



TERMS AND CONDITIONS OF HOLM BANK TIER 2 SUBORDINATED BONDS

Dated 7 May 2024

1. GENERAL PROVISIONS

Holm Bank AS has established this program (the **Program**) for the issuance of up to 8,000 tier 2 subordinated bonds, with the nominal value 1,000 EUR each (the **Bonds**). The aggregate nominal value of the Bonds issued under the Program is up to 8,000,000 EUR.

These terms and conditions of the tier 2 subordinated bonds (the **Terms**) regulate the rights and the rights and obligations of the Issuer and the Bondholders related to the Bonds issued in the Republic of Estonia under the Terms.

The Bonds are issued in separate series (each, a **Series**) and the Bonds of each Series will all be subject to identical terms whether as to currency, denomination, interest or maturity or otherwise, except for their respective Issue Dates (as defined below), first Interest Payment Dates (as defined below), and/or Issue Prices (as defined below).

Each Series will be the subject to the set of additional terms and conditions of the particular Series of Bonds, together with these Terms forming the full set of terms and conditions of the particular Series of the Bonds (the **Final Terms**), a copy of which will be available through the Issuer's website (<http://holmbank.ee/et/investorile>) and if an application has been made for admission to the First North Bonds List of the Tallinn Stock Exchange, will be filed with Nasdaq Tallinn AS on or before the date of issue of the Bonds of such Series. The form of the Final Terms is provided as Appendix to these Terms.

The Issuer acknowledges that when offering the Bonds publicly, it must comply with the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, and Estonian Securities Market Act (i.e. if the Issuer shall not publish a public offering prospectus, it shall ensure that the total consideration of the offer of the Bonds to the public does not exceed EUR 5,000,000 per all the contracting states in total calculated in a one-year period of the offer of the Bonds, or another monetary amount as specified from time to time in the Estonian Securities Market Act). References in these Terms to Bonds are to the Bonds of the relevant Series.

1. INTERPRETATION

1.1. For the purposes of the Terms and other Bond documents (including the documents of each respective Issue), the following definitions have the following meanings, if explicitly not stipulated otherwise in the respective documents:

“**Applicable Banking Regulations**” shall mean at any time the laws, regulations, delegated or implementing acts, regulatory or implementing technical standards, rules, requirements, guidelines and policies relating to capital adequacy then in effect in Estonia including, without limitation to the generality of the foregoing, the national laws implementing the CRD Directive, the CRR, the SRM Regulation, delegated and implementing acts adopted by the European Commission and those regulations, requirements, guidelines and policies relating to capital adequacy or resolution adopted by the EFSA, the European Banking Authority, the European

Central Bank and the European Single Resolution Board 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 or the Group (as the case may be)).

“**Banking Day**” shall mean any day, except Saturday, Sunday, a national or a public holiday of the Republic of Estonia and which is a settlement day of the Register.

“**Bonds**” shall mean subordinated bonds issued by the Issuer in accordance with these Terms and the relevant Final Terms, representing unsecured and subordinated debt obligation of the Issuer before the Bondholder, and forming part of the Tier 2 Capital of the Issuer.

“**Bondholder**” shall mean a registered holder of a Bond in the Register or a person holding their Bonds on a nominee account.

“**Capital Event**” shall mean the determination by the Issuer, after consultation with the EFSA, that the Outstanding Principal Value of the relevant Series of Bonds ceases or would be likely to cease to be included in whole or in any part, or count in whole or in any part, towards the Tier 2 Capital of the Issuer or the Group in the essence of the CRR.

“**Issuer**” shall mean Holm Bank AS (registry code 14080830).

“**CRD Directive**” shall mean Directive (EU) 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as implemented in Estonia, and including as amended by the Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019, and as the same may be amended or replaced from time to time.

“**CRR**” shall mean Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended, *inter alia*, by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019, and as the same may be amended or replaced from time to time.

“**EFSA**” shall mean the Estonian Financial Supervision and Resolution Authority (in Estonian: *Finantsinspeksioon*) and any successor or replacement thereto.

“**Group**” shall mean, from time to time, the Issuer and each entity which is part of the banking group with a parent institution and/or banking group with a parent financial holding company to which (i) the Issuer belongs; and (ii) to which the own funds requirement on a consolidated basis due to prudential consolidation in accordance with the Applicable Banking Regulations apply.

“**Interest Commencement Date**” shall mean the Issue Date of the Bonds (as specified in the relevant Final Terms).

