

**IMPORTANT: You must read the following before continuing. The following applies to the Base Prospectus (the "Base Prospectus") following this page, and you are therefore required to read this carefully before reading, accessing or making any other use of the Base Prospectus. In accessing the Base Prospectus, 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.**

**THE BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THE BASE PROSPECTUS MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES TO PERSONS THAT ARE NOT U.S. PERSONS AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED ("THE SECURITIES ACT"). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE BASE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

**NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION. THE SECURITIES DESCRIBED IN THE BASE PROSPECTUS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.**

**Confirmation of your Representation: In order to be eligible to view the Base Prospectus or make an investment decision with respect to the securities described in the Base Prospectus, you must be a person other than a U.S. person (within the meaning of Regulation S under the Securities Act) who is outside the United States. By accepting the email and accessing the Base Prospectus, you shall be deemed to represent that you are not, and that any customer represented by you is not, a U.S. person; the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the U.S., its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia; and that you consent to delivery of the Base Prospectus by electronic transmission.**

**You are reminded that the Base Prospectus has been delivered to you on the basis that you are a person into whose possession the Base Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located, and you may not, nor are you authorised to, deliver the Base Prospectus to any other person.**

**Any materials relating to the potential 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. If a jurisdiction requires that the potential offering be made by a licensed broker or dealer and any underwriter or any affiliate of any underwriter is a licensed broker or dealer in that jurisdiction, any offering shall be deemed to be made by the underwriter or such affiliate on behalf of the Issuer in such jurisdiction.**

**Under no circumstances shall the Base Prospectus constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction. The Base Prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.**

**The Base Prospectus 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 no responsibility whatsoever will be accepted in respect of any difference between the Base Prospectus distributed to you in electronic format and a hard copy version that may be made available to you.**

## BASE PROSPECTUS

# COOP PANK AS

(incorporated with limited liability in the Republic of Estonia)

**EUR 750,000,000**

## Covered Bond Programme

Under this EUR 750,000,000 Covered Bond Programme (the "**Programme**"), Coop Pank AS ("**Coop**" or the "**Issuer**" or the "**Bank**") may from time to time issue covered bonds (as defined in the Estonian Covered Bond Act; the "**ECBA**") (the "**Covered Bonds**"). Covered Bonds may be issued in bearer and/or registered form (respectively "**Bearer Covered Bonds**" and "**Registered Covered Bonds**") each denominated in any currency agreed between the Issuer and the Dealers (as defined below).

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank of Ireland**"), as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The Central Bank of Ireland has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Covered Bonds that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Covered Bonds. Such approval relates only to Covered Bonds which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (as amended, "**MiFID II**") and/or which are to be offered to the public in any Member State of the European Economic Area.

This Base Prospectus is valid for a period of twelve months from the date of approval. The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Covered Bonds, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Covered Bonds. The obligation to prepare a supplement to this Base Prospectus in the event of any significant new factor, material mistake or material inaccuracy does not apply when the Base Prospectus is no longer valid. Application will be made to the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") for Covered Bonds issued under the Programme within twelve months after the date hereof to be admitted to the official list (the "**Official List**") of Euronext Dublin and to trading on the regulated market (the "**Regulated Market**") of Euronext Dublin. The Regulated Market is a regulated market for the purposes of MiFID II.

The Programme also permits Covered Bonds to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with Coop Pank AS.

The Covered Bonds to be issued under the Programme may be rated by Moody's Deutschland GmbH ("**Moody's**"). Moody's is established in the European Economic Area (the "**EEA**") and registered under Regulation (EC) No. 1060/2009, as amended (the "**EU CRA Regulation**"). As such, Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-andcertified-CRAs>) in accordance with the EU CRA Regulation. Moody's is not established in the United Kingdom (the "**UK**") and has not applied for registration under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK CRA Regulation**"). Accordingly, the ratings issued by Moody's will be endorsed by Moody's Investors Service Limited in accordance with the UK CRA Regulation and have not been withdrawn. Moody's Investors Service Limited is established in the UK and registered under the UK CRA Regulation.

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

Interest and/or other amounts payable under the Covered Bonds may be calculated by reference to certain benchmarks. Details of the administrators of such benchmarks, including details of whether or not, as at the date of this Base Prospectus, each such administrator's name appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**") are set out in the section entitled "**EU Benchmarks Regulation**" in this Base Prospectus. The registration status of any administrator under the EU Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

***Investing in Covered Bonds issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Covered Bonds are discussed under "Risk Factors" below.***

*Arranger and Dealer*

**Nordea**

*Dealers*

**Barclays  
Erste Group**

**UniCredit**

**DZ BANK AG  
Landesbank Baden-Württemberg**

**19 February 2025**

## IMPORTANT NOTICES

### Responsibility for this Base Prospectus

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

### Final Terms/Drawdown Prospectus

Each Tranche (as defined herein) of Covered Bonds will be issued on the terms set out herein under "*Terms and Conditions of the Covered Bonds*" (the "**Conditions**") as completed by a document specific to each such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*" below. In relation to Covered Bonds to be listed on Euronext Dublin, such Final Terms and Drawdown Prospectuses will be published on the website of Euronext Dublin (<https://live.euronext.com/>).

### Other relevant information

This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Covered Bonds which is the subject of Final Terms, must be read and construed together with the relevant Final Terms. In the case of a Tranche of Covered Bonds which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

The Issuer has confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus contains all information which is (in the context of the Programme, the issue, offering and sale of the Covered Bonds) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Covered Bonds) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

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

### Unauthorised information

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor the Agents (as defined in the Conditions), nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus 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 Base Prospectus or any responsibility for the acts or omissions of the Issuer or any other person (other than the relevant Dealer or Agent) in connection with the issue and offering of the Covered Bonds nor do the Dealers nor the Agents, nor any of their respective directors, affiliates, advisers or agents take any responsibility for the acts or omissions of the Issuer or any other person (other than the relevant Dealer or Agent) in connection with the issue and offering of the Covered Bonds. No fiduciary duty between the relevant Dealer and any investors has been created in respect of any issue and offering of the Covered Bonds. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Covered Bond shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to

involve any adverse change, in the prospects or financial position or performance of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

### **Restrictions on distribution**

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Covered Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Covered Bonds and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Covered Bonds, see "*Subscription and Sale*". In particular, Covered Bonds have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and Bearer Covered Bonds are subject to U.S. tax law requirements. Subject to certain exceptions, Covered Bonds may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Covered Bonds and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Covered Bonds. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer. The Dealers have not provided any financial or taxation advice in connection with the Programme or Covered Bonds issued thereunder.

**IMPORTANT – EEA RETAIL INVESTORS** – If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Covered Bonds includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Covered Bonds 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 European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**IMPORTANT – UK RETAIL INVESTORS** – If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Covered Bonds includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Covered Bonds 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 ("**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 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 by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

### **MiFID II PRODUCT GOVERNANCE / TARGET MARKET**

The Final Terms in respect of any Covered Bonds may include a legend entitled "**MiFID II Product Governance**" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market

assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

## **UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET**

The Final Terms in respect of any Covered Bonds may include a legend entitled "**UK MiFIR Product Governance**" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

**IMPORTANT - NOTICE TO INVESTORS IN BELGIUM:** If the 'Prohibition of Sales to Belgian Consumers' is specified as applicable in the applicable 'Final Terms', the Covered Bonds are not intended to be offered, sold or resold, transferred or delivered or otherwise made available to and should not be offered sold or resold, transferred or delivered or otherwise made available to any individual in Belgium qualifying as a consumer (*consument/consommateur*) within the meaning of Article I.1 of the Belgian Code of Economic Law (*Wetboek van economisch recht / Code de droit économique*), as amended from time to time.

### **Programme limit**

The maximum aggregate principal amount of Covered Bonds outstanding at any one time under the Programme will not exceed EUR 750,000,000 (and for this purpose, any Covered Bonds denominated in another currency shall be translated into Euro at the date of the agreement to issue such Covered Bonds (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Covered Bonds which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

### **Certain definitions**

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

References to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, 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 and references to "**NOK**" are to Norwegian kroner.

References to the "**Coop Group**" or the "**Group**" are to Coop Pank AS and its subsidiaries.

References to a "**billion**" are to a thousand million.

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

## Language

The language of this Base Prospectus 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.

