

## IMPORTANT NOTICE

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

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

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

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

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

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

**IMPORTANT – UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer

would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. No action has been or will be taken in any jurisdiction by any of Citigroup Global Markets Europe AG and Morgan Stanley Europe SE (together, the "**Joint Bookrunners**") or Luminor Bank AS, represented within the Republic of Lithuania by Luminor Bank AS Lithuanian Branch (the "**Co-Lead Manager**" and, together with the Joint Bookrunners, the "**Bookrunners**"), or the Issuer that would, or is intended to, permit a public offering of the securities, or possession or distribution of the offering circular (in preliminary, proof or final form) or any other offering or publicity material relating to the securities, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and a Bookrunner or any affiliate of that Bookrunner is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Bookrunner or such affiliate on behalf of the Issuer in such jurisdiction.

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

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

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

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

# Luminor

## LUMINOR HOLDING AS

(incorporated with limited liability in the Republic of Estonia)

### EUR 150,000,000 Fixed Rate Reset Perpetual Additional Tier 1 Temporary Write Down Notes

The EUR 150,000,000 Fixed Rate Reset Perpetual Additional Tier 1 Temporary Write Down Notes (the "Notes") will be issued by Luminor Holding AS ("Luminor" or the "Issuer") on 12 February 2025 (the "Issue Date"). The Notes will bear interest on their Prevailing Principal Amount (as defined in Condition 1 (*Definitions*) under "Terms and Conditions of the Notes") from (and including) the Issue Date to (but excluding) 12 August 2031 (the "First Reset Date") at a rate of 7.375 per cent. per annum. In respect of the period from (and including) the First Reset Date until (but excluding) the fifth anniversary of such First Reset Date, and each successive five year period thereafter (each a "Reset Period"), the Notes will bear interest at the applicable Reset Rate of Interest as determined in accordance with Condition 4 (*Interest*) under "Terms and Conditions of the Notes". Interest shall be payable in equal instalments semi-annually in arrear on 12 February and 12 August in each year (each an "Interest Payment Date"), starting on (and including) 12 August 2025.

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

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

**Upon the occurrence of a Trigger Event (as defined in the Conditions), the Prevailing Principal Amount of each Note will be immediately and mandatorily Written Down by the relevant Write Down Amount and any interest accrued to the relevant Write Down Date (each such term as defined in the Conditions) and unpaid shall be cancelled in accordance with Conditions 6(a) (*Write Down and Write Up – Write Down*) and 6(b) (*Write Down and Write Up – Write Down Amount*). Holders of Notes (the "Noteholders") may lose some or all of their investment as a result of such a Write Down (as defined in the Conditions).** Following such a Write Down, the Issuer may, in certain circumstances and at its sole and full discretion, Write Up the Prevailing Principal Amount of each Note in accordance with Condition 6(d) (*Write Down and Write Up – Write Up*). The Notes are perpetual securities in respect of which there is no fixed redemption date or maturity date and the Issuer shall, without prejudice to its ability to effect a Write Down in accordance with Condition 6 (*Write Down and Write Up*), only have the right to redeem or purchase them in accordance with the provisions of Condition 7 (*Redemption and Purchase*). The Issuer may, in its sole and full discretion but subject to the approval of the Competent Authority (as defined in the Conditions), satisfaction of the conditions to redemption or purchase set out in Condition 7(i) (*Redemption and Purchase – Conditions to Redemption, Substitution, Variation or Repurchase*) and compliance with the Solvency Condition, elect to redeem in whole (but not in part) the Notes at their Prevailing Principal Amount, together with interest accrued and unpaid (excluding interest that has been cancelled in accordance with the Conditions) (i) on any day falling in the period from (and including) 12 February 2031 to (and including) the First Reset Date, (ii) on any Interest Payment Date thereafter, (iii) at any time following the occurrence of a Tax Event or a Withholding Tax Event or a Capital Disqualification Event (in each case, as defined in the Conditions) or (iv) at any time where the outstanding aggregate principal amount of the Notes is 25 per cent. or less of the Notes originally issued (and, for these purposes, any Further Notes (as defined in the Conditions) shall be deemed to have been originally issued and any Write Down and/or Write

Up of the principal amount of the Notes shall be ignored). The Issuer may also, subject to the approval of the Competent Authority, repurchase the Notes in accordance with the then prevailing Applicable Banking Regulations.

This Offering Circular has been approved by the Irish Stock Exchange plc trading as Euronext Dublin ("Euronext Dublin") and application has been made to Euronext Dublin for the Notes to be admitted to Euronext Dublin's Official List and trading on its Global Exchange Market ("GEM") (the "Listing"). This Offering Circular constitutes "Listing Particulars" for the purposes of admission of the Notes to Euronext Dublin's official list ("Official List") and to trading on GEM and, for such purposes, does not constitute a "prospectus" for the purposes of Regulation (EU) No. 2017/1129. GEM is not a regulated market for the purposes of Directive 2014/65/EU, (as amended, "EU MiFID II"). The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (as amended, the "Securities Act") and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Bookrunners in accordance with Regulation S under the Securities Act ("Regulation S") and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

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

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

The Notes are expected to be rated Ba2 by Moody's Investors Service (Nordics) AB ("Moody's"). Moody's is established in the EEA and registered under Regulation (EC) No 1060/2009 on credit rating agencies (the "EU CRA Regulation"). As such, Moody's is included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the EU CRA Regulation. Accordingly the expected rating to be issued by Moody's in respect of the Notes has been endorsed by Moody's Investors Service Limited in accordance with Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA") (the "UK CRA Regulation"). Moody's Investors Service Limited is established in the United Kingdom and registered under the UK CRA Regulation.

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

**The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (as amended, the "Securities Act"). The Notes are being offered outside the United States in accordance with Regulation S under the Securities Act ("Regulation S"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, US persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.**

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

*Joint Bookrunners*

**Citigroup**

*Co-Lead Manager*

**Morgan Stanley**

**Luminor Bank AS**

**Offering Circular dated 10 February 2025**

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## IMPORTANT NOTICES

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

The Issuer has confirmed to Citigroup Global Markets Europe AG and Morgan Stanley Europe SE (together, the "**Joint Bookrunners**") and Luminor Bank AS, represented within the Republic of Lithuania by Luminor Bank AS Lithuanian Branch (the "**Co-Lead Manager**" and, together with the Joint Bookrunners, the "**Bookrunners**"), that this Offering Circular contains all information which is (in the context of the issue, offering and sale of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Offering Circular are honestly held or made and are not misleading in any material respect; this Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the issue, offering and sale of the Notes) not misleading in any material respect; and all proper enquiries have been made to ascertain or verify the foregoing.

The Issuer confirms that any information from third party sources has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such third party source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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

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

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

The distribution of this Offering Circular and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Bookrunners to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Offering Circular and other offering material relating to the Notes, see "*Subscription and Sale*".

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

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

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

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including (a) where the currency for principal or interest payments is different from the potential investor's currency, (b) the possibility that any and all interest payments on the Notes may be cancelled and/or (c) that the entire principal amount of the Notes could be lost, including following the exercise of the Bail-in and Loss Absorption Powers by the Relevant Resolution Authority or a Write Down of the Notes (as each term is defined in this Offering Circular);
- (iv) understand thoroughly the terms of the Notes, such as the provisions governing Write Down (including, in particular, the CET1 Ratio of the Group, as well as under what circumstances a Trigger Event might occur), and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial, legal or tax adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

### **Certain definitions**

In this Offering Circular, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

References to the "**Group**" are to the Issuer and its consolidated subsidiaries. References to "**Luminor Bank**" are to Luminor Bank AS. References to "**Luminor Bank Group**" are to Luminor Bank (together with its branches in Latvia and Lithuania) and its consolidated subsidiaries.

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

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

### **Prohibition on Marketing and Sales to Retail Investors**

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

applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein).

2.

- (a) In the UK, the Financial Conduct Authority ("FCA") Conduct of Business Sourcebook ("COBS") requires, in summary, that the Notes should not be offered or sold to retail clients (as defined in COBS 3.4 and each a "retail client") in the UK.
- (b) By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Notes) from the Issuer and/or the Bookrunners, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and the Bookrunners that:
  - (i) it is not a retail client in the UK; and
  - (ii) it will not sell or offer the Notes (or any beneficial interest therein) to retail clients in the UK or communicate (including the distribution of the Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK.
- (c) In selling or offering the Notes or making or approving communications relating to the Notes, you may not rely on the limited exemptions set out in COBS.

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

- (a) it is not a retail client (as defined in the Markets in Financial Instruments Directive 2014/65/EU (as amended) ("MiFID II")); and
- (b) it will not, (i) sell or offer the Notes (or any beneficial interest therein) to retail clients (as defined in MiFID II) in the European Economic Area (the "EEA") or communicate (including the distribution of the attached Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client (within the meaning of MiFID II).

4. By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Notes) from the Issuer and/or the Bookrunners, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Bookrunners that if it is a purchaser in Singapore, it is an accredited investor or an institutional investor as defined in Section 4A of the SFA and it will not sell or offer the Notes (or any beneficial interest therein) to persons in Singapore other than such accredited investors or institutional investors.

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

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

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to

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

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

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

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

**Singapore SFA Product Classification:** In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

In connection with the issue of the Notes, Morgan Stanley Europe SE (the "**Stabilisation Manager**") (or persons acting on behalf of the Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or person(s) acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

## PRESENTATION OF FINANCIAL INFORMATION

References in this Offering Circular to the financial statements for 2023 and 2022 of the Group, are to the audited consolidated financial statements of the Issuer for the year ended 31 December 2023 (the "**2023 Group Financial Statements**") and to the audited consolidated financial statements of the Issuer for the year ended 31 December 2022 (the "**2022 Group Financial Statements**") respectively, each incorporated by reference in this Offering Circular. The 2023 Group Financial Statements and the 2022 Group Financial Statements have each been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). As at the date of this Offering Circular, the Issuer does not prepare any interim financial results.

Unless stated otherwise, financial information presented in this Offering Circular is derived from the Luminor Bank Interim Report 4Q 2024 (as defined below), the Luminor Bank Annual Report 2023 (as defined below), the 2023 Group Financial Statements and the 2022 Group Financial Statements.

References in this Offering Circular to the financial statements for 2024 of Luminor Bank are to the unaudited condensed consolidated interim financial statements of Luminor Bank as of and for the three-month and twelve-month periods ended 31 December 2024 (the "**Luminor Bank Interim Report 4Q 2024**") which are incorporated by reference into this Offering Circular. The Luminor Bank Interim Report 4Q 2024 is prepared in accordance with International Accounting Standard 34 as adopted by the European Union. The Luminor Bank Interim Report 4Q 2024 incorporated by reference in this Offering Circular has not been audited, reviewed, examined and no agreed-upon procedures have been carried out with respect to the Luminor Bank Interim Report 4Q 2024. Accordingly, AS PricewaterhouseCoopers does not express an opinion or provide any other form of assurance with respect thereto.

Certain figures included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

### Change in presentation of comparative financial information

During 2024, Luminor Bank introduced certain changes in the presentation of its consolidated statement of profit or loss and consolidated statement of financial position, which had an impact on the comparative financial information of Luminor Bank as at and for the year ended 31 December 2023 contained in the Luminor Bank Interim Report 4Q 2024. The aim of the changes was to improve the quality of disclosure and readability for investors.

Key changes implemented in the consolidated statement of profit or loss of Luminor Bank were:

- resolution fees were previously included in 'Other operating expense – net' and the Lithuanian bank tax in 'Total income tax'. From 2024 these items are presented in a new row 'Bank taxes and resolution fee'; and
- a number of lease deals were reclassified as loans and the corresponding income which was recorded in 'Other similar income' is now shown in 'Interest income calculated using the EIM'.

Key changes implemented in the consolidated statement of financial position of Luminor Bank were:

- from 2024, based on International Accounting Standard ("**IAS**") 1 requirements, restricted balances with central and other banks are presented in 'Other assets';
- repossessed assets were moved from 'Other assets' to 'Loans to customers';
- as per IAS 12, deferred tax liabilities are presented separately;
- a number of account balances were moved from 'Loans and deposits from credit institutions' and 'Deposits from customers' to 'Other liabilities'; and
- liabilities related to the Lithuanian bank tax were moved from 'Tax liabilities' to 'Other liabilities'.

Details of the changes above, together with the impact on comparative financial information of Luminor Bank as at and for the year ended 31 December 2023, are disclosed in Note 1 to the Luminor Bank Interim

Report 4Q 2024. Accordingly, financial information of Luminor Bank presented in this Offering Circular for the year ended 31 December 2023 is provided on a restated basis, unless indicated otherwise.

The management of the Issuer also intends to introduce the changes in presentation described above to the consolidated financial statements of the Issuer from and including the year ended 31 December 2024. Accordingly, the consolidated financial information of the Issuer presented in this Offering Circular does not reflect the changes in presentation described above and is presented in line with the presentation in the 2023 Group Financial Statements.

### Non-IFRS Measures

This Offering Circular contains certain unaudited financial measures that are not defined or recognised under IFRS (the "non-IFRS Measures"). Such non-IFRS measures are described in detail in "*Key Financial Ratios and non-IFRS Measures of the Issuer and Luminor Bank*".

### Relationship with Luminor Bank

The Issuer is a holding company and conducts all of its business activities through its directly held and only subsidiary, Luminor Bank, which represents the principal asset of the Issuer. Accordingly, the financial position of Luminor Bank reflects the consolidated financial position of the Issuer in all material respects. The Issuer does not prepare or publish interim financial statements. Therefore, the Luminor Bank Interim Report 4Q 2024 has been included for the purpose of presenting a comprehensive view of the Group's business operations and financial standing during the three-month and twelve-month periods ended 31 December 2024.

### Comparison of certain financial metrics of Luminor Bank and the Issuer (in each case on consolidated basis)

To illustrate that the financial position of Luminor Bank reflects the consolidated financial position of the Issuer in all material respects, a comparison of the key Statement of Profit or Loss and Statement of Financial Position metrics of Luminor Bank and of the Issuer (on a consolidated basis) is set out below along with commentary to summarise differences between the line item metrics of Luminor Bank and the Issuer (on a consolidated basis), where relevant, as well as to illustrate changes in the presentation of financial information of Luminor Bank as of and for the year ended 31 December 2023.

#### *Consolidated Statement of Profit or Loss Summary (for the year ended 31 December 2023)*

€m	Luminor Bank (As originally reported)	Issuer	Difference	Commentary
Net interest and similar income .....	542.0	542.0	-	
Net fee and commission income.....	84.6	84.6	-	
Net other operating income .....	19.6	19.5	-0.1	
<b>Total operating income .....</b>	<b>646.2</b>	<b>646.1</b>	-0.1	
Total administration expenses .....	-339.9	-340.0	-0.1	Holding company personnel expenses
<b>Profit before credit losses and tax .....</b>	<b>306.3</b>	<b>306.1</b>	-0.2	
Expected credit losses .....	-33.1	-33.1	-	
Bank taxes and resolution fees .....	-	-	-	
<b>Profit before tax.....</b>	<b>273.2</b>	<b>273</b>	-0.2	
Total income tax.....	-78.5	-78.5	-	
<b>Profit for the period .....</b>	<b>194.7</b>	<b>194.5</b>	-0.2	

€m	Luminor Bank (As originally reported)	Luminor Bank (As restated)	Difference	Commentary
Net interest and similar income.....	542.0	541.8	-0.2	
Net fee and commission income.....	84.6	84.6	0	
Net other operating income .....	19.6	23.4	3.8	Reclassification of the resolution fees (temporary bank tax in Latvia)

€m	Luminor Bank (As originally reported)	Luminor Bank (As restated)	Difference	Commentary
<b>Total operating income .....</b>	<b>646.2</b>	<b>649.8</b>	3.6	
Total administration expenses .....	-339.9	-340.1	-0.2	
<b>Profit before credit losses and tax .....</b>	<b>306.3</b>	<b>309.7</b>	3.4	
Expected credit losses .....	-33.1	-33.1	0	
Bank taxes and resolution fees .....	-	-33.5	-33.5	Previously, resolution fees were included in 'Other operating expense – net' and the Lithuanian bank tax in 'Total income tax'. From 2024 these items are presented in a new row 'Bank taxes and resolution fee'.
<b>Profit before tax .....</b>	<b>273.2</b>	<b>243.1</b>	-30.1	Please see comment above.
Total income tax.....	-78.5	-48.4	30.1	Please see comment above.
<b>Profit for the period .....</b>	<b>194.7</b>	<b>194.7</b>	0	

*Consolidated Statement of Financial Position Summary (as at 31 December 2023)*

€m	Luminor Bank (As originally reported)	Issuer	Difference	Commentary
Cash and balances with central banks .....	3,184.9	3,184.9	-	
Debt securities.....	1,491.8	1,491.8	-	
Loans to customers.....	10,502.6	10,502.6	-	
Other assets* .....	312.8	312.8	-	
<b>Total assets.....</b>	<b>15,492.1</b>	<b>15,492.1</b>	-	
Deposits from customers.....	11,287.2	11,286.9	-0.3	Issuer deposits with Luminor Bank
Debt securities issued.....	1,898.7	1,898.7	-	
Other liabilities** .....	528.1	528.2	0.1	Other liabilities
Total Shareholder's equity .....	1,778.1	1,778.3	0.2	Retained earnings
<b>Total liabilities and shareholder's equity....</b>	<b>15,492.1</b>	<b>15,492.1</b>	-	

€m	Luminor Bank (As originally reported)	Luminor Bank (As restated)	Difference (impact of the restatements at Luminor Bank)	Commentary
Cash and balances with central banks .....	3,184.9	3,069.1	-115.8	Restricted balances with central and other banks are presented in Other assets
Debt securities.....	1,491.8	1,491.8	-	
Loans to customers.....	10,502.6	10,502.8	0.2	Restricted balances with central and other banks are presented in Other assets
Other assets* .....	312.8	429.5	116.7	Reclassification was made for clarity purposes, from Deposits from customers to Other Liabilities
<b>Total assets.....</b>	<b>15,492.1</b>	<b>15,493.2</b>	<b>1.1</b>	
Deposits from customers.....	11,287.2	11,277.5	-9.7	Payments in transit, restricted balances with central and other banks
Debt securities issued.....	1,898.7	1,898.7	-	
Other liabilities** .....	528.1	538.9	10.8	
Total Shareholder's equity .....	1,778.1	1,778.1	-	
<b>Total liabilities and shareholder's equity....</b>	<b>15,492.1</b>	<b>15,493.2</b>	<b>1.1</b>	

\* calculated as the sum of the following line items: Balances with banks, Derivatives, Equity instruments, Investments in associates, Intangible assets, Tangible assets, Current tax assets, Deferred tax assets, Other assets

\*\* calculated as the sum of the following line items: Loans and deposits from credit institution, Fair value of changes of hedge items in portfolio hedges of interest rate, Derivatives, Tax liabilities, Deferred tax liabilities, Lease liabilities, Other liabilities, Provisions

## INFORMATION INCORPORATED BY REFERENCE

The documents set out below that are incorporated by reference in this Offering Circular are, where indicated, direct translations into English from the original languages of the parties' documents. To the extent that there are any inconsistencies between the original language versions and the translations, the original language versions shall prevail. The information set out shall be deemed to be incorporated in, and to form part of, this Offering Circular:

1. **Luminor Group 2023:** the 2023 annual report of the Group (the "**Group Annual Report 2023**") (excluding page 3) which includes, at pages 22 to 69 (inclusive), the 2023 Group Financial Statements and the auditor's report thereon, available at <https://luminor.ee/s3fs-public/documents/luminor-holding-annual-report-2023-1.pdf>;
2. **Luminor Group 2022:** the 2022 annual report of the Group (the "**Group Annual Report 2022**") (excluding page 3) which includes, at pages 20 to 69 (inclusive), the 2022 Group Financial Statements and the auditor's report thereon (the English translation of the original Estonian version), available at <https://luminor.ee/s3fs-public/documents/luminor-holding-annual-report-2022.pdf>; and
3. **Luminor Bank 2023:** the 2023 annual report of Luminor Bank (the "**Luminor Bank Annual Report 2023**") (excluding page 3) which includes, at pages 30 to 75 (inclusive), the 2023 Luminor Bank Financial Statements and the auditor's report thereon, available at <https://luminor.ee/s3fs-public/documents/luminor-annual-report-2023.pdf>; and
4. **Luminor Bank 4Q 2024:** the Luminor Bank Interim Report 4Q 2024 which includes, at pages 14 to 42 (inclusive), the unaudited consolidated condensed interim financial statements of Luminor Bank as of and for the three-month and twelve-month periods ended 31 December 2024, including the notes thereto, available at <https://luminor.ee/s3fs-public/documents/luminor-bank-interim-report-4q-2024.pdf>.