“**Interest Payment Date**” shall mean any date or dates specified as such in the relevant Final Terms.

“**Issue Date**” shall mean the date specified in the relevant Final Terms.

“**Issue Price**” shall mean the price indicated in the relevant Final Terms, payable by the Bondholder for acquisition of a Bond.

“**Maturity Date**” shall mean a day stipulated in the relevant Final Terms, on which the Issuer shall redeem the Bonds.

“**Nominal Value**” shall mean the stated value of a Bond, i.e. the value in which a Bond is denominated. Nominal Value of a Bond is set forth in the relevant Final Terms.

“Outstanding Principal Value” shall mean the outstanding principal value of the Bond on the Issue Date as reduced by any partial redemption or repurchase from time to time (at the issuance the Outstanding Principal Value equals to the Nominal Value).

“Program” shall mean the issue of the Bonds in one or several Series in accordance with these Terms.

“Rate of Delay Interest” shall mean the rate (expressed as a percentage per annum) of delay interest specified in the relevant Final Terms.

“Rate of Interest” shall mean the rate (expressed as a percentage per annum) of interest payable in respect of the Bonds specified in the relevant Final Terms.

“Register” shall mean the register of securities kept by the Registrar.

“Registrar” shall mean the Issuer’s central securities depository and registrar in respect of the Bonds from time to time; initially Nasdaq CSD SE, reg.no 40003242879, Estonian branch.

“Series” shall mean one or several issues of the Bonds in accordance with these Terms but in each case the relevant Final Terms, which may vary in respect of different Series.

“SRM Regulation” shall mean Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, and as the same may be amended or replaced from time to time.

“Tax Event” shall mean:

- (a) any amendment to, or clarification of, or change in, the laws or treaties (or any regulations thereunder) of the Taxing Jurisdiction affecting taxation;
- (b) any governmental action or judicial decision in the Taxing Jurisdiction affecting taxation; or
- (c) any amendment to, or 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,

which amendment or change is effective or such governmental action, pronouncement, interpretation or decision is announced, on or after the Issue Date of the relevant Series of Bonds and as a result of which:

- (a) the Issuer is, or will be, subject to additional taxes, duties or other governmental charges with respect to such Bonds or is not, or will not be, entitled to claim a deduction in respect of payments in respect of such

Bonds in computing its taxation liabilities (or the value of such deduction would be materially reduced); or

- (b) the treatment of any of the Issuer's items of income or expense with respect to such Bonds as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by a taxing authority, which subjects the Issuer to additional taxes, duties or other governmental charges.

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

“Tier 2 Capital” shall mean tier 2 capital for the purposes of the Applicable Banking Regulations.

1.2. In these Terms

- (a) the headings have been entered for convenience purposes only and shall have no impact on the interpretation of any provision of the Terms;
- (b) if an expression is stated in section 1.1 above to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “Not Applicable” then such expression is not applicable to the Bonds;
- (c) any reference to principal or nominal shall be deemed to include the redemption amount, any additional amounts in respect of principal which may be payable under section 7, any premium payable in respect of a Bond and any other amount in the nature of principal payable pursuant to these Terms;
- (d) the word “herein” and similar words refer to these Terms and not to any particular section or any other subdivision of these Terms;
- (e) if any date referring to a payment obligation under the Terms or Final Terms falls on a day that is not a Banking Day, then the due date of payments and the settlement date of transactions that should occur on the day that is not a Banking Day, shall be the immediately following Banking Day. This shall not affect the sums that shall be paid, which shall be the same as if the payment or settlement had taken place on the date provided in the Terms or Final Terms;
- (f) when reference is made to a number of days, such number shall refer to calendar days, unless Banking Days are specified;
- (g) any reference to a “person” includes any natural or legal person, company, enterprise or other corporate body, state or municipality, government or agency of a state or municipality, any joint venture, trust, association or partnership (general or limited), whether or not incorporated, and whether

or not it enjoys limited liability, and any other legal entity, and its successors, transferees and assigns;

- (h) references to any act, other regulatory instrument or statute or any provision of any act or other regulatory instrument or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment;
- (i) references to the word “include” or “including” (or any similar term) are not to be construed as implying any limitation and general words introduced by the word “other” (or any similar term) shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things;
- (j) a reference to a section or Appendix shall be construed as a reference to a respective section of, or Appendix to, these Terms;
- (k) all references in the Terms to the time are references to the Estonian time.

