

**TERMS AND CONDITIONS OF THE AS LHV GROUP
ADDITIONAL TIER 1 TEMPORARY WRITE-DOWN NOTES**

4 June 2019

This general description contains the Terms and Conditions of the Additional Tier 1 Temporary Write-Down Notes. The Final Terms will specify specific terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, modify the following Terms and Conditions for the purposes of the Additional Tier 1 Temporary Write-Down Notes.

LHV Group AS, a limited liability company established in Estonia, ("**LHV Group**" or the "**Issuer**") has decided to issue EUR 15,000,000 Additional Tier 1 Temporary Write-Down Notes (the "**Additional Tier 1 Temporary Write-Down Notes**"). The aggregate Original Nominal Value of the Additional Tier 1 Temporary Write-Down Notes may be increased and decreased by the Issuer, including after the Issuer Date by issuing additional Additional Tier 1 Temporary Write-Down Notes.

Each Additional Tier 1 Temporary Write-Down Note will be the subject of the final terms attached to these Terms and Conditions as Annex 1 (the "**Final Terms**").

These Terms and Conditions (the "**Conditions**") apply to the Additional Tier 1 Temporary Write-Down Notes.

1. Interpretation

(a) In these Conditions the following expressions have the following meanings:

"**Additional Tier 1 Capital**" means additional tier 1 capital for the purposes of the Applicable Banking Regulations.

"**Additional Tier 1 Temporary Write-Down Notes**" has the meaning given to such term in Condition 4 (*Status*).

"**Agent**" means AS LHV Pank, register code 10539549.

"**Applicable Banking Regulations**" means at any time the laws, regulations, delegated or implementing acts, regulatory or implementing technical standards, rules, requirements, guidelines and policies relating to capital adequacy then in effect in Estonia including, without limitation to the generality of the foregoing, CRD IV, BRRD, SRM Regulation and those regulations, requirements, guidelines and policies relating to capital adequacy adopted by the EFSA, 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).

"**BRRD**" means Directive 2014/59/EU of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms, as amended or replaced from time to time.

"**Bail-in 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, any laws, regulations, rules or requirements in effect in the Republic of Estonia, relating to (i) the transposition of the BRRD (including but not limited to the Financial Crisis Prevention and Resolution Act (*finantskriisi ennetamise ja lahendamise seadus*) as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, 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 the Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms, as the same may be amended or replaced from time to time.

“**Business Day**” means a day on which commercial banks settle payments in Tallinn and which is a settlement day of the Register and a TARGET Settlement Day.

“**Capital Event**” means the determination by the Issuer, after consultation with the EFSA, that the Outstanding Nominal Value of the Additional Tier 1 Temporary Write-Down Notes ceases or would be likely to cease to be included in whole, or in any part, or count in whole or in any part towards the Tier 1 Capital of the Issuer and/or the Issuer’s Group due to a change in the Applicable Banking Regulations that was not reasonably foreseeable at the time of the issuance of the Additional Tier 1 Temporary Write-Down Notes (other than by reason of a full or partial exclusion of the Outstanding Nominal Value of the Additional Tier 1 Temporary Write-Down Notes arising (i) as a result of a Write Down and/or (ii) by reason of any applicable limit on the amount of such capital under the Applicable Banking Regulations from time to time).

“**CDR**” means Regulation (EU) 241/2014 of 7 January 2014 supplementing Regulation (EU) No. 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for Own Funds requirements for institutions (Capital Delegated Regulation), as amended or replaced from time to time.

“**CET1 Capital**” means in respect of the Issuer’s Group, at any time, the sum, expressed in the euro, of all amounts that constitute common equity tier 1 capital of the Issuer’s Group as at such date, less any deductions from common equity tier 1 capital required to be made as at such date, in each case as calculated by the Issuer in accordance with the Applicable Banking Regulations applicable to the Issuer on a consolidated basis, at such time (which calculation shall be binding on the Holders). For the purposes of this definition, the term “common equity tier 1 capital” shall have the meaning assigned to such term in the Applicable Banking Regulations then applicable to the Issuer.

“**CET1 Ratio**” means, at any time, the ratio of CET1 Capital of the Issuer’s Group, as at such date to the Risk Weighted Assets of the Issuer’s Group, as at the same date, expressed as a percentage and, for the avoidance of doubt, on the basis that all measures used in such calculation shall be calculated applying the transitional provisions set out in Part Ten of CRR and applied in accordance with the Applicable Banking Regulations then applicable to the Issuer.

“**Conditions to Redemption**” means the conditions to redemption set out in Condition 6(e) (*Redemption and Purchase – Conditions to Redemption*) or as otherwise specified in the relevant Final Terms.

“**CRD IV**” means the legislative package consisting of the CRD IV Directive, the CRR and any CRD IV Implementing Measures.

“**CRD IV Directive**” means Directive 2013/36/EU of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms of the European Parliament and of the Council, as amended or replaced from time to time.

“**CRD IV Implementing Measures**” means any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer and/or the Issuer’s 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, the Issuer’s Group (as the case may be) to the extent required by the CRD IV 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).

“**CRR**” means Regulation (EU) 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council, as the same may be amended or replaced from time to time.

“**Distributable Items**” means the amount of the profits at the end of the latest financial year plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments minus any losses brought forward, profits which are non-distributable pursuant to provisions in legislation or the Issuer’s articles of association and sums placed to non-distributable reserves in accordance with Estonian law or the articles of association of the Issuer, those losses and reserves being determined on the basis of the individual accounts of the Issuer and not on the basis of the sub-consolidated accounts, or, at any time, the meaning assigned to such term in CRR as interpreted and applied in accordance with the Applicable Banking Regulations then applicable to the Issuer and/or the Issuer’s Group.

“**EFSA**” means the Estonian Financial Supervisory Authority (*Finansinspektsioon*) and any successor or replacement thereto or any other authority having primary responsibility for the prudential oversight and supervision of the Issuer.

“**Estonian Commercial Code**” means the Commercial Code (*äriseadustik*) of the Republic of Estonia.

“**Estonian Credit Institutions Act**” means the Credit Institutions Act (*krediidiasutuste seadus*) of the Republic of Estonia.

“**Estonian Insolvency Act**” means the Insolvency Act (*pankrotiseadus*) of the Republic of Estonia.