Any information contained in or incorporated by reference in any of the documents specified above which is not incorporated by reference in this Offering Circular is either not relevant to investors or is covered elsewhere in this Offering Circular and for the avoidance of doubt, unless specifically incorporated by reference into this Offering Circular, information contained on the website does not form part of this Offering Circular. In particular, the Group Annual Report 2023, the Group Annual Report 2022 and the Luminor Bank Interim Report 4Q 2024 mentioned above contain references to a "Chief Executive's statement". Such "Chief Executive's statement" does not form part of this Offering Circular.

## OVERVIEW

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

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

<b>Issuer:</b>	Luminor Holding AS
<b>Joint Bookrunners:</b>	Citigroup Global Markets Europe AG and Morgan Stanley Europe SE
<b>Co-Lead Manager:</b>	Luminor Bank AS, represented within the Republic of Lithuania by Luminor Bank AS Lithuanian Branch
<b>Fiscal Agent and Paying Agent:</b>	Citibank, N.A., London Branch
<b>Calculation Agent:</b>	Citibank, N.A., London Branch
<b>The Notes:</b>	EUR 150,000,000 Fixed Rate Reset Perpetual Additional Tier 1 Temporary Write Down Notes
<b>Issue Price:</b>	100 per cent. of the principal amount of the Notes.
<b>Issue Date:</b>	12 February 2025 (the " <b>Issue Date</b> ").
<b>Use of Proceeds:</b>	The net proceeds of the issue of the Notes will be used for the general corporate purposes of the Group. See " <b>Use of Proceeds</b> ".
<b>Interest:</b>	Subject to Conditions 3(g), 5 and 6, the Notes will bear interest on their Prevailing Principal Amount from (and including) the Issue Date to (but excluding) the First Reset Date (as defined below) at the rate of 7.375 per cent. per annum.  From and including the First Reset Date (as defined below), subject to Conditions 3(g), 5 and 6, the Notes will bear interest at the applicable Reset Rate of Interest as determined in accordance with Condition 4 ( <i>Interest</i> ).  Interest shall be payable in equal instalments semi-annually in arrear on 12 February and 12 August in each year (each an " <b>Interest Payment Date</b> "), starting on (and including) 12 August 2025.
<b>Optional Interest:</b>	<b>Cancellation of Interest:</b> The Issuer may elect at its sole and full discretion to cancel (in whole or in part) the interest otherwise scheduled to be paid on any date. See Condition 5(a) ( <i>Cancellation of Interest – Optional cancellation of Interest</i> ) for further information.
<b>Mandatory Interest:</b>	<b>Cancellation of Interest:</b> Interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made if and to the extent that:  (a) such interest payment otherwise due (together with any additional amounts payable thereon pursuant to Condition 9 ( <i>Taxation</i> ), if applicable), together with any interest payments or other distributions which have been paid or made or which are scheduled to be paid or made during the then current Financial Year on the Notes and all other

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

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

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

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

**Solvency Condition:**

Except in the event of a voluntary or involuntary liquidation or bankruptcy of the Issuer, all payments in respect of, or arising from (including any damages awarded for breach of any obligations under), the Notes are, in addition to the right or obligation of the Issuer to cancel payments of interest under Condition 5 or Condition 6(a), conditional upon the Issuer being solvent at the time of payment by the Issuer and no payments of principal, interest or any other amount shall be due and payable in respect of, or arising from, the Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**"). See Condition 3(g) (*Solvency Condition*).

**Status and Ranking:**

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

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

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

- (i) rank junior to the rights and claims of creditors (a) who are depositors (if any) or other unsubordinated creditors of the Issuer or (b) who are subordinated creditors of the Issuer, whether in the event of the liquidation or bankruptcy of the Issuer or otherwise (other than holders of Parity Securities and subordinated creditors whose claims by law rank, or by their terms are expressed to rank, *pari passu* with or junior to the claims of the holders of the Notes), including, for the avoidance of doubt, holders of Tier 2 Capital instruments of the Issuer;
- (ii) rank at least *pari passu* with the claims of any Parity Securities of the Issuer; and
- (iii) rank senior only to the rights and claims of holders of share capital of the Issuer and any obligations of the Issuer which in each case by law rank, or by their terms are expressed to rank (to the extent such ranking is recognised by applicable law), junior to the Notes.

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

**Non-cumulative Interest:**

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

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

**Write Down following a Trigger Event:** If, at any time, it is determined that a Trigger Event has occurred:

- (a) the Issuer shall (unless the determination was made by the Competent Authority), immediately, inform the Competent Authority of the occurrence of the relevant Trigger Event;
- (b) the Issuer shall, without delay, deliver the relevant Trigger Event Notice to Noteholders which notice shall be irrevocable;

- (c) any interest which is accrued to the relevant Write Down Date shall be automatically and irrevocably cancelled (whether or not the same has become due for payment); and
- (d) the then Prevailing Principal Amount of each Note shall be automatically and irrevocably reduced by the relevant Write Down Amount.

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

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

To the extent permitted in compliance with the Applicable Banking Regulations and subject to any Maximum Distributable Amount (after taking account of (x) any other relevant distributions of the kind referred to in Article 141(2) of the CRD Directive (or any provision of applicable law transposing or implementing Article 141(2) of the CRD Directive, as amended or replaced) or in any other applicable provisions of the Applicable Banking Regulations which require a maximum distributable amount to be calculated and which are required under prevailing Applicable Banking Regulations to be taken into account for this purpose and (y) the applicable requirements of Article 21.2(f) of the CRR Supplementing Regulation, as amended or replaced)) not being exceeded thereby, the Issuer, to the extent permitted in compliance with the Applicable Banking Regulations, shall have full discretion to reinstate any portion of the principal amount of each Note which has been Written Down and which has not previously been Written Up (such portion, the "**Write Up Amount**"), up to a maximum of its Initial Principal Amount, on a pro rata basis and without any preference among themselves and on a pro rata basis with the write up of all Written Down Additional Tier 1 Instruments (if any), provided that the sum of:

- (a) the aggregate amount of the relevant Write Up on all the Notes on the Write Up Date;
- (b) the aggregate amount of any other Write Up on the Notes since the Specified Date and prior to the Write Up Date;
- (c) the aggregate amount of any interest payments paid on the Notes since the Specified Date and which accrued on the basis of a Prevailing Principal Amount which is less than the Initial Principal Amount;
- (d) the aggregate amount of the increase in principal amount of each Written Down Additional Tier 1 Instrument at the time of the relevant Write Up;
- (e) the aggregate amount of any other increase in principal amount of each Written Down Additional Tier 1 Instrument since the Specified Date and prior to the time of the relevant Write Up; and
- (f) the aggregate amount of any interest payments paid on each Loss Absorbing Instrument since the Specified Date and which accrued on the basis of a prevailing principal amount which is less than its initial principal amount,

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

**Tenor:**

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

**Waiver of Set-Off:**

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

**Form and Denomination:**

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

**Optional Redemption:**

Subject to Condition 7(i) (*Redemption and Purchase – Conditions to Redemption, Substitution, Variation or Repurchase*), on giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 16 (*Notices*), the Issuer may elect to redeem the Notes in whole, but not in part, (i) on any day falling in the period from and including 12 February 2031, to and including 12 August 2031 (the "**First Reset Date**") or (ii) on any Interest Payment Date thereafter, at their Prevailing Principal Amount, together with interest accrued and unpaid to (but excluding) the date fixed for redemption (excluding interest that has been cancelled in accordance with the Conditions). See Condition 7(c) (*Redemption and Purchase – Redemption at the option of the Issuer*).

**Redemption as a result of a Capital Event:**

Upon the occurrence of a Capital Event in respect of the Notes (but subject to Condition 7(i) (*Redemption and Purchase – Conditions to Redemption, Substitution, Variation or Repurchase*)), the Issuer may, at its option, having given not less than 15 days' nor more than 30 days' notice to the Noteholders redeem all (but not some only) of the Notes at any time at a redemption amount equal to 100 per cent. of their Prevailing Principal Amount together with any interest accrued (excluding interest that has been cancelled in accordance with these Conditions) to but excluding the date of

redemption as described in Condition 7(e) (*Redemption and Purchase – Early Redemption as a result of a Capital Event*).

**Tax Redemption:**

In the event of certain tax changes, subject to Condition 7(i) (*Redemption and Purchase – Conditions to Redemption, Substitution, Variation or Repurchase*), the Issuer may redeem the Notes in whole, but not in part, at any time at an amount equal to their Prevailing Principal Amount, together with any interest accrued (excluding interest that has been cancelled in accordance with these Conditions) to but excluding the date of redemption as described in Condition 7(b) (*Redemption and Purchase – Redemption for tax reasons*).

**Residual Call:**

Subject to Condition 7(i) (*Redemption and Purchase – Conditions to Redemption or Repurchase*), if, at any time the outstanding aggregate principal amount of the Notes is 25 per cent. or less of the aggregate principal amount of the Notes originally issued, the Issuer may redeem all (but not some only) of the remaining outstanding Notes on any date upon giving not less than 15 nor more than 30 days' notice to the Noteholders, at 100 per cent. of their Prevailing Principal Amount together with any accrued and unpaid interest up (excluding interest that has been cancelled in accordance with these Conditions) to (but excluding) the date of redemption as described in Condition 7(d) (*Redemption and Purchase – Issuer Residual Call*).

**Conditions to Redemption, Substitution, Variation or Repurchase**

The Issuer may redeem or repurchase the Notes (and give notice thereof to the Noteholders) only if such redemption or repurchase is in accordance with the Applicable Banking Regulations (if applicable) and it has been granted the permission of the Competent Authority and certain other conditions have been complied with, as described in Condition 7(i) (*Redemption and Purchase – Conditions to Redemption, Substitution, Variation or Repurchase*).

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

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

**Enforcement:**

If any of the following events occurs:

- (i) *Non-payment*: the Issuer fails to pay any amount of principal or other redemption amount due in respect of the Notes (without prejudice to Condition 3(g), Condition 5 or Condition 6(a)) for more than ten business days or fails to pay any amount of interest in respect of the Notes for more than ten business days; or
- (ii) *Winding-up, etc.*: if any order is made by any competent court or resolution passed for the voluntary or involuntary

liquidation, bankruptcy or otherwise winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution (a "**Winding-Up**"),

any Noteholder may:

- (A) (in the case of paragraph (i) above) institute proceedings (subject to applicable laws of Estonia) for the Winding-Up of the Issuer, in each case, in the Republic of Estonia and not elsewhere, and/or prove or claim in the Winding-Up of the Issuer; and/or
- (B) (in the case of paragraph (ii) above) prove or claim in the Winding-Up of the Issuer, whether in the Republic of Estonia or elsewhere and instituted by the Issuer itself or by a third party,

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

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

**Substitution and Variation:**

The Issuer may substitute or vary the terms of all (but not some only) of the Notes as provided in Condition 18 (*Substitution and Variation*) (including changing the governing law of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*)), without any requirement for the consent or approval of Noteholders.

If the Issuer has elected to substitute or vary the terms of the Notes and prior to the substitution or variation of the Notes, a Trigger Event occurs, the relevant substitution or variation notice shall be automatically rescinded and shall be of no force and effect.

**Substitution of the Issuer:**

Subject to, and as provided in, Condition 19 (*Substitution of the Issuer*), the Issuer may, without the consent of any Noteholder or Couponholder, substitute for itself any other body corporate incorporated in any country in the world (including any Successor in Business or any Holding Company or subsidiary of the Issuer) as the debtor in respect of the Notes, any Coupons, the Agency Agreement and the Deed of Covenant, subject to certain conditions as fully set out in Condition 19 (*Substitution of the Issuer*).

**Rating:**

The Notes are expected to be rated Ba2 by Moody's.

Moody's is established in the EEA and registered under the EU CRA Regulation.

Accordingly the expected rating to be issued by Moody's in respect of the Notes has been endorsed by Moody's Investors Service Limited in accordance with the UK CRA Regulation. Moody's

Investors Service Limited is established in the United Kingdom and registered under the UK CRA Regulation.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

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

**Taxation:**

All payments of principal, interest and other amounts in respect of the Notes, Coupons and Talons by or on behalf of the Issuer shall (subject always to Conditions 3(g), 5, 6 and 7(j)) be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Estonia or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, in respect of interest (but not principal or any other amount), the Issuer shall (subject as aforesaid) pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note, Coupon or Talon in certain circumstances. See further Condition 9 (Taxation).

**Acknowledgement of Bail-in Powers:**

Pursuant to Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*), notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for these purposes, includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of such Bail-in and Loss Absorption Powers as may be exercised by the Relevant Resolution Authority, as further set out in such Condition.

See Condition 21 (*Acknowledgment of Bail-in and Loss Absorption Powers*) for further information.

For the avoidance of doubt, any potential write-down or cancellation of all, or a portion, of the Amounts Due on the Notes

or the conversion of the Notes into shares, other securities or other obligations in connection with the exercise of any Statutory Loss Absorption Power by the Relevant Resolution Authority is separate and distinct from a Write Down following a Trigger Event, although these events may occur consecutively.

**Governing Law:**

The Notes, the Agency Agreement and the Deed of Covenant, and any non-contractual obligations arising out of or in connection with them, will be governed by English law, except for Conditions 3(a) to (f) (both inclusive) and 3(h) (*Status and Subordination*) and Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*) which shall be governed by Estonian law.

**Listing and Trading:**

Application has been made to Euronext Dublin for the Notes to be admitted to Euronext Dublin's Official List and trading on its Global Exchange Market ("GEM").

**Clearing Systems:**

Euroclear and Clearstream, Luxembourg

**Selling Restrictions:**

See "*Subscription and Sale*".

**Risk Factors:**

Investing in the Notes involves risks. See "*Risk Factors*".

## RISK FACTORS

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

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

*Unless otherwise specified, the risks relating to the Issuer as discussed in this section below, apply also to the Group (including Luminor Bank Group).*

### Risks relating to the Issuer

#### *The Issuer is a holding company*

The Notes are the obligation of the Issuer only. The Issuer is a holding company and conducts all of its business activities through its directly held and (at present) only subsidiary, Luminor Bank, which represents the principal asset of the Issuer. Luminor Bank is a separate and distinct legal entity, and has no obligations to pay any amounts due to Noteholders from the Issuer or to provide the Issuer with funds to meet any of its payment obligations under the Notes. As the Issuer is a holding company, its ability to make payments to the Noteholders in respect of the Notes depends largely upon the receipt of dividends, distributions, loans or advances from its subsidiary. The ability of the subsidiary to pay dividends, distributions, loans or advances may be subject to applicable laws. The Issuer's rights to participate in the assets of Luminor Bank if such subsidiary is liquidated will be subject to the prior claims of Luminor Bank's creditors, except in the circumstance where the Issuer is also a creditor with claims that are recognised to be ranked ahead of or which rank *pari passu* with the claims of other creditors. Accordingly, if Luminor Bank were to be wound up, liquidated or dissolved, (i) Noteholders would have no right to proceed against the assets of Luminor Bank, and (ii) the Issuer would only recover any amounts directly in the liquidation of that subsidiary in respect of its direct holding of ordinary shares in Luminor Bank, if and to the extent that any surplus assets remain following payment in full of the claims of the creditors and preference shareholders (if any) of Luminor Bank or if the Issuer is itself a creditor of Luminor Bank (in accordance with the relevant ranking of its claims).

While the Issuer itself is not a credit institution and has not been deemed the resolution entity of the Group, the Issuer may suffer losses if any of its loans to, or investments in, Luminor Bank are subject to statutory write-down and conversion powers or if Luminor Bank is otherwise subject to resolution proceedings. The Issuer is also exposed to the risk of losses in the event of a Group member's insolvency. The Issuer may in the future make loans to, or other investments in, Luminor Bank with the proceeds received from the Issuer's issuance of debt instruments (including the issuance of the Notes), and loans or other investments. Any loans made with the proceeds from subordinated debt instruments (such as the Notes) should be expected to be similarly subordinated and replicate, to the maximum extent permitted by applicable laws, the terms of such subordinated debt instruments. Where securities (including the Notes) issued by the Issuer have been structured so as to qualify as capital instruments under the CRD (as defined below), the terms of the corresponding on-loan to, or investment in, Luminor Bank may be structured to achieve equivalent regulatory treatment for Luminor Bank, as the case may be. Accordingly, loans to, or investments in, Luminor Bank may contain contractual mechanisms that, upon the occurrence of a trigger related to the prudential or financial condition of Luminor Bank or other specified trigger events, would automatically result in a write-down or conversion into equity of such loans or investments, impairing the Issuer's ability to recover amounts that would otherwise have been payable under such loans or investments. Such loans

to, or investments in, Luminor Bank may also be subject to non-viability loss absorption as described in "*Risks associated with the Notes – The Issuer may be subject to statutory resolution*". The Issuer retains absolute discretion to restructure such loans to (or any other investments in) any of its subsidiaries, including Luminor Bank, at any time and for any purpose including, without limitation, in order to provide different amounts or types of capital or funding to such subsidiary as part of meeting regulatory requirements, including the total loss-absorbing capacity requirements in respect of the Group. A restructuring of a loan or investment made by the Issuer in a Group member could include changes to any or all features of such loan, including its legal or regulatory form and how it would rank in the event of resolution and/or insolvency proceedings in relation to the Group member. Any restructuring of the Issuer's loans to any of the members of the Group may be implemented by the Issuer without prior notification to, or consent of, Noteholders.

## **Risks relating to the Group**

### ***Risks associated with credit portfolio***

The quality of the assets in the Group's loan portfolio is affected by changes in the creditworthiness of its customers, their ability to repay loans on time or at all and the Group's ability to enforce its security interests on customers' collateral. Should the customers fail to repay their loans and the value of the relevant collateral proves to be insufficient for covering the full amount of the outstanding liabilities, the Group's financial position, and therefore the Group's ability to fulfil its obligations under the Notes, and the value of the Notes may be adversely affected.

The loans of most Baltic customers (including mortgage loans) have a floating rate of interest and increases in interest rates, in addition to higher living costs, could therefore adversely affect the liquidity of those borrowers. Increased living costs together with higher interest rates could reduce the credit quality of the Group's loan (including mortgage loan) portfolio and demand for the Group's financial products.

The Group's level of credit risk is sensitive to any general deterioration in economic conditions in the Baltic region, domestic unemployment, real estate price developments and other factors, such as geopolitical tensions due to the Russian invasion to Ukraine, that have an influence on customers' financing needs or consumer confidence. Despite the Group's conservative credit policy and process and a credit portfolio that is well-secured by residential and commercial real estate collateral, in times of economic crisis a decrease in customer credit solvency and collateral value may occur simultaneously and cause losses to the Group. The current worsened macroeconomic outlook for Baltic countries may lead to lower success of problem customer recovery and the risk that future credit losses will be higher, triggering the need for additional impairments. Any future write-downs in the Group's loan portfolio attributed to loan losses may ultimately be due to many factors, such as the general economic situation, geopolitical risks, inflation, increased interest rates, negative changes in the credit rating of customers or counterparties, customers' servicing of loans and ability to pay, a reduction in property values, structural and technological changes in different sectors and external factors such as rules laid down in legislation and relevant regulations.

The assessment and pricing of credit risks, the real value and realisation times for collateral, the granting of lending powers and the following up of loan decisions are associated with uncertainty, which means that any value impairments realised in the loan portfolio could weaken the profitability of the Group's business operations and its financial position. There are no guarantees that any provisions made will be sufficient to cover the amount of loan losses as they occur. A significant increase in the size of the Group's allowance for loan losses and loan losses not covered by allowances would have a material adverse effect on the Group's results of operations, business, financial condition and results of operations.

### ***Operational risks associated with business activities***

During the course of its operations, the Group is exposed to unexpected losses caused by the operational risk of inadequacy or failure of internal procedures, employees or systems or due to external risks including legal risk and reputational risk. This encompasses (i) internal risks including development and process failures, business interruptions or break-downs in information systems, particularly in the course of the technology transformation that the Group is undergoing, and (ii) external risk factors such as property damage and fraud by customers.

The Group's business operations may be interrupted as a result of sudden and unforeseen events or vandalism, such as denial-of-service attacks against the Group's internet service, interruptions in the

electricity supply and data communication systems, or fire and water damage. Risks to technology and cyber security evolve and change rapidly and require continued focus, monitoring and investment in preventative measures. These risks are also present when the Group relies on critical service providers (suppliers) or vendors or outsources certain activities, including with respect to the implementation of technologies and responding to regulatory and market changes.

The Group makes every reasonable effort to maintain the lowest possible operational risk level. The effective management of operational risks is critical to meeting customer service expectations and retaining and attracting customer business. Although the Group has implemented risk controls and mitigation actions and devoted resources to mitigating operational risk, such measures may not be effective in controlling each of the operational risks faced by the Group. Ineffective management of such risks or any inadequate or failed internal or external risk-related processes could have a number of adverse effects on the Group's financial condition and on its reputation.