2. FORM, DENOMINATION AND CURRENCY

2.1. Form

The Bonds are issued in intangible and dematerialised book-entry form. The Bonds are not numbered.

2.2. Registration

The Bonds issued shall bear the same rights and obligations and shall be registered under the same ISIN code in the Register. The Bonds may be subscribed for only by such persons that have a securities account with the Register.

2.3. Denomination

The Bonds will be issued in such denominations as specified in the relevant Final Terms.

2.4. Currency

The Bonds are denominated in euro.

3. TITLE, TRANSFER, DELIVERY AND TRANSFERABILITY

3.1. Title of Bonds

The title to the Bonds belongs to the person in whose name the Bonds are registered in the Register. The title to the Bonds passes by the registration of change of ownership in the Register. References herein to the “**Bondholders**” signify the persons in whose names such Bonds are so registered.

3.2. Transfer of Bonds

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

3.3. Delivery

The Issuer organises the registration of the Bonds in the Register and their deletion from the Register upon their redemption. Only persons who have securities accounts (whether directly or indirectly via a nominee structure or otherwise) with the Register can subscribe for or purchase the Bonds.

3.4. Transferability

The Bonds are freely transferrable; however, any Bondholder wishing to transfer the Bonds must ensure that any offering related to such transfer would not be qualified as an offering requiring the publication of a prospectus in the meaning of the applicable law or that such transfer or offering would not be otherwise unlawful. Ensuring that any offering of the Bonds does not require publication of a prospectus under the applicable law or is otherwise lawful is the obligation and liability of the Bondholder.

The Register may temporarily block the Bonds on a Bondholder's securities account to ensure performance of corporate actions regarding the Bonds.

4. STATUS

4.1. Ranking

The Bonds issued pursuant to these Terms constitute and will constitute direct, unsecured and subordinated obligations of the Issuer. The Issuer expects the Bonds to be instruments of the Issuer qualifying as Tier 2 Capital instruments. The Bonds rank *pari passu* without any preference among themselves.

In the event of the (i) voluntary or involuntary liquidation (in Estonian: *likvideerimine*) or (ii) bankruptcy (in Estonian: *pankrot*) of the Issuer, the rights and claims (if any) of the Bondholders to payments on or in respect of the Bonds shall rank and are subordinated as follows:

- (a) junior to any present or future claims of (i) unsecured and unsubordinated creditors of the Issuer, and (ii) holders of senior subordinated notes and claims of any other subordinated creditors the claims of which rank, or are expressed to rank, in priority to the Bonds;
- (b) *pari passu* without any preference among the Bonds;
- (c) *pari passu* with any other present or future indebtedness of the Issuer which constitutes Tier 2 Capital;
- (d) in priority to claims of holders of any outstanding Additional Tier 1 instruments (as defined in the Applicable Banking Regulations), and

payments to holders of all classes of share capital of the Issuer in their capacity as such holders, and claims of any other subordinated creditors the claims of which rank, or are expressed to rank, junior to the Bonds,

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

The subordination of the Bonds means that upon the liquidation or bankruptcy of the Issuer, all the claims arising from the Bonds shall fall due in accordance with these Terms and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Issuer in accordance with the applicable law. By subscribing to the Bonds or acquiring the Bonds from a secondary market, the Bondholder unconditionally and irrecoverably agrees to such subordination of claims arising from any Bonds.

4.2. General

As long as there are no liquidation or bankruptcy proceedings initiated against the Issuer, all claims arising from the Bonds shall be satisfied in accordance with these Terms and the applicable law. Notwithstanding any rights of the Bondholder under these Terms or the law, by subscribing to Bonds or acquiring the Bonds from a secondary market the Bondholder unconditionally and irrevocably relinquishes the right to demand premature redemption of any Bonds.

No Bondholder shall be entitled to exercise any right of set-off (in Estonian: *tasaarvestus*) or counterclaim against amounts owed by the Issuer in respect of such Bonds held by it. If any amounts owed by the Issuer to any Bondholder in connection with the Bonds is discharged by set-off, such Bondholder shall, where permitted by applicable law, immediately pay an amount equal to the amount discharged to the Issuer (or, in the event of its insolvency or liquidation, the bankruptcy administrator or the liquidator, respectively, of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount discharged on behalf and for the benefit of the Issuer (or the bankruptcy administrator or the liquidator of the Issuer) and accordingly not deem any such discharge to have taken place.