## Ratings

Tranches of Covered Bonds issued under the Programme will be rated or unrated. Where a Tranche of Covered Bonds is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Covered Bonds already issued. Where a Tranche of Covered Bonds is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Covered Bonds will be (1) issued or endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or by a credit rating agency which is certified under the EU CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in the UK and registered under the EU CRA Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**") or by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the Final Terms. In general, EEA 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 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 the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. 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 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 the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

## Stabilisation

**In connection with the issue of any Tranche of Covered Bonds, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds 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 relevant Tranche of Covered Bonds 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 relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

## CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Some statements in this Base Prospectus may be deemed to be forward looking statements. Forward looking statements include statements concerning the Bank's and/or the Group's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Base Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections entitled "*Risk Factors*", "*Description of the Bank*", "*Financial Review*" and "*Market Environment*" and other sections of this Base Prospectus. The Bank has based these forward looking statements on the current view of its management with respect to future events and financial performance. Although the Bank believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Base Prospectus, if one or more of the risks or uncertainties materialise, including those identified below or which the Bank has otherwise identified in this Base Prospectus, or if any of the Bank's underlying assumptions prove to be incomplete or inaccurate, the Bank's actual results of operation may vary from those expected, estimated or predicted.

The risks and uncertainties referred to above include:

- the Bank's ability to achieve and manage the growth of its business;
- the performance of the markets in Estonia and the wider region in which the Bank operates;
- the Bank's ability to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;
- the Bank's ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects; and
- changes in political, social, legal or economic conditions in the markets in which the Bank and its customers operate.

Any forward looking statements contained in this Base Prospectus speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Bank expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward looking statements contained in it to reflect any change in expectations or any change in events, conditions or circumstances on which any such forward looking statement is based.

## **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

### **PRESENTATION OF FINANCIAL INFORMATION**

#### **Historical financial statements**

The historical financial statements relating to the Group and incorporated by reference in this Base Prospectus are:

- the unaudited condensed consolidated interim financial statements as at and for the fourth quarter and twelve months ended 31 December 2024 (the "**Interim Financial Statements**");
- the audited consolidated financial statements as at and for the year ended 31 December 2023 (the "**2023 Financial Statements**"); and
- the audited consolidated financial statements as at and for the year ended 31 December 2022 (the "**2022 Financial Statements**" and, together with the 2023 Financial Statements, the "**Annual Financial Statements**").

The Annual Financial Statements and the Interim Financial Statements are together referred to as the "**Financial Statements**". The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the "**EU**") ("**IFRS**"). The Interim Financial Statements have been prepared in accordance with the international financial reporting standard IAS 34 "*Interim Financial Reporting*", as adopted in the EU. Unless otherwise indicated, the financial information in this Base Prospectus relating to the Group has been derived from the Financial Statements.

The Bank's financial year ends on 31 December and references in this Base Prospectus to "**2023**" and "**2022**" are to the 12 month period ending on 31 December in each such year.

#### **Auditors and unaudited information**

The 2022 Financial Statements and the 2023 Financial Statements have been audited by AS PricewaterhouseCoopers, independent auditors, in each case in accordance with International Standards on Auditing, who have issued unqualified reports on the Annual Financial Statements. The Interim Financial Statements have not been audited nor reviewed by independent auditors.



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

### **Certain non-IFRS financial information**

This Base Prospectus includes references to capital, leverage and certain other ratios. Although these ratios are not IFRS measures, the Bank believes that the capital and leverage ratios in particular are important to understanding its capital and leverage position, particularly in light of current or planned future regulatory requirements to maintain these ratios above prescribed minimum levels. Certain of these ratios also constitute Alternative Performance Measures ("APMs"), as defined in the European Securities and Markets Authority ("ESMA") Guidelines on Alternative Performance Measures. See "*Selected consolidated financial information—Selected consolidated ratios and APMs of the Group*" for more information and explanation of each such metric's components and calculation method. These non-IFRS measures have been calculated based on data derived from the Financial Statements and unaudited accounting records and management accounts. None of this financial information were audited, reviewed nor otherwise reported on by independent auditors.

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

## **PRESENTATION OF OTHER INFORMATION**

### **Currencies**

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

### **Third party and market share data**

This Base Prospectus contains information regarding the Bank's business and the industry in which it operates and competes, which the Bank has obtained from third party sources. Where third party information has been used in this Base Prospectus, the source of such information has been identified.

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

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

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

**No incorporation of website information**

The Bank is the parent company of the Group and its website is: <https://www.coopbank.ee/en>. Unless specifically incorporated by reference into this Base Prospectus, information on this website or any other website mentioned in this Base Prospectus or any website directly or indirectly linked to these websites (including, but not limited to, <https://www.coopbank.ee/en>) has not been verified, is not incorporated by reference into, and does not form part of, this Base Prospectus, and investors should not rely on it.

**Rounding**

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

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## OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Covered Bonds, the applicable Final Terms. This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Covered Bonds should be based on a consideration of the Base Prospectus as a whole and, in relation to the terms and conditions of any particular Tranche of Covered Bonds, the applicable Final Terms.

<b>Issuer:</b>	Coop Pank AS
<b>Programme Amount:</b>	Up to EUR 750,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Covered Bonds outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
<b>Arranger:</b>	Nordea Bank Abp (the " <b>Arranger</b> ")
<b>Description:</b>	Covered Bond Programme
<b>Dealers:</b>	Barclays Bank Ireland PLC DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main Erste Group Bank AG Landesbank Baden-Württemberg UniCredit Bank GmbH (together with the Arranger, the " <b>Dealers</b> ")
<b>Fiscal Agent:</b>	Citibank, N.A., London Branch (the " <b>Fiscal Agent</b> ")
<b>Registrar:</b>	Citibank Europe Plc (the " <b>Registrar</b> ")
<b>Currencies:</b>	Covered Bonds may be denominated in Euros or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
<b>Method of Issue:</b>	Covered Bonds will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Covered Bonds of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Covered Bonds of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Covered Bonds of different denominations.
<b>Denominations:</b>	The Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) (subject to compliance with all applicable legal and/or regulatory and/or central bank requirements), save that the minimum denomination of each Covered Bond will be EUR 100,000 (or the equivalent in any other currency).
<b>Maturities:</b>	Any maturity, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
<b>Listing and Trading:</b>	Application has been made to Euronext Dublin for the Covered Bonds issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and to trading on its regulated market.
<b>Status of the Covered Bonds:</b>	The Covered Bonds will be issued as covered bonds under the ECBA and will constitute direct and unsubordinated obligations of the Issuer.

The Covered Bonds will be covered by a cover pool comprising the claims of the Issuer arising from Mortgage Loans (as defined in the Conditions) and certain other types of assets which qualify as substitute cover assets under the ECBA and are registered in the cover register maintained by the Issuer in accordance with the ECBA ("**Cover Pool**"). The Covered Bonds will rank *pari passu* among themselves and with Derivative Instruments (as defined in the Conditions) registered in the cover register and included in the Cover Pool in accordance with the ECBA. On declaration of the Issuer's bankruptcy and in certain other events stipulated in the ECBA, the Covered Bonds together with the Cover Pool (including the Derivative Instruments) ("**Covered Bond Portfolio**") will be separated from other assets and liabilities of the Issuer and form an independent pool of designated assets to be managed in accordance with the ECBA and to be used solely to satisfy the claims of Covered Bondholders and of the counterparties to the Derivative Instruments and to cover the expenses related to the management of the Covered Bond Portfolio.

Pursuant to the ECBA, the separation of the Covered Bonds Portfolio will not affect the liability of the Issuer for the claims arising from the Covered Bonds. If the Covered Bond Portfolio becomes insolvent, to the extent that claims of the Covered Bondholders in relation to the Covered Bonds are not satisfied in the course of the bankruptcy proceedings of the Covered Bond Portfolio, the residual claims of the Covered Bondholders will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The statutory cover conferred on holders of the Covered Bonds by the ECBA extends to Mortgage Loans owned by the Issuer and other certain other types of assets which qualify as substitute cover assets under the ECBA (together "**Eligible Assets**") included in the Cover Pool. The composition of the portfolio of such Mortgage Loans and other Eligible Assets may change from time to time due to, for example, the inclusion and removal of Mortgage Loans and other Eligible Assets to and from the Cover Pool from time to time by the Issuer, subject to the fulfilment of the requirements of the ECBA. Claims of the Covered Bondholders will not be backed by assets of the Issuer which do not qualify for this purpose or which are not included in the Cover Pool, nor will any security be taken over the Issuer's rights under any agreements entered into by the Issuer in relation to the Programme or Covered Bonds issued thereunder.

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

**Final Terms or Drawdown Prospectus:**

Covered Bonds issued under the Programme may be issued either: (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Covered Bonds will be the Conditions as completed by the relevant Final Terms or, as the case may be, as supplemented, amended and/or replaced by the relevant Drawdown Prospectus.