#### ***Risks associated with the implementation of IT systems***

The Group's business operations are dependent on its ability to process a large number of transactions efficiently and accurately, with uninterrupted operation of numerous IT systems, including computer hardware and software systems, data centres, third party telecommunications networks and the systems of third parties, while complying with applicable regulations. Any critical IT system failure, instability, material loss of service availability, material breach of data security or any other serious error could reduce the Group's ability to serve its customers, which could result in reputational damage, compensation costs and regulatory sanctions.

Use of third-party vendors brings about the risk of vendor dependency, which the Group aims to manage by implementing a modular architecture approach, whereby interfaces between systems are built based on industry standard message exchange systems, implementation of widely used industry standard software solutions, and supported by long-term support contracts. Nonetheless, regardless of such risk mitigating measures, it is possible that third-party contractors may fail to deliver the specific products and services on time and on the terms agreed with the relevant contracting Group entities which could adversely affect the Group's business operations, reputation, performance or financial position.

#### ***Risk associated with information security and risk of cybercrime attacks***

The Group's operations rely on the correct and secure processing and communication of large amounts of information, which is often of a confidential nature. As part of its business operations, the Group records personal and banking details that it receives from its customers. Significant costs may be incurred if information security risks, such as illegal access to or distortion of information, are realised. Costs may also be incurred by the Group in protecting itself against breaches of data protection rules and in solving problems that have been caused as a result of such breaches.

The Group may be subject to cyber-attack, more so after the Russian invasion of Ukraine in 2022. The Group is reliant on technology, against which there is a constantly evolving series of attacks that are increasing in terms of frequency, sophistication, impact and severity in general. The Group is aware of the dangers posed by Advanced Persistent Threats (APTs), sophisticated cyber attacks that aim to stealthily infiltrate systems over extended periods. These state-sponsored or highly organised criminal activities are a growing concern, especially in light of geopolitical tensions. The Group's cybersecurity strategy includes advanced detection and defence mechanisms to identify and counteract these threats. The Group's focus is to manage the impact of the attacks and sustain availability of services for its customers. The Group recognises the potential cybersecurity risks associated with third-party vendors and supply chains. As financial operations increasingly intertwine with external service providers for critical services, a security breach in these third-party systems could indirectly compromise the Group's integrity and the confidentiality of sensitive information. The Group is committed to rigorous assessment and monitoring of these external partners to mitigate these risks and continues to invest significant resources in the development and evolution of cyber security controls that are designed to minimise the potential effect of such attacks.

As for all financial institutions, the Group's activities have been, and continue to be, subject to an increasing risk and the Group may continue to experience security breaches or unexpected disruptions to its systems and services in the future. Such events could in turn result in liability to the Group's customers and/or third parties and consequently have an adverse effect on the Group's business, reputation, financial condition and

results of operations. Ransomware attacks have emerged as a formidable challenge, with attackers demanding ransom in exchange for decrypting data or ceasing disruption of operations. The Group prioritises robust defensive measures against such attacks and maintains a comprehensive backup and recovery strategy to ensure business continuity in the event of a ransomware incident however there can be no assurance that these measures will be effective. Failure to adequately manage cyber-security risk and continually monitor, review and update current processes in response to new threats could have a number of adverse effects on the Group, including disruption to the Group's business, unauthorised disclosure of confidential information, significant financial and/or legal exposure and damage to its reputation and results of operations.

The Group's digital transformation can make it a potential target for cybercrime attempts, primarily related to its internet bank users and may include physical identity theft, unauthorised access to privileged and sensitive customer information, including internet bank credentials, as well as payment and credit card information. Insider threats, whether intentional or accidental, present a significant security risk. Employees or contractors with access to sensitive systems and data may misuse or mishandle information, leading to severe security incidents. The Group has implemented stringent access controls and continuous monitoring of activities within its network to detect and prevent such insider threats.

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

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

#### ***Risks associated with interest rates sensitivity***

Interest rate risk is the risk of loss or reduction of future net income following changes in interest rates, including the price risk connected to the sale of assets or closing of positions. In the normal course of business, the interest rate risk arises due to timing differences in the maturity (for fixed rate) and repricing (for floating rate) of the Group's assets, liabilities and off-balance sheet items.

Changes in interest rates can affect the Group as such changes can have a disproportionate or unexpected impact on the return on interest-bearing assets or the cost of interest-bearing liabilities, or otherwise have a negative effect on the Group's financing costs. An increase in interest rates can also affect demand for housing loans and other loan products as customers incur increased loan costs. The Group has mostly floating-rate assets which are actively managed and partly hedged to reduce interest rate risk, either through matched funding or through interest rate swap agreements. Whilst the Group aims to mitigate interest rate risk, there can be no assurance that such hedging will be effective in eliminating substantially all interest rate risk. The Group maintains a liquidity portfolio of fixed-income securities, which mainly include government bonds and covered bonds. Market fluctuations (in interest rates and credit spreads) and volatility may adversely affect the fair value of these instruments and may not be fully reflected in the Group's financial statements due to the accounting rules.

The principal risk for the Group's fixed-income portfolio is credit spread risk, meaning that the Group could experience losses in the event of sudden and material deteriorations in the credit quality of securities held within its fixed-income securities portfolios.

It is difficult to anticipate changes in the market situation and to predict the impact that these changes could have. Volatility in interest rates may result in unexpected outcomes both for interest income and asset and liability valuations which may adversely affect the Group. Material changes in interest rates and the Group's inability to maintain interest rate margins may result in lower net income and could have a material adverse effect on the business, financial condition and results of operations of the Group. Whilst the Group aims to mitigate interest rate risk, there can be no assurance that such hedging will be effective in eliminating substantially all interest rate risk.

#### ***Risks associated with liquidity and dependence on external sources***

The Group's business is reliant on its ability to finance its current operations at reasonable terms and meet its obligations as these fall due. The Group's loan portfolio has, on average, a longer maturity than the Group's funding base. The Group considers that it has an appropriate funding structure to meet short-term and long-term requirements for liquidity management set by regulators.

In recent years, there have been considerable fluctuations in the overall economic and capital market conditions in EU, which has increased uncertainty in the markets and concern about the development of the regional economy. Luminor operates in Baltic countries, where the political risk from surrounding countries can lead to indirect contagion risk that will impact funding pricing.

Therefore access to, and the cost of, financing raised by the Group through money and capital markets are affected, among other things, by general interest rate levels, geopolitical risks, the situation on the financial markets, or a downturn in the performance of market participants and the Group's own capital adequacy and credit ratings.

The Group funds itself mostly from deposits from retail and corporate customers. The volume of such liquidity is, however, dependent on factors that are beyond the Group's control, such as changes in household savings rates, the propensity to save by making bank deposits. The Group's liquidity position may also be affected negatively by a large, unexpected outflow of deposits. The liquidity and funding plan of the Group is based on assumptions about client behaviour (the deposit base and durations of such deposits), especially with regard to the trend of short-term deposits. Even in critical, exceptional situations there is a risk that the relevant behavioural assumptions used for the simulation scenarios prove to be incorrect, resulting in considerable unplanned liquidity outflows. The Group implements and maintains a liquidity risk management strategy to maintain a low liquidity risk profile. However, failure to refinance maturing wholesale funding on sufficiently favourable terms may have an adverse effect on the Group's business operations, its performance or its financial position.

In addition to deposits, the Group has raised funding from capital markets through the issuance of covered bonds, unsecured senior bonds and, more recently, subordinated bonds. For example, in October 2024, Luminor Bank issued its inaugural tier 2 capital security, a €200m 11-year subordinated bond issue (the "Tier 2 Notes"). In accordance with the terms and conditions of the Tier 2 Notes, Luminor Holding AS was substituted in place of Luminor Bank as the issuer of the Tier 2 Notes on 18 December 2024.

Economic uncertainties driven by geopolitical tensions, and the European Central Bank's ("ECB") rapid tightening of monetary policy, could limit the Group's ability to refinance maturing liabilities, access additional sources of funding and/or increase the Group's cost of funds (whether in the capital markets or via customer deposits). This could result in higher funding costs and failure to comply with regulatory capital and funding requirements.

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

#### ***Risks associated with changes in the Issuer's ownership***

The Issuer is ultimately controlled by BCP VII (an investment fund managed by an affiliate of Blackstone Group Inc), which is owned by a consortium led by private equity funds managed by Blackstone (80.05 per

cent.) and DNB Bank ASA (19.95 per cent.). Any future change in ownership could impact the Issuer in a variety of ways which are difficult to predict but may include (without limitation) changes to the strategy, management, governance and/or risk profile of the Issuer and/or the Group. As a result, a change in ownership could have a material adverse effect on the Issuer's and/or the Group's business, revenues, results of operations, financial position and prospects.

#### ***Risks related to applicable legal regimes***

##### ***Risks associated with regulatory requirements and the Group's legal obligations***

The Group's business operations are subject to a large number of laws and regulations concerning banking operations and financial services and the Group is subject to stringent, constantly increasing and changing regulation and supervision, which means that the Group may be subject to intervention from the regulatory authorities and there is no assurance that the Group will be found fully compliant with all applicable laws and regulations.

The regulation applicable to banks and in the financial sector generally has been constantly tightening and the powers of the regulators have been widening since the economic crises of 2008-2009. Further regulatory changes are expected in 2025, both known and currently undetermined, including in areas such as reporting (for example, more comprehensive reporting on sustainability and capital adequacy), payment and settlement systems, digital resilience, and supervision. These changes can have an impact on capital and liquidity requirements for banking operations, for example, and can lead to further costs and obligations for the Group. Changes may also be imposed on rules governing how the Group runs its business. New regulation may force the Group to reduce its level of risk, its volume of business and the lending ratio in some operations. New regulation also generally increases the administrative burden, resulting in increased costs and lower profitability.

In recent years, an array of environmental, social and governance ("ESG") related legislation has entered into force and will enter into force in the coming years, affecting the Group's activities and the volume of applicable requirements. Given the complexity of new ESG-related laws and regulations, and as they have been introduced only recently, there is a risk that the Group may fail to comply with all such ESG-related regulatory requirements on time. Failure to comply with such ESG requirements may have an adverse impact on the Group through the imposition of fines and other regulatory sanctions as well as through reputational damage.

Measures taken by the authorities or unfavourable decisions in disputes with the authorities could also result in fines or restrictions and limits being imposed on the Group's business operations and give cause for negative publicity. Breaches against competition or data protection laws can also result in severe monetary sanctions.

Retail banking being a significant business segment of the Group, any tightening of consumer protection laws or the interpretation thereof by courts or other competent authorities could result in lower profitability of certain of its products and services, which may impair its ability to offer certain products and services or to enforce certain clauses and thus have an adverse effect on the results of operations or its competitive position.

Likewise, limitations imposed by, and the cost of compliance with the rules imposed by MiFID II and related legislation, and further future regulatory changes may result in further limitations, increased cost and lower profitability of the Group's retail banking business involving financial instruments. This may have a negative impact on the ability of the Group to fulfil its obligations in relation to the Notes.

Furthermore, banking activities are largely dependent on contractual relationships. Customers and counterparties to agreements that any member of the Group has entered into may submit claims against the Issuer or its subsidiaries that can lead to disputes and legal action. Such demands may, for example, concern liability towards customers with regard to the sale of unsuitable products or with regard to incorrect advice. If the Issuer or any of its subsidiaries is deemed to have neglected its duties, it may be liable to pay damages.

Any legal action against any member of the Group can also have a negative impact on the Group's reputation, which in turn could have a material adverse effect on its business, financial condition and results of operations.

If any of the risks set out above were realised, this could have a significant adverse effect on the Group's business operations, its performance or its financial position.

#### ***Risks associated with tax regulation***

The Group is exposed to tax risks associated with changes in tax rates or tax legislation or the incorrect interpretation of the rules and regulations in force. If tax risks are realised, this could lead to an increase in taxes or penalties which, in turn, could cause financial losses for the Group.

Since 2018, Estonia has enforced a taxation system for the profits of credit institutions. Under this regime, the taxation of credit institutions' profits has changed significantly, with profits now being taxed quarterly at a rate of 14 per cent. From 2025, this rate has increased to 18 per cent. This measure only affects credit institutions that are profitable, and advance payments of corporate income tax will be credited when calculating an institution's tax liability from dividend distributions.

From 2025, the corporate income tax on dividend distributions increased from 20 per cent. to 22 per cent., which may adversely impact the corporate income tax cost for Luminor Bank and, consequently, for the Issuer as well. Furthermore, the Estonian Parliament has passed the Security Tax Act, introducing a temporary 2 per cent. profit tax on unconsolidated accounting profits before tax, applicable to companies from 2026 until the end of 2028. Additionally, from 1 July 2025, the value added tax rate will increase by 2 per cent., rising from 22 per cent. to 24 per cent. This value added tax increase is also temporary and will remain in effect until the end of 2028. Both changes could adversely impact the Group's tax costs and overall profitability.

Due to the specific semi-equity character of the Notes, if the payment of interest under the Notes qualifies as a payment of dividends, this would trigger the obligation of the Issuer to pay corporate income tax in its own name and on its own account. As a result, the Issuer will bear an additional tax burden on such payments, which would impact the tax cost and overall profitability of the Group. At present, the Issuer considers the risk of interest payments in respect of the Notes being reclassified as dividends as low, as this could primarily arise if the tax authority reclassified the nature of the payments made under the Notes.

Estonia will not implement the global minimum tax pursuant to Council Directive (EU) 2022/2523 until 2030. Until then, companies subject to the global minimum tax will only be required to fulfil reporting obligations in Estonia.

In Latvia, corporate income tax ("CIT") is only applicable to distributed profits (actual or deemed), while retained and reinvested profits are not subject to tax. However, following amendments to the Latvian Corporate Income Tax Law (passed on 7 December 2023, effective from 1 January 2024), Latvian credit institutions and branches of foreign credit institutions are required to pay a CIT surcharge at a rate of 20 per cent. This surcharge is applied to the profit (excluding flow-through dividends, profits from the sale of shares held for at least 36 months, and profit distributed and taxed as interim dividends) earned in the pre-tax year (for example, in 2024 the surcharge was payable from the 2023 profit), regardless of profit distribution. The CIT due upon profit distributions can be reduced by the surcharge paid. Latvia has also introduced a temporary solidarity contribution for the years 2025, 2026 and 2027 on the selected income of credit institutions and branches of foreign credit institutions from 2025. According to the Solidarity Contribution Law (passed on 4 December 2024, effective from 1 January 2025), the solidarity contribution would be calculated in the amount of 60 per cent. on the basis of net interest income exceeding 50 per cent. of the average of the years from 2018 to 2022.

By amendments to the Personal Income Tax Law (passed on 4 December 2024, applicable from 1 January 2025) personal income tax ("PIT") rate for capital gains and capital income is increased from 20 per cent. to 25.5 per cent. Annual income exceeding EUR 200,000 will be subject to an additional 3 per cent. PIT. In respect of employment income, the three progressive PIT rates (20, 23 and 31 per cent.) are replaced with two progressive PIT rates: a rate of 25.5 per cent. on income of up to EUR 105,300 a year and a rate of 33 per cent. on the part of income above EUR 105,300 a year.

In Lithuania, the CIT rate was increased from 15 per cent. to 16 per cent. on 1 January 2025. Therefore from such date, a 21 per cent. corporate income tax rate (consisting of the 16 per cent. corporate income tax rate plus an additional 5 per cent. rate for credit institutions) shall be applied on taxable profits of credit institutions exceeding the threshold of EUR 2 million for the 2025 financial year and subsequent tax periods.

On 16 May 2023, the Lithuanian Parliament passed the Law on Temporary Solidarity Contribution (valid until 16 June 2026), which stipulates an agreement to channel part of banks' windfall net interest income to finance projects of military mobility and military transport infrastructure. According to the new law, this contribution shall be paid by banks established in the Republic of Lithuania in accordance with the Law on Banks, branches of banks licensed in the EU Member States and member states of the EEA and foreign banks, and financial groups of central credit unions operating in accordance with the Law on Central Credit Unions. The base of the solidarity contribution is 50 per cent. of the net interest income (calculated by applying a special coefficient) which exceeds the average net interest income of the previous four years (i.e., 2018-2021 for FY2023, 2019-2022 for FY2024 and 2020-2023 for FY2025). The contribution is levied at a rate of 60 per cent. and shall be paid for the years 2023, 2024 and 2025.

The implementation of global minimum corporate taxation (EU Member States have implemented relevant measures or an exception from 2024) may adversely impact the Group's profitability and the Group's business, should the Group qualify for the relevant regime.

The Group is unable to predict future changes to any of the laws or regulations applicable to its businesses or their interpretation and the level of the tax payable by the Group. The introduction of any such changes in taxation or new regulatory requirements may adversely impact the Group's business, prospects, financial condition and profitability.

#### ***Risks associated with regulatory requirements with respect to sanctions***

International sanctions have become increasingly complex in recent years as a response to Russia's invasion of Ukraine. As a Baltic bank, this has brought a number of challenges for the Group to ensure effective and timely compliance with sanctions laws and regulations.

The key challenges arise due to the risk of sanctions circumvention as a high number of industries are being impacted by economic sanctions. The Group is vulnerable to such risks because of its geographical footprint (the proximity of the Baltic countries to Russia and Belarus), as well as historical ties and dependencies of Baltic countries' business with Russia and/or Belarus. Regulators are now shifting their focus to the implementation of existing sanctions to ensure that controls are sufficiently strong to mitigate any risks. This requires the Group to approach sanctions risks on multiple levels: from technical expertise on the movement of certain goods, complicated due diligence of control and ownership structures and following swift changes in the geopolitical landscape that drive changes to sanctions regimes.

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

#### ***Risks associated with abuse of the financial system***

The regulations applicable to the financial sector on the prevention of money laundering ("ML"), corruption and terrorism financing ("TF") have been and are subject to ongoing tightening. In global terms, the risk that banks may become the subject of or be exploited for the purposes of money laundering or the financing of terrorism has increased. The risk of future incidents involving money laundering or financing of terrorism is always on the agenda for financial institutions. Any breach of the rules that aim to prevent the illegal exploitation of the financial system or even the suspicion of such infringements could have grave legal consequences for the Group and its reputation, which, in turn, could have a significant adverse effect on the Group.

Regardless of the risk mitigation measures that the Group is taking, there can be no assurance that the anti-money laundering ("AML") and combating the financing of terrorism ("CFT") measures of the Group are, and have in the past been, at all times sufficient and there will be no proceedings, investigations or allegations involving the Group.

The Group is committed to continuously applying sufficient enhancement and maintenance operations on supporting systems. However, there is a risk that the Group's screening and monitoring approach, supporting processes and systems may not fully prevent the execution or facilitation of transaction(s) which have exposure to money laundering and/or terrorism financing offences.

The Group monitors transactions according to predefined scenarios and thresholds, however, there is a risk that the Group may not be able to detect all the patterns and occurrences in a customer's behaviour which indicate breaches of AML laws on the part of the customer.

The Group has developed a regular reporting routine and has defined additional need-based escalation topics to the Group's management containing both qualitative and quantitative components. Nevertheless, risks may arise where the Group has not sufficiently defined the content of reporting principles. The occurrence and realisation of the above-mentioned risks could have a severely negative impact on the Group, its financial standing, reputation and business due to the enforcement activities of state supervisory authorities and adverse public opinion.

### **General business risks**

#### ***Risks associated with business development initiatives and digital innovation***

The banking markets in the Baltics are competitive. The Group is constantly exploring ways to meet its customers' demands, develop and streamline its operations, and improve its financial performance. Increasingly, many of the products and services offered by the Group are, and will become, more technology intensive, including through digitalisation and the use of artificial intelligence.

There can be no certainty that the Group's innovation strategy, which includes investment in its IT capability intended to address the increase in customer use of online and mobile technology for banking, will be successful or that it will allow the Group to continue to maintain or grow such services in the future. The Group may not be able to manage service provision ahead of rising customer expectations or may have competitors who are more successful in meeting demand for digital banking services, which could affect its ability to attract and retain customers.

The Group will continue exploring and implementing other business development initiatives. The Group may fail to identify future opportunities or derive benefits from disruptive technologies in the context of rapid technological innovation, changing customer behaviour and growing regulatory demands, resulting in increased competition from traditional banking businesses.

Although the Group invests in new technologies, such investments may be insufficient or ineffective, especially given the Group's focus on cost efficiencies. This may limit additional investment in areas such as innovation and could affect the Group's offering of innovative products or technologies for delivering products or services to customers and its competitive position. Furthermore, the development of innovative products depends on the Group's ability to produce underlying high-quality data, failing which its ability to offer innovative products may be compromised.