The rights of Bondholders shall be subject to any present or future Estonian laws or regulations relating to the insolvency, recovery and resolution of credit institutions in Estonia which are or will be applicable to the Bonds only as a result of the operation of such laws or regulations.

5. INTEREST

The Bonds shall bear interest on its Outstanding Principal Value from and including their Issue Date (as specified in the relevant Final Terms) to, but excluding, the date of any final redemption at the Rate of Interest *per annum* specified in the relevant Final Terms. Such interest will be payable in arrears on each Interest Payment Date as is specified in the relevant Final Terms and on the date of any final redemption.

The amount of interest payable in respect of each Bond shall be calculated by applying the Rate of Interest to the Outstanding Principal Value, whereas interest for each full calendar month during the term of the Bonds will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and interest for the partial calendar month will be calculated on the basis of a 360-day year and the actual number of days elapsed (the 30/360 interest calculation convention).

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

6. REDEMPTION AND PURCHASE

6.1. Redemption at Maturity

Unless previously redeemed, or purchased and cancelled, the Bonds shall be redeemed at their principal value on the Maturity Date.

6.2. Early Redemption as a result of a Tax Event

Upon the occurrence of a Tax Event, but subject to having obtained the relevant EFSA permission if such permission is then required under the Applicable Banking Regulations, the Issuer may, at its option, having given no less than 30 days' notice to the Bondholders in accordance with section 12 (which notice shall be irrevocable) redeem all (but not some only) of the outstanding Bonds of the relevant Series at any time at a redemption amount equal to their Outstanding Principal Value together with interest (if any) accrued up to but excluding the date of redemption.

6.3. Early Redemption as a result of a Capital Event

Upon the occurrence of a Capital Event, but subject to having obtained the relevant EFSA permission if such permission is then required under the Applicable Banking Regulations, the Issuer may, at its option, having given not less than 30 days' notice to the Bondholders in accordance with section 12 (which notice shall be irrevocable) at any time redeem all (but not some only) of the outstanding Bonds of the relevant Series at a redemption amount equal to their Outstanding Principal Value, together with interest (if any) accrued up to but excluding the date of redemption.

6.4. Optional Early Redemption (Call)

After 5 years have passed from the Issue Date of the Bonds of the relevant Series and having obtained the relevant EFSA permission if such permission is then required under the Applicable Banking Regulations, the Issuer may at its sole discretion, having given not less than 30 days' notice to the Bondholders in accordance with section 12 (which notice shall be irrevocable) redeem fully or partially the Bonds at their Outstanding Principal Value, together with accrued interest (if any) thereon.

The appropriate notice referred to in this section 6.4 is a notice given by the Issuer to the Bondholders, which notice shall be signed by a duly authorised officer of the Issuer and shall specify:

- (a) the Series of Bonds subject to redemption;
- (b) whether the Bonds of such Series are to be redeemed in whole or in part only and, if in part only, the aggregate Outstanding Principal Value of the Bonds which are to be redeemed;
- (c) the due date for such redemption, which shall be not less than 30 days after the date on which such notice is validly given; and
- (d) the amount at which such Bonds are to be redeemed, which shall be their Outstanding Principal Value together with accrued interest thereon.

Any such notice shall be irrevocable, and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

6.5. Partial Redemption

If the Bonds of a Series are to be redeemed in part only on any date in accordance with section 6.4, the Bonds shall be redeemed *pro rata* to their Outstanding Principal Value, subject always to compliance with Applicable Banking Regulations and other applicable laws, and, if relevant, the rules of the stock exchange on which the Bonds have then been admitted to trading.

6.6. Cancellation of Redeemed and Purchased Bonds

All Bonds redeemed or purchased in accordance with this section 6 will be cancelled and may not be reissued or resold. References in this section 6.6 to the purchase of the Bonds by the Issuer shall not include the purchase of Bonds otherwise than as beneficial owner.

7. TAXATION

7.1. Should any amounts payable in cash or in kind (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Bonds be subject to withholding or deduction of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Republic of Estonia or any political subdivision thereof or any authority or agency therein or thereof having power to tax, the Issuer shall be entitled to withhold or deduct the respective taxes or duties. For the avoidance of doubt, any such withholdings or deductions shall be made by the Issuer on the account of the Bondholder with the Issuer having no obligation to compensate the withheld or deducted tax amounts to the Bondholder.