“**First Interest Payment Date**” means the date specified in the Final Terms.

“**Interest Commencement Date**” means the Issue Date of the Additional Tier 1 Temporary Write-Down Notes (as specified in the Final Terms).

“**Interest Payment Date**” means the First Interest Payment Date and any date or dates specified as such in the Final Terms (each such date a “Specified Interest Payment Date”).

“**Issue Date**” has the meaning specified in the relevant Final Terms.

“**Issuer’s Group**” means the Issuer and its subsidiaries.

“**Junior Securities**” means the share capital and any obligation of the Issuer ranking or, expressed to rank, junior to the Additional Tier 1 Temporary Write-Down Notes in a voluntary or involuntary liquidation (*likvideerimine*) or bankruptcy (*pankrot*) of the Issuer.

“**Loss Absorbing Instrument**” means at any time any instrument (other than the Additional Tier 1 Temporary Write-Down Notes) issued directly or indirectly by the Issuer which at such time (a) qualifies as Additional Tier 1 Capital of the Issuer’s Group and (b) which is subject to utilisation and conversion or utilisation and write down (as applicable) of the outstanding nominal value thereof (in accordance with its terms or otherwise) on the occurrence, or as a result, of the CET1 Ratio of the Issuer’s Group falling below a specified level.

“**Maximum Distributable Amount**” means any maximum distributable amount (*maksimaalse väljamakse summa*) relating to the Issuer required to be calculated in accordance with Article 141 of the CRD IV Directive as transposed or implemented into Estonian law (notably by a Regulation of the President of the Bank of Estonia No 13 of 9 July 2014 “Procedure for Calculation of Maximum Distributable Amount of Equity”) and in accordance with the Applicable Banking Regulations.

“Maximum Reinstatement Amount” means, in respect of any Reinstatement, the Net Profit of the Issuer multiplied by the sum of the aggregate Original Nominal Value of the Additional Tier 1 Temporary Write-Down Note and the aggregate initial principal value of all Written Down Additional Tier 1 Instruments of the Issuer, and divided by the total Tier 1 Capital of the Issuer’s Group as at the date of the relevant Reinstatement, or any higher amount permissible pursuant to Applicable Banking Regulations in force on the date of the relevant Reinstatement.

“Net Profit” means, the consolidated net profit of the Issuer’s Group and shall be the most recent profits calculated on a statutory basis after the relevant body has taken a formal decision confirming such final profits of the Issuer’s Group, as applicable.

“Parity Securities” means any (i) subordinated and undated debt instruments or securities of the Issuer which are recognized as “*täiendavad esimese taseme omavahenditesse kuuluvad instrumendid*” or “Additional Tier 1 Capital” of the Issuer, from time to time by the EFSA and (ii) any securities or other obligations of the Issuer which rank, or are expressed to rank, on a voluntary or involuntary liquidation (*likvideerimine*) or bankruptcy (*pankrot*) of the Issuer, *pari passu* with the Additional Tier 1 Temporary Write-Down Notes.

a **“person”** includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) or other legal entity.

“Rate of Interest” means the rate (expressed as a percentage per annum) of interest payable in respect of the Additional Tier 1 Temporary Write-Down Notes specified in the Final Terms.

“Reference Date” means the accounting date as at which the applicable Relevant Profits were determined.

“Reinstatement Amount” means the amount, subject to the Maximum Reinstatement Amount, by which the Outstanding Nominal Value of each Additional Tier 1 Temporary Write-Down Note in effect prior to the relevant Reinstatement, is to be reinstated and written up on the Reinstatement Effective Date on the balance sheet of the Issuer on such date, as specified in the Reinstatement Notice.

“Reinstatement Effective Date” means the date on which the Outstanding Nominal Value of each Additional Tier 1 Temporary Write-Down Note is reinstated and written up on the balance sheet of the Issuer (in whole or in part), as specified in the relevant Reinstatement Notice.

“Reinstatement Procedure” means the procedures set out in Condition 7(b)(ii).

“Reinstatement Notice” means the notice to be delivered by the Issuer to the Holders in accordance with Condition 12 specifying the Reinstatement Amount and the Reinstatement Effective Date.

„Register“ means a securities register operated by Nasdaq CSD SE Estonian Branch.

“Relevant Amounts” means the Outstanding Nominal Value of the Notes, together with any accrued but unpaid interest and additional amounts due on the Notes.

“Relevant Distributions” means the sum of:

- (a) any distributions on the Additional Tier 1 Temporary Write-Down Notes made or scheduled to be made by the Issuer in the then current financial year of the Issuer; and
- (b) any distributions made or scheduled to be made by the Issuer on other Common Equity Tier 1 instruments or Additional Tier 1 instruments in the then current financial year of the Issuer.

“Relevant Capital” means Tier 1 Capital.

“Relevant Profits” means the Net Profits of the Issuer’s Group.

“Relevant Resolution Authority” means the resolution authority with the ability to exercise any Bail-in Powers in relation to the Issuer and/or the Issuer’s Group.

“Risk Weighted Assets” means, at any time, the aggregate amount, expressed in the euro, of the risk weighted assets of the Issuer’s Group, as at such date, as calculated on a consolidated basis in respect of the Issuer’s Group in accordance with the Applicable Banking Regulations applicable to the Issuer, on such date (which calculation shall be binding on the Holders). For the purposes of this definition, the term “risk weighted assets” means the risk weighted assets or total risk exposure amount, as calculated in accordance with the Applicable Banking Regulations applicable to the Issuer’s Group.

“Original Nominal Value” means, in respect of an Additional Tier 1 Temporary Write-Down Note, the Nominal Value of the Additional Tier 1 Temporary Write-Down Note as issued on the Issue Date.

“Outstanding Nominal Value” means, in respect of an Additional Tier 1 Temporary Write-Down Note, the Original Nominal Value as reduced from time to time by any partial redemption or repurchase from time to time.

“SRM Regulation” means Regulation (EU) 806/2014 of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund, as amended or replaced from time to time.

“Subordinated Indebtedness” means any obligation of the Issuer whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of liquidation (*likvideerimine*) or bankruptcy (*pankrot*) of the Issuer to the claims of depositors and all other unsubordinated creditors of the Issuer.