Moreover, there is a risk that such initiatives and changes may result in inefficiencies, stoppages or delays in the Group's operations, negatively affect the Group's customers' satisfaction (potentially leading to loss of clients), reputation and awareness of the Group's brand. There can be no certainty that such initiatives will deliver the expected cost savings and investment in automated processes will likely also result in increased short-term costs. The occurrence of any such effect could have a material adverse effect on the business, financial condition and results of operations of the Group.

#### ***Risks associated with the Group's human resources***

The Group's performance is dependent on the talents and efforts of skilled individuals. The employees have a high workload and planning of resources is required with a need to prioritise both business and regulatory-driven developments while simultaneously managing day-to-day operations. Increased staff-related risks could materially adversely affect the Group's business, financial condition and results of operations.

The Group's ability to compete effectively depends on its ability to attract and retain employees. Competition from within and outside the financial services industry is intense. This may impact the Group's ability to take advantage of business opportunities, potential efficiencies, or profitably manage its existing or new assets.

### ***Risks associated with counterparty credit risk and the presence of derivatives in the portfolio***

The Group's counterparty credit risk represents the potential cost to replace derivative contracts if counterparties fail to meet their obligations. The Group assesses counterparties to control the level of credit risk taken and counterparty credit risk is managed primarily through limits, use of collateral and daily valuation of exposures.

There is, however, no guarantee that the Group will succeed in correctly estimating the risk that occurs in relation to derivative contracts, which may mean that the security arrangements entered into between the Group and its counterparties to hedge against counterparty risk are insufficient. Errors can also occur in relation to valuation of transactions and the managing of collateral arrangements, which can lead to the outcome of the arrangement being different than intended. If these risks are realised, this could have a significant adverse effect on the Group's business operations, its performance or its financial position.

The Group also provides to its customers market risk hedging instruments (such as FX and IR derivative instruments). Market risk hedging instruments enable corporate clients to manage their foreign exchange and interest rate risk. As a consequence of the Group's transactions in financial instruments, including foreign exchange rate and derivative contracts, it is also exposed to settlement risk. Settlement risk is the risk of losing the principal on a financial contract due to default by the counterparty after the Group has given irrevocable instructions for a transfer of a principal amount or security, but before receipt of the corresponding payment or security has been finally confirmed.

Any failure in the future by a material counterparty could have a material adverse effect on the business, financial condition and results of operations of the Group.

### ***Litigation and disputes***

In the ordinary course of its business, the Group is exposed to a significant risk of claims, disputes and legal proceedings. In many cases, the Group will be the plaintiff, typically seeking to recover money advanced and it may not always be successful in this endeavour and, even where it is successful, the costs involved in the litigation will reduce its recoveries. In cases where entities of the Group are defendants, in addition to the cost of defending the claim, the Group may be required to pay significant damages and the dispute could also negatively affect the Group's reputation. Any such damages or reputational harm, or any associated fines or other penalties, could have a material adverse effect on the Group's business and financial position.

### ***Risks associated with possible company or portfolio acquisitions***

To compete effectively, the Group may decide to acquire or merge with companies or their portfolios in the future, in order to expand its business operations, for example, or to have new resources at its disposal. Growth built on company or portfolio acquisitions is associated with certain risks, such as assessing the feasibility of planned investments and the integration of the business operations and new employees acquired. If the Group does not succeed in implementing such measures, future company acquisitions may have an adverse effect on the Group's business operations, its performance or its financial position.

### ***Risks associated with regulatory capital requirements***

#### ***The Group is supervised by the ECB and subject to the European Single Supervisory Mechanism and the European Single Resolution Mechanism***

The Group is subject to supervision by the ECB through the Single Supervisory Mechanism ("SSM"), which provides for minimum levels of regulatory capital, which are comparable with those of other significant banks in the European Union (regulatory capital requirements applicable to Luminor Bank must be met on the highest consolidation level, i.e. the Group level). If the Group were to fail to maintain its ratios, this may result in administrative actions or sanctions against it which may impact the Issuer's ability to fulfil its obligations under the Notes.

The final versions of the Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (as amended from time to time including by Regulation (EU) No. 2019/876 of the European Parliament and of the Council and Regulation (EU) No. 2024/1623 of the European Parliament and of the Council of 31 May 2024, the "CRR") and the Directive of the European Parliament and of the Council on prudential requirements for credit institutions and

investment firms (as amended from time to time, including by Directive (EU) 2019/878 of the European Parliament and of the Council, the "**CRD**") entered into force in 2014, with Estonian implementation through the Estonian Credit Institutions Act taking place in the same year, and as amended from time to time. Each of the CRR and the CRD (together with any CRD and CRR implementing measures, the "**CRD Package**") covers a wide range of prudential requirements for banks and their consolidation groups across EU Member States, including capital requirements, determination of risk exposure, leverage ratio, large exposure framework, and liquidity and funding requirements. The CRD Package covers the overall supervisory framework for banks and their consolidation groups (including the individual risk assessment) and other measures such as the combined capital buffer requirement, governance and remuneration requirements.

The European Banking Authority (the "**EBA**") has published and is expected to continue to publish detailed rules through binding technical standards for many areas regulated by the CRD Package, including, *inter alia*, liquidity requirements and certain aspects of capital requirements.

In addition to the so-called minimum own funds Pillar 1 requirements (the "**minimum own funds requirement**"), the CRD also regulates capital buffer requirements, which must be met with Common Equity Tier 1 Capital. For the Group, the capital buffer requirement is comprised of two elements (referred to collectively as the "**combined buffer**") : (i) the capital conservation buffer; and (ii) the institution-specific countercyclical buffer. In addition, where a bank or its consolidation group is deemed systemically important either globally or in its domestic jurisdiction, the CRD permits national competent authorities to set additional buffers, like systemic risk buffer, Globally Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer (see further "*The Issuer may at any time elect, and in certain circumstances shall be required, not to make interest payments on the Notes*" below).

In addition to the minimum own funds requirements, the CRD contemplates that competent authorities may require additional "**Pillar 2**" capital to be maintained by a credit institution relating to elements of risks which are not fully captured by the minimum own funds requirements (the "**additional own funds requirements**") or to address macro-prudential requirements.

The EBA has published and may continue to publish guidelines addressed to national supervisors on common procedures and methodologies for the supervisory review and evaluation process ("**SREP**") including guidelines proposing a common approach to determining the amount and composition of additional own funds requirements. Under these guidelines, national supervisors should set a composition requirement for the additional own funds requirements to cover certain risks, of at least 56 per cent. of Common Equity Tier 1 Capital and at least 75 per cent. of Tier 1 capital. Typically, the ECB has mandated that all SSM-supervised credit institutions must meet the additional capital requirements (known as the "**Pillar 2 requirement**" or "**P2R**") entirely through the use of CET1 resources.

In 2016, SREP development introduced the so-called Pillar 2 guidance (that should be covered from CET1). The capital demand resulting from the SREP since then consists of two parts:

- Pillar 2 requirement or P2R, which covers risks underestimated or not covered by Pillar 1.
- Pillar 2 guidance or P2G, which indicates to banks the adequate level of capital to be maintained in order to have sufficient capital as a buffer to withstand stressed situations, in particular as assessed on the basis of the adverse scenario in the supervisory stress tests.

While P2R is binding and breaches can have direct legal consequences for banks, P2G is not legally binding. Nevertheless, the ECB expects banks to comply with P2G as well.

The CRD Package has been subject to several reforms intended to further strengthen the resilience of EU banks, among others, the reform of the CRR and the CRD (together the "**CRR II and CRD V Package**"), the latter of which was transposed into Estonian law in 2021. The CRR II and CRD V Package covers multiple areas, including the pillar 2 framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities and macro-prudential tools, the framework for MREL and the integration of the total loss-absorbing capacity standard into EU legislation. Further, a separate asset class of "non preferred" senior debt was introduced by the Directive 2017/2399/EU (the "**Creditor Hierarchy Directive**") which has been implemented in Estonia through the Estonian Credit Institutions Act which stipulates, among other things, the ranking of "non-preferred" senior debt in the bankruptcy of a credit institution. In June 2024, further amending acts to the CRR and the CRD for the

purposes of implementation of certain final elements of the international Basel III agreement (the "CRR III and CRD VI Package") and for further strengthening the prudential framework were adopted.

Once fully implemented, the CRR III and CRD VI Package will bring new requirements for, among others, the calculation of risk weighted assets for credit risk, operational risk, CVA (Credit Valuation Adjustment) risk and partly also market risk. The application date of the various requirements introduced under the CRR III and CRD VI Package ranges from 2025-2027 with the earliest application date of some of the requirements from 1 January 2025. The amendments introduced under the CRR III and CRD VI Package may result in higher capital requirements as well as high implementation costs.

The Group structures and plans its activities to ensure compliance with regulatory requirements with sufficient buffers to cover stressed conditions but the realisation of a single risk factor, or a combination of multiple risk factors, beyond expectations could result in a larger shock than expected and then lead to deterioration of either (or both) the capital and liquidity positions of the Group and failure to satisfy prudential regulatory requirements. The Group may or may not be able to raise any necessary capital, decrease leverage or improve its liquidity position in order to cure the relevant breach of regulatory requirements but, if it is able to do so, it may not be able to do so on commercially attractive terms. For further information, see "*Key Financial Ratios and Non-IFRS Measures of the Issuer and Luminor Bank – Capital Ratios*".

Any failure by the Group to satisfy the applicable regulatory capital requirements, liquidity requirements and other requirements applied to the Group, and any further increases in such requirements, could result in regulatory intervention or sanctions or significant reputational harm, which may have a material adverse effect on the Group's financial condition, results of operation and prospects.

## **Risks associated with the market environment and macroeconomic conditions**

### ***Risks associated with the general market environment and economic conditions in the Baltic countries***

The macroeconomic environment is the major driver of risk to the Group's results of operations and financial condition. Adverse conditions in the general economy and financial markets affect the Group in a number of ways, including, among others, a decrease in the demand for certain loans, fast changes in cost of funding, a decrease in net interest income, net interest margin and net fee and commission income, a deterioration in credit quality, an increase in loan provisioning levels, a decrease in prices of real property and financial assets held as collateral for loans, and volatile fair values for the bond investments portfolio, all of which may result lower profitability in future periods

The economies of Estonia and the other Baltic countries are small open economies that are closely linked to the global economy and especially to the macroeconomic conditions in the Eurozone and Nordic countries and the geopolitical situation in the world. Estonia, Latvia and Lithuania are all members of the European Union and the North Atlantic Treaty Organisation (NATO). Any deterioration in the economic environment of the Baltic countries, or in the countries where its customers and counterparties operate, could have a direct negative impact on the Group's strategy, its growth potential, its fees and commissions, and profit margins and, consequently, could have a material adverse effect on its business, financial condition and results of operations.

The direct effects of the Russian invasion of Ukraine on the Baltic states are limited. The recovery from COVID-19 was not yet complete when Russia invaded Ukraine in early 2022 and the prices of commodities, particularly energy and food prices, began to rise quickly, leading to high inflation and resulting in social hardship. Inflation began to decrease from the second half of 2023 and stabilised during 2024 to below the euro area levels in Latvia and Lithuania. At the same time, Estonian inflation was higher because of various administrative decisions, including the increase of value added tax from 20 per cent. to 22 per cent.. Sovereign debt spreads increased through 2023, but declined in 2024. Overall financing conditions have deteriorated with increased regional risk sentiment. The high energy prices in 2022, following the imposition of extensive sanctions on Russia, while they somewhat eased during 2023 and 2024, have had, and are expected to continue to have, an adverse effect on industry sectors in the Baltics. The Russian invasion of Ukraine, if escalated further, could result in further substantial geopolitical instability, trade restrictions, supply chain disruptions, increases in energy prices and inflationary pressure in the region, which could in turn have further adverse impacts on the regional and EU economic environment.

Government debt levels are low in the Baltic countries, but countries have in recent years been running budget deficits. There is a need for fiscal consolidation in the coming years which is leading to higher taxes in Estonia and could lead to even higher taxes or weaker support of the economy through government consumption and investments in all Baltic states in the coming years.

Monetary policy authorities had increased interest rates due to rising prices, but began to decrease interest rates from the second half of 2024. Although markets currently expect there to be a substantial drop in the policy interest rates as longer money-market interest rates have decreased substantially in the last months of 2024, markets expect above-target inflation rates for several more years. Consequently, inflation risks do continue to persist. Real estate prices increased above the level of wage increases in Estonia and Lithuania in 2023, leading to high price levels and low real estate purchasing power of households. Although house prices have been stable in 2024, there can be no assurance that house prices will not deteriorate, including as a result of increases in inflation, and unemployment or for other reasons. Estonian private sector indebtedness remains higher than Latvia and Lithuania and, combined with a greater exposure to the interest rate sensitive start-up sector, gross domestic product growth has lagged more in Estonia compared to its Baltic neighbours.

Earlier interest rate hikes were passed by the Group to all customers having variable rate loans, which comprises a major part of the Group's loan portfolio (including mortgage portfolio). Currently, decreasing rates are being passed-through to customers, but compared to the EU average, customers' borrowing rates are still higher and household indebtedness or unemployment and/or a decline in house prices could have an adverse effect on mortgage borrowers' ability to meet their mortgage obligations and could adversely affect the Group's ability to perform its obligations under the Notes.

Though unemployment remains subdued, the economy of the Baltic countries remains below potential. Should negative development in the economies in the Baltic countries continue, the demand for banking services may decrease and lead to a reduced net interest income from the banking business as well as reduced commissions from the asset management business.

Weaker demand, rising prices for goods, services and energy, and any increase in unemployment may also lead to difficulties for the Group's customers in meeting their payment obligations, thereby causing increased disruptions in the repayments of loans, increased write downs and loan losses. General consumer confidence and consumer spending would also be influenced by such a downward trend. Developments in the general operating environment are generally beyond the control of the Group's management however such adverse developments may lead to reductions in business activity, increased funding costs, decreased liquidity, decreased access to the wholesale funding markets, decreased financial asset values, decreased real estate prices, additional credit impairment losses and lower profitability and revenues, which could have a material adverse effect on the Group's business, financial condition and results of operations. Furthermore, investors' demand for returns may increase even further, thus increasing the Group's refinancing costs and hampering the Group's refinancing options.

#### ***Risks associated with the reputation of the Baltic countries***

Being a pan-Baltic bank, the Group is impacted by the international reputation and perception of the Baltics and how companies (especially financial institutions) from Baltic countries are generally perceived in other regions.

In recent years, Baltic countries, and Baltic financial institutions specifically, have received attention due to the emergence of several money laundering allegations.

Evaluation of Estonia by the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism ("MONEYVAL") took place in 2022. Onsite visits were held from April until May 2022. In its Fifth Round Mutual Evaluation Report issued on 25 January 2023, MONEYVAL acknowledged that Estonia had demonstrated a substantial level of effectiveness in international cooperation, use of financial intelligence and implementation of the United Nations targeted financial sanctions on proliferation financing. The report finds that further improvements are needed in enhancing the understanding of ML/TF risks, the effectiveness of ML and TF investigations and prosecutions, confiscation of proceeds of crime, implementation of targeted financial sanctions on TF, application of AML/CFT preventative measures by the private sector, supervision and transparency of beneficial ownership of legal persons and legal arrangements. Significant ML/TF vulnerabilities are associated, in

particular, with the e-Residency program (an Estonian government-issued digital identity solution for foreign citizens), company service providers (CSPs) and virtual asset service providers (VASPs).

In 2018 MONEYVAL highlighted significant ML and TF risks in Latvia due to its role as a regional financial centre. Since then, Latvia has made progress, as evidenced by MONEYVAL's follow-up 2020 report acknowledging improvements in AML/CFT measures. Enhanced follow-up procedure ended for Latvia in 2021.

On the 6th evaluation round, Latvia is among the first countries to be assessed, signalling its commitment to AML/CFT. International organisations have commended Latvia's efforts, emphasising the importance of continued reforms in the AML/CFT system.

In early 2019, MONEYVAL issued an evaluation report on Lithuania. This report highlighted threats related to ML, including increased corruption, a significant shadow economy, evidence of organised crime and widespread use of cash. On 18 January 2023, MONEYVAL published its third follow-up report which stated that Lithuania had improved its AML/CFT measures and Lithuania is expected to report back to MONEYVAL on further progress to strengthen its implementation of AML/CFT measures in 2025. MONEYVAL has maintained enhanced follow-up on Lithuania.

Additionally, eight countries (Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden) of the Nordic-Baltic Constituency of the International Monetary Fund (the "**IMF**") have voluntarily taken the initiative to engage the IMF to conduct a regional analysis of ML and TF threats and vulnerabilities. The IMF began its work in January 2021 and on 11 July 2021 published its report on Lithuania, identifying that the Lithuanian AML/CFT framework requires further strengthening to respond to the increasing ML and TF risks from non-resident activity and further efforts are needed to mitigate ML risks in the financial sector, particularly from the dynamic and growing FinTech sector.

On 4 September 2023 the IMF released its Regional Nordic-Baltic Technical Assistance Report on "Financial Flows Analysis, AML/CFT Supervision, and Financial Stability", which analyses selected aspects of the Nordic-Baltic region's AML/CFT regimes. In the report all three Baltic states have been analysed.

For Estonia, it has been noted that aggregate cross-border financial flows have begun to grow in recent years, whereas the composition thereof has changed significantly. While the shares of G7 and EU countries have increased in line with the cross-country economic linkages, the shares of the Commonwealth of Independent States ("**CIS**") countries and International Financial Centers ("**IFCs**") have decreased. The IMF has concluded that the financial flows with most of Estonia's top-10 payments counterparties are explained by the economic fundamentals. Meanwhile the IFCs account for a third of all jurisdictions with flows insufficiently explained by the fundamentals. The IMF has further concluded that the EFSA inspection coverage appears adequate, however authorities could consider outlining the ML/TF risks in the banking sector and directly linking those to the supervisory strategy in a more detailed manner.

For Latvia, the aggregate payment flows have shifted significantly with sharp reductions in transactions involving CIS and IFCs, lowering the overall ML risk. The EU and Nordic-Baltic countries, notably Lithuania, Germany, and Estonia, are now primary payment counterparts, reducing ML risks. However, outlier activities persist in transactions with specific countries and IFCs, indicating ongoing risks. Payments with countries such as Estonia, Sweden, Finland, Poland, and Russia (almost halted since the invasion of Ukraine) align with economic fundamentals. However, inflows from Lithuania, outflows to Germany and the United Kingdom, and transactions with certain IFCs show outlier activity. Additionally, some IFCs exhibit outlier payment patterns or accelerating trends. Despite increasing payments, transactions with several CIS and Balkan countries lack sufficient explanation based on economic fundamentals. It has been concluded that Latvia's regulator has enhanced its supervisory approach and resources to combat potential ML risks effectively.

For Lithuania, in line with the economic cross-country linkages, EU and G7 countries remain Lithuania's largest payments counterparties. The country's increased cross border and non-resident activity, facilitated by Fintech payment and electronic money institutions, merits closer scrutiny from an ML/TF risk perspective. The IMF has noted that accelerating flows in both directions with the UK, Lithuania's main payments counterparty, as well as outflows to Switzerland, are insufficiently explained by the fundamentals. Meanwhile, Lithuania has a low level of financial flows with the Financial Action Task Force and EC higher-risk countries and minimal flows with target territories. In contrast, IFCs are the

largest grouping of jurisdictions with increasing financial flows with Lithuania, insufficiently explained by the fundamentals. While flows with CIS countries have substantially decreased since the invasion of Ukraine, Lithuania has increased payments, insufficiently explained by the fundamentals, with several CIS countries. The IMF has highlighted that Lithuania's sizeable and rapidly growing virtual asset sector poses significant ML/TF risks. While the latest legal framework amendments have increased requirements for VASPs, in practice, there is no market entry control in place.

No allegations related to ML have been made against the Group. However, even where the Group is not accused of any breach of AML requirements, allegations regarding other Baltic financial institutions may still affect the Group, as far as these affect the reputation of the Baltics and Baltic financial institutions in general. This may pose the risk that the Group may not be able to raise funding from international markets or may only be able to raise funding on less favourable terms. There is also a risk that some of the Group's direct or indirect counterparties (e.g. correspondent banks) and/or customers may wish to terminate or limit the scope of their business relationships with Baltic financial institutions, including the Group, or subject Baltic financial institutions, including the Group, to more rigorous control. Furthermore, it is possible that the Group's business partners or public authorities may apply mandatory enhanced due diligence measures against financial institutions established and/or operating in any or all of the Baltic countries, thus affecting business operations of the Group.

#### ***Risks associated with competition in the Group's business areas***

The Baltic financial market is competitive. The Group primarily faces competition in its universal banking activities, where its competitors include large Scandinavian banking groups. In particular, taking into account the large investments made by other banks in new technologies, the Group faces increasing competition in digital solutions and mobile banking.

High levels of competition in the banking industry could also lead to increased pricing pressure on the Group's products and services, which would have a material adverse effect on the business, financial condition and results of operations of the Group. In particular, increased competition for deposits may lead to a higher loans-to-deposit ratio and an increase of the Group's cost of funding.