7.2. As the Estonian tax laws stand on the date of these Terms, Estonian resident individuals are subject to paying income tax (till 31 December 2024 the applicable tax rate is 20%; as of 1 January 2025 the applicable tax rate will be 22%) on the interest received from loans, securities and other debt obligations (including the Bonds), therefore, interest received by Estonian tax resident individuals from the Bonds is subject to income tax in Estonia, which shall be withheld by the Issuer from the interest payments made to the Estonian tax resident individual Bondholders. Since all earnings of Estonian resident legal persons are taxed only upon distribution of profit, interest received by Estonian resident legal persons is not subject to immediate taxation. As the Estonian tax laws stand on the date of these Terms, interest payments received by non-resident persons (both legal persons and individuals) are generally

exempt from taxation in Estonia (i.e., no withholdings are made), however, may be taxable in the Bondholders' respective countries of residence.

- 7.3. If for non-resident Bondholders an applicable treaty for the avoidance of double taxation sets forth lower withholding rates than those otherwise applicable to the interest payment under Estonian domestic law, the respective Bondholder shall be requested to provide the documents necessary for application of the respective treaty (including, but not limited to, residence certificate issued or attested by the tax authority of the residence state of the Bondholder) at least 15 days prior to the payment. If such documents are not presented to the Issuer, the Issuer shall be entitled to withhold tax at the rates set forth by the Estonian domestic legislation.
- 7.4. Estonian tax resident individuals may postpone the taxation of their (interest) income from the Bonds by using an investment account (in Estonian: *investeerimiskonto*) or pension investment account (in Estonian: *pensionini investeerimiskonto*) for making transactions with the Bonds and notifying the Issuer in a form reproducible in writing at least 15 days prior to the payment that they are entitled to benefit from the investment account or the pension investment account special tax regime. At the date of these Terms, individuals are entitled to benefit from the investment account or the pension investment account's special tax regime if they have acquired the Bonds on account of monetary means held at the respective Bondholder's investment account or pension investment account. If the relevant notice is not duly presented to the Issuer, the Issuer shall be entitled to withhold tax in accordance with the general withholding rules.
- 7.5. Any reference in these Terms to interest in respect of the Bonds shall be deemed also to refer to any additional amounts which may be payable under this section 7 or any undertaking given in addition thereto or in substitution therefor. For the avoidance of doubt, no additional amounts shall be payable by the Issuer in respect of payments of principal under the Bonds.
- 7.6. If, due to any such interpretation by the tax authorities in the Taxing Jurisdiction or any amendment to, or clarification of, or change in, the laws or treaties (or any regulations thereunder) of the Taxing Jurisdiction affecting taxation; any governmental action in the Taxing Jurisdiction affecting taxation; or any amendment to, clarification of, or change in, the official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in the Taxing Jurisdiction, irrespective of the manner in which such amendment, change, action, pronouncement, interpretation or decision is made known, the payment of interest under the Bonds is qualified as a payment of dividends and the obligation of the Issuer to pay corporate income tax in its own name and on its own account (i.e. not as withholding taxes attributable to the Bondholders) on the payment of interest (qualified as distribution of dividends) under the Bonds, the Bondholders will bear the tax burden of such payments and the Issuer shall make deductions from the sums payable to the Bondholders to cover the cost of such dividend taxes with the Issuer having no obligation to compensate the withheld or deducted tax amounts to the Bondholders. For avoidance of doubt, should payment of interest (qualified as distribution of dividends) be also subject to withholding or

deduction of any tax or duty in Estonia, in addition to the corporate income tax payable by the Issuer the Issuer shall also be entitled to withhold or deduct the respective taxes or duties on the account of the Bondholders as described under section 7.1 above. For avoidance of doubt, this does not preclude the Issuer's right to exercise Early Redemption of the Bonds as a result of a Tax Event under section 6.2.

8. PAYMENTS

Payments of amounts (whether principal, interest or otherwise, including on the final redemption) due on the Bonds will be made to the Bondholders thereof, as appearing in the Register at the close of business on the Banking Day preceding the due date for such payment (the **Record Date**). Payment of amounts due on the final redemption of the Bonds will be made simultaneously with deletion of the Bonds, or, if so required by the Issuer, against delivery of the Bonds to the Issuer. If the due date for payment of the final redemption amount of the Bonds is not a Banking Day, the Bondholder thereof will not be entitled to payment thereof until the next following Banking Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Terms.