“Subsidiary” has the meaning provided in the Estonian Commercial Code.

“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.

“TARGET Settlement Day” means any day on which TARGET2 is open for the settlement of payments in euro.

“Tax Event” means:

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

which amendment or change is effective or such governmental action, pronouncement or decision is announced, on or after the Issue Date of the Additional Tier 1 Temporary Write-Down Notes, and under or due to which:

- (A) the Issuer is, or will be, subject to additional taxes, duties or other governmental charges with respect to the Additional Tier 1 Temporary Write-Down Notes or is not,

or will not be, entitled to claim a deduction in respect of payments in respect of the Additional Tier 1 Temporary Write-Down Notes in computing its taxation liabilities (or the value of such deduction would be materially reduced);

- (B) the treatment of any of the Issuer's items of income or expense with respect to the Additional Tier 1 Temporary Write-Down Notes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by a taxing authority, which subjects the Issuer to additional taxes, duties or other governmental charges; or
- (C) on the occasion of the next payment due under the Additional Tier 1 Temporary Write-Down Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*).

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

"Tier 1 Capital" means tier 1 capital for the purposes of the Applicable Banking Regulations.

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

a **"Trigger Event"** shall occur if at any time the Issuer, EFSA or any agent appointed for such purpose by the EFSA has determined that the CET1 Ratio of the Issuer's Group on a consolidated basis is less than the Trigger Level.

"Trigger Level" has the meaning given in the relevant Final Terms.

"Write Down" means the write down of the Outstanding Nominal Value of each Additional Tier 1 Temporary Write-Down Note (in whole or in part, as applicable) by writing down such Outstanding Nominal Value (in whole or in part, as applicable) in accordance with the Write Down Procedure.

"Write Down Amount" means the amount by which the Outstanding Nominal Value of each Additional Tier 1 Temporary Write-Down Note is to be written down on the Write Down Effective Date, which shall be:

- (i) the amount (together with the write down on a *pro rata* basis of the other Additional Tier 1 Temporary Write-Down Notes and any utilization and conversion or utilization and write down (to the extent possible) of other Loss Absorbing Instruments to be written down or converted concurrently (or substantially concurrently)) that would be sufficient to restore the CET1 Ratio of the Issuer's Group to at least the Trigger Level; or
- (ii) if that write down (together with the write down on a *pro rata* basis of the other Additional Tier 1 Temporary Write-Down Notes and any utilization and conversion or utilization and write down (to the extent possible) of any other Loss Absorbing Instruments to be written down or converted concurrently (or substantially concurrently)) would be insufficient to restore the CET1 Ratio to the Trigger Level, or the CET1 Ratio is not capable of being so restored, the amount necessary to reduce the Outstanding Nominal Value of such Additional Tier 1 Temporary Write-Down Note to one euro cent.

provided, however, with respect to each Loss Absorbing Instrument (if any) such pro-rata write down or conversion shall only be taken into account to the extent required to restore the CET1 Ratio of the Issuer's Group to the lower of (a) such Loss Absorbing Instrument's trigger level, or where there is more than one such trigger level, the highest of such trigger levels as has

been triggered thereon and (b) the Trigger Level in respect of which the Trigger Event has occurred and provided further, however, that to the extent the write down, or, as the case may be, conversion of the nominal value of any Loss Absorbing Instrument is not, or by the relevant Write Down Effective Date will not be, effective for any reason, the ineffectiveness of any such write down or, as the case may be, conversion shall not prejudice the requirement to effect a write down of each Additional Tier 1 Temporary Write-Down Note under this Condition and the amount of any future potential write down or conversion (as the case may be) of such Loss Absorbing Instrument shall not be taken into account in determining, and so shall not reduce, the amount of the write down of the Outstanding Nominal Value of each Additional Tier 1 Temporary Write-Down Note.

“Write Down Effective Date” means the date on which the Write Down shall take place, or has taken place, as applicable.

“Write Down Notice” means the notice to be delivered by the Issuer to the Holders in accordance with Condition 12 specifying (i) that a Trigger Event has occurred and (ii) the Write Down Effective Date or expected Write Down Effective Date.

“Write Down Procedure” means the procedures set out in Condition 7(a)(ii).

“Written Down Additional Tier 1 Instrument” means a Loss Absorbing Instrument (other than these Additional Tier 1 Temporary Write-Down Notes) issued directly or indirectly by the Issuer and qualifying as Additional Tier 1 Capital of the Issuer’s Group that, immediately prior to any Reinstatement, has a prevailing nominal value which is less than its original nominal value 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 7(b) in the circumstances existing on the relevant Reinstatement Effective Date.

(b) In these Conditions:

- (i) any reference to principal or nominal shall be deemed to include the redemption amount, any additional amounts in respect of principal which may be payable under Condition 8 (*Taxation*), any premium payable in respect of an Additional Tier 1 Temporary Write-Down Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (ii) references to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

2. Form and Denomination

(a) **Form**

Additional Tier 1 Temporary Write-Down Notes are issued in intangible form. The Additional Tier 1 Temporary Write-Down Notes are not numbered.

(b) **Registration**

The Additional Tier 1 Temporary Write-Down Notes are registered in the Register and assigned an ISIN code. The Additional Tier 1 Temporary Write-Down Notes may be subscribed for only by such persons that have a securities account with the Register.

(c) **Denomination**

Additional Tier 1 Temporary Write-Down Notes will be issued in such denomination as specified in the Final Terms.

(d) **Currency of the Additional Tier 1 Temporary Write-Down Notes**

The Additional Tier 1 Temporary Write-Down Notes are issued in euro.

3. Title, Transfer and Delivery

(a) **Title of Additional Tier 1 Temporary Write-Down Notes**

Title to the Additional Tier 1 Temporary Write-Down Notes passes by registration of change of ownership in the Register. References herein to the “**Noteholders**” or “**Holders**” of Additional Tier 1 Temporary Write-Down Notes signify the persons in whose names such Additional Tier 1 Temporary Write-Down Notes are so registered.

(b) **Transfer of Additional Tier 1 Temporary Write-Down Notes and Transfer Limitation**

The Notes can be transferred from one securities account to another by the registrar of the Register by way of debiting the first securities account and crediting the other securities account in the amount of the corresponding number of securities. Ownership of a Note is deemed to have changed in respect of the Issuer as from the moment a relevant entry is made in the Register, i.e. when a Note is transferred to the securities account of the respective Noteholder.