**Issue Price:** Covered Bonds may be issued at any price. The price and amount of Covered Bonds to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

**Interest:** Covered Bonds may be interest bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and may vary during the lifetime of the relevant series.

**Forms of Covered Bonds:** Covered Bonds may be issued in bearer form ("**Bearer Covered Bonds**") or in registered form ("**Registered Covered Bonds**"). Bearer Covered Bonds will not be exchangeable for Registered Covered Bonds and Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds. No single Series or Tranche may comprise both Bearer Covered Bonds and Registered Covered Bonds.

Each Tranche of Bearer Covered Bonds will initially be in the form of either a temporary global covered bond (the "**Temporary Global Covered Bond**") or a permanent global covered bond (the "**Permanent Global Covered Bond**"), in each case as specified in the relevant Final Terms (each a "**Global Covered Bond**"). Each Global Covered Bond which is not intended to be issued in new global note form ("**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Covered Bond which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Covered Bond will be exchangeable for a Permanent Global Covered Bond or, if so specified in the relevant Final Terms, for Definitive Covered Bonds. Certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Covered Bond or receipt of any payment of interest in respect of a Temporary Global Covered Bond.

Each Permanent Global Covered Bond will be exchangeable for Definitive Covered Bonds in accordance with its terms. Definitive Covered Bonds will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Each Tranche of Registered Covered Bonds will be represented by either Individual Covered Bond Certificates or a Global Registered Covered Bond, in each case as specified in the relevant Final Terms. Each Global Registered Covered Bond which is not intended to be held under the new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**"), as specified in the relevant Final Terms, will be registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Covered Bond will be deposited on or about the issue date with the common depositary. Each Global Registered Covered Bond intended to be held under the New Safekeeping Structure, as specified in the relevant Final Terms, will be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Covered Bond will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

**Redemption:** Unless previously redeemed, or purchased and cancelled in accordance with the Conditions, Covered Bonds will be redeemed at their Final Redemption Amount (as specified in the relevant Final Terms) on the Maturity Date.

**Optional Redemption:** Subject to certain Conditions, and if specified as applicable in the relevant Final Terms, Covered Bonds may be redeemed before the Maturity Date at the option of the Issuer (as described in Condition 9(c) (*Redemption at the option of the Issuer*)). No redemption at the option of the Covered Bondholders is permitted.

**Early Redemption:** Except as described in "*Optional Redemption*" above (and subject to certain conditions), early redemption will only be permitted for tax reasons, as described in Condition 9(b) (*Redemption for tax reasons*).

**Extended Maturity Date:** The relevant Final Terms or Drawdown Prospectus, as the case may be, may provide that an Extended Maturity Date applies to the Covered Bonds.

If:

- (a) an Extended Maturity Date is specified in the relevant Final Terms;
- (b) an insolvency, winding-up or similar event (as more fully described in Condition 9(i)(i)(B)) has occurred in respect of the Issuer, or the EFSA otherwise resolves on the separation of the Covered Bond portfolio from the Issuer on the grounds stipulated in the ECBA; and
- (c) as a result of such an event, the Covered Bonds are not redeemed in full on the Maturity Date at their Final Redemption Amount or within three Business Days thereafter,

the maturity of the Covered Bonds and the date on which such Covered Bonds will be due and repayable for the purposes of the Conditions will be automatically extended to the Extended Maturity Date, subject as otherwise specified in the relevant Final Terms. In that event, the Issuer shall redeem the outstanding principal amount of such Covered Bonds at their Final Redemption Amount on the Extended Maturity Date. In addition, all or any part of the principal amount outstanding of the Covered Bonds may be redeemed on any Interest Payment Date falling after the Maturity Date up to and including the Extended Maturity Date or as otherwise specified in the relevant Final Terms. In each of the above scenarios, the Issuer shall give notice to the Covered Bondholders and to the Paying Agents in accordance with Condition 9(i)(i)(C).

If an Extended Maturity Date is specified in the relevant Final Terms and, as a result of any of the events specified in Condition 9(i) (*Extension of maturity to Extended Maturity Date*) the Covered Bonds are not redeemed in full on the Maturity Date at their Final Redemption Amount or within three Business Days thereafter, the Covered Bonds will bear interest on the principal amount outstanding of such Covered Bonds from (and including) the Maturity Date to (but excluding) the date on which the Covered Bonds are redeemed and will be payable in arrear or as otherwise provided for in the relevant Final Terms on each Interest Payment Date after the Maturity Date at the rate specified in the relevant Final Terms.

In the case of Covered Bonds with an Extended Maturity Date, those Covered Bonds may be issued as fixed rate, floating rate, or zero coupon in respect of the period from (and including) the Issue Date to (but excluding) the Maturity Date and issued as fixed rate or floating rate in respect of the period from (and including) the Maturity Date to (but excluding) the Extended Maturity Date as set out in the relevant Final Terms.

In the case of Covered Bonds which are non-interest bearing to the Maturity Date and for which an Extended Maturity Date applies, the initial outstanding principal amount on the Maturity Date for the above purposes will be the total amount otherwise payable by the Issuer but unpaid on the applicable Covered Bonds on the Maturity Date.

**Asset Monitor:** KPMG Baltics OÜ has been appointed pursuant to an asset monitor agreement dated 28 June 2024 (the "**Asset Monitor Agreement**") as an independent monitor to perform the tasks of a cover pool monitor which are provided in the ECBA (including carry out the required tests in respect of the Covered Bond Portfolio).

**Taxation:** All payments of principal and/or interest in respect of the Covered Bonds and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of 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, the Issuer shall pay such additional amounts as will result in receipt by the Covered Bondholders 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, subject to certain exceptions as described in Condition 12 (*Taxation*).

**Events of Default and Cross Acceleration:** The Covered Bonds will not provide for events of default entitling Covered Bondholders to demand immediate redemption and will not provide for a cross-default or cross-acceleration provision.

**Clearing Systems:** Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**" and together with Euroclear, the "**ICSDs**") and/or, in relation to any Tranche of Covered Bonds, any other clearing system as may be specified in the relevant Final Terms.

**Risk Factors:** Investing in Covered Bonds issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its respective obligations under the Covered Bonds are discussed under "*Risk Factors*" below.

**Use of Proceeds:** The net proceeds of the issue of each Series of Covered Bonds will be used for the general banking and other corporate purposes of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

**Governing Law:** The Covered Bonds shall be governed by English law, except for:

- (i) Condition 4 (*Status of the Covered Bonds*);



- (ii) the provisions relating to coverage of the Covered Bonds and the Coupons pursuant to the ECBA; and
- (iii) other provisions relating to the Covered Bonds, where provisions of Estonian laws mandatorily apply to covered bonds issued by an issuer incorporated in Estonia,

which shall be governed by Estonian law.

**Ratings:**

As at the date of this Base Prospectus, the Covered Bonds issued under the Programme may be rated by Moody's.

**Selling Restrictions:**

For a description of certain restrictions on offers, sales and deliveries of Covered Bonds and on the distribution of offering material in the United States of America, the EEA, the UK, Japan and the Republic of Estonia, see "*Subscription and Sale*" below.

## RISK FACTORS

*Any investment in the Covered Bonds is subject to a number of risks and uncertainties. Before making any investment decision, prospective investors should consider carefully the risks and uncertainties associated with an investment in the Covered Bonds, the Bank's business and the countries and markets in which it operates, together with all of the other information that is included in this Base Prospectus. Prospective investors should also consult their own financial and legal advisers about the risks associated with an investment in the Covered Bonds and the suitability of investing in the Covered Bonds in light of their particular circumstances, without relying on the Bank. Should one or more of the events or circumstances described as risks below occur at the same time or separately, this could have a material adverse effect on the Bank. As used in this section, "material adverse effect" and related expressions when used in relation to the Bank mean that the Bank's financial condition, results of operations, liquidity, business, prospects and/or reputation could be materially adversely affected and/or the value of the Covered Bonds could decline and these factors could result in an investor losing part or all of its investment.*

*There is a wide range of factors which individually or together could result in the Bank becoming unable to make all payments due. Whilst the Bank believes that the following factors may affect its ability to fulfil its obligations under the Covered Bonds the Bank may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside of the Bank's control. Factors which the Bank believes may be material for the purpose of assessing the market risks associated with the Covered Bonds are also described below.*

*The Bank believes that the factors described below represent the principal risks inherent in investing in the Covered Bonds, but the Bank may be unable to pay amounts due in connection with the Covered Bonds for other reasons and the Bank does not represent that the statements below regarding the risks of holding the Covered Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

### RISKS RELATING TO THE GROUP

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

The Bank is an Estonian bank and the vast majority of its assets and business are located in Estonia. Reflecting this fact, the Group is affected by general economic and geopolitical conditions in Estonia, changes in which are outside the Group's control. The Estonian economy is a small open economy that is closely linked to the global economy and especially to macro-economic conditions in European countries. Global macroeconomic conditions may, for example, be adversely affected by geopolitical tensions, conflicts and/or expansion of sanctions, or the imposition of further international trade tariffs such as those proposed by the US at the start of 2025). The prolongation of such geopolitical tensions, sanctions and political uncertainty, or the imposition of further international trade tariffs could negatively impact economic growth and business operations, which in turn, could have a material adverse effect on the Estonian economy.

