable under the Notes according to the applicable tax law (e.g., the investment account and the pension investment account regimes under the Estonian tax legislation), or
 - (ii) if the tax residence or other relevant information regarding the Noteholder necessary for determining tax withholding on the payable interest amount is not available to the Issuer (e.g., the Noteholder is holding the Notes through a nominee account),

the respective Noteholder shall provide the Issuer with the documents and information (including, but not limited to, residence certificate issued or attested by the tax authority of the residence state of the Noteholder, if relevant) necessary for determining the tax withholding at least 15 (fifteen) days prior to the payment. If such information or documents are not presented to the Issuer, the Issuer shall be entitled to withhold tax at the rates set out by the Estonian domestic legislation.

- (c) Any reference in these Conditions to interest in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 7 or any undertaking given in addition thereto or in substitution therefor. For the avoidance of doubt, no additional amounts shall be payable by the Issuer in respect of payments of principal under the Notes.

8. Events of Default

- (a) An event of default with respect to the Notes shall result if (the “**Event of Default**”):
- (i) *Non-payment*: the Issuer fails to pay any amount of principal due in respect of the Notes for more than ten Business Days or fails to pay any amount of interest due in respect of the Notes for more than ten Business Days; or
 - (ii) *Winding-up*: if any order is made by any competent court or resolution passed for the insolvency or liquidation of the Issuer.

any Noteholder may,

- (A) (in the case of (i) above) institute proceedings for the bankruptcy of the Issuer in Estonia and not elsewhere, and prove or claim in the bankruptcy proceedings of the Issuer; and/or
- (B) (in the case of (ii) above) prove or claim in the bankruptcy or liquidation of the Issuer, whether in Estonia or elsewhere and instituted by the Issuer itself or by a third party,

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

For the avoidance of doubt, any exercise of any Bail-in and Loss Absorption Powers (as described in Condition 16 (*Acknowledgement of Bail-in and Loss Absorption Powers* below)) or any other resolution tool by the Resolution Authority will not constitute an Event of Default under the Notes.

- (b) In any of the events or circumstances described in Condition 8(a)(ii) (*Winding-up*) above, any Noteholder may, by notice to the Issuer, declare such Note to be due and payable, and such Note shall accordingly become due and payable at its outstanding principal amount together with accrued interest to the date of payment but subject to such Noteholder only being able to claim payment in respect of the Note in the insolvency or liquidation proceedings of the Issuer.
- (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 8(a) and 8(b) any obligation for the payment of any principal or interest in respect of the Notes) *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 and/or the Resolution Authority (if such approval is then required under the Applicable Banking Regulations).
- (d) No remedy against the Issuer, other than as provided in Conditions 8(a), 8(b) and 8(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.

9. Limitation period

The limitation period (in Estonian: *aegumistähtaeg*) of claims against the Issuer in respect of the Notes is 3 years from the due date for payment.

10. Further Issues

The Issuer may from time to time, without the consent of the Noteholders, 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.

11. Meetings of Noteholders; Modification

- (a) Circumstances may arise that call for convening meetings of the Noteholders by the Issuer to consider the modification or waiver of the Conditions, whereas any modification of these Conditions may only be made as proposed by the Issuer. Any modification or waiver of the Conditions which affects the Notes will be effected in accordance with Applicable Banking Regulations.
- (b) A notice of the Noteholders' meeting shall be provided to the Noteholders in accordance with Condition 14 (*Notices*) no later than 10 (ten) Business Days prior to the meeting. Noteholders registered as Noteholders in the Register as of close of business of the Register on the Business Day immediately preceding the meeting date or the date determined by the Issuer as the first date for collecting written consents without a meeting, shall be entitled to vote at the Noteholders' meeting or to provide their written consent.
- (c) Modifications of and amendments to the Conditions of the Notes may be effected by the Issuer, and future compliance with any Conditions by the Issuer may be waived, with the prior consent of Noteholders representing not less than two-thirds of the outstanding principal amount of the Notes (excluding any Notes held by the Issuer or its Subsidiaries) or, in the case of a written consent without a meeting, the consent of persons holding or representing not less than two-thirds of the outstanding principal amount of the Notes (excluding any Notes held by the Issuer or its Subsidiaries).
- (d) Any modification shall be binding on the Noteholders and, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter.
- (e) The Issuer may, without the consent of any of the Noteholders, at any time make modifications to the Notes which are, in the opinion of the Issuer, of a formal, minor, or technical nature or are made to correct a manifest error. In addition, certain changes may be made to the interest calculation provisions of the Notes in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Noteholders.

12. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions), 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.).

13. Agent

- (a) Pursuant to an agreement between the Issuer and the Agent, the Agent has agreed to act as the mediator of documents between the Issuer and the Noteholders, organise registration and deletion of the Notes in the Register, and the process of subscription for the Notes, making of subscription, interest and redemption payments, as well as taking such other action as set out in the Conditions.
- (b) In carrying out its duties, the Agent acts as a representative of the Issuer and is not a party to the legal relationship created between the Issuer and the Noteholders as a result

of the issue and acquisition of Notes; however, the Agent has assumed an obligation to the Issuer and Noteholders to act in the interests of Noteholders when performing certain duties. The Agent is not liable to the Noteholders if the Issuer is in breach of obligations arising from these Conditions. The Agent's breach of obligations arising from these Conditions is also deemed to constitute a breach of obligations by the Issuer and the Issuer is liable to the Noteholders for the Agent's breach as if it were the Issuer's breach. If the Agent fails to properly perform its obligation to forward to the Issuer any document submitted by or payment made by a Noteholder under the Conditions or in connection with the Notes, the Noteholder is deemed to have submitted the relevant document or made the payment to the Issuer at the moment when the Agent was supposed to perform its relevant obligation.

- (c) The Noteholders acknowledge that the Agent is a subsidiary of the Issuer and hereby confirm that they have no claims against the Issuer or the Agent arising from that fact.

14. Notices

- (a) Notices to the Noteholders will be deemed to be validly given if:
 - (i) sent by e-mail to the Noteholders at their e-mail addresses available to the Agent or registered in the Estonian Commercial Register, the database belonging to the state information system; and
 - (ii) also published in English on the Issuer's website at <https://investor.lhv.ee/en/senior-bonds/>.

Any such notice will be deemed to have been validly given on the fourth Business Day after the date of sending the notice by registered mail and on the next Business Day after sending the notice by e-mail, but in no case later than on the fifth Business Day after the notice has been published in accordance with sub-paragraph (iii) above.

- (b) Notices to the Issuer will be deemed to be validly given if delivered to Tartu maantee 2, 10145 Tallinn, Estonia or by e-mail to group@lhv.ee (or at such other contact details as may have been notified to the Noteholders) and will be deemed to have been validly given on the fourth Business Day after the date of sending the notice by registered mail and on the next Business Day after sending the notice by e-mail.

15. Governing Law and Jurisdiction

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

16. 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 16, includes each holder of a beneficial interest in the Notes), by

its acquisition of the Notes, each Noteholder acknowledges and accepts that any obligation arising under the Notes may be subject to the exercise of such Bail-in and Loss Absorption Powers as may be exercised by the Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (i) the effect of the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority, which exercise (without limitation) may include and result in some or any of the following, or a combination thereof:
 - (A) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes on a permanent basis;
 - (B) 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;
 - (C) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and
 - (D) 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
- (ii) the variation of the terms of the Notes, as deemed necessary by the Resolution Authority, to give effect to the exercise of any Bail-in and Loss Absorption Powers by the Resolution Authority.

Where:

"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 the Republic of Estonia, relating to (A) the transposition of the BRRD and (B) the instruments, rules and standards created thereunder, as applicable, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) 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 Resolution Authority.

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 Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

Upon the exercise of the Bail-in and Loss Absorption Powers by the Resolution Authority with respect to the Notes, the Issuer will provide a written notice to the Noteholders in accordance with Condition 14 (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.