(c) **Delivery**

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

4. Status

Ranking

The Additional Tier 1 Temporary Write-Down Notes issued pursuant to these Conditions (the “**Additional Tier 1 Temporary Write-Down Notes**”) constitute and will constitute unsecured, subordinated obligations of the Issuer.

The Issuer expects the Additional Tier 1 Temporary Write-Down Notes to be instruments of the Issuer qualifying as Additional Tier 1 Capital instruments.

In the event of the voluntary or involuntary liquidation (*likvideerimine*) or bankruptcy (*pankrot*) of the Issuer, the rights and claims (if any) of the Holders of any Additional Tier 1 Temporary Write-Down Notes to payments of the then Outstanding Nominal Value, as reduced by any relevant Write-Down Amount in respect of a Trigger Event which has occurred but in respect of which the Write Down Effective Date has not yet occurred, (if any) of the Additional Tier 1 Temporary Write-Down Notes and any other amounts in respect of the Additional Tier 1 Temporary Write-Down Notes (including any accrued and uncanceled interest or damages awarded for breach of any obligations under these Conditions, if any are payable), will rank:

- (i) *pari passu* without any preference among the Additional Tier 1 Temporary Write-Down Notes;
- (ii) at least *pari passu* with payments to holders of present or future outstanding Parity Securities of the Issuer;
- (iii) in priority to payments to holders of present or future outstanding Junior Securities (including shares) of the Issuer; and
- (iv) junior in right of payment to the payment of any present or future claims of (a) depositors of the Issuer, (b) other unsubordinated creditors of the Issuer, and (c) subordinated creditors of the Issuer in respect of Subordinated Indebtedness (other than Parity Securities and Junior Securities) including, for the avoidance of doubt, Tier 2 Capital instruments.

General

No Holder of the Additional Tier 1 Temporary Write-Down Notes shall be entitled to exercise any right of set-off or counterclaim against amounts owed by the Issuer in respect of the Additional Tier 1 Temporary Write-Down Notes held by it.

No insolvency proceedings against the Issuer are required to be opened in relation to the obligations of the Issuer under the Additional Tier 1 Temporary Write-Down Notes. The Additional Tier 1 Temporary Write-Down Notes do not contribute to a determination that the liabilities of the Issuer exceed its assets; therefore the obligations of the Issuer under the Additional Tier 1 Temporary Write-Down Notes, if any, will not contribute to the determination of insolvency (*maksejõuetus*) of the Issuer in accordance with § 1(3) of the Estonian Insolvency Act.

5. Interest

The Additional Tier 1 Temporary Write-Down Notes shall be interest bearing. The application of Condition 5(1) (*Interest—Fixed Rate*) shall be subject to Condition 5(2) (*Interest Cancellation*).

(1) Interest — Fixed Rate

The Additional Tier 1 Temporary Write-Down Notes shall bear interest on its Outstanding Nominal Value from and including their Issue Date (as specified in the Final Terms) to, but excluding, the date of any final redemption at the rate or rates *per annum* specified in the Final Terms. Such interest will be payable in arrear on each Interest Payment Date as is specified in the Final Terms and on the date of any final redemption.

The determination by the Agent of all rates of interest and amounts of interest for the purposes of this Condition 5 shall, in the absence of manifest error, be final and binding on all parties.

(2) Interest Cancellation

The application of Condition 5(1) (*Interest—Fixed Rate*) shall be subject to this Condition 5(2).

(a) Interest Payments Discretionary

Interest on the Additional Tier 1 Temporary Write-Down Notes will be due and payable only at the sole discretion of the Issuer, and the Issuer shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any Interest Payment Date. If the Issuer does not make an interest payment on the relevant Interest Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such interest payment), such non-payment shall evidence the Issuer's exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest payment (or the portion thereof not paid) shall not be due and payable. Interest payments may be cancelled for an unlimited period.

If the Issuer provides notice to cancel a portion, but not all, of an interest payment and the Issuer subsequently does not make a payment of the remaining portion of such interest payment on the relevant Interest Payment Date, such non-payment shall evidence the Issuer's exercise of its discretion to cancel such remaining portion of the interest payment, and accordingly such remaining portion of the interest payment shall also not be due and payable.

(b) Restriction on Interest Payments

- (i) Subject to the extent permitted in paragraph 5(2)(b)(ii) below, the Issuer shall not make an interest payment on the Additional Tier 1 Temporary Write-Down Notes on any Interest Payment Date (and such interest payment shall therefore be deemed to have been cancelled and thus shall not be due and payable on such Interest Payment Date):

- (a) if the amount of such interest payment otherwise due, when aggregated together with any further Relevant Distributions and other distributions of the kind referred to in § 86⁵⁰ of the Estonian Credit Institutions Act (implementing article 141(2) of the CRD IV Directive), plus any write-ups, where applicable, exceed (in aggregate) the amount of the Maximum Distributable Amount (whereas under the Applicable Banking Regulations the maximum Distributable Amount shall be calculated if the Issuer does not meet its combined capital buffer requirements); or
 - (b) such interest payment would cause, when aggregated together with other Relevant Distributions and any potential write-ups, the Distributable Items of the Issuer (as at such Interest Payment Date) to be exceeded; or
 - (c) the EFSA orders the Issuer to cancel the interest payment on the Additional Tier 1 Temporary Write-Down Notes (in whole or in part) scheduled to be paid; or
 - (d) if and to the extent that such payment would cause a breach of any other regulatory restriction or prohibition on payments on Additional Tier 1 Capital instruments pursuant to Applicable Banking Regulations.
 - (ii) The Issuer may, in its sole discretion, elect to make a partial interest payment on the Additional Tier 1 Temporary Write-Down Notes on any Interest Payment Date, only to the extent that such partial interest payment may be made without breaching the restriction set out in paragraph 5(2)(b)(i) above.
- (c) *Effect of Interest Cancellation*
- Interest will only be due and payable on an Interest Payment Date to the extent it is not cancelled in accordance with Condition 5(2)(a) and Condition 5(2)(b). Any interest cancelled (in each case, in whole or in part) in such circumstances shall be cancelled indefinitely and shall not accumulate or be payable at any time thereafter. For avoidance of doubt, any accrued but unpaid interest from the Trigger Event up to the Write-Down Effective Date shall also be automatically cancelled even if no notice has been given to that effect. Any interest payment (or part thereof) so cancelled shall not constitute an event of default, and Holders shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation or deemed cancellation, including in the case of liquidation (*likvideerimine*) or bankruptcy (*pankrot*) of the Issuer.
- The Issuer may use such cancelled payments without restriction to meet its obligations as they fall due.
- (d) *Notice of Interest Cancellation*
- If practicable, the Issuer shall provide notice of any cancellation of interest (in whole or in part) to the Holders on or prior to the relevant Interest Payment Date. If practicable, the Issuer shall endeavor to provide such notice at least five (5) Business Days prior to the relevant Interest Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or deemed cancellation of interest, or give Holders any rights as a result of such failure.