For a discussion of economic trends impacting the Group in Estonia, see "*Market Environment*".

The main driver of growth in Estonia's economy has been domestic demand (led by private consumption and investments) and exports to EU countries.

Real gross domestic product ("**GDP**") in Estonia contracted by 0.1<sup>1</sup> per cent. in 2024 according to the Estonian Statistical Office flash estimate (2023: -3.1 per cent.). Growth in the Estonian consumer price index has been among the highest in Europe in recent years, amounting to 3.5<sup>2</sup> per cent. in 2024 (2023: 9.2 per cent.), which may have an impact on the ability of the Group's customers to service their debts. The European Central Bank ("**ECB**") has started to decrease central key interest rates to support the economy, Estonian private and corporate customers are predominantly financed on a floating rate basis and as such the impact of these decreases is expected to be imminent. However, the Estonian economy is an open

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<sup>1</sup> Source: <https://www.stat.ee/en/news/gdp-flash-estimate-economy-contracted-01-q4>

<sup>2</sup> Source: <https://www.stat.ee/en/news/consumer-price-index-rose-35-2024>

economy and its growth relies on the economic success of its main trading partners. Greater friction in global trade could weigh on the euro area's growth by dampening exports, increasing inflation and weakening the global economy. Lower confidence could also prevent consumption and investment from recovering as fast as expected. This could be amplified by geopolitical risks, which could disrupt energy supplies and further weigh on global trade. Growth could also be lower if the lagged effects of monetary policy tightening last longer than expected<sup>3</sup>. This could result in an adverse impact on the Estonian economy and could impact the creditworthiness of the Group's borrowers. Further deterioration in the Estonian economy could have a negative impact on the financial position and profitability of the Group.

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

The Group's debtors may be unable to repay their debts to the Group in accordance with the terms and conditions of the relevant contract and the loan collateral securing the Group's claims against debtors might be insufficient to satisfy the Group's claims in full. The Group's claims against central banks and credit institutions, as well as its financial investments, are also exposed to credit risk. The recoverability of the credit given to customers can be adversely affected by circumstances which are beyond the Group's control, such as negative changes in the overall economic, political or regulatory environment, or a decrease in collateral value. The Group implements reserves for expected credit losses in accordance with the applicable requirements, including IFRS requirements; however, such reserves are established based on available information, estimates and assumptions, which are subject to uncertainty. The Group has created a loss allowance for expected credit losses, but there is no assurance that the reserves will cover all the potential credit losses. Further, although the Group regularly conducts stress tests on its credit portfolio to assess the financial effect of potential negative scenarios on the Group's capital, such tests are based on available information and historical market behaviour which might not be adequate in future situations. Materialisation of credit risks may have significant adverse effects on the Group's financial results and profitability.

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

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

As at 31 December 2024, the Group's loans and advances to customers accounted for 81.1 per cent. of its total assets compared to 75.1 per cent. as at 31 December 2023. As at 31 December 2024, 99.2 per cent. of the Group's loans and advances to customers were classified as "Estonian risk", meaning that the borrowers are Estonian entities or individuals. As at 31 December 2023, the comparative percentage was 99.1 per cent.

The only other materially significant class of assets on the Group's statement of financial position is the amounts due from the Estonian Central Bank (representing demand deposits and mandatory reserve kept in the Estonian Central Bank), other financial institutions and cash which represented 15.7 per cent. of the Group's total assets as at 31 December 2024 compared to 21.6 per cent. of its total assets as at 31 December 2023.

As at 31 December 2024, the Group's deposits from customers and loans received were EUR 1,886.1 million, equal to 86.2 per cent. of its total liabilities and shareholders' equity compared to EUR 1,721.8 million, or 86.7 per cent. of its total liabilities and shareholders' equity as at 31 December 2023. As at 31 December 2024, 81.5 per cent. of the Group's deposits from customers and loans received were classified as Estonian risk, meaning that the depositors are Estonian entities. As at 31 December 2023, the comparative percentage was 86.9 per cent.

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<sup>3</sup>Source: [https://www.ecb.europa.eu/press/press\\_conference/monetary-policy-statement/shared/pdf/ecb.ds250130~1ac86112bf.en.pdf](https://www.ecb.europa.eu/press/press_conference/monetary-policy-statement/shared/pdf/ecb.ds250130~1ac86112bf.en.pdf)

Accordingly, any deterioration in general economic conditions in Estonia or any failure by the Group to effectively manage its geographic risk concentrations could have a more significant adverse effect on its business than on that of a more geographically diversified banking group.

### **The Group has significant customer and sector concentrations**

The Group considers concentration risk as part of credit and liquidity risk. Concentration risk arises from the distribution of existing customers and claims arising from transactions made with customers among the customers operating in different areas of activity. If loans are concentrated in one specific area, the Group is also exposed to the risks related to this area. In accordance with Regulation (EU) No 575/2013 (as amended, the "CRR") of the European Parliament and of the Council, an institution's exposure to a client or group of connected clients shall be considered a large exposure where its value is equal to or exceeds 10 per cent. of its eligible capital. The Group follows the principle of credit risk diversification according to areas of activity, geographical areas within Estonia, and products, and diversifies the portfolio of loans granted to a group of connected corporate entities in order to keep the total share of large exposures (>10% of eligible capital) well below risk limits.

As at 31 December 2024, loans granted to private individuals (including outstanding limits not in use) form 51.8 per cent. of the whole credit portfolio of the Group (including outstanding limits not in use), and loans to granted to corporate entities form 48.2 per cent. of the whole credit portfolio of the Group, of which 40.5 per cent. have been granted to companies engaged in the real estate sector and 14.2 per cent. have been granted to wholesale and retail companies. As the Group's credit activity is concentrated in the Estonian market, it means that any negative developments relating to the wellbeing of the Estonian economy, primarily within the real estate and wholesale sectors, may have a material adverse effect on the Group. Notable market decline in the Estonian property market, but also in wholesale and retail sale industry, may lead to increased credit losses and the need for additional allowances, which in turn would have an adverse effect on the Group's financial performance and financial position. In addition, as at 31 December 2024, the Group has six customer groups towards whom the risk position exceeds 10 per cent. of the Group's eligible capital, with a total value of EUR 151.1 million, which forms 82.7 per cent. of the Group's eligible capital. The largest single position is EUR 30.7 million.

Liquidity concentration risk refers to the risk that arises if the Group relies heavily on a limited number of funding sources. This concentration can make the Group vulnerable to liquidity shortages if those sources become unavailable or become more expensive. The share of the Group's 20 largest depositors of the total customer deposits and loans received was 21.1 per cent. as at 31 December 2024 compared to 22.2 per cent. as at 31 December 2023. As at 31 December 2024, there were eight customers whose deposits and loans exceeded 1 per cent. of the Group's total customer deposits and loans received and their deposits and loans received amounted to an aggregate of EUR 249.7 million. As at 31 December 2023, there were seven customers whose deposits and loans exceeded 1 per cent. of the Group's total customer deposits and loans received and their deposits and loans received amounted to an aggregate of EUR 245.6 million.

Materialisation of concentration risk may have a significant adverse effect on the Group's operations, financial position and performance. See also "*The Group's operations and assets are principally located in Estonia and, accordingly, the Group is exposed to general economic conditions in Estonia*" and "*The Group's loans and advances to customers and its deposits from customers and loans received are concentrated in Estonia*" above.

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

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

The Group's assets have, on average, a longer maturity than the Group's funding sources. The Group has historically principally relied on deposits from customers, which are mainly repayable on demand or short-term and generally low cost in nature, to meet most of its funding needs. For example, as at 31 December 2024, deposits and loans received from customers amounted to 95.4 per cent. of the Group's total liabilities

(31 December 2023: 95.6 per cent.). As at 31 December 2024, demand deposits amounted to 30.3 per cent. of total deposits and loans received from customers (31 December 2023: 28.7 per cent.) and term deposits amounted to 69.2 per cent. of total deposits and loans received from customers (31 December 2023: 70.7 per cent.).