If the Issuer fails to transfer any amount payable to a Bondholder in connection with the Bond by the due date, the Issuer undertakes to pay delay interest to the Bondholder at the Rate of Delay Interest as specified in the relevant Final Terms on the outstanding amount as from the payment deadline until actual payment.

9. EVENTS OF DEFAULT

9.1. The following events or circumstances (each **Event of Default**) shall be events of default in relation to the Bonds:

- (a) Non-payment: the Issuer fails to pay any amount of principal due in respect of the Bonds for more than 10 Banking Days or fails to pay any amount of interest due in respect of the Bonds for more than 10 Banking Days; or
- (b) Winding-up: if any order is made by any competent court or resolution passed for the insolvency or liquidation of the Issuer.

9.2. If any Event of Default shall occur and be continuing in relation to any Bonds, then Bondholder thereof shall be entitled to:

- (a) (in the case of section 9.1(a) above) institute proceedings for the bankruptcy of the Issuer in Estonia and not elsewhere, and prove or claim in the bankruptcy proceedings of the Issuer; and/or
- (b) (in the case of section 9.1(b) above) by notice to the Issuer, declare such Bond to be due and payable, and such Bond shall accordingly become due and payable at its Outstanding Principal Value together with accrued interest to the date of payment, and such Bondholder may prove or claim for such payment in the bankruptcy or liquidation proceedings of the Issuer,

whether in Estonia or elsewhere and instituted by the Issuer itself or by a third party,

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

- 9.3.** No remedy against the Issuer, other than as provided in the section 9.2(b) above, shall be available to the Bondholders, whether for the recovery of amounts owing in respect of the Issuer or in respect of any breach by the Issuer of any of its obligations or undertakings with respect to the Bonds.

10. LIMITATION PERIOD

Claims against the Issuer in respect of the Bonds will expire (in Estonian: *aeguvad*) unless made within 3 years after the due date for payment.

11. MEETINGS OF BONDHOLDERS AND MODIFICATION

In case there are more than one Bondholder of the Bonds, circumstances may arise that call for convening meetings of the Bondholders, or for requesting Bondholders' written consent, by the Issuer to consider the modification or waiver of the Terms, whereas any modification of these Terms may only be made as proposed by the Issuer. Any modification or waiver of the Terms which affects the Bonds will be effected in accordance with Applicable Banking Regulations.

A notice of the Bondholders' meeting shall be provided to the Bondholders in accordance with section 12 no later than 10 Banking Days prior to the meeting. Bondholders registered as Bondholders in the Register as of close of business of the Register on the Banking Day immediately preceding the meeting date or the date determined by the Issuer as the first date for collecting written consents without a meeting, shall be entitled to vote at the Bondholders' meeting or to provide their written consent.

Modifications of and amendments to the Terms may be effected by the Issuer, and future compliance with any Terms by the Issuer may be waived, with the prior consent of Bondholders representing not less than two-thirds of the Outstanding Principal Value of the Bonds (excluding any Bonds held by the Issuer or its subsidiaries) or, in the case of a written consent without a meeting, the consent of persons holding or representing not less than two-thirds of the

Outstanding Principal Value of the Bonds (excluding any Bonds held by the Issuer or its subsidiaries).

Any modification shall be binding on the Bondholders and, any modification shall be notified by the Issuer to the Bondholders as soon as practicable thereafter.

The Issuer may, without the consent of any of the Bondholders, at any time make modifications to the Bonds which are, in the opinion of the Issuer, of a formal, minor, or technical nature or are made to correct a manifest error.

12. NOTICES

12.1. To Bondholders

Notices to Bondholders will be deemed to be validly given published through the information system of the stock exchange in which they are listed (if applicable) or in case of unlisted Bonds if sent by registered mail or e-mail to them at their respective addresses as recorded in the Register and will be deemed to have been validly given on the fourth Banking Day after the date of sending the notice by registered mail and on the next Banking Day after sending the notice by e-mail.

12.2. To Issuer

Notices to the Issuer will be deemed to be validly given if delivered to Issuer's office at Pärnu mnt. 158/1, 11317 Tallinn, Estonia, or it delivered by e-mail to: investor@holmbank.ee (or at such other addresses as may have been notified to the Bondholders in accordance with this section 12 or via the Issuer's website) and will be deemed to have been validly given at the opening of business on the next day on which the Issuer's principal office is open for business.

13. FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders of any Series create and issue further Bonds and other debt securities.