6. Redemption and Purchase

(a) ***No fixed redemption date***

The Additional Tier 1 Temporary Write-Down Notes shall be perpetual and shall have no final maturity.

The Additional Tier 1 Temporary Write-Down Notes are securities that are not redeemable at the option of the Holders and have no fixed redemption date, and the Issuer shall have the right to call, redeem, repay or repurchase them only in accordance with (and subject to) the conditions set out in Articles 77 and 78 of the CRR being met and not before five years from issuance, except where the conditions set out in Article 78(4) of the CRR are met or, in the case of repurchases for marketmaking purposes, where the conditions set out in Article 29 of the CDR are met and particularly with respect to the predetermined amount defined by the Competent Authority as per Article 29(3)(b) of the CDR (see conditions for Early Redemption as a result of a Tax Event, Early Redemption as a result of a Capital Event and Optional Early Redemption (Call)). The instrument shall become immediately due and payable only in the event of liquidation or bankruptcy of the Issuer, subject to the conditions in the Status of the Additional Tier 1 Temporary Write-Down Notes.

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

Upon the occurrence of a Tax Event, but subject to the Conditions to Redemption and Condition 6(f) (*Trigger Event Post Redemption Notice*), the Issuer may, other than when the prevailing Outstanding Principal Amount of an Additional Tier 1 Temporary Write-Down Note is less than the Original Principal Amount, having given not less than 30 days' notice to the Holders of Additional Tier 1 Temporary Write-Down Notes in accordance with Condition 13 (*Notices*) on each Interest Payment Date redeem all (but not some only) of the outstanding Additional Tier 1 Temporary Write-Down Notes at any time at a redemption amount equal to their Outstanding Nominal Value together with interest accrued to but excluding the date of redemption (excluding any interest cancelled in accordance with Condition 5(2) (*Interest Cancellation*)).

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

Upon the occurrence of a Capital Event but subject to the Conditions to Redemption and Condition 6(f) (*Trigger Event Post Redemption Notice*), the Issuer may, other than when the prevailing Outstanding Principal Amount of an Additional Tier 1 Temporary Write-Down Note is less than the Original Principal Amount, at its option, having given not less than 30 days' notice to the Holders in accordance with Condition 13 (*Notices*), on each Interest Payment Date redeem all (but not some only) of the Additional Tier 1 Temporary Write-Down Notes at its Outstanding Nominal Value, together with interest (if any) accrued to but excluding the date of redemption (excluding any interest cancelled in accordance with Condition 5(2) (*Interest Cancellation*)).

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

The Issuer may (subject to the Conditions to Redemption and Condition 6(f) (*Trigger Event Post Redemption Notice*)), other than when the prevailing Outstanding Principal Amount of an Additional Tier 1 Temporary Write-Down Note is less than the Original Principal Amount, on each Interest Payment Date redeem all (but not some only) the Additional Tier 1 Temporary Write-Down Notes at their Outstanding Nominal Amount, together with accrued interest (if any) thereon (excluding any interest cancelled in accordance with Condition 5(2) (*Interest Cancellation*)).

The appropriate notice referred to in this Condition 6(d) is a notice given by the Issuer to the Holders of the Additional Tier 1 Temporary Write-Down Notes, which notice shall be signed by an authorised representative of the Issuer and shall specify:

- (i) the due date for such redemption, which shall be not less than 30 days after the date on which such notice is validly given; and
- (ii) the amount at which such Additional Tier 1 Temporary Write-Down Notes are to be redeemed, which shall be their Outstanding Nominal Value together with accrued interest thereon (excluding any interest cancelled in accordance with Condition 5(2) (*Interest Cancellation*)).

(e) **Conditions to Redemption**

The Issuer may redeem the Additional Tier 1 Temporary Write-Down Notes in accordance with Condition 6(b) (*Early Redemption as a result of a Tax Event*), 6(c) (*Early Redemption as a result of a Capital Event*) or 6(d) (*Optional Early Redemption (Call)*) (and give notice thereof to the Holders) only if it has been granted the permission of the EFSA (if such permission is then required under the Applicable Banking Regulations) and:

- (i) on or before such redemption of the Additional Tier 1 Temporary Write-Down Notes, the Issuer replaces the Additional Tier 1 Temporary Write-Down Notes with capital instruments 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 EFSA that its Tier 1 Capital and Tier 2 Capital would, following such redemption, exceed the capital ratios laid down in Article 92(1) of the CRR and the combined buffer requirement as defined in § 86⁴⁴ of the Estonian Credit Institutions Act transposing point 6 of Article 128 of the CRD IV by a margin that the EFSA considers necessary on the basis of the Estonian Credit Institutions Act transposing Article 104(3) of the CRD IV Directive;
- (iii) in case of redemption in accordance with Condition 6(d), such redemption may only occur after five years after the issue date of the Additional Tier 1 Temporary Write-Down Notes; and
- (iv) in the case of redemption before five years after the issue date of the Additional Tier 1 Temporary Write-Down Notes if:
 - (a) the conditions listed in paragraphs (i) or (ii) above are met; and
 - (b) in the case of redemption due to the occurrence of a Capital Event, (i) the EFSA considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the EFSA that the Capital Event was not reasonably foreseeable at the time of the issuance of the Additional Tier 1 Temporary Write-Down Notes; or
 - (c) in the case of redemption due to the occurrence of a Tax Event, the Issuer demonstrates to the satisfaction of the EFSA that such Tax Event is material and was not reasonably foreseeable at the time of issuance of the Additional Tier 1 Temporary Write-Down Notes,

(the “**Conditions to Redemption**”).