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

As at 31 December 2024 only 9.0 per cent. of the Group's total funding (which comprises deposits from customers and loans received and subordinated debt) had a remaining contractual maturity in excess of one year (31 December 2023: 7.5 per cent.). The Group may experience outflows of deposits at times when liquidity is constrained generally in Estonia or when its major depositors experience short- or longer-term liquidity requirements.

In addition, the Group's deposits are geographically concentrated and the Group is reliant on certain large deposits from a limited group of customers.

The Bank has not previously issued bonds internationally. Even after making the relevant arrangements, including the establishment of this Programme by the Bank, the Group may not be able to raise funds from money and/or capital markets. Access to, and the cost of financing through, money and capital markets are affected, among other things, by general interest rate levels, the situation on the financial markets, downturns in the performance of market participants and the Group's own capital adequacy and credit ratings.

If a substantial portion of the Bank's depositors, or any of its largest depositors, withdraw their demand deposits or do not roll over their time deposits at maturity, the Group may need to seek other sources of funding or may have to sell, or enter into sale and repurchase or securitisation transactions over, certain of its assets to meet its funding requirements. There can be no assurance that the Group will be able to obtain additional funding as and when required or at prices that will not affect its ability to compete effectively and, if the Group is forced to sell assets to meet its funding requirements, it may suffer material losses as a result.

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

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

In the connected landscape of global and European finance, the stability and performance of the Group can be significantly influenced by the soundness or perceived soundness of other financial institutions and counterparties. This interconnectedness means that the Group has both direct and indirect credit exposures to various financial institutions and counterparties, and in general, the perceived soundness of other institutions can influence market confidence. As at 31 December 2024, the Group's total assets held in other financial institutions (excluding funds held in the Estonian Central Bank) amounted to EUR 24.2 million, representing 1.1 per cent. of the Group's assets. The biggest exposure towards one counterparty was EUR 19.6 million. As at 31 December 2024, the Group's total liabilities held against other financial institutions was EUR 38.3 million, representing 1.7 per cent. of the Group's total assets. If these entities were to face financial difficulties, it could adversely affect the Group's financial position and impact the Group's operations. The potential risks arising from fluctuations in the soundness or perceived soundness of other financial institutions and counterparties include the risk that counterparties may default on their obligations

leading to financial losses, the risk that market disruptions caused by the financial instability of other institutions could affect the Group's liquidity position, and the risk that association with financially troubled institutions could harm the Group's reputation and stakeholder confidence. To mitigate these risks, the Group employs several strategies including diversifying its exposure across a broad range of counterparties to reduce concentration risk, conducting thorough due diligence and continuous monitoring of the financial health of its counterparties, implementing robust risk management practices, including stress testing and scenario analysis, to assess and prepare for potential adverse impacts from the materialisation of such risks and developing and maintaining contingency plans to ensure operational resilience in the face of financial instability in the broader market. However, these measures may not be fully effective in all circumstances, and the materialisation of such risks may therefore have an adverse effect on the Group's operations, financial position and performance.

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

Maintaining a positive reputation is important in the banking sector, particularly as regards a financial institution's solvency and liquidity position, and any deterioration in the Group's reputation may reduce its competitiveness and perceived trustworthiness in the market. The publication of negative information, or information that is perceived negatively, about the Group may have an adverse effect on its reputation among the public, investors and customers regardless of the accuracy of the information. The Group relies on the "Coop" brand and its good reputation when competing for customers. Rumours and speculation as to the Group's solvency and liquidity position may cause deposit outflows, and the Group's ability to control this may be limited.

The Group shares the "Coop" brand of Coop Eesti Keskühistu with the stores of the consumer co-operatives belonging to the Coop retail trade chain. The activities and reputation of the Coop retail trade chain may therefore directly and indirectly impact the Group's reputation. Future decisions regarding the business of the Group and its choice of services and products may have a negative impact on the "Coop" brand and the reputation of the Group. In addition, disputes in which the Group's companies are involved, and external factors which affect the financial sector, could also influence public perceptions of the "Coop" brand and the Group's reputation.

### **The Group is exposed to strategic risk as a result of its growth phase**

Strategic risk is the risk of losses arising from poor or sub-optimal strategic decisions or the inability to successfully implement a chosen strategy. The Group is currently in a growth phase, and so it considers itself to be more exposed to strategic risk than if it were in a more stable phase of its development. Whilst the Group is focused on implementing a rigorous business plan, and supports its growth by employing specialists with long-term experience in banking and/or business, there can be no assurance that the Group's strategic decisions will prove to be optimal or that such strategies will be implemented effectively. The materialisation of such risks may have a significant negative effect on the Group's operations, financial position and results of operations.

### **The Group could be adversely affected by market risks**

The Group's trading, investment and lending activities are susceptible to market risk. Market risk arises primarily in interest rate product markets, foreign exchange and stock markets, and activities involving the provision of finance such as lending operations, and take the form of interest rate risk, currency risk and price risk. These risks, each of which are explained further below, materialise through changes in interest rates, exchange rates and prices of financial assets, respectively. Whilst the Group seeks to combat these risks through internal controls, such as the imposition of conservative limits on the acceptable level of risk within the Group's investment activities and the level of open foreign currency risk, there can be no assurance that such controls will be effective in all circumstances. The materialisation of any such market risks may have a material adverse effect on the Group's operations, financial position and performance.

#### *Investment Risk*

The Group's main assets subject to price risk are investments in bonds. The value of the Group's debt securities at fair value through other comprehensive income portfolio was EUR 37.8 million as at 31 December 2024 (EUR 36.4 million as at 31 December 2023) of which government debt securities accounted

for 81.9 per cent. (82.3 per cent. as at 31 December 2023), debt securities of credit institutions accounted for 9.2 per cent. (12.6 per cent. as at 31 December 2023), and debt securities of other non-financial companies accounted for the remainder. All debt securities are EUR denominated. The price risk of the debt securities portfolio is mainly affected by the maturity date, coupon and currency of the debt securities as well as possible changes in interest rates. The Group calculates the price risk of the financial investment portfolio using the Value at Risk ("VaR") method which estimates the possible financial losses across a 12 month period. The largest possible loss of the government bond portfolio calculated with historical VaR for 1 year horizon and at 99 per cent. probability as at 31 December 2024 was EUR 2.0 million.

#### *Exchange Rate Risk*

Changes in exchange rates may have an adverse effect on the financial performance of the Group. Currency risk is defined as the risk arising from differences in the currency structure of the Group's assets and liabilities. Changes in currency exchange rates cause changes in the value of assets and liabilities, as well as the amount of income and expenses measured in the functional currency. The Group limits currency risk and maintains minimum foreign currency positions required for the provision of services to customers. The total amount of open currency positions as at 31 December 2024 was EUR 0.16 million (31 December 2023: EUR 0.15 million). The Group's currency risk exposure is therefore limited. However, future foreign exchange rates may be affected by complex political and economic factors (such as relative rates of inflation, interest rate levels, the balance of payments between countries, the monetary, economic and trade policies pursued by the governments of the relevant currencies, and exchange rate devaluation or appreciation). For example, if exchange rates were to change by 10 per cent., the Group's potential losses would amount to EUR 0.02 million. Additionally, as the Group's foreign currency risk management is based on risk policies, limits and internal procedures, which, however, may turn out to be inadequate and accordingly, the materialisation of foreign currency risk may have an adverse effect on the financial results of the Group.

#### *Interest Rate Risk*

The operations of the Group, and particularly those of the Bank and Coop Liising, are inherently exposed to interest rate risk, and the amount of interest income earned materially affects the revenues and profitability of the operations of the Group. The levels of interest income could be affected by unforeseen adverse changes in interest rates. The Group has evaluated that as at 31 December 2024, according to the European Banking Authority's ("EBA") Standard Outlier Test<sup>4</sup> a decrease of short-term interest rates would have the most negative impact on its net interest income in the amount of EUR -3.2 million. The EBA Standard Outlier Test for economic value as at 31 December 2024 has the most negative outcome on the Group in the circumstance of a rates parallel shift of -200 basis points, resulting in a negative effect on economic value of EUR -3.6 million. It should be noted, however, that the Group has concluded the vast majority of its loan agreements with minimum interest rates (base rate floors) such that any interest rate index (Euribor) below zero would not be used and floor 0 per cent. is applied in such cases to the base rate. The Group manages interest risk by controlling the weighted average interest repricing gap of assets and liabilities in different currencies and monitoring the structure thereof. As at 31 December 2024, the Group has no equity trading positions nor has it used interest rates derivatives and has no such contracts in force, however the Group may use interest rate derivatives in the future if needed. Furthermore, interest rates are affected by numerous factors beyond the Group's control and may not be accurately estimated. Such fluctuations may cause a mismatch between the interest income earned from the Group's lending operations and the interest costs paid on its interest-bearing liabilities. This may have a material adverse effect on the Group's operations, financial position and performance.