Moreover, new entrants such as FinTech companies are also increasingly competing for customers and market share. The developing relationships between FinTech companies and traditional banks is a significant trend and may have a great impact on the existing market structure for banking services.

There is no guarantee that the Group's strategies will be sufficiently competitive or that such strategies will meet customer needs and expectations in the future as competition increases, or that they will otherwise be successful. Additionally, changes in business strategy entail risks of their own, including in relation to operational risks, risks of insufficient training of personnel and IT risks.

The Group's business plan is reviewed and updated regularly. Furthermore, if a future sale of Luminor Bank were to take place, the strategy of the Issuer and the Group may then change, depending on who the (new) acquirer(s) might be.

If the Group fails to respond to the competitive environment in its target markets by offering attractive and profitable products and services, it may affect the Group's competitiveness, its market shares, its growth potential, its customer base and, consequently, could have a material adverse effect on its business, financial condition and results of operations.

#### ***Risks associated with the Notes***

##### ***There is no active trading market for the Notes***

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

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If a market does develop, it may not be very liquid. Therefore, no liquidity of any market in the Notes can be assured; nor the ability of the holders of the Notes to sell their Notes or the prices at which they would be able to sell their Notes.

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

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

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

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

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

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

#### ***Denominations of the Definitive Notes may be illiquid***

As the Notes are in denominations of EUR 200,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 399,000, it is possible that the Notes may be traded in amounts less than the minimum authorised denomination of EUR 200,000. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than EUR 100,000 may not receive Definitive Notes in respect of such holding (should Definitive Notes be printed) and may need to purchase a principal amount of Notes such that its holding amounts to EUR 1,000.

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of EUR 1,000 may be illiquid and difficult to trade.

#### ***Credit risk of the Issuer***

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

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

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

If the Issuer is declared bankrupt and a winding up is initiated, the claims of the holders of its senior debt and its obligations to most of its other creditors (including holders of Tier 2 Capital instruments and other unsecured and subordinated creditors but excluding any other obligations that by law rank, or by their terms are expressed to rank, *pari passu* with or junior to the claims of the holders of the Notes) will be satisfied (after covering the costs of and other payments relating to bankruptcy proceedings) before any payments on the Notes. Furthermore, pursuant to the amendments introduced by BRRD II (which was transposed into Estonian law in 2021), all claims resulting from the Group's own funds items (such as the Notes) shall have, in relevant insolvency proceedings, a lower priority ranking than any claim that does not result from an own funds item. For the purposes of the previous sentence, to the extent that an instrument is only partly recognised as an own funds item, the whole instrument shall be treated as a claim resulting from an own funds item and shall rank lower than any claim that does not result from an own funds item. This means that, regardless of their contractual ranking, liabilities that are no longer at least partially recognised as an own funds instrument for the purpose of the CRR shall rank senior to any liabilities fully or partially recognised as an own funds instrument. Accordingly, claims of the holders of the Notes will have, in the bankruptcy proceedings carried out in respect of the Group, a lower priority ranking than any claims that do not result from own funds items in accordance with the provisions of BBRD II, even if the Notes are only partly recognised as an own funds item of the Group. In any of the above situations, the Issuer may not have enough assets remaining after these payments to pay amounts due under the Notes. Furthermore, if the Issuer does have remaining assets thereafter, any claim in respect of the Notes will be for the Prevailing Principal Amount of the Notes held by a Noteholder, which, if the Notes have been Written Down and not subsequently Written Up to the Initial Principal Amount at the time of claim, will be less than par. As such, although the Notes may pay a higher rate of interest than Tier 2 Capital instruments and notes which are not subordinated, there is a substantial risk that investors in the Notes will lose all or some of the value of their investment should the Issuer become insolvent. See also "*The Issuer may be subject to statutory resolution*".

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

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

***No ownership rights***

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

***Exchange rates and exchange controls***

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

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

### ***Interest rate risks***

An investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. Particularly long-term fixed-rate reset Notes involve a high risk of a material decline in value if the market rate exceeds the rate paid in accordance with the fixed-rate reset Notes. On the other hand, if the Notes are subject to redemption at the option of the Issuer, Noteholders should not expect, in case of falling market rates, that the price would substantially exceed the optional redemption price.

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

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

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

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

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

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

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

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

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

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

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

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

- **leverage-based MDA:** an institution that is designated as a "global systemically important institution" ("**GSII**") that: (A) meets an applicable leverage ratio buffer shall not be entitled to make any distribution in connection with tier 1 capital to the extent this would decrease its tier 1 capital to a level where the leverage ratio buffer requirement is no longer met; and (B) is failing to meet an applicable leverage ratio buffer shall calculate a leverage ratio-based maximum distributable amount (the "**L-MDA**") and must not make discretionary payments (payments relating to Common Equity Tier 1 Capital instruments, Additional Tier 1 Capital instruments (such as the Notes) and variable remuneration) which would, in aggregate, exceed such L-MDA. As with the MDA, the L-MDA restrictions will be scaled according to the extent of the breach of the leverage buffer requirement and calculated by reference to the institution's distributable profits; and
- **MREL-based MDA:** where an institution is failing to meet its buffer requirements as a result of its MREL requirement (but would meet its buffer requirements but for its MREL requirement), the relevant resolution authority, having considered certain specified factors, will be entitled (and, if non-compliance continues for an extended period, may, subject to certain exceptions, be required) to prohibit such institution from distributing more than a maximum distributable amount determined by reference to its MREL requirement (the "**M-MDA**") by way of discretionary payments (payments relating to Common Equity Tier 1 Capital instruments, Additional Tier 1 Capital instruments (such as the Notes) and variable remuneration). As with the MDA and the L-MDA, the M-MDA restrictions will be scaled according to the extent of the breach of the buffer requirement (when having regard to MREL requirements) and calculated by reference to the institution's distributable profits.

The Resolution Board may set restrictions for banks that do not comply with the combined buffer, which is added on top of the MREL requirements expressed in total risk exposure amount ("**TREA**"), preventing them from distributing more than the M-MDA via various actions (including dividend payments on

ordinary shares, variable remuneration and payments on AT1 instruments (including the Notes)). The M-MDA may be applied where the bank meets the combined buffer on top of the own funds requirements (i.e. the bank is not under the prudential MDA restriction), but fails to meet the combined buffer when considered in addition to the external and internal MREL (including subordination), in all cases calculated in terms of TREA. In addition, the M-MDA may also be imposed in cases of breaches of the minimum requirement, i.e. MREL.

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

With respect to cancellation of interest due to insufficient Distributable Items, see also the risk factor entitled "*The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Notes*". With respect to cancellation of interest due to the application of a Maximum Distributable Amount, see also the risk factor entitled "*The Group is supervised by the ECB and subject to the European Single Supervisory Mechanism and the European Single Resolution Mechanism*" above. With respect to the CET1 Ratio of the Group, see also the risk factor entitled "*The circumstances surrounding or triggering a Write Down are unpredictable, and there are a number of factors that could affect the CET1 Ratio*" and "*The CET1 Ratio will be affected by the Group's business decisions and, in making such decisions, the Group's interests may not be aligned with those of the Noteholders*" below.

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

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

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

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

As at 31 December 2024, the Issuer had Distributable Items of EUR 183.4 million on a solo basis. The level of the Issuer's Distributable Items and available funding, and therefore its ability to make interest payments under the Notes, are a function of the Issuer's existing Distributable Items, the future profitability of the Issuer and other members of the Group and the ability of the Issuer's operating subsidiaries to distribute or dividend profits up the Group structure to the Issuer. In addition, the Issuer's Distributable Items available for making payments to Noteholders may also be adversely affected by the servicing of other instruments issued by the Issuer or by Group subsidiaries.

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

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

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

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

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

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

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

also be based on the reduced Prevailing Principal Amount of the Notes in the event that the Issuer exercises its option to redeem the Notes upon the occurrence of a Tax Event, a Capital Disqualification Event or where the outstanding aggregate principal amount of the Notes is 25 per cent. or less of the Notes originally issued (and, for these purposes, any Further Notes shall be deemed to have been originally issued and any Write Down and/or Write Up of the principal amount of the Notes shall be ignored) in accordance with Conditions 7(b) (*Redemption for Tax Reasons*), 7(e) (*Early Redemption as a Result of Capital Disqualification Event*) or 7(d) (*Issuer Residual Call*) at a time when the Notes have been Written Down and not subsequently Written Up. In addition, in certain circumstances the Maximum Distributable Amount will impose a cap on the Issuer's ability to pay interest on the Notes, on the Issuer's ability to reinstate the Prevailing Principal Amount of the Notes following a Write Down and on its ability to redeem or repurchase Notes.

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

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

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

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

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

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

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

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

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

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

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

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

***The Notes have no scheduled maturity date and may only be redeemed at the option of the Issuer at their Prevailing Principal Amount (which may be less than par)***

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

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

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

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

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

In addition, the Issuer may redeem the Notes at its option in whole, but not in part, on any day falling in the period commencing on and including 12 February 2031 and up to and including the First Reset Date or on any Interest Payment Date thereafter and if, at any time, the outstanding aggregate principal amount of the Notes is 25 per cent. or less of the aggregate principal amount of the Notes originally issued. The Issuer may choose to redeem the Notes (subject to certain regulatory conditions and approvals) at times when prevailing interest rates may be relatively low. In such circumstances a holder of the Notes may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes and may only be able to do so at a significantly lower rate. The exercise of any optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may, or is perceived to be able to, elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period or date.

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

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

- (i) on or before such redemption or repurchase of the Notes, the Issuer replaces the Notes with own funds instruments or eligible liabilities instruments (as applicable) of an equal or higher quality on terms that are sustainable for its income capacity; or
- (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that its own funds and eligible liabilities would, following such redemption or repurchase, exceed the requirements under the Applicable Banking Regulations by a margin that the Competent Authority may consider necessary.

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

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

- (b) in the case of redemption due to the occurrence of a Capital Event, (i) the Competent Authority considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the Capital Event was not reasonably foreseeable at the time of the issuance of the Notes; or
- (c) in the case of redemption for taxation reasons pursuant to Condition 7(b) (*Redemption and Purchase – Redemption for tax reasons*), the Issuer demonstrates to the satisfaction of the Competent Authority that the change in tax treatment is material and was not reasonably foreseeable at the time of issuance of the Notes; or
- (d) before or at the same time of such redemption or repurchase, the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for its income capacity and the Competent Authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or
- (e) the Notes are repurchased for market making purposes.

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

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

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

#### ***Remedies in case of default on the Notes are limited***

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

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

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

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

The EU Benchmarks Regulation could have a material impact on the Notes which are linked to EURIBOR, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the

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

On 21 September 2017, the ECB announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("€STR") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has been reformed in order to comply with the terms of the Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

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

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

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

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

***The value of the Notes may be adversely affected by a negative change to an applicable credit rating***

Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

#### ***A credit rating may not reflect all risks***

The Notes are expected to be rated "Ba2" by Moody's. The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. In addition, other rating agencies may assign unsolicited ratings to the Notes. In such circumstances there can be no assurance that the unsolicited rating(s) will not be lower than the comparable solicited ratings assigned to the Notes, which could adversely affect the market value and liquidity of the Notes.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended) subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

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

If the status of the rating agency rating the Notes changes, for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

#### ***The Group is obliged to contribute to the Single Resolution Fund***

The Single Resolution Fund ("SRF") has been established by the SRM Regulation and is composed of contributions by credit institutions (including the Issuer's subsidiary Luminor Bank) and certain investment firms in the participating member states of the EEA. The SRF has been gradually built up over a period of eight years (from 2016 to 2023). The target size of the SRF of at least 1 per cent. of the amount of covered deposits of the credit institutions in all countries of the EEA (including the Issuer's subsidiary Luminor Bank) was reached on 31 December 2023. No regular annual contribution was collected in 2024 from the institutions falling in scope of the SRF, and going forwards the expectation is that contributions would (only) be collected in the event of specific circumstances or resolution actions involving the use of the SRF.

The Group's obligation to make such contributions may result in an additional financial burden for the Issuer and may have a negative impact on its financial position and results of operation.

#### ***The Group may be subject to statutory resolution***

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

unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

For this purpose, the BRRD grants supervisory authorities various rights including, but not limited to, a statutory "**write-down and conversion power**" (exercisable in relation to Tier 1 Capital instruments (such as the Notes) and Tier 2 Capital instruments) and a 'bail-in and loss absorption' power (exercisable in relation to other securities that are not Tier 1 Capital instruments or Tier 2 Capital instruments), which gives the recovery and resolution authority under the BRRD and Regulation (EU) No. 806/2014 (the "**Relevant Resolution Authority**"), the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Notes) of a failing financial institution and/or to convert certain debt claims (which could include the Notes) into another security, including equity instruments of the surviving issuer entity, if any. The BRRD is implemented into Estonian law by the Estonian Financial Crisis Prevention and Resolution Act (the "**FCPRA**"). For more information on the implementation of the BRRD in Estonia, see "*The Estonian resolution legislation implementing the BRRD Directive*" below.

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

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

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

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

Prospective investors in the Notes should consult their own advisers as to the consequences of the implementation of the BRRD.

In addition to the BRRD, the EU has adopted a directly applicable regulation governing the resolution of the most significant financial institutions in the Eurozone, *i.e.* a regulation establishing a Single Resolution Mechanism for them (Regulation (EU) No. 806/2014, "**SRM Regulation**", as amended by Regulation (EU) No. 2019/877 of the European Parliament and of the Council and Directive (EU) 2024/1174 of the European Parliament and of the Council). The SRM Regulation establishes a single European resolution board (consisting of representatives from the European Central Bank ("ECB"), the European Commission and the relevant national resolution authorities) (the "**Resolution Board**") having resolution powers over the entities that are subject to the SRM Regulation, thus replacing or exceeding the powers of the national resolution authorities. On 10 February 2018 the ECB determined Luminor Bank to be a significant financial institution and as such, the Group became subject to the SRM Regulation.

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

The Resolution Board is responsible for preparing and adopting a resolution plan for the entities subject to its powers, including the Issuer's subsidiary, Luminor Bank. It also determines, after consulting competent authorities including the ECB, the Minimum Requirement for own funds and Eligible Liabilities (the "**MREL**"), which in-scope entities are expected to meet at all times. The Resolution Board also has the powers of early intervention as set forth in the SRM Regulation, including the power to require the relevant entity to contact potential purchasers in order to prepare for resolution of the entity. The Resolution Board has the authority to exercise the specific resolution powers under the SRM Regulation. These will be launched if the Resolution Board assesses that the following conditions are met: (i) the relevant entity is failing or is likely to fail; (ii) having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector measures or supervisory action or the write-down or conversion of relevant capital instruments, taken in respect of the relevant entity, would prevent its failure within a reasonable timeframe; and (iii) a resolution action is necessary in the public interest.

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

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

#### ***The Estonian resolution legislation implementing the BRRD Directive***

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

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

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

Under the FCPRA, powers have been granted to the Relevant Resolution Authority which include the bail-in and loss absorption tool through which a credit institution or banking group subjected to resolution may be recapitalised either by way of write-down or conversion of liabilities into ordinary shares. The bail-in and loss absorption tool may be imposed either as a sole resolution measure or in combination with the rest of the resolution tools that may be imposed by the Relevant Resolution Authority in case of the resolution of a failing credit institution or group.

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

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

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

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

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

***Certain rights of the Noteholders under the Terms and Conditions of the Notes would not be enforceable upon commencement of resolution proceedings***

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

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

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

***Changes in laws or administrative practices could entail risks***

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

### ***Recognition of choice of court agreements and enforcement of foreign judgements in Estonia***

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

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

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

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

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

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

Recognition of choice of law to govern any contractual obligations would, in a situation where a relevant dispute is brought before an Estonian court (and **provided that** such Estonian court has jurisdiction over the dispute instead of the English courts due to the limitations and conditions applicable under any of the legislative acts, as applicable, described under "*Recognition of choice of court agreements and enforcement of foreign judgements in Estonia*" above) be decided by the Estonian court in accordance with the Estonian conflicts of laws rules (including Regulation (EC) 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations and the Estonian Private International Law Act, if and as applicable). In accordance with such rules, as a general principle, an agreement shall be

governed by the law chosen by the parties and, by their choice, parties may select the law applicable to the whole or part of the agreement. However, a foreign law chosen by the parties shall not be applied by Estonian courts in certain circumstances, above all, if: (i) application of a provision of foreign law is manifestly incompatible with the public policy ("order public") of Estonia; (ii) provisions of foreign law allow the parties to deviate from the provisions of Estonian law that have extraterritorial application or overriding mandatory provisions; or (iii) the substance of the applicable foreign law cannot be established by the Estonian court, regardless of all reasonable efforts, within a reasonable time. In such circumstances Estonian courts may apply Estonian law instead.

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

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

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

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

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

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

#### ***Modification and waivers***

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

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

this Offering Circular, what such changes may entail, however, any changes made will be binding on Noteholders.

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

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

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

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

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

In addition to the above mentioned amendments to the Conditions, pursuant to Condition 19 (*Substitution of the Issuer*), the Issuer and the Substituted Debtor may amend Condition 7 (*Redemption and Purchase*) to provide the Substituted Debtor with an option to redeem the Notes on the occurrence of an MREL Disqualification Event (as defined in Condition 19 (*Substitution of the Issuer*)). Any such redemption will be at the Prevailing Principal Amount of the Notes from time to time, which may be less than par.

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

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

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

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

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

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

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

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

The Issuer has appointed Citibank, N.A., London Branch as Calculation Agent in respect of the Notes. Citibank, N.A., London Branch is a member of an international financial group that is involved, in the ordinary course of its business, in a wide range of banking activities out of which conflicting interests may arise. Whilst the Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

## TERMS AND CONDITIONS OF THE NOTES

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

The EUR 150,000,000 Fixed Rate Reset Perpetual Additional Tier 1 Temporary Write Down Notes (the "Notes", which expression includes any further notes issued pursuant to Condition 15 (*Further issues*) and forming a single series therewith) of Luminor Holding AS are the subject of a fiscal agency agreement dated 12 February 2025 (as amended or supplemented from time to time, the "Agency Agreement") between the Issuer, Citibank, N.A., London Branch as fiscal agent (the "Fiscal Agent", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "Paying Agents", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and a deed of covenant dated 12 February 2025 (as amended or supplemented from time to time, the "Deed of Covenant") made by the Issuer in favour of the Accountholders (as defined therein). Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and subject to their detailed provisions. The holders of the Notes (the "Noteholders") and the holders of the related interest coupons (the "Couponholders" and the "Coupons", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection or collection by Noteholders upon provision of proof of holding and identification satisfactory to the relevant Agent during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

### 1. Definitions

In these Conditions the following expressions have the following meanings:

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

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

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

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

**"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 the Republic of 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 liabilities and/or loss absorbing capacity and/or the implementation of the Creditor Hierarchy Directive adopted by the Competent Authority, the Relevant Resolution Authority (as defined in Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Power*)) or any other national or European authority from time to time, and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group);

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

**"BRRD"** means Directive 2014/59/EU as 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;

**"Business Day"** means a TARGET Settlement Day;

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

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

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

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

**"Common Equity Tier 1 Capital"** means common equity tier 1 capital as contemplated by the Applicable Banking Regulations then applicable, or an equivalent or successor term;

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

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

**"CRD Directive"** means Directive 2013/36/EU, as 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/or the Group and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer and/or the Group (on a solo or consolidated basis, as the case may be) to the extent required by the CRD Directive or the CRR,

including for the avoidance of doubt any regulatory technical standards released by the European Banking Authority (or any successor or replacement thereof);

**"Creditor Hierarchy Directive"** means Directive 2017/2399/EU or any equivalent legislation that supersedes or replaces it;

**"CRR"** means Regulation 575/2013, as the same may be amended or replaced from time to time (including as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of May 20, 2019 and Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024) or similar laws in the Republic of Estonia);

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

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

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

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

**"First Reset Date"** means 12 August 2031;

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

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

**"Initial Principal Amount"** means, in relation to each Note, the principal amount of that Note on the Issue Date;

**"Initial Rate of Interest"** means 7.375 per cent. per annum;

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

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

**"Issue Date"** means 12 February 2025;

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

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

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

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

**"Margin"** means 5.264 per cent.;

**"Maximum Distributable Amount"** means any applicable maximum distributable amount relating to the Group required to be calculated in accordance with Article 141 of the CRD Directive (or any provision of applicable law or other regulation transposing or implementing Article 141 of the CRD Directive, as amended or replaced) or in accordance with any other applicable provisions of the Applicable Banking Regulations which require a maximum distributable amount to be calculated if the Group is failing to meet any applicable requirement or any buffers relating to such requirement;

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

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

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

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

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

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

**"Reserved Matter"** means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

**"Reset Date"** means the First Reset Date and each fifth anniversary of the First Reset Date;

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

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

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

**"Reset Reference Bank Rate"** means, in respect of a Reset Period, the percentage rate calculated by the Calculation Agent on the basis of the 5 Year Swap Rate Quotations provided by four major banks selected and requested by the Issuer in the market (the **"Reset Reference Banks"**) to the Issuer at approximately 12:00 p.m. (noon) (Central European Time) on the relevant Reset Determination Date and the Issuer or an agent appointed by it shall notify the Calculation Agent of all quotations received by it. If two or more of the Reset Reference Banks provide the Issuer or an agent appointed by it with 5 Year Swap Rate Quotations, the Reset Reference Bank Rate for the relevant Reset Period shall be the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant 5 Year Swap Rate Quotations, as determined by the Calculation Agent. If only one 5 Year Swap Rate Quotation is provided, the relevant Reset Reference Bank Rate will be the quotation provided. If no quotations are provided the relevant Reset Reference Bank Rate will be the 5 Year Swap Rate or Reset Reference Bank (as applicable) determined in respect of the immediately preceding Reset Period or, in respect of the initial Reset Period, 2.221 per cent.;

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

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

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

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

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

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

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

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

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

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

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

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

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

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

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

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

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

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

## 2. Form, Denomination and Title

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

## 3. Status and Subordination

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

- (iii) rank senior only to the rights and claims of holders of share capital of the Issuer and any obligations of the Issuer which in each case by law rank, or by their terms are expressed to rank (to the extent such ranking is recognised by applicable law), junior to the Notes (if any).
- (d) The rights of holders of the Notes shall be subject to any present or future laws or regulations applicable in Estonia relating to the insolvency, recovery and resolution of credit institutions, entities belonging to the same group as a credit institution and investment firms in Estonia which are or will be applicable to the Notes only as a result of the operation of such laws or regulations.
- (e) No holder of the Notes or related Coupons shall be entitled to exercise any right of Set-off against moneys owed by the Issuer in respect of such Notes or Coupons. Notwithstanding the provision of the foregoing sentence, if any amounts owed by the Issuer to any holder in connection with the Notes is discharged by Set-off, such holder shall, where permitted by applicable law, immediately pay an amount equal to the amount discharged to the Issuer (or, in the event of its voluntary or involuntary liquidation and/or bankruptcy, to the liquidator, bankruptcy trustee or other relevant insolvency official (as the case may be and to the extent applicable)) and, until such time as payment is made, shall hold an amount equal to such amount discharged on behalf and for the benefit of the Issuer (or the liquidator, bankruptcy trustee or other relevant insolvency official of the Issuer) and accordingly not deem any such discharge to have taken place.