The Issuer shall not give a notice of redemption if a Trigger Event has occurred.

Should it occur that the EFSA decides that the notes issued under these Conditions cannot be classified as Additional Tier 1 Capital instruments from the beginning (and not due to the occurrence of a Capital Event) and such position cause the Issuer to wish to call such notes, the Conditions to Redemption shall not be applicable and the Additional Tier 1 Temporary Write-Down Note shall be immediately redeemable in accordance with Condition 6(d) (*Optional Early Redemption (Call)*).

(f) ***Trigger Event Post Redemption Notice***

If the Issuer has elected to redeem the Additional Tier 1 Temporary Write-Down Notes but prior to the payment of the redemption amount with respect to such redemption, a Trigger Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, no payment of the redemption amount will be due and payable and Write-Down shall occur in accordance with Condition 7 (*Loss Absorption Mechanism*).

(g) ***Cancellation of Redeemed and Purchased Additional Tier 1 Temporary Write-Down Notes***

All Additional Tier 1 Temporary Write-Down Notes redeemed or purchased in accordance with this Condition 6 will be cancelled (i.e. deleted from the Register, based on the Issuer's application, if applicable) and may not be reissued or resold. References in this Condition 6(g) to the purchase of the Additional Tier 1 Temporary Write-Down Notes by the Issuer shall not include the purchase of Additional Tier 1 Temporary Write-Down otherwise than as a beneficial owner.

7. Loss Absorption Mechanism

(a) ***Write Down***

(i) ***Write Down Upon Trigger Event***

If a Trigger Event has occurred at any time, the Issuer shall write down the Outstanding Nominal Value of each Additional Tier 1 Temporary Write-Down Note (in whole or in part, as applicable) by writing down such Outstanding Nominal Value (in whole or in part, as applicable) on the Write Down Effective Date in accordance with the Write Down Procedure. The Write Down shall occur without delay (and within one month or such shorter period as the EFSA may require at the latest) upon the occurrence of a Trigger Event.

Upon the occurrence of a Trigger Event, the Issuer shall immediately inform the EFSA and shall deliver to the Holders notice in accordance with Condition 12 specifying (i) that a Trigger Event has occurred and (ii) the Write Down Effective Date or expected Write Down Effective Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such Write Down, or give Holders any rights as a result of such failure.

Other than as provided below in Condition 7(b) (*Reinstatement*), following a Write Down, no Holder will have any rights against the Issuer with respect to the repayment of any principal amount to the extent so written down or the payment of interest on any principal amount that has been so written down or any other amount on or in respect of any principal amount that has been so written down. Furthermore, any interest on any principal amount that is to be written down on the relevant Write Down Effective Date, in respect of an interest period ending on any Interest Payment Date falling between the date of a Trigger Event and the Write Down Effective Date shall also be deemed to have been cancelled upon the occurrence of such Trigger Event and shall not be due and payable.

A Trigger Event may occur on more than one occasion and the Outstanding Principal Amount of each Additional Tier 1 Temporary Write-Down Note may be written down on more than one occasion provided that the Outstanding Principal Amount of a Additional Tier 1 Temporary Write-Down Note may never be reduced to below one euro cent.

Any Write Down of a Additional Tier 1 Temporary Write-Down Note shall not constitute an event of default or a breach of the Issuer's obligations or duties or a failure to

perform by the Issuer in any manner whatsoever and shall not, of itself, entitle Holders to petition for the insolvency of the Issuer or otherwise.

(ii) *Write Down Procedure*

Write Down Notice

If a Trigger Event has occurred at any time, the Issuer shall deliver a Write Down Notice to the Holders, as soon as reasonably practicable, and in any event not more than five (5) Business Days after such determination.

The Write Down Notice shall be sufficient evidence of the occurrence of such Trigger Event and will be conclusive and binding on the Holders.

Write Down

- (A) On the Write Down Effective Date, the Issuer shall write down the Outstanding Nominal Value of each Additional Tier 1 Temporary Write-Down Note in a sum equivalent to the relevant Write Down Amount of each Additional Tier 1 Temporary Write-Down Note. The Issuer shall organise and procure the registration of such reduction of the Outstanding Nominal Value of the Additional Tier 1 Temporary Write-Down Notes in the Register.
- (B) Notwithstanding that certain Loss Absorbing Instruments may be utilized and converted or utilized and written down in full (on a temporary or permanent basis in accordance with their terms), the Issuer will first to the extent possible procure that the outstanding principal amount of each security forming part of any series of Loss Absorbing Instruments to be converted or written down (as the case may be) concurrently (or substantially concurrently) is, or has been, utilized and converted or utilized and written down (in accordance with its terms) on a pro rata basis with the Outstanding Nominal Value of each Additional Tier 1 Temporary Write-Down Note.

Simultaneously with the delivery of the Write Down Notice to the Holders, or as soon as possible thereafter, the Issuer shall procure that a similar notice is, or has been, given in respect of any such Loss Absorbing Instruments (in accordance with their terms).

(b) ***Reinstatement***

(i) *Reinstatement after Write Down*

If a positive Net Profit of the Issuer's Group is recorded at any time while the Outstanding Nominal Value of the Additional Tier 1 Temporary Write-Down Notes is less than the Original Nominal Value of the Additional Tier 1 Temporary Write-Down Notes, the Issuer may, at its sole and absolute discretion, reinstate and write up the Outstanding Nominal Value of the Additional Tier 1 Temporary Write-Down Notes in whole or in part in accordance with the Reinstatement Procedure (a "**Reinstatement**").

A Reinstatement may occur on more than one occasion provided that the Outstanding Nominal Value of a Additional Tier 1 Temporary Write-Down Note may never exceed its Original Nominal Value.

No Reinstatement may take place if (i) a Trigger Event has occurred in respect of which the Write Down has not occurred, (ii) a Trigger Event has occurred in respect of which Write Down has occurred but the CET1 Ratios of the Issuer's Group have not been restored to, or above, the Trigger Level or (iii) the Reinstatement (either alone or together with all simultaneous reinstatements of other Written Down Additional Tier 1 Capital Instruments) would cause a Trigger Event to occur.