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

The global and European economic and political environment has been influenced by the Russian war against Ukraine since 24 February 2022. This aggression was followed by comprehensive sanctions against Russian and Belarusian leaders and companies. The war has put additional pressure on the growth of energy and commodity prices. Whilst Estonian companies have been able to rearrange supply chains and adjust consumption, and the Group has been able to manage related risks including credit and AML-related risks successfully to date, there is no certainty that this will continue or that there will not be a further

<sup>4</sup> Source: <https://www.eba.europa.eu/activities/single-rulebook/regulatory-activities/supervisory-review-and-evaluation-process-srep-and>

deterioration in the geopolitical and economic environment as a result of Russia's war against Ukraine. Should any such risks materialise, this could have a material adverse effect on the financial position and profitability of the Group.

### **Exposure to market practices of other participants in financial markets transactions**

The possibility of the Group participating in derivatives transactions could be negatively affected by the business practices of other market participants. Given the interconnected nature of financial markets, any failure by other participants to adhere to prudent business standards may lead to widespread liquidity issues or systemic market disruptions. Such events could limit the Group's access to the derivatives markets and financing. In particular, failures related to money laundering concerns, especially within the banking sectors of Estonia and the Baltics, may impair the Group's ability to secure the capital it requires and increase the cost of such acquiring capital. Additionally, the Group faces counterparty risks from its relationships with a variety of market participants in derivative trading. Should these parties fail to meet their obligations, it may expose the Group to default risks with its own counterparties, which could significantly affect the Group's financial health and operations.

### **The Group is exposed to operational risks**

The Group is exposed to a range of operational risks. In particular, the Group is exposed to the risk of loss as a result of employee misconduct and improper practice and through any failure of the Group's Information Technology ("IT") systems.

Operational risk arises from malfunctions or deficiencies in the Group's information systems, personnel or external factors causing damage to or disturbance in the Group's daily business activities. Operational risk includes information systems risk, information security risk, physical security risk, process risk, personnel risk, legal risk, compliance risk, work environment risk and loss of property risk. The Group conducts operational risk self-assessments, in the course of which the main operational risks arising in the Group's operations and the action plan for mitigating and minimising these risks are detected and assessed. One of the substantial operational matters covered in the Group's operational risk self-assessments is the need for a functional alternative place of operation and back-up servers, along with the operational capability to switch operations over to the alternative place of operations, when needed. Since 2023, the Group has been nominated as a 'Vital Service Provider' ("*Elutähtsa Teenuse Osutaja, ETO*" in Estonian) responsible for providing reliable and continuous payment and cash services. To meet these expectations, the Group has improved its readiness and capabilities via contingency planning exercises. The capital allocated for covering operational risks in line with the regulatory method of assessing operational risk was EUR 18.3 million as at 31 December 2024 to cover operational risk of EUR 112.7 million. Due to operational risk incidents, the Group incurred financial losses of EUR 0.07 million in 2024. The Group's information systems and rules of procedures are regularly revised, and the Group maintains special insurance against fraud and cyberattacks, to minimise losses caused by operational matters. However, the materialisation of operational risks may nonetheless have a material adverse effect on the Group's operations, financial position and results of operation.

### **The Group is dependent on its IT systems and any disruption to these systems could materially disrupt the Group's business**

The Group has developed and uses several important information technology systems and web-based applications in its everyday operations. Any failure of, or significant disruption to, the Group's IT systems could prevent the Group from conducting its operations. Additionally, should the Group's rapid growth trajectory of recent years continue, the Group's existing information technology systems may no longer fully comply with the Group's needs. The Group is currently redeveloping its core IT system to replace it with a modular one which is more flexible and therefore more compatible with the Group's ongoing growth.

The activities of the Group require correct and safe processing of vast amounts of data, which is often confidential. As part of its business operations, the Group processes personal and banking data received from its customers, which is subject to data protection and banking secrecy regulations and legislation. Should the Group fail to adhere to its information security-related obligations, such as if someone were to unlawfully gain access to confidential information or such information is unlawfully modified, the Group could bear significant costs. Additionally, ensuring compliance with the Group's data protection and



banking secrecy-related obligations is expensive and time-consuming. Changes in such regulations and legislation may impose more burdensome obligations on the Group and lead to a greater risk of non-compliance. Any issues regarding compliance with such obligations may cause disruptions or delays in the Group's ability to serve its customers, which could affect the Group's reputation and customers' willingness to use the Group's services, and may lead to customers filing claims for damages against the Group. Such matters may have a material adverse effect on the Group's operations, financial position, and results of operations.

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

#### **The Group's business is dependent on its IT systems which are subject to potential cyber-attack**

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

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

Financial institutions operate in a complex landscape where effective risk management is paramount to the stability and success of each institution. The Group is committed to maintaining robust risk management policies and procedures designed to identify, measure, control, and monitor various risks, relying on a risk management framework that encompasses a multi-layered approach. This approach includes continuous monitoring and assessment of potential risks across all operational areas, utilisation of advanced analytical tools and methodologies to quantify risk exposure, implementation of policies and procedures to mitigate identified risks, and regular review and reporting of risk metrics to ensure timely identification and response.

Despite the Group's rigorous risk management practices, there remains the possibility of exposure to risks that have not been identified. These unidentified risks may arise from matters including rapid changes in market conditions or economic environments that were not previously anticipated, new technologies that introduce unforeseen vulnerabilities or operational challenges, or from sudden changes in regulatory requirements that impact the Group's risk profile. The materialisation of any such unidentified or unanticipated risk may have a material adverse effect on the Group's operations, financial position and results of operations.

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

The Group has established a compliance framework that includes formulation of detailed policies and procedures to guide operations and ensure regulatory compliance, regular training programs to enhance

employee awareness and understanding of compliance requirements, continuous monitoring and periodic audits to assess compliance with established policies and regulations, and implementation of robust reporting mechanisms to identify and address compliance issues promptly. Despite these measures, there are inherent limitations that may affect the effectiveness of the Group's compliance systems. For example, the rapidly evolving regulatory landscape can introduce new requirements that may not be immediately integrated into the Group's compliance systems, or there may be human error in the implementation and monitoring of compliance procedures, limitations in technology that hinder the detection and prevention of compliance breaches, or unanticipated events or conditions that expose gaps in the compliance framework. To mitigate these limitations, the Group employs several strategies such as regular review and enhancement of compliance policies, procedures to adapt to changing regulatory requirements and operational conditions, investment in advanced compliance technologies to improve monitoring and detection capabilities, and adoption of a risk-based approach to prioritising compliance efforts and resources towards areas of highest risk. The Group is also actively engaged with regulatory bodies, industry groups, and other stakeholders to stay informed of emerging compliance trends and best practices. However, these measures may not ensure adherence to all regulatory requirements and internal policies in all circumstances. Any contravention of such requirements or policies may have a material adverse effect on the Group's operations, financial position and results of operations.

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

The Group provides various financial services and products and is therefore subject to extensive regulations, the compliance with which is subject to regular state supervision. The Group operates in highly regulated areas of activity and the operations of the Group are subject to a number of laws, regulations, policies, guidelines and codes of conduct which might change. In recent years, the regulations regarding banking activities and the financial sector have changed extensively in Estonia, the European Union and internationally. Further regulatory changes, both those known (for example, the CRR III and CRD VI Package, as described below under "*The Group may need to raise capital and other regulatory funding and it may not be able to do so as and when needed on commercially attractive terms*") and currently unknown, can be expected in coming years. There are also several new regulations that have recently come into force (for example, Regulation (EU) No. 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector (DORA)) in respect to which consistent practice and interpretation can be anticipated to emerge. Since 2025, the Group also has to meet requirements established by the Corporate Sustainability Reporting Directive (CSRD) that mandates comprehensive and transparent disclosure of sustainability related information. Regulations applicable to banks and the financial sector have become more onerous, and regulatory authorities' powers have been expanded, since the 2008–2009 financial crisis. Further regulatory changes and developments may, for example, affect the capital and liquidity requirements of banking activities, bringing about additional costs and obligations for the Group. Changes could also be made to the rules that apply to the Group's business management. New regulations may force the Group to reduce its risk level, scope of business activity and lending in certain activities. New regulations generally also increase the administrative burden on regulated entities, which brings about higher compliance costs and lower profitability. The inability to properly comply with the implementation deadlines established with the new regulations may result in coercive measures (including penalty payments of up to 10 per cent. of annual net turnover) by the supervision authorities.