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

- (f) The Notes shall not contribute to a determination that the liabilities of the Issuer exceed its assets and shall not be taken into consideration when determining whether the Issuer is insolvent in accordance with § 1(3) of the Estonian Bankruptcy Act.
- (g) Except in the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer, all payments in respect of, or arising from (including any damages awarded for breach of any obligations under), the Notes are, in addition to the right or obligation of the Issuer to cancel payments of interest under Condition 5 or Condition 6(a), conditional upon the Issuer being solvent at the time of payment by the Issuer and no principal, interest or any other amount shall be due and payable in respect of, or arising from, the Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the **"Solvency Condition"**).

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

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

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

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

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

#### 4. **Interest**

- (a) The Notes bear interest from (and including) the Issue Date at the Rate of Interest payable in equal instalments semi-annually in arrear on 12 February and 12 August in each year (each, an "**Interest Payment Date**"), from and including 12 August 2025 subject as provided in Condition 8 (*Payments*).
- (b) Subject to Conditions 3(g), 5 and 6, each Note will cease to bear interest from the due date for redemption thereof pursuant to Conditions 7(b), (c), (d), (e) or (f) or the date of substitution or variation thereof pursuant to Condition 18, as the case may be, unless, upon due presentation, payment of all amounts due in respect of such Note is not properly and duly made, in which case it will continue to bear interest at such rate on the Prevailing Principal Amount of such Note (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is five days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).
- (c) The Interest Amount shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Prevailing Principal Amount of such Note divided by the Calculation Amount, where:

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

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

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

- (d) The Notes shall (subject to Conditions 3(g), 5 and 6) bear interest on their Prevailing Principal Amount:
  - (i) from (and including) the Issue Date until (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest; and
  - (ii) in respect of each Reset Period, at the rate per annum equal to the relevant Reset Rate of Interest,

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

(B) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in this Condition 4.

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

If the Notes become due and payable pursuant to Condition 9(a), the accrued interest per Calculation Amount and the relevant Reset Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this Condition 4 but no publication of the Reset Rate of Interest or the amount of interest payable per Calculation Amount so calculated need be made.

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

- (i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser and shall, to the extent practicable, consult with such Independent Adviser to determine a Successor Rate or, alternatively, if the Issuer, (in consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner) determines that there is no Successor Rate, an Alternative Reference Rate, and, in each case, an Adjustment Spread no later than three (3) Business Days prior to the Reset Determination Date relating to the relevant Reset Period (the "**IA Determination Cut-off Date**") for purposes of determining the Reset Rate of Interest applicable to the Notes for the relevant Reset Period and any subsequent Reset Period (subject to the subsequent operation of this Condition 4(e));
- (ii) if the Issuer is unable to appoint an Independent Adviser prior to the IA Determination Cut-off Date in accordance with sub-paragraph (i) above, then the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if the Issuer determines that there is no Successor Rate, an Alternative Reference Rate for the purposes of determining the Reset Rate of Interest applicable to the Notes for the relevant Reset Period and any subsequent Reset Period (subject to the subsequent operation of this Condition 4(e)); provided, however, that if this sub-paragraph (ii) applies and the Issuer is unable or unwilling to determine a Successor Rate or an Alternative Reference Rate prior to the relevant Reset Determination Date in accordance with this sub-paragraph (ii), the Rate of Interest applicable to the relevant Reset Period shall be equal to the Rate of Interest last determined for the immediately preceding Interest Period or, in the case of the Reset Period commencing on the First Reset Date, the Initial Rate of Interest;
- (iii) if a Successor Rate or an Alternative Reference Rate is determined in accordance with the preceding provisions, such Successor Rate or Alternative Reference Rate shall replace the 5 Year Swap Rate for the relevant Reset Period and any subsequent Reset Period (subject to the subsequent operation of this Condition 4(e));
- (iv) if a Successor Rate or Alternative Reference Rate is determined in accordance with Condition 4(e)(i) above, the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner shall determine an Adjustment Spread, which may be expressed as a specified quantum, or a formula or methodology for determining the applicable Adjustment Spread, and which Adjustment Spread may be positive, negative or

zero and shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) for each subsequent determination of a Reset Rate of Interest (or the relevant component(s) thereof) by reference to such Successor Rate or Alternative Reference Rate, as applicable;

- (v) if the Issuer determines a Successor Rate or an Alternative Reference Rate and, in each case, any Adjustment Spread in accordance with the above provisions, the Issuer (in consultation with the Independent Adviser) may also specify changes to the Business Days, Day Count Fraction, Reset Determination Dates, Interest Payment Dates, Reset Screen Page, and/or the definition of 5 Year Swap Rate or the Adjustment Spread (and, in each case, related provisions and definitions), and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to such Successor Rate or Alternative Reference Rate (as applicable), which changes shall apply to the Notes for all future Reset Periods (as applicable) (subject to the subsequent operation of this Condition 4(e)). An Independent Adviser appointed pursuant to this Condition 4(e) shall (in the absence of bad faith, gross negligence and wilful misconduct) have no liability whatsoever to the Issuer, the Fiscal Agent, the Calculation Agent or Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4(e). No Noteholder consent shall be required in connection with effecting the Successor Rate or the Alternative Reference Rate (as applicable) and, in each case, the Adjustment Spread or such other changes, including for the execution of any documents, amendments or other steps by the Issuer or Fiscal Agent (if required); and
- (vi) the Issuer shall promptly following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread give notice thereof and of any changes pursuant to sub-paragraph (v) above to the Calculation Agent, the Fiscal Agent and the Noteholders.

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

For the purposes of this Condition 4(e):

**"Adjustment Spread"** means a spread (which may be positive, negative or zero) or formula or methodology for calculating a spread, which the Issuer (in consultation with the Independent Adviser) determines should be applied to the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable), as a result of the replacement of the 5 Year Swap Rate with 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 recommended in relation to the replacement of the 5 Year Swap Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Issuer (in consultation with the Independent Adviser) determines is recognised or acknowledged as being in customary market usage in international debt capital market transactions for the purposes of determining reset rates of interest in respect of bonds denominated in euros, 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 would (when added to or subtracted from the Successor Rate or Alternative Reference Rate, as applicable) result in a rate that is reasonably comparable to the 5 Year Swap Rate.

**"Alternative Reference Rate"** means the reference rate (and related alternative screen page or source, if available) that the Issuer determines has replaced the 5 Year Swap Rate in customary market usage for the purposes of determining reset rates of interest in respect of bonds denominated in euro or, if the Issuer determines that there is no such rate, such other rate as the Issuer in its discretion (in consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner) in its discretion determines is most comparable to the 5 Year Swap Rate;

**"Benchmark Event"** means:

- (i) the Original Reference Rate has ceased to exist or to be published on the Reset 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 the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (B) the date falling six months prior to the specified date referred to in (ii)(A); or
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued; or
- (iv) the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (B) the date falling six months prior to the specified date referred to in (iv)(A); or
- (v) the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means that the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (B) the date falling six months prior to the specified date referred to in (v)(A); or
- (vi) the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, the Original Reference Rate is or will, on or before a specified date, be no longer representative of an underlying market and (B) the date falling six months prior to the specified date referred to in (vi)(A); or
- (vii) it has or will become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate (including, without limitation, under Regulation (EU) 2016/1011, if applicable).

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

**"Original Reference Rate"** means initially the 5 Year Swap Rate or any component part thereof, or thereafter (if applicable) any Alternative Reference Rate or Successor Rate previously determined in accordance with this Condition 4(e), or any component part thereof;

**"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 5 Year Swap Rate (for the avoidance of doubt, whether or not such 5 Year Swap Rate has ceased to be available) which is recommended by any Relevant Nominating Body.

## 5. Cancellation of Interest

- (a) *Optional cancellation of Interest:* The Issuer may in its sole and absolute discretion (but subject to the requirement for mandatory cancellation of interest pursuant to Conditions 3(g), 5(b), 5(c), 5(d) and 6(a)(iii)) at any time elect to cancel any interest payment, in whole or in part, which is scheduled to be paid on any date.
- (b) *Mandatory Cancellation of Interest – Insufficient Distributable Items:* Interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, if and to the extent that the amount of such interest payment otherwise due (together with any additional amounts payable thereon pursuant to Condition 9 (*Taxation*), if applicable), together with any interest payments or other distributions which have been paid or made or which are scheduled to be paid or made during the then current Financial Year on the Notes and all other own funds instruments of the Issuer (excluding any such interest payments or other distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items) in aggregate would exceed the amount of Distributable Items of the Issuer as at such date.
- (c) *Mandatory Cancellation of Interest – Maximum Distributable Amount:* Interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, to the extent that the amount of such interest payment otherwise due (together with any additional amounts payable thereon pursuant to Condition 9 (*Taxation*), if applicable), together with other distributions of the kind referred to in Article 141(2) of the CRD Directive (or any provision of applicable law transposing or implementing Article 141(2) of the CRD Directive, as amended or replaced) or referred to in any other applicable provisions of the Applicable Banking Regulations which require a maximum distributable amount to be calculated and which are required under prevailing Applicable Banking Regulations to be taken into account for this purpose, in aggregate would cause the Maximum Distributable Amount (if any) then applicable to the Group to be exceeded.

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

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

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

(f) *Interest non-cumulative; no default or restrictions:* Any interest payment (or, as the case may be, part thereof) not paid on any relevant scheduled payment date by reason of Condition 3(g), 5(a), 5(b), 5(c), 5(d) or 6 shall be cancelled, shall not accumulate, will not become due or payable at any time thereafter, whether in the event of the liquidation or bankruptcy of the Issuer or otherwise. The Issuer may use such cancelled payment without restriction and the cancellation of such interest amounts will not impose any restrictions on the Issuer nor prevent or restrict the Issuer from declaring or making any distributions or interest payments on any of its shares or other instruments or obligations.

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

## 6. Write Down and Write Up

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

- (i) the Issuer shall (unless the determination was made by the Competent Authority), immediately, inform the Competent Authority (or procure that the Competent Authority is informed) of the occurrence of the relevant Trigger Event;
- (ii) the Issuer shall, without delay, give the relevant Trigger Event Notice which notice shall be irrevocable;

- (iii) any interest which is accrued to the relevant Write Down Date and unpaid shall be automatically and irrevocably cancelled (whether or not the same has become due for payment); and
- (iv) the then Prevailing Principal Amount of each Note shall be automatically and irrevocably reduced by the relevant Write Down Amount (such reduction being referred to herein as a "**Write Down**", and "**Written Down**" shall be construed accordingly) as provided below.

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

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

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

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

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

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

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

Any reduction of the Prevailing Principal Amount of a Note pursuant to this Condition (a) shall not constitute a default by the Issuer for any purpose, and the Noteholders shall have no right to claim for amounts Written Down, whether in a Winding-Up (as defined in Condition 10(a)(ii)) or otherwise, save to the extent (if any) such amounts are Written Up in accordance with Condition 6(d).

- (b) *Write Down Amount:* The aggregate reduction of the Prevailing Principal Amounts of the Notes outstanding on the Write Down Date will, subject as provided below, be equal to the lower of:
  - (i) the amount necessary to generate sufficient Common Equity Tier 1 Capital that would result in the CET1 Ratio of the Group being at least 5.125 per cent. at the point of such reduction, after taking into account (subject as provided below and in Condition 6(c)) the *pro rata* write down and/or conversion of the prevailing principal amount of all Loss Absorbing Instruments (if any) to be written down and/or converted concurrently (or substantially concurrently) with the Notes, provided that, with respect to each Loss Absorbing Instrument (if any), such pro

rata write down and/or conversion shall only be taken into account to the extent required to achieve the CET1 Ratio contemplated above to the lower of (a) such Loss Absorbing Instrument's trigger level (or, if it has more than one such trigger level, the higher or highest effective trigger level) and (b) the trigger level in respect of which the relevant Trigger Event under the Notes has occurred and, in each case, in accordance with the terms of the relevant Loss Absorbing Instruments and the Applicable Banking Regulations; and

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

The aggregate reduction determined in accordance with the immediately preceding paragraph shall be applied to all of the Notes *pro rata* on the basis of their Prevailing Principal Amount immediately prior to the Write Down and references herein to "**Write Down Amount**" shall mean, in respect of each Note, the amount by which the Prevailing Principal Amount of such Note is to be Written Down accordingly.

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

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

- (A) the provision that a Write Down of the Notes should be effected *pro rata* with the write down and/or conversion, as the case may be, of any Loss Absorbing Instruments shall not be construed as requiring the Notes to be Written Down in full solely by virtue of the fact that such Full Loss Absorbing Instruments may be written down and/or converted in full; and
- (B) for the purposes of calculating the Write Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write down of principal and/or conversion, as the case may be, among the Notes and any Loss Absorbing Instruments on a *pro rata* basis) as if their terms permitted partial write down and/or conversion, such that the write down and/or conversion of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages: (I) first, the principal amount of such Full Loss Absorbing Instruments shall be written down and/or converted *pro rata* (in the manner contemplated above) with the Notes and all other Loss Absorbing Instruments to the extent necessary to achieve the CET1 Ratio referred to in Condition 6(b)(i); and (II) secondly, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (I) shall be written off and/or converted, as the case may be, with the effect of increasing the CET1 Ratio above the minimum required under Condition 6(b)(i).

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

The Issuer shall set out its determination of the Write Down Amount per Calculation Amount in the relevant Trigger Event Notice together with the then Prevailing Principal Amount per Calculation Amount following the relevant Write Down. However, if the Write Down Amount has not been determined when the Trigger Event Notice is given, the Issuer shall, as soon as reasonably practicable following such determination, notify the

Write Down Amount to the Noteholders in accordance with Condition 16, the Fiscal Agent and the Competent Authority and, at the same time, shall deliver a certificate signed by one or more Authorised Signatories certifying the accuracy of the contents of such notice, upon which the Fiscal Agent shall rely (without liability to any person). The Issuer's determination of the relevant Write Down Amount shall be irrevocable and binding on all parties.

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

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

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

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

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

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

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

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

- (i) the aggregate amount of the relevant Write Up on all the Notes on the Write Up Date;
- (ii) the aggregate amount of any other Write Up on the Notes since the Specified Date and prior to the Write Up Date;
- (iii) the aggregate amount of any interest payments paid on the Notes since the Specified Date and which accrued on the basis of a Prevailing Principal Amount which is less than the Initial Principal Amount;
- (iv) the aggregate amount of the increase in principal amount of each Written Down Additional Tier 1 Instrument at the time of the relevant Write Up;
- (v) the aggregate amount of any other increase in principal amount of each Written Down Additional Tier 1 Instrument since the Specified Date and prior to the time of the relevant Write Up; and
- (vi) the aggregate amount of any interest payments paid on all Loss Absorbing Instruments since the Specified Date and which accrued on the basis of a prevailing principal amount which is less than its initial principal amount,

would exceed the Maximum Write Up Amount.

As used above:

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

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

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

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

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

7. **Redemption and Purchase**

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

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

- (i) (A) a Withholding Tax Event occurs; or
- (B) a Tax Event occurs; and
- (ii) both a Tax Certificate and a Tax Opinion have been delivered to the Fiscal Agent by the Issuer.

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

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

For the purpose of this Condition 7(b):

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

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

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

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

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

- (i) the Issuer is, or will be, subject to additional taxes, duties or other governmental charges with respect to the Notes as the case may be;
- (ii) the Issuer is not, or will not, be entitled to claim a deduction in respect of payments in respect of the Notes as the case may be in computing its taxation liabilities (or the value of such deduction would be materially reduced); or
- (iii) the Issuer will or would, in the future, have to bring into account a taxable credit, taxable profit or the receipt of taxable income if the principal amount of the Notes were Written Down;

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

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

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

- (c) *Redemption at the option of the Issuer:* The Notes may be redeemed at the option of the Issuer (but subject to Condition 7(i) (*Redemption and Purchase - Conditions to Redemption, Substitution, Variation or Repurchase*)) in whole, but not in part on any day falling in the period commencing on 12 February 2031 and ending on the First Reset Date, or on any Interest Payment Date thereafter (the "**Optional Redemption Date**") at a price equal to 100 per cent. of their Prevailing Principal Amount on the Issuer's giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the Optional Redemption Date at such price plus any accrued and unpaid interest (excluding interest that has been cancelled in accordance with these Conditions) to such date).
- (d) *Issuer residual call:* Subject to Condition 7(i) (*Redemption and Purchase - Conditions to Redemption, Substitution, Variation or Repurchase*)), if, at any time the outstanding aggregate principal amount of the Notes is 25 per cent. or less of the aggregate principal amount of the Notes originally issued (and, for these purposes, any further Notes issued pursuant to Condition 15 (*Further Issues*) and consolidated with the Notes shall be deemed to have been originally issued and any Write Down and/or Write Up of the principal amount of the Notes shall be ignored), the Issuer may redeem all (but not some only) of the remaining outstanding Notes on any date upon giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall specify the date for redemption and shall be irrevocable), at 100 per cent. of their Prevailing Principal Amount together with any accrued and unpaid interest (excluding interest that has been cancelled in accordance with these Conditions) up to (but excluding) the date of redemption.
- (e) *Early Redemption as a result of a Capital Event:* Upon the occurrence of a Capital Event in respect of the Notes (but subject to Condition 7(i) (*Redemption and Purchase - Conditions to Redemption or Repurchase*))), the Issuer may, at its option, having given not less than 15 days' nor more than 30 days' notice to the Noteholders in accordance with

Condition 16 (*Notices*) (which notice shall be irrevocable and delivery thereof shall oblige the Issuer to make the redemption therein specified) redeem all (but not some only) of the Notes at any time at a redemption amount equal to 100 per cent. of their Prevailing Principal Amount together with any accrued and unpaid interest (excluding interest that has been cancelled in accordance with these Conditions) up to (but excluding) the date of redemption, subject to these Conditions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (A) the Solvency Condition is not satisfied in respect of the relevant payment on the date scheduled for redemption or purchase; or
- (B) prior to the redemption or repurchase of the Notes, a Trigger Event occurs,

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

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

## 8. Payments

- (a) *Principal:* Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by transfer to a euro account (or other account to which euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to T2.
- (b) *Interest:* Payments of interest shall, subject to paragraph (g) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.
- (c) *Interpretation:* In these Conditions:

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

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

- (d) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **"Code"**) or otherwise imposed pursuant to Sections

1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

- (e) *Unmatured Coupons:* Upon the presentation of any Note, all unmatured Coupons and unexchanged Talons (if any) relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them. Upon any Note becoming due and repayable, all unmatured Coupons and unexchanged Talons (if any) appertaining thereto will become void and no further Coupons or Talons will be issued in respect thereof.
- (f) *Payments on business days:* If the due date for payment of any amount in respect of any Note, Coupon or Talon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a euro account as referred to above, on which T2 is open.
- (g) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.
- (h) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note, Coupon or Talon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

## 9. **Taxation**

- (a) *Gross up:* All payments of principal, interest and other amounts in respect of the Notes and the Coupons by or on behalf of the Issuer shall (subject always to Conditions 3(g), 5, 6 and 7(i)) be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Estonia or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, in respect of interest (but not principal or any other amount), the Issuer shall (subject as aforesaid) pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note, Coupon or Talon:
  - (i) held by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Coupon or Talon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note, Coupon or Talon; or
  - (ii) where the relevant Note, Coupon or Talon is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of such Note, Coupon or Talon would have been entitled to such additional amounts on presenting or surrendering such Note, Coupon or Talon for payment on the last day of such period of 30 days.
- (b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Estonia, references in these Conditions to the Republic of

Estonia shall be construed as references to the Republic of Estonia and/or such other jurisdiction.