14. LAW AND JURISDICTION

The Bonds and all non-contractual obligations arising out of or in connection with any of them are governed by the law of the Republic of Estonia.

The courts of Estonia shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Bonds (including a dispute relating to any non-contractual obligation arising out of or in connection with the Bonds).

15. FINAL PROVISIONS

In the event of inconsistency between the provisions of the relevant Final Terms and the provisions of the Terms, the relevant Final Terms shall prevail.

If a provision of the Terms or relevant Final Terms is invalidated or deemed inapplicable by the court, it does not influence or change the validity, legitimacy or applicability of other provisions.

Appendix

Dated [●] 2024

Holm Bank AS

Issue of EUR [●] Tier 2 Subordinated Bonds
under the
under the Terms and Conditions of Holm Bank AS EUR [●] Tier 2 Bonds Issue
Program dated [●] 2024

1. GENERAL PROVISIONS

- 1.1. These final terms of the Bonds (the **Final Terms**) constitute the specific terms and conditions of the Bonds issued by the Issuer, under the EUR [●] Tier 2 subordinated bond program (the **Program**) and related terms and conditions of Holm Bank AS Tier 2 subordinated bonds dated [●] 2024 (the **Terms**).
- 1.2. The Final Terms constitute an inseparable part of the Terms and will at all times be interpreted and applied together with the Terms. Words and expressions used, which are defined in the Terms, shall have the same meanings in the Final Terms. In the event of inconsistency between the provisions of Final Terms and provisions of the Terms, the Final Terms shall prevail.
- 1.3. This document constitutes the Final Terms for the Bonds described herein and must be read in conjunction with such Terms. Full information on the offer of the Bonds is only available on the basis of the combination of this Final Terms and the Terms and the Company Description made available in connection with the public offering of the Bonds.
- 1.4. The Final Terms and the Terms are available at the Issuer's office located at the address indicated in these Final Terms and on Issuer's website.
- 1.5. Upon partial or full redemption of the Bonds the Issuer shall be entitled to take any and all actions necessary (including but not limited to submitting application with the Registrar) to cause deletion of the Bonds from Register.
- 1.6. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. A potential investor should not invest in Bonds which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

2. TERMS OF BONDS

- | | |
|--------------------------------------|--|
| 2.1. Issuer: | Holm Bank AS
Pärnu mnt. 158/1, 11317 Tallinn, Estonia
e-mail: investor@holmbank.ee |
| 2.2. Number of Series: | [●] |
| 2.3. Aggregate Nominal Amount of the | EUR [●]. [The Aggregate Nominal |

Series:	Amount of the series may be increased by the Issuer up to EUR [●] until the Issue Date]
2.4. Information on Bonds:	
2.4.1. Status	Tier 2 Bonds
2.4.2. Currency of denomination:	EUR
2.4.3. Nominal Value of a Bond:	EUR [●]
2.4.4. Issue Price of a Bond:	100% of the Nominal Value of a Bond
2.4.5. Interest rate:	[●]% per annum fixed, 30/360E
2.4.6. Interest Payment Date(s):	[●], first Interest Payment Date being [●]
2.4.7. Record Date:	close of business of the Register on the Banking Day immediately preceding the Interest Payment Date
2.4.8. Rate of Delay Interest:	[●] % per day
2.4.9. Issue Date and Interest Commencement Date:	[●]
2.4.10. Maturity Date:	[●]
2.4.11. Redemption/Payment Basis:	Redemption at par
2.5. Operational Information:	
2.5.1. ISIN Code:	_____
2.5.2. Registrar:	Nasdaq CSD SE, reg.no 40003242879, Estonian branch
2.5.3. Register:	Register of securities kept by the Registrar

3. TERMS OF THE OFFERING

2.1. Offer period:	[●]
2.2. Disclosure of the allocation results of the Bonds:	[●]
2.3. Issue date/ Settlement of the Issued Bonds:	[●]
2.4. First day of trading on Nasdaq First North:	[●]
2.5. Subscription Information:	See Company description section [●]

By acquiring the Bond(s) the Bondholder confirms that it (i) has read and understands the Terms and the Final Terms; (ii) agrees and commits to adhere to the Terms and the Final Terms; (iii) is an investor having broad experience and knowledge in the matters related to investments into financial instruments (including the financial instruments similar to the Bond(s)); and (iv) has consulted to the extent necessary with its advisors in legal, tax, finance and other relevant matters.