The International Accounting Standards Board ("**IASB**") regularly reviews the financial accounting standards that are applicable to the Group's accounting and financial reporting. Changes related to these matters are difficult to predict and may have a significant effect on how the Group presents and reports its financial position and results. In some cases, the Group may be obliged to apply new and amended standards retroactively, as a result of which the previously compiled financial information has to be restated. Accounting principles and methods are the basis to presenting and reporting the Group's financial position and results. The executive management of the Group has to exercise its judgement in the process of interpreting and applying accounting principles and methods to ensure that the Group operates in compliance with the IFRS. Any changes in the accounting or financial reporting standards applicable to the Group may significantly affect the financial position and results presented in the Group's financial reporting.

Further, the Bank is a public company with shares and subordinated bonds listed on the Nasdaq Tallinn Stock Exchange. Being a listed company imposes various obligations and rules for, among other things, providing information to investors, handling insider transactions, and treating investors according to specific regulations. Violations of these rules may result in actions from Nasdaq Tallinn or supervising authorities, including imposing monetary penalties on the Group or its management, or, in extreme cases, criminal liability for the management of the Group. While the Group is not aware of any violations of these regulations, and as of the date of this Base Prospectus, there are no pending cases based on relevant regulations, no assurances can be given that the Group will at all times remain fully compliant with all such applicable rules.

**The Group may need to raise capital and other regulatory funding and it may not be able to do so as and when needed on commercially attractive terms**

The capital of banks and investment firms in the EU is subject to the legal framework of the CRR, and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (as amended, the "**CRD**"), and their implementing acts, as well as the resolution framework, including Directive 2014/59 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended, the "**BRRD**"). The requirements imposed under this framework have been constantly evolving over time and can be expected to undergo further developments in the future. For instance, in June 2024, further amendments to the CRR and the CRD for the purposes of the implementation of the final elements of the international Basel III agreement (the "**CRR III and CRD VI Package**") were adopted at the EU-level. Among other things, the CRR III and CRD VI Package will introduce changes to the calculation of risk weighted assets for credit risk, operational risk, and market risk for institutions. Whilst many of the new requirements have already come into force, some of the changes are scheduled to be applied and are required to be transposed in 2026 or later. The amendments to the legal framework of capital and prudential requirements will likely necessitate further changes to the Group's operations, including the Group's procedures, rules and reporting systems, as well as to the calculation systems of the capital requirements applicable to the Group.

Currently, the Group is required to hold a minimum amount of regulatory capital equal to 8.00 per cent. of its risk exposure amounts, which must be covered by a combination of common equity Tier 1 capital, additional Tier 1 capital and Tier 2 capital. In addition to these so called minimum Pillar 1 requirements, the applicable prudential regulation also prescribes the combined buffer requirement. For the Group, the combined buffer requirement is comprised of:

- the countercyclical buffer which as at the date of this Base Prospectus stands at 1.50 per cent.;
- the systemic risk buffer which currently stands at 0.50 per cent. but could be raised by competent authorities in the future; and
- the capital conservation buffer which currently stands at 2.50 per cent.

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

In addition to the minimum own funds requirements and mandatory buffers described above, the competent authorities may require additional so called Pillar 2 capital to be maintained by a credit institution relating to elements of risk which are not fully captured by other own funds requirements. The Pillar 2 requirement applicable to the Group as at the date of this Base Prospectus equalled 2.75 per cent. Additionally, competent authorities can set Pillar 2 guidance, which stands at a level of 1.50 per cent. as at the date of this Base Prospectus. The Pillar 2 capital requirement and the Pillar 2 guidance are subject to an annual review by the competent authorities as part of the supervisory review and evaluation process ("**SREP**").

In addition to regulatory requirements, a variety of other factors may affect the Group's need for additional capital and eligible liabilities. For example, a significant increase in lending, reduced profitability or any losses experienced by it would reduce its capital adequacy. The Group has internally set additional buffers above mandatory requirements and guidance in order to be fully compliant in case of such events. The Group may also need to increase its capital or eligible liabilities as a result of market perceptions of adequate capitalisation levels and the perceptions of rating agencies.

As part of the crisis resolution plan provided for in the BRRD, the minimum requirement for own funds and eligible liabilities ("MREL") obliges banks and banking groups to have sufficient own funds and unsecured long-term liabilities that can be used to cover losses under the crisis resolution plan. The competent authorities have set the MREL level at 10.61 per cent. as total capital adequacy at the date of this Base Prospectus. The required MREL ratio is low due to the relatively small size of the Group, but it is possible that in coming years the Bank or the Group will have to fulfil additional MREL requirements above the capital adequacy requirements, in which event the Group shall issue eligible debt instruments.

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

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

The money laundering, corruption and terrorist financing prevention and international sanctions regulations applicable to the financial sector have been, and continue to be, made stricter. The risk that banks and other financial institutions may be exploited for money laundering or terrorist financing purposes has increased worldwide. Violation or even suspected violation of any regulations preventing abuse of the financial system may lead to serious legal and/or reputational consequences for the Group, which in turn may have a material adverse effect on the Group.

The Group is consistently focused on the prevention of money laundering ("AML"), combating terrorist financing ("CFT") and compliance with international sanctions. Among other things, the Group assesses on an ongoing basis its customer base, and due diligence measures are applied in compliance with the AML/CFT risk level assigned to the client. The Group applies know your customer ("KYC") principles and updates customer data. Despite these measures, instances of non-compliance may arise, such as where the customer's risk level has been incorrectly determined based on insufficient data, and any such non-compliance may have a material adverse effect on the Group.

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

Estonian tax regulations are subject to change. For example, as a result of the separate corporate income tax ("CIT") regime targeted specifically at Estonian resident credit institutions, these institutions are required to make quarterly advance payments of income tax on the profit they earned in the previous quarter. Companies operating in other sectors remain subject to the general corporate income tax regime under which profit is subject to taxation only upon distribution.

Since 1 January 2025 advance payments of CIT must be made at a rate of 18 per cent. (previously 14 per cent.) pursuant to the Income Tax Act. Estonian credit institutions have the right to set-off the CIT payable from dividend distributions or distributions from their equity capital against the advance CIT payments that had been previously made to the tax authority under the advance payment arrangement described above. Furthermore, since 1 January 2025, the standard CIT rate for dividend and equity capital distributions has increased from the previous rate of 20 per cent. to 22 per cent. and the reduced CIT rate of 14 per cent. applied to regular dividend payments has been abolished. The increase in the applicable CIT tax rate has reduced the own funds of credit institutions and tightened their ability to issue loans. The advance CIT has a more significant impact on credit institutions in an active growth phase, such as the Group, as it reduces the own funds of the institution. Additionally, 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 (including credit institutions) from 2026 until the end of 2028. Furthermore, 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 Bank's tax costs and overall profitability.

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

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

The Issuer currently has foreign- and local currency long- and short-term issuer deposit ratings of Baa2 (outlook: positive) and P-2, respectively, from Moody's. Covered Bonds issued under the Programme may be rated by Moody's. These credit ratings are an important factor in determining the Group's cost of borrowings.

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

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

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

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

- there is a weakening in the Bank's solvency ratios, in particular if the non-performing loans ratio rises above 2 per cent.;
- net income to tangible assets falls below 1 per cent.; and
- the funding profile weakens through an increasing share of more price sensitive deposits.

In addition, the credit ratings assigned to the Bank may not reflect the potential impact of all risks related to an investment in the Covered Bonds, the market, additional factors discussed in this Base Prospectus and other factors that may affect the value of the Covered Bonds. A security rating is not a recommendation to buy, sell or hold securities. A rating may be subject to revision or withdrawal at any time by an assigning rating organisation.