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

## 10. **Enforcement**

(a) If any of the following events occurs:

- (i) *Non-payment*: the Issuer fails to pay any amount of principal or other redemption amount due in respect of the Notes (without prejudice to Condition 3(g), Condition 5 or Condition 6(a)) for more than ten business days or fails to pay any amount of interest in respect of the Notes for more than ten business days; or
- (ii) *Winding-up, etc.*: if any order is made by any competent court or resolution passed for the voluntary or involuntary liquidation, bankruptcy or otherwise winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution (a "**Winding-Up**"),

any Noteholder may:

- (A) (in the case of paragraph (i) above) institute proceedings (subject to applicable laws of Estonia) for the Winding-Up of the Issuer, in each case, in the Republic of the Republic of Estonia and not elsewhere, and/or prove or claim in the Winding-Up of the Issuer; and/or
- (B) (in the case of paragraph (ii) above) prove or claim in the Winding-Up of the Issuer, whether in the Republic of Estonia or elsewhere and instituted by the Issuer itself or by a third party,

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

- (b) For the avoidance of doubt, no amounts shall be due in respect of the Notes if payment of the same shall have been cancelled in accordance with Condition 3(g), Condition 5, Condition 6(a)(iii), Condition 6(a)(iv) and/or Condition 7(i), and accordingly non-payment of such amounts shall not constitute a default.
- (c) Any Noteholder may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes (other than, without prejudice to Conditions 10(a) and 10(b) any obligation for the payment of any principal or interest in respect of the Notes, including any damages for breach of obligation) **provided that** the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it, except with the prior approval of the Competent Authority (if such approval is then required under the Applicable Banking Regulations).
- (d) No remedy against the Issuer, other than as provided in Conditions 10(a), 10(b) and 10(c) above, shall be available to the Noteholders, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations or undertakings with respect to the Notes.

## 11. **Prescription**

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

## 12. **Replacement of Notes, Coupons and Talons**

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

## 13. **Paying Agents and Calculation Agent**

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

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

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

## 14. **Meetings of Noteholders; Modification and Waiver**

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

Any such meeting of the Noteholders may be convened at a physical location, or such other method (which may include, without limitation, a conference call or video conference).

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

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

**15. Further Issues**

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

**16. Notices**

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

**17. Rounding**

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

**18. Substitution and Variation of the Notes**

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

- (a) substitute all (but not some only) of the Notes for new subordinated notes, which are Qualifying Securities; or
- (b) vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Securities,

**provided that**, in each case:

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

- (ii) the solicited credit ratings of the Qualifying Securities would be at least equal to the solicited credit ratings assigned to the Notes by any rating agency immediately prior to such variation or substitution (unless any such difference is solely attributable to the effectiveness and enforceability of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*)); and
- (iii) such variation or substitution is not materially less favourable to Noteholders (unless any such prejudice is solely attributable to the effectiveness and enforceability of Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*)).

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

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

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

- (i) include a ranking at least equal to that of the Notes pursuant to Condition 3 (*Status and Subordination*), as applicable;
- (ii) have the same interest rate and the same interest payment dates as those from time to time applying to the Notes;
- (iii) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including as to timing and amounts payable in respect of any such redemption;
- (iv) have the same currency of payment, denomination and original aggregate outstanding nominal amount as the Notes prior to such variation or substitution;
- (v) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the interest payment date last preceding the date of substitution or variation; or
- (vi) have a listing on a recognised stock exchange if the Notes were listed immediately prior to such variation or substitution; and

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

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

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

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

#### 19. **Substitution of the Issuer**

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

- (i) the Issuer is not in default in respect of any amount payable under the Notes;
- (ii) the Issuer and the Substituted Debtor have entered into such documents (the "**Documents**") as are necessary to give effect to the substitution and in which the Substituted Debtor has undertaken in favour of each Noteholder to be bound by these Conditions and the provisions of the Agency Agreement as the debtor in respect of the Notes in place of the Issuer (or of any previous substitute under this Condition 19);
- (iii) except if the Substituted Debtor is an Excluded Entity in relation to the Issuer, the Issuer shall unconditionally and irrevocably guarantee (such guarantee, the "**Guarantee**" and such guarantor, the "**Guarantor**") in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as such principal debtor, with the obligations of the Guarantor under the Guarantee ranking *pari passu* with the Issuer's obligations under the Notes prior to the substitution becoming effective;
- (iv) the Substituted Debtor shall enter into a deed of covenant in favour of the Noteholders on terms no less favourable than the Deed of Covenant then in force in respect of the Notes;
- (v) if the Substituted Debtor is resident for tax purposes in a territory (the "**New Residence**") other than that in which the Issuer prior to such substitution was resident for tax purposes (the "**Former Residence**"), the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of an undertaking in terms corresponding to the provisions of Condition 9 (*Taxation*), with the substitution of references to the Former Residence with references to the New Residence;
- (vi) the Substituted Debtor and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the performance by the Substituted Debtor of its obligations under the Documents (if such approval or consent is then required under the Applicable Banking Regulations);
- (vii) each stock exchange and/or quotation system by or on which the Notes are, for the time being, listed, traded and/or quoted shall have confirmed that, following the proposed substitution of the Substituted Debtor, the Notes will continue to

be listed, traded and/or quoted on such stock exchange and/or quotation system;  
and

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

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

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

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

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

(f) The Documents may (at the option of the Issuer and the Substituted Debtor) contain such amendments to these Conditions that the Issuer and the Substituted Debtor may (in their sole discretion) determine are necessary solely for the purposes of ensuring that the Notes would have been eligible to count as Additional Tier 1 Capital of the Issuer on a solo basis as well as the Group on a consolidated basis in accordance with the Applicable Banking Regulations as at the Issue Date (assuming for such purposes that the Issuer had a solo capital requirement on the Issue Date). Such amendments may include (without limitation) amendments to: (i) the operation of the Write-Down and Write-Up provisions in Condition 6 (*Write Down and Write Up of Principal Amount*), such that the Common Equity Tier 1 Ratio of the Substituted Debtor on a solo basis is taken into account for the purposes of determining whether a Trigger Event has occurred and for determining the applicable Write-Down Amount and such that the unconsolidated net profit after tax of the Substituted Debtor is taken into account for the purposes of calculating the Maximum Write-Up Amount (provided always that the additional Trigger Event shall be set at the lowest level permitted by the Applicable Banking Regulations at the Issue Date, being 5.125 per cent.); (ii) the definition and provisions relating to the Maximum Distributable Amount such that any applicable maximum distributable amount relating to the Substituted Debtor on a solo basis is taken into account; (iii) (notwithstanding that such change is not strictly necessary for ensuring that the Notes would have counted as Additional Tier 1 Capital for the Issuer as described above) the definition of "Capital Event" such that the reference to "the Group" is amended to refer to "the Issuer and the Group"; and (iv) (notwithstanding that such change is not strictly necessary for ensuring that the Notes would have counted as Additional Tier 1 Capital for the Issuer as described above), amendment to Condition 7 (*Redemption and Purchase*) to permit the Substituted Debtor to redeem the Notes on the occurrence of an MREL Disqualification Event.

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

For the purposes of this Condition 19:

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

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

- (a) holds a majority of the voting rights in Company B; or
- (b) is a member of Company B and has the right to appoint or remove a majority of its board of directors; or
- (c) is a member of Company B and controls alone, under an agreement with other shareholders and members, a majority of the voting rights in Company B.

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

**"Substituted Debtor's Group"** means the Substituted Debtor and its consolidated subsidiaries.

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

- (a) owns beneficially the whole or substantially the whole of the property and assets owned by the Issuer immediately prior thereto; and
- (b) carries on, as successor to the Issuer, the whole or substantially the whole of the business carried on by the Issuer immediately prior thereto.

## 20. **Governing Law and Jurisdiction**

- (a) **Governing law:** The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law, except for:
  - (i) Conditions 3(a) to (f) (both inclusive) and 3(h); and
  - (ii) Condition 21 (*Acknowledgement of Bail-in and Loss Absorption Powers*), which shall be governed by Estonian law.
- (b) **English courts:** The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute regarding any non-contractual obligation arising out of or in connection with the Notes).
- (c) **Appropriate forum:** The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

- (d) *Rights of the Noteholders to take proceedings outside England:* Notwithstanding Condition 20(b) (*English courts*), any Noteholder may take proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Service of process:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at its registered office at 8<sup>th</sup> Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom, or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders. Nothing in this paragraph (e) shall affect the right of any Noteholder to serve process in any other manner permitted by law. This paragraph (e) applies to Proceedings in England and to Proceedings elsewhere.

## 21. Acknowledgement of Bail-in and Loss Absorption Powers

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes of this Condition 21, includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of such Bail-in and Loss Absorption Powers as may be exercised by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (a) the effect of the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in some or any of the following, or a combination thereof:
  - (i) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;
  - (ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;
  - (iii) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and
  - (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (b) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority.

For the purposes of this Condition 21:

**"Bail-in and Loss Absorption Powers"** means any loss absorption, write down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, the SRM Regulation, or any laws, regulations, rules or requirements in effect in 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 member of the Group (or any affiliate of the Issuer or any member of the Group) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period).

**"Relevant Amounts"** means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and additional amounts due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority.

**"Relevant Resolution Authority"** means the resolution authority with the ability to exercise any Bail-in and Loss Absorption Powers in relation to the Issuer and/or the Group.

The exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority will not constitute a default for any purposes in respect of the Notes.

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Issue Date with a common depositary for Euroclear and Clearstream, Luxembourg. The Temporary Global Note will be exchangeable, in whole or in part, for interests in the Permanent Global Note, without interest coupons or talons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("Definitive Notes") at the request of the bearer of the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 10 (*Enforcement*) occurs and the Notes become due and payable.

### **Clearing System Accountholders**

References in the Terms and Conditions of the Notes to "**Noteholder**" are references to the bearer of the Temporary Global Note or the Permanent Global Note (as applicable) (each a "**Global Note**"), which, for so long as the Global Note is held by a common depositary, will be that common depositary.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note and in relation to all other rights arising under such Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the Notes are represented by a Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note.

### **Conditions applicable to Global Notes**

Each Global Note contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

**Payments:** All payments in respect of the Global Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Coupon or Talon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that the payment is noted in a schedule thereto.

**Payment Business Day:** In the case of a Global Note, shall be any day which is a TARGET Settlement Day.

**Notices:** Notwithstanding Condition 16 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg, notices to the Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and, in any such case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg.

Similarly, the provisions for meetings of Noteholders in the Agency Agreement contain provisions that apply while the Notes are represented by a Global Note. The following is a summary of certain of those provisions:

**Electronic Consent and Written Resolution:** While any Notes are represented by a Global Note and the Global Note is held on behalf of a clearing system, then:

- (a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which a special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) accountholders in the clearing system with entitlements to such Global Note and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or EasyWay or Clearstream, Luxembourg's CreationOnline or Xact Web Portal system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding.

***Calculation of interest:*** the calculation of any interest amount in respect of any Note which is represented by the Temporary Global Note or the Permanent Global Note will be calculated on the aggregate Prevailing Principal Amount of the Notes represented by the Temporary Global Note or the Permanent Global Note (as the case may be) and not by reference to the Calculation Amount.

### **USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be used for the general corporate purposes of the Group.

## **KEY FINANCIAL RATIOS AND NON-IFRS MEASURES OF THE ISSUER AND LUMINOR BANK**

*This document includes certain data which the Issuer considers to constitute non-IFRS measures. These include Return on equity, Cost/Income ratio, CET 1 ratio, LCR ratio and NPL ratio (gross).*

*These non-IFRS measures are not defined by, or presented in accordance with, IFRS. The non-IFRS measures are unaudited and are not measurements of the Issuer's operating performance under IFRS and should not be considered as alternatives to any measures of performance under IFRS or as measures of the Issuer's liquidity.*

*The Issuer believes that the below measures provide useful information to investors for the purposes of evaluating the financial condition and results of operations of the Issuer, the quality of its assets and the fundamentals of its business. However, the Issuer's use and method of calculation of non-IFRS measures may vary from other companies' use and calculation of such measures.*

*The Issuer believes that the non-IFRS measures provide useful information to investors for the purposes of evaluating the financial condition and results of operations of the Issuer, the quality of its assets and the fundamentals of its business.*

In particular:

- (i) the ratios presented by the Issuer are aimed at quantifying certain aspects of the Issuer's business and its strengths within the context of the Estonian banking system;
- (ii) the non-IFRS measures, although not required by law in the preparation of financial statements, allow for comparisons with other banks, over different periods of time and between the Issuer and the average industry standards; and
- (iii) the ratios represent the way management measures the business on a regular basis.

The table below shows selected unaudited consolidated ratios for the Issuer as at, and for the years ended, 31 December 2023 and 31 December 2022 and Luminor Bank for the four quarters ended 31 December 2024.

	<b>Luminor Bank</b>			<b>Issuer</b>		
	<b>31 December</b>					
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<i>per cent.</i>		
Return on equity (ROE) .....	8.4	11.6	7.9			
Cost / Income ratio .....	54.3	52.3	59.6			
Liquidity coverage ratio (LCR) .....	205.1	200.7	138.8			
NPL ratio (gross) .....	1.8	1.9	1.2			

### **Certain Capital Ratios**

#### **Issuer (Solo basis)**

	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
Available Distributable Items (€ million) .....	183.4	183.1

#### **Group Position**

	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
CET1 Ratio of the Group (%) .....	20.11	20.43
Tier 1 Capital Ratio of the Group (%) .....	20.11	20.43
Total Capital Ratio of the Group (%) .....	22.82	20.43
Buffer to 5.125% Trigger Event (%) .....	14.99	15.31
Buffer to 5.125% Trigger Event (€ million) .....	1,098.8	1,080.1
Buffer to Maximum Distributable Amount (%) .....	6.50	4.64
Buffer to Maximum Distributable Amount (€ million) .....	476.4	327.1
Buffer to Maximum Distributable Amount (%) .....	8.47*	6.76*

\* Having taken into account the issuance of the Notes (in a principal amount of €150,000,000).

### Luminor Bank Group Position

	31 December 2024
MREL (% of risk exposure amounts) .....	37.70*

\* Having taken into account the issuance of the Notes (in a principal amount of €150,000,000).

### Definitions

Non-IFRS measure	Definition / formula	Purpose for presentation
Return on equity (ROE)	Profit for the period (annualised for interim periods) as a percentage of average shareholder's equity for that period. The average shareholder's equity is calculated using the opening and closing balances for the period.	Used by the Issuer's management for internal governance to measure and benchmark overall business profitability.
Cost / Income ratio	Total Administration Expenses as a percentage of Total Operating Income.	Used by the Issuer's management for internal governance and business segment performance management purposes to measure profitability and illustrate the efficiency at which operations are run.
Common Equity Tier 1 (CET1) ratio	Shareholders' equity subject to regulatory adjustments as a percentage of total risk exposure amounts.	Used by the Issuer's management for internal governance purposes to ensure that Luminor Bank has an adequate amount of capital available for unrestricted and immediate use to cover risks or losses as soon as these occur. Used also as a regulatory measure required by ECB.
Liquidity coverage ratio (LCR)	High-quality liquid assets (cash, central bank reserves excluding mandatory reserves and eligible bonds) as a percentage of the estimated net liquidity outflow over the next 30 calendar days.	Used by the Issuer's management for internal governance purposes to ensure that the Issuer has an adequate stock of unencumbered high quality liquid assets to meet its liquidity needs for a 30 calendar day liquidity stress scenario. Used also as a regulatory measure required by ECB.
NPL ratio gross (share of Stage 3 loans)	Gross carrying amount for Stage 3 loans as a percentage of gross carrying amount of total loans.	Used by management for internal governance and business segment performance management purposes.

## DESCRIPTION OF THE ISSUER

### Background

The Issuer is the holding company of Luminor Bank, a pan-Baltic credit institution headquartered in Tallinn. The Issuer, which is ultimately controlled by BCP VII (an investment fund managed by an affiliate of Blackstone Group Inc), is owned by a consortium led by private equity funds managed by Blackstone (80.05 per cent.) and DNB Bank ASA (19.95 per cent.) and was incorporated on 14 May 2019. The Issuer is a holding company with no operations of its own. The business of the Group is carried out through its directly owned and only subsidiary Luminor Bank. Loans to customers are the Group's largest asset, while deposits from customers are its largest liability.

The share capital of the Issuer shall not be less than EUR 25,000 (twenty-five thousand euro) and not more than EUR 100,000 (one hundred thousand euro), and may be increased or reduced within such limits without amending the Issuer's Articles of Association. As of the date of this Offering Circular, the Issuer's share capital is EUR 25,000.

Other reserves in the Issuer's equity consist of mandatory statutory reserve capital and of voluntary reserve capital as a result of reorganisation in 2019 (whereby Luminor Group AB incorporated Luminor Holding AS and transferred their shares in Luminor Bank to Luminor Holding AS as a non-monetary contribution), when share capital and premium was converted to voluntary reserves.

The Issuer is incorporated under the laws of Estonia, in accordance with the requirements of the Estonian Commercial Code and is registered in the Estonian Commercial Register with registration number 14723133. The registered address of the Issuer is Liivalaia 45, 10145 Tallinn, Estonia, and its telephone number is +372 628 3300.

### The Issuer's Organisational Structure

For information on the organisational structure of the Group please refer to "*Organisation Structure*" on page 13 of the Group Annual Report 2023 which is incorporated by reference herein.

### Core Business and Customer Segments

Luminor Bank manages its business by customer segment – Retail Banking and Corporate Banking – on a pan-Baltic basis from Luminor Bank's headquarters in Estonia and Luminor Bank's branches in Latvia and Lithuania. Based on market data available as at 31 December 2024, Luminor Bank had a lending market share of approximately 13.8 per cent.

Retail Banking serves all of the Group's customers and is directly responsible for all private individuals and small companies who do not have dedicated relationship managers.

The Group's Corporate Banking segment services medium-sized and large corporates with a full spectrum of banking products. Tailored financial products and services allow customers to operate their businesses efficiently and grow.

For further information on the Group's core business and customer segments and on the economic environment in which the Group operates please refer to page 4, "*We are Luminor*", page 12, "*Retail Banking*", page 13, "*Corporate Banking*" and page 14, "*Supplementary information – Economic Environment*" of the Luminor Bank Annual Report 2023 and page 9, "*Retail Banking*", page 10, "*Corporate Banking*" and page 11, "*Supplementary information – Economic Environment*" of the Luminor Bank Interim Report 4Q 2024, which are incorporated by reference herein.

### Strategy

The Group is committed to improving the financial health of its home countries (Estonia, Latvia and Lithuania) and to supporting their growth. The Group updated its strategy in 2023 to strengthen its foundation and reinvigorate its customer-centric, human approach. The Group has eight strategic priorities:

- (i) build the bank around its customers;
- (ii) be the preferred full-service bank for retail customers by delivering human-centric solutions;

- (iii) be the favoured bank for growing Baltic companies;
- (iv) raise efficiency;
- (v) elevate the resilience and capability of its IT platform;
- (vi) become a team who execute as owners and take responsibility;
- (vii) be committed to sustainable growth and implementation of ESG targets; and
- (viii) ensure a strong risk culture and strong risk and compliance management.

For further information on the Group's strategy please refer to "*Luminor Bank's strategy*" on page 5 of the Group Annual Report 2023 which is incorporated by reference herein.