(ii) *Reinstatement Procedure*

Reinstatement Notice

If the Issuer exercises such discretion to effect a Reinstatement it shall give notice thereof to Holders specifying the Reinstatement Amount and the Reinstatement Effective Date (the “**Reinstatement Notice**”).

Reinstatement Amount

Reinstatements must be made on a *pro rata* basis with any other Written Down Additional Tier 1 Instruments (based on the then prevailing outstanding nominal value thereof).

The Reinstatement Amount shall be set by the Issuer at its discretion, save that it shall, when aggregated together with the reinstatement of the outstanding nominal value of temporarily written down Written Down Additional Tier 1 Instruments and distributions of the kind referred to in Article 141(2) of the CRD IV Directive, be limited to the extent necessary to ensure the Maximum Distributable Amount is not exceeded thereby and provided that the sum of:

- (i) the aggregate amount of the relevant reinstatement on all the Additional Tier 1 Temporary Write-Down Note (out of the same Net Profit of the Issuer's Group);
- (ii) the aggregate amount of any payments of interest in respect of the Additional Tier 1 Temporary Write-Down Notes that were paid on the basis of an Outstanding Principal Amount lower than the Original Principal Amount at any time after the Reference Date;
- (iii) the aggregate amount of the relevant reinstatement on Written Down Additional Tier 1 Instruments at the time of the relevant Reinstatement (out of the same Relevant Profits); and
- (iv) the aggregate amount of any payments of interest or distributions in respect of each Written Down Additional Tier 1 Instruments that were paid on the basis of a prevailing principal amount that is lower than the principal amount it was issued with at any time after the Reference Date,

does not exceed the Maximum Reinstatement Amount.

Effecting the Reinstatement

On the Reinstatement Effective Date and subject to the prior consent of the EFSA (to the extent such consent is required by the Applicable Banking Regulations), the Issuer shall cause the Outstanding Nominal Value of each Additional Tier 1 Temporary Write-Down Note to be reinstated and written up by an amount equal to the relevant Reinstatement Amount on a *pro rata* basis with each Additional Tier 1 Temporary Write-Down Note. The Issuer shall organise and procure the registration of such increase of the Outstanding Nominal Value of the Additional Tier 1 Temporary Write-Down Notes in the Register.

8. Taxation

- (a) Should any amounts payable in cash or in kind (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Additional Tier 1 Temporary Write-Down 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) Should an applicable treaty for the avoidance of double taxation set forth lower withholding rates than those otherwise applicable to the interest payment under Estonian domestic law, the respective Noteholder shall be requested to provide the documents necessary for application of the respective treaty (including, but not limited to, residence certificate issued or attested by the tax authority of the residence state of the Noteholder) at least 15 (fifteen) days prior to the payment. If such documents are not presented to the Issuer, the Issuer shall be entitled to withhold tax at the rates set forth by the Estonian domestic legislation.
- (c) Any reference in these Terms to interest in respect of the Additional Tier 1 Temporary Write-Down Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 8 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 Additional Tier 1 Temporary Write-Down Notes.
- (d) If, due to any such interpretation by the tax authorities in the Taxing Jurisdiction or any amendment to, or clarification of, or change in, the laws or treaties (or any regulations thereunder) of the Taxing Jurisdiction affecting taxation; any governmental action in the Taxing Jurisdiction affecting taxation; or any 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 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, the payment of interest under the Additional Tier 1 Temporary Write-Down Notes is qualified as a payment of dividends and the obligation of the Issuer to pay corporate income tax in its own name and on its own account (i.e. not as withholding taxes attributable to the Holders) on the payment of interest (qualified as distribution of dividends) under the Additional Tier 1 Temporary Write-Down Notes, the Noteholders will bear the tax burden of such payments and the Issuer shall make deductions from the sums payable to the Noteholders to cover the cost of such dividend taxes with the Issuer having no obligation to compensate the withheld or deducted tax amounts to the Noteholder. For avoidance of doubt, should payment of interest (qualified as distribution of dividends) be also subject to withholding or deduction of any tax or duty in Estonia, in addition to the corporate income tax payable by the Issuer (e.g. in the event of regularly paid dividends, which on the date of these Conditions are taxable with the 14% corporate income tax at the level of the Issuer and the 7% withholding tax at the level of the individual Holder), the Issuer shall also be entitled to withhold or deduct the respective taxes or duties on the account of the Noteholder as described under Condition 8(a) above. For avoidance of doubt, this does not preclude the Issuer's right to exercise Early Redemption of the Additional Tier 1 Temporary Write-Down Notes as a result of a Tax Event under Condition 6(b).

9. Payments

Payment of amounts (whether principal, interest or otherwise, including on the final redemption) due in respect of the Additional Tier 1 Temporary Write-Down Notes will be paid to the Holders thereof as appearing in the Register as of close of business of the Register on the Business Day immediately preceeding the due date for such payment (the "**Record Date**"). Payment of amounts due on the final redemption of Additional Tier 1 Temporary Write-Down Notes will be made simultaneously with deletion of the Additional Tier 1 Temporary Write-Down Notes, or, if so required by the Issuer, against delivery of the Additional Tier 1 Temporary Write-Down Notes to the Issuer. If the due date for payment of the final redemption amount of Additional Tier 1 Temporary Write-Down Notes is not a Business

Day, the Holder thereof will not be entitled to payment thereof until the next following such Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Conditions.

10. Limitation period

The limitation period (*aegumistähtaeg*) of claims against the Issuer in respect of the Additional Tier 1 Temporary Write-Down Notes is 3 years from the due date for payment.

11. Meetings of Holders

Circumstances may arise that call for convening meetings of the Holders of Additional Tier 1 Temporary Write-Down Notes 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 Additional Tier 1 Temporary Write-Down Notes will be effected in accordance with Applicable Banking Regulations.