### **Supervision of the Issuer and Luminor Bank**

The Issuer and Luminor Bank are a significant supervised group within the meaning of point (22) of Article 2 of Regulation (EU) No. 468/2014 of the ECB, subject to ECB supervision, as of 2021. The Issuer is the entity at the highest level of prudential consolidation within the supervised group. The Issuer benefits from an exemption under Article 21a(4) of CRD such that (for so long as it continues to satisfy the applicable conditions) it will not be required to seek regulatory approval as a financial holding company under Article 21a(3) of CRD. Ongoing supervision of Luminor Bank is carried out by a dedicated Joint Supervisory Team comprising staff of the ECB and the Estonian Financial Supervision and Resolution Authority. In addition, certain subsidiaries of Luminor Bank are under the supervision of relevant Estonian, Latvian and Lithuanian financial supervision authorities.

Luminor Bank and the Issuer are committed to returning the excess capital to shareholders during upcoming financial periods (including, where possible, utilising proceeds from the issuances of debt securities by the Issuer), while maintaining a strong capital position to support the Group's business activities, stability and profitable growth.

See – "*Dividend Payment*" below for further details.

### **Principles of Corporate Governance**

For information on the Group's Principles of Corporate Governance please refer to "*Corporate Governance Report*" on pages 17-21 of the Group Annual Report 2023 which is incorporated by reference herein.

### **Supervisory Council of the Issuer**

As of the date of this Offering Circular, the Supervisory Council of the Issuer consists of nine members. The following table sets forth, for each member of the Supervisory Council, the year of their initial appointment to the Supervisory Council as well as their committee memberships and their principal activities outside the Group:

<b>Name</b>	<b>Joined</b>	<b>Committee memberships</b>	<b>Status</b>	<b>Principal activities outside of the Group</b>
Nils Melngailis, Chair	2 January 2019	Nomination (Chair), Remuneration	Independent	Chairman, Supervisory Board, PrivatBank Vice-Chairman, Supervisory Council, PQH SA Director, Printful Inc.
Mark Ashton-Rigby	3 December 2024	Risk	Independent	Non-Executive Director, Sentiance NV
Maria Elena Cappello	1 July 2020	Remuneration (Chair), Nomination,	Independent	Director, BPER Banca Director, Fibonacci Holding Senior Advisor, Igneo Ltd

Name	Joined	Committee memberships	Status	Principal activities outside of the Group
Tanvi Prafulchandra Davda	1 November 2024	Audit, Remuneration	Blackstone	Non-Executive Director, Chair of Remuneration Committee, Paragon Banking Group PLC
Ottar Ertzeid	1 January 2022	Audit, Remuneration, Risk	DNB	Director, Livsforsikring AS Chair, Entra ASA Vice chair, Argentum Fondsinvesteringer AS Director, Telenor ASA
Mathias Patrick Laurent Favetto	26 August 2020	Audit	Blackstone	Member, Supervisory Councils, NIBC Holding N.V. and NIBC Bank N.V.
Bjørn Erik Næss	2 January 2019	Audit, Nomination	DNB	Chairman, Argentum Fondsinvesteringer AS Director, Hafslund AS
Elizabeth Jane (Betsy) Nelson	1 December 2020	Risk (Chair), Audit	Independent	Member of Supervisory Board of Oschadbank
Alexandra (Sandy) Brigid Kinney Pritchard	1 April 2024	Audit (Chair), Risk	Independent	Director, AIB Group plc, Director, Raymond James Wealth Management Ltd, Charles Stanley & Co. Ltd, Raymond James Investment Services Ltd

The business address of each of the Issuer's Supervisory Council members is Liivalaia 45, 10145 Tallinn, Estonia.

There are no potential conflicts of interest between any of the Issuer's Supervisory Council members' duties owed to the Issuer and their private interests or other duties.

### Management Board of the Issuer

As of the date of this Offering Circular, the Management Board of the Issuer has one member, Mari Mõis, who serves as Chief Executive Officer.

For further information on the Management Board of the Issuer, please refer to "*Management Board*" on page 19 of the Group Annual Report 2023 which is incorporated by reference herein.

The business address of the sole member of the Issuer's Management Board is Liivalaia 45, 10145 Tallinn, Estonia.

There are no potential conflicts of interest between the director's duties owed to the Issuer and their private interests or other duties.

### Supervisory Council of Luminor Bank

As of the date of this Offering Circular, the membership of the Supervisory Council of Luminor Bank is the same as that of the Issuer (see "*Supervisory Council of the Issuer*" above).

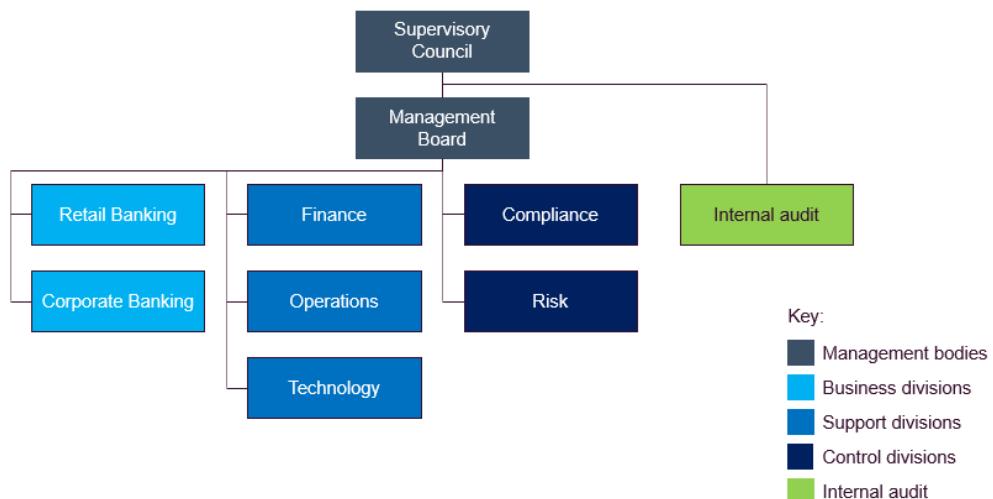
## Management Board of Luminor Bank

As of the date of this Offering Circular, the Management Board of Luminor Bank consists of seven members. The following table sets forth, for each member of the Management Board of Luminor Bank, the year of their initial appointment to the Management Board of Luminor Bank.

Name	1st Appointed	Title
Wojciech Maria Sass, Chair	18 March 2024	Chief Executive Officer
Ossi Henrik Leikola	15 December 2023	Deputy Chief Executive Officer
Diego Biondo	1 October 2023	Chief Risk Officer
Mari Mõis	1 August 2021	Chief Compliance Officer
Johannes Proksch	2 July 2024	Chief Financial Officer
Jonas Urbonas	31 December 2024	Head of Corporate Banking
Enkelejd Zotaj	14 October 2024	Chief Information Officer

The Management Board of Luminor Bank is Luminor Bank's executive body which directs, manages, represents, and ensures effective and prudent management. It directs day-to-day activities pursuant to the strategies and general principles of activities approved by the Supervisory Council of Luminor Bank. The Management Board of Luminor Bank reviews proposals and explanations presented to it, takes sound decisions, and reports appropriately to the Supervisory Council of Luminor Bank.

## Luminor Bank's organisational units



## Environmental, Social and Governance considerations (ESG)

The Group has set out its sustainability targets in a sustainability report, which is available from Luminor's website and which may be updated from time to time.

For further information on the Group's ESG policies please refer to "*Environmental, Social and Governance (ESG)*" on pages 15-16 of the Group Annual Report 2023 which is incorporated by reference herein and "*Environmental, Social and Governance (ESG)*" on page 12 of the Luminor Bank Interim Report 4Q 2024 which is incorporated by reference herein.

## Funding, Capital and Liquidity

For information on the Group's funding, capital and liquidity please refer to "*Financial Review*" on pages 7-10 and Note 2 to the 2023 Group Financial Statements ("*General Risk Management Policies – Liquidity Risk*" and "*- Capital Management*") on pages 37-38 of the Group Annual Report 2023 which is incorporated

by reference herein, and "Financial Review" on pages 5 to 13 of the Luminor Bank Interim Report 4Q 2024 which is incorporated by reference herein.

### **General Risk Management**

For information on the Group's general risk management policies please refer to Note 2 to the 2023 Group Financial Statements ("General Risk Management Policies") on page 30 of the Group Annual Report 2023 which is incorporated by reference herein and page 20 of the Luminor Bank Interim Report 4Q 2024 which is incorporated by reference herein.

### **Credit Risk Management**

For information on the Group's credit risk management please refer to "General Risk Management Policies – Credit Risk" on pages 30-36 and Note 23 to the 2023 Group Financial Statements ("Maximum exposure to credit risk") on page 59 of the Group Annual Report 2023 which is incorporated by reference herein and "Credit Risk" on page 20 of the Luminor Bank Interim Report 4Q 2024 which is incorporated by reference herein.

### **Operational Risk and Market Risk Management**

For information on the Group's operational risk management please refer to Note 2 to the 2023 Group Financial Statements ("General Risk Management Policies – Operational Risk" and "- Market Risk") on pages 36-37 of the Group Annual Report 2023 which is incorporated by reference herein and "Market and Liquidity Risk" on page 20 of the Luminor Bank Interim Report 4Q 2024 which is incorporated by reference herein.

### **Dividend Payment**

On 11 September 2024, Luminor Bank paid a dividend of EUR 100 million to the Issuer, its parent company. The Issuer, in turn, paid a dividend of EUR 100 million to its shareholders.

As at 30 June 2024, the Group's CET1, Tier 1 and Total Capital Ratios were 20.0 per cent. of risk exposure amounts and Luminor Bank's CET1, Tier 1 and Total Capital Ratios were 21.1 per cent. of risk exposure amounts, which is well above the relevant requirements. The calculation of regulatory capital at mid-year anticipated this dividend payment and, accordingly, the payment has had no effect on Luminor Bank's regulatory capital ratios. Luminor Bank and the Issuer are committed to returning the excess capital to shareholders during upcoming financial periods, while maintaining a strong capital position to support the Group's business activities, stability and profitable growth.

### **Recent Developments**

On 18 December 2024, the Issuer was substituted in place of Luminor Bank as the debtor in respect of the Tier 2 Notes to better align with prudential objectives and ensure full recognition of the Tier 2 Notes as tier 2 capital of the consolidated Group.

## TAXATION

*The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.*

### **Taxation of interest in Estonia**

#### *Estonian Resident Noteholders*

Pursuant to Article 17(1) of the Estonian Income Tax Act of 1999 (*tulumaksuseadus*), as amended (the "EITA"), income tax at the rate of 22 per cent. is charged on all interest received by natural persons who are resident in Estonia. Income tax payable in respect of interest payments to be made to Estonian residents is to be withheld by the Issuer. Under the approved Security Tax Act of Estonia, an additional 2 per cent. tax applies on natural persons' taxable income from 2026 until the end of 2028.

The Issuer will not withhold income tax and the additional 2 per cent. tax if the Estonian resident Noteholder, who is a natural person, has notified the Issuer that the interest was received on financial assets acquired for money held in an investment account as specified in Article 17<sup>2</sup> of the EITA.

Interest income earned by resident legal entities is not subject to annual corporate income tax. Under Estonia's unique corporate income tax regime, such income is included in profits and taxed only when the profits are distributed, in accordance with the applicable procedures. Resident legal entities should also be aware of the 2 per cent. profit tax on unconsolidated accounting profits before tax, applicable from 2026 to 2028.

#### *Non-resident Noteholders*

The Issuer does not withhold any income tax on interest payments to non-residents (i.e. non-resident legal or natural persons).

The income earned by non-resident Noteholders is not subject to taxation in Estonia but may be subject to taxation in their country of residence. Due to the specific semi-equity character of the Notes, each Noteholder is encouraged to obtain personal tax advice on the treatment of payments under the Notes in their tax jurisdiction.

#### *Definitive Notes*

Noteholders should be aware that, if Definitive Notes are issued, holders of any Definitive Notes that are not held through Euroclear or Clearstream, Luxembourg, who are natural persons, will be required to present evidence of non-Estonian residency or other evidence as required by the Issuer, to the relevant Paying Agent, in order to receive payments of interest free of Estonian withholding tax (which, as at the date of this Offering Circular, is charged at a rate of 22 per cent.).

If any change in law, treaty, regulation, or interpretation by the tax authorities in the Taxing Jurisdiction causes payments under the Notes to be classified as dividends instead of interest, requiring the Issuer to pay corporate income tax in its own name, the Issuer will bear this tax burden without deducting it from payments to Noteholders. However, if such payments are also subject to withholding or other taxes in Estonia, the Issuer may deduct these taxes from the amounts payable to Noteholders (subject to gross-up under Condition 9 (*Taxation*)).

### **Taxation of capital gains in Estonia**

#### *Estonian Resident Noteholders*

The income earned by resident individuals from the sale or exchange of Notes is taxed as capital gain from the transfer of property which is subject to income tax at the rate of 22 per cent. A Noteholder has to declare the gain and pay the income tax.

Pursuant to Article 37(1) of the EITA, a resident individual has the right to deduct certified expenses directly related to the sale or exchange of Notes from the resident's gain or to add such expenses to the resident's loss. The gain or loss derived from the transfer of Notes is the difference between the acquisition cost and the sale price of the Notes. The gains or loss derived from the exchange of Notes is the difference between the acquisition cost of the Notes and the market price of the property received as a result of the exchange.

Individual Noteholders may postpone the taxation of their income derived from the sale or exchange of the Notes, by using an investment account specified in Article 17 of the EITA for the purposes of making transactions with the Notes and depositing the proceeds from the transfer of Notes in the investment account. The moment of taxation of the financial income held on an investment account is postponed until such income is withdrawn from the investment account (i.e. the amount withdrawn from the account exceeds the amount which had been previously paid into the account).

Gains received by resident legal entities from the sale of Notes is not subject to annual corporate income tax. Under Estonia's unique corporate income tax regime, such capital gain is included in profits and taxed only when the profits are distributed, in accordance with the applicable procedures. Resident legal entities should also be aware of the 2 per cent. profit tax on unconsolidated accounting profits before tax, applicable from 2026 to 2028.

#### *Non-resident Noteholders*

Gains received from the sale or exchange of Notes is not subject to income tax in Estonia by non-resident Noteholders (i.e. non-resident legal persons who do not have a permanent establishment in Estonia, and/or natural persons).

Any gains received by non-resident Noteholders may be subject to taxation in their country of residence.

#### **The proposed financial transactions tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each other than Estonia, a "**participating Member State**"). However, Estonia has ceased to participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating EU Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "**established**" in a participating EU Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating EU Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

#### **FATCA**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions including the Republic of Estonia have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an

IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date of publication of final regulations defining the term "**foreign passthru payment**". Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

## SUBSCRIPTION AND SALE

Citigroup Global Markets Europe AG and Morgan Stanley Europe SE (together, the "**Joint Bookrunners**") and Luminor Bank AS, represented within the Republic of Lithuania by Luminor Bank AS Lithuanian Branch (the "**Co-Lead Manager**" and, together with the Joint Bookrunners, the "**Bookrunners**"), have, in a subscription agreement dated 10 February 2025 (the "**Subscription Agreement**") and made between the Issuer and the Bookrunners upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Notes at their issue price of 100 per cent. of their principal amount plus any accrued interest in respect thereof. The Issuer has also agreed to reimburse the Bookrunners for certain of their expenses incurred in connection with the management of the issue of the Notes. The Bookrunners are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes including in the event that certain conditions precedent are not delivered or met to their satisfaction on or before the issue date of the Notes. In this situation, the issuance of the Notes may not be completed. Investors will have no rights against the Issuer or the Bookrunners in respect of any expense incurred or loss suffered in these circumstances.

### United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

The Bookrunners have agreed that, except as permitted by the Subscription Agreement, they will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes, as certified to the Fiscal Agent or the Issuer by the Bookrunners within the United States or to, or for the account or benefit of, U.S. persons, and each of the Bookrunners will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Bookrunner has represented and has agreed that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of the Offering Circular or any other document relating to the Notes in Italy except:

- (a) to qualified investors, as defined in Regulation (EU) 2017/1129 of 14 June 2017 (the "**Prospectus Regulation**", as amended); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to the Prospectus Regulation, Legislative Decree no. 58 of 24 February 1998 (the "**Financial Services Act**") and CONSOB regulation No. 11971 of 14 May 1999 (the "**Issuers Regulation**").

In any event, any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the “**Banking Act**”) and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;
- (ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and
- (iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

#### **Prohibition of Sales to EEA Retail Investors**

Each of the Bookrunners has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the European Economic Area.

For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or
- (b) a customer within the meaning of Regulation (EU) No. 2016/97 the "**EU Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II.

#### **United Kingdom**

##### **Prohibition of Sales to UK Retail Investors**

Each of the Bookrunners has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular to any retail investor in the United Kingdom.

For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or
- (b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA.

##### **Other UK regulatory restrictions**

Each of the Bookrunners has represented, warranted and agreed that:

- (a) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and
- (b) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "**FIEA**"). Accordingly, each of the Bookrunners has represented and agreed, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

## **Singapore**

Each of the Bookrunners has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Bookrunners has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**") pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

## **General**

Each of the Bookrunners has represented, warranted and agreed that, to the best of its knowledge and belief, it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Offering Circular or any related offering material, in all cases at its own expense. Other persons into whose hands this Offering Circular comes are required by the Issuer and the Bookrunners to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Offering Circular or any related offering material, in all cases at their own expense.

Neither the Issuer nor either of the Bookrunners represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

## GENERAL INFORMATION

### Authorisation

1. The creation and issue of the Notes has been authorised by a resolution of the Supervisory Council of the Issuer dated 29 January 2025.

### Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer and the Group.

### Significant/Material Change

3. Since 31 December 2023, there has been no material adverse change in the prospects of the Issuer or the Issuer and the Group. Since 31 December 2023, there has been no significant change in the financial position or performance of the Issuer or the Issuer and the Group.

### Auditor

4. AS PricewaterhouseCoopers has audited the 2023 Group Financial Statements, the 2022 Group Financial Statements and the Luminor Bank Annual Report 2023 (each incorporated into this Offering Circular by reference) and issued unqualified auditor's reports from the audits thereof.

AS PricewaterhouseCoopers is a member of the Estonian Auditors' Association.

### Listing Agent

5. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the regulated market of Euronext Dublin for the purposes of the EU Prospectus Regulation.

### Documents on Display

6. Copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the offices of the Fiscal Agent at Citigroup Centre, Canary Wharf, London, E14 5LB for so long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market:
  - (a) the articles of association and trade register extract of the Issuer;
  - (b) the 2023 Group Financial Statements, the 2022 Group Financial Statements, the Luminor Bank Annual Report 2023 and the Luminor Bank Interim Report 4Q 2024;
  - (c) the Agency Agreement; and
  - (d) the Deed of Covenant.

This Offering Circular will be available, in electronic format, on the website of Euronext Dublin at <https://live.euronext.com/en/product/bonds-detail/24412/documents>

For the avoidance of doubt, unless specifically incorporated by reference to this Offering Circular, information on the above website or the website of the Issuer does not form part of this Offering Circular.

### Material Contracts

7. No contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Issuer that are, or may be, material or contain provisions under which the Issuer or any

of its subsidiaries has an obligation or entitlement which is, or may be, material to the ability of the Issuer to meet its obligations in respect of the Notes.

### **Yield**

8. There is no explicit yield to maturity. The Notes do not carry a fixed date for redemption and the Issuer may not, and under certain circumstances is not permitted to, make payments on the Notes at the full stated rate. The interest rate is also subject to periodic resetting.
9. For information purposes only, on the basis of the issue price of the Notes of 100 per cent. of their principal amount, the yield of the Notes up to (but excluding) the First Reset Date is 7.375 per cent. per annum on a semi-annual basis (assuming no Write Down and no cancellation of interest during such period). The yield is calculated as at the Issue Date on the basis of the issue price. It is not an indication of future yield.

### **Legend Concerning U.S. Persons**

10. The Notes and any Coupons and Talons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

### **ISIN and Common Code**

11. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS2982074861 and the common code is 298207486.
12. The Financial Instrument Short Name (FISN) code is LUMINOR HOLDING/0 BD PERP REGS and the Classification of Financial Instruments (CFI) Code is DBFXPB, in each case as updated, each as set out on the website of the Association of National Numbering Agencies (ANNA), as updated, or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN.

### **The Legal Entity Identifier**

13. The Legal Entity Identifier (LEI) code of the Issuer is 213800RZWHE5EUX9R444.

### **Conflicts of Interest**

14. Each of the Bookrunners has engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Each of the Bookrunners and its affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Bookrunners and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and its affiliates. The Bookrunners or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer and its affiliates consistent with their customary risk management policies. Typically, the Bookrunners and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Bookrunners and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## REGISTERED OFFICE OF THE ISSUER

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## CO-LEAD MANAGER

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