Modifications of and amendments to the Conditions of Additional Tier 1 Temporary Write-Down Notes (including the Trigger Level) may be effected by the Issuer, and future compliance with any Conditions of the Additional Tier 1 Temporary Write-Down Notes by the Issuer may be waived, with the prior consent of Holders of the Additional Tier 1 Temporary Write-Down Notes representing not less than three-fourths of the Outstanding Nominal Value of Additional Tier 1 Temporary Write-Down Notes (excluding any Additional Tier 1 Temporary Write-Down 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 three-fourths in Outstanding Nominal Value of the Additional Tier 1 Temporary Write-Down Notes (excluding any Additional Tier 1 Temporary Write-Down Notes held by the Issuer or its Subsidiaries).

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.

12. 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 of the Notes in the Register as well as subscription for the Notes, and making of subscription, interest and redemption payments.
- (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.

13. Notices

(a) To Holders of the Additional Tier 1 Temporary Write-Down Notes

Notices to Holders will be deemed to be validly given if sent by registered mail or e-mail to them at their respective addresses as recorded in the Register 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.

(b) ***To the Issuer***

Notices to the Issuer will be deemed to be validly given if delivered to the Agent at Tartu maantee 2, 10145 Tallinn, Estonia or by e-mail to lhv@lhv.ee or by fax to +372 6 800 410 (or at such other contact details as may have been notified to the Noteholders in accordance with this Condition (a) or via the Issuer's website) and will be deemed to have been validly given at the opening of business on the next day on which the Agent's principal office is open for business.

14. Further Issues

The Issuer may from time to time without the consent of the Holders of the Additional Tier 1 Temporary Write-Down Notes create and issue further Additional Tier 1 Temporary Write-Down Notes and other debt securities having terms and conditions the same as those of the Additional Tier 1 Temporary Write-Down Notes or the same except for the amount of the Issue Date and Issue Price, which may be consolidated and form a single issue with and bear the same ISIN code as the outstanding Additional Tier 1 Temporary Write-Down Notes.

15. Law and Jurisdiction

- (a) The Additional Tier 1 Temporary Write-Down 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 Additional Tier 1 Temporary Write-Down Notes (including a dispute relating to any non-contractual obligation arising out of or in connection with the Additional Tier 1 Temporary Write-Down Notes).

16. Acknowledgement of Bail-in 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 liability arising under the Notes may be subject to the exercise of Bail-in Powers 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 Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
 - (i) the reduction of all, or a portion, of the Relevant Amounts in respect of the 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;
 - (iv) the amendment or alteration 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 Powers by the Relevant Resolution Authority.

FINAL TERMS FOR THE AS LHV GROUP
ADDITIONAL TIER 1 TEMPORARY WRITE-DOWN NOTES

4 June 2019

AS LHV GROUP

Issue of

EUR 15,000,000

Additional Tier 1 Temporary Write-Down Notes

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Additional Tier 1 Temporary Write-Down Notes (the “**Conditions**”). This document constitutes the Final Terms for the Additional Tier 1 Temporary Write-Down Notes described herein and must be read in conjunction with such Conditions.

Full information on the offer of the Additional Tier 1 Temporary Write-Down Notes is only available on the basis of the combination of this Final Terms and the Conditions.

GENERAL

- | | | |
|-----|---|--|
| 1. | Issuer | AS LHV Group |
| 2. | Offering | Private placement |
| 3. | Issue currency | EUR |
| 4. | Original Nominal Value | EUR 100,000 |
| 5. | Aggregate Original Nominal Value | EUR 15,000,000, which may be increased or decreased by the Issuer, including after the Issue Date |
| 6. | Issue Price | 100% of the Original Nominal Value |
| 7. | Issue Date and Interest Commencement Date | 26 June 2019 |
| 8. | Maturity Date | The Additional Tier 1 Temporary Write-Down Notes shall be perpetual and shall have no final maturity date. |
| 9. | Interest | 8% <i>per annum</i> Fixed Rate |
| 10. | Redemption/Payment Basis | Redemption at par |
| 11. | Put/Call Options | Issuer Call
<i>(further particulars specified in the Terms and Conditions)</i> |
| 12. | Status of the notes | Additional Tier 1 Temporary Write-Down Notes |
| 13. | Bail-in Powers | Applicable, as provided in the Conditions and the Applicable Banking Regulations |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- | | | |
|-----|---------------------------------|---|
| 14. | Interest Basis | Fixed rate |
| 15. | Rate of Interest | 8% <i>per annum</i> payable quarterly |
| 16. | Interest Payment Date(s): | 26 March, 26 June, 26 September and 26 December annually. If an Interest Payment Date falls on a day that is not a Business Day, interest shall be paid on the next Business Day after the Interest Payment Date. |
| 17. | First Interest Payment Date: | 26 September 2019 |
| 18. | Interest calculation convention | 30/360 |
| 19. | Record Date | Close of business on the Business Day immediately preceding the Interest Payment Date |

PROVISIONS RELATING TO REDEMPTION

- | | | |
|-----|--|--|
| 20. | Call Option | |
| | i. Optional Redemption Date(s): | Subject to the provisions of Condition 6(d) and approval of the EFSA. |
| | ii. Optional Redemption Amount(s): | Outstanding Nominal Value plus interest accrued and due (subject to Condition 5(2)), whereas Issuer may only use Call Option when the prevailing Outstanding Principal Amount is equal to the Original Principal Amount. |
| | iii. Early redemption as a result of a Tax Event: | The provisions of Condition 6(b) apply. |
| | iv. Early redemption as a result of a Capital Event: | The provisions of Condition 6(c) apply. |
| 21. | Put Option | Not applicable. |
| 22. | Final Redemption Amount | Outstanding Nominal Value plus interest accrued and due (subject to Condition 5(2)). |

SPECIAL PROVISIONS

- | | | |
|-----|---------------|---|
| 23. | Trigger Level | 7% for the Issuer on a consolidated level |
|-----|---------------|---|

OPERATIONAL INFORMATION

24. ISIN Code:

The Issuer and the Holders acknowledge that the ISIN code has not been granted to the Issue as of date of the Final Terms because the Additional Tier 1 Temporary Write-Down Notes have not been registered in the Register as of the date of the Final Terms. The Holders authorise the Issuer to add the ISIN code of the Additional Tier 1 Temporary Write-Down Notes to this section in hand-written form upon registration of the Additional Tier 1 Temporary Write-Down Notes in the Register.

25. Register

Securities register operated by Nasdaq CSD SE Estonian Branch