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

As the Group operates in a highly competitive market and in a highly-regulated area of activity, the performance results of the Group depend to a great extent on the Group's ability to recruit and retain qualified, skilled and experienced staff. To maintain the competitiveness of the Group, and to implement strategies and operate in compliance with regulatory requirements, the Group must recruit and retain competent and skilled employees in all business segments of the Group. Additionally, key personnel have specific knowledge and skills of high importance for maintaining and enhancing the competitiveness of the Group. For example, the Group uses the services of a third-party service provider to manage and develop IT systems. In case the contract with the service provider is terminated, it might prove difficult to find personnel with the required skills and experience. The Group has so far been able to recruit the required employees from Estonia. To mitigate the risk pertaining to qualified personnel, it may be possible to hire employees from elsewhere in Europe, considering the free movement of workers within Member States of

the European Union. However, this could prove difficult as the working language of the Group is Estonian, which means that hiring from other countries would require certain changes, including the creation of an English working environment in the Group. The failure to hire qualified employees and retain the key personnel would have a material adverse effect on the Group.

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

The Group competes not only with credit institutions, but also with various creditors and payment institutions. The financial services market in which the Group operates is highly competitive, with both established market participants and newcomers. The Group competes mainly in the area of universal banking activities with both domestic credit institutions and large Scandinavian banking groups operating in the Estonian market in the areas of retail, corporate and investment banking. The market share of the Group based on the value of deposits was 6 per cent. and based on the value of loans was 6 per cent., as at 30 June 2024<sup>5</sup>. As regards the value of assets, the market share of the Group as at 31 December 2024 was 4.8 per cent.<sup>6</sup> Considering the large investments into new technologies by all financial institutions, the Group faces growing competition for all product and sales channels. Tight competition in the financial sector might also lead to bigger price pressure on the Group's products and services, which may have an adverse effect on the Group's business operations, financial position and operating results. Stronger competition in the field of deposits might lead to an increase in funding costs for the Group.

In addition, new entrants, such as financial technology companies offering web-based financial services, compete with banks more and more for customers and market share. The development of the relationship between financial technology companies and traditional banks is an apparent trend and can materially affect the existing market structure of banking services.

If the Group fails to respond to the competitive environment in its target markets by offering attractive and profitable product and service solutions, it may affect the Group's competitiveness, market share, growth potential, customer base and, therefore, its business operations, financial position and financial results may suffer.

**The Group is subject to legal risks**

The Group is subject to extensive regulatory requirements deriving from various laws. Several authorities, including the Estonian Financial Supervision and Resolution Authority, the Consumer Protection and Technical Supervision Board, the Estonian Tax and Customs Board and other authorities regularly perform supervision over the Group's business. The administrative practice and interpretation of different laws and requirements by such supervisory and other authorities may change over time. To achieve the purposes of the supervision and compliance with the laws and requirements applicable in the relevant field, the supervisory authorities are authorised to take various administrative and sanctioning measures against the market participants, such as the Bank and other Group members, from issuing precepts and making inquiries to imposing large-scale fines. Such activities of national supervision authorities and the negative effects thereof on the public reputation resulting therefrom may have an adverse effect on the Group's financial position and results of operations.

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<sup>5</sup> Source: Based on the statistics of the Estonian Finantsinspektsioon: [https://www.fi.ee/sites/default/files/fi\\_eft\\_2024\\_eng.pdf](https://www.fi.ee/sites/default/files/fi_eft_2024_eng.pdf)

<sup>6</sup> Source: Based on the statistics of the Bank of Estonia: <https://statistika.eestipank.ee/#/en/p/645/r/2690/2479> , calculated as: [Coop Annual Report 2024 "Total Assets" / Bank of Estonia statistics for the whole market "Total assets 31/12/24"](#).

## **RISKS ASSOCIATED WITH THE COVERED BONDS**

### **Default of Issuer's Assets or an inability to supplement the Cover Pool with Eligible Assets and Insolvency of the Covered Bond Portfolio**

Default of the Issuer's assets (in particular assets in the Cover Pool) or an inability to supplement the Cover Pool with Eligible Assets could jeopardise the Issuer's ability to make payments on the Covered Bonds in full or on a timely basis.

Under the ECBA in force as at the date of this Base Prospectus, to comply with the statutory requirements, the Issuer must ensure that (i) the nominal value of the total amount of the Cover Pool continuously exceeds the liabilities covered by at least five per cent. and (ii) if the known redemption value of the Covered Bonds is higher than their nominal value at the time of issue, the Cover Pool must, in addition to meeting the requirement set out in item (i), have a nominal value at least equal to the redemption value of the Covered Bonds. Where assets included in the Cover Pool no longer satisfy the above criteria, the Issuer is required to supplement the Cover Pool with additional Eligible Assets. In case of defaults of the Issuer's assets resulting in such assets ceasing to satisfy the criteria of Eligible Assets or a lack of Eligible Assets due to any other reason, the Issuer may not have sufficient assets to add to the Cover Pool to meet such referred statutory requirement. Furthermore, after the separation of the Covered Bond Portfolio from the Issuer's assets, the Issuer is not permitted under the ECBA to make any transactions with the assets in the Covered Bond Portfolio and therefore, no addition of assets to the Cover Pool can be expected following the occurrence of a separation event which may occur due to, among other things, a declaration of bankruptcy or a moratorium in respect of the Issuer; termination of the validity of the credit institution licence or additional authorisation for issuing covered bonds held by the Issuer; the passing of a court ruling providing for compulsory dissolution of the Issuer; receiving an authorisation from the Estonian Financial Supervision and Resolution Authority (*Finantsinspeksioon*) (the "EFSA") for voluntary dissolution or discontinuation of the issuance of Covered Bonds; or where the EFSA resolves that the Covered Bond Portfolio should be separated from the Issuer's assets on the grounds provided in the ECBA.

If: (i) the present value of the Cover Pool does not cover the present value of the liabilities arising from Covered Bonds and from the Derivative Instruments entered in the cover register and the expenses of management of the Covered Bond Portfolio or (ii) the Cover Pool or the income receivable from the Cover Pool is not sufficient to settle a rightful claim of at least one Covered Bondholder or at least one counterparty to a Derivative Instruments entered in the cover register and the situation is not temporary due to the financial standing of the Covered Bond Portfolio, the Covered Bond portfolio will be deemed insolvent and the EFSA may apply to court for the initiation of bankruptcy proceedings with respect to the Covered Bond Portfolio. To the extent that claims of the Covered Bondholders in respect of the Covered Bonds and counterparties to the Derivative Instruments included in the Cover Pool are not met out of the Cover Pool in the bankruptcy proceedings carried out in respect of the Covered Bond Portfolio, the Covered Bondholders and counterparties to the Derivative Instruments included in the Cover Pool may submit their claims arising from the Covered Bonds and Derivative Instruments against the Issuer or its bankruptcy estate, but such residual claims of the Covered Bondholders and counterparties to the Derivative Instruments included in the Cover Pool will not be preferred claims, will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer (save for such obligations as may be preferred by provisions of law that are both mandatory and of general application) and may thus not be satisfied in full.

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

An investment in Covered Bonds is subject to credit risk. The Issuer's ability to meet its obligations arising from the Covered Bonds and the ability of the holders of the Covered Bonds to receive payments arising from the Covered Bonds depends on the financial position and the results of operations of the Issuer, which are subject to other risks described in this Base Prospectus.

The statutory cover conferred on holders of Covered Bonds by the ECBA extends to Mortgage Loans owned by the Issuer and other Eligible Assets included in the Cover Pool. Upon the declaration of the Issuer's bankruptcy and upon the occurrence of certain other events stipulated in the ECBA, the Covered Bond Portfolio will be separated from the other assets and liabilities of the Issuer and will form an independent pool of designated assets to be managed in accordance with the ECBA and to be used solely to satisfy the claims of Covered Bondholders and of any counterparties to Derivative Instruments included in the Cover Pool and to cover the expenses related to the management of the Covered Bond Portfolio. If

after the separation of the Covered Bond Portfolio it becomes evident that the Cover Pool or proceeds therefrom are insufficient to discharge all liabilities arising from the Covered Bonds and Derivative Instruments recorded in the cover register and such situation is not temporary or the present value of the Cover Pool does not cover the present value of the relevant liabilities (such situation may occur, for instance, due to circumstances described under the risk factor "*Default of Issuer's Assets or an inability to supplement the Cover Pool with Eligible Assets and Insolvency of the Covered Bond Portfolio*"), the Covered Bond Portfolio will be deemed insolvent and the EFSA may apply to court for the initiation of bankruptcy proceedings with respect to the Covered Bond Portfolio. If the Covered Bond Portfolio becomes insolvent, to the extent that claims of the Covered Bondholders in relation to the Covered Bonds are not satisfied in the course of the bankruptcy proceedings of the Covered Bond Portfolio, the residual claims of the Covered Bondholders will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. Should the Issuer's assets be insufficient to satisfy the residual claims of the Covered Bondholders and all relevant obligations of the Issuer ranking ahead of or *pari passu* with such claims, the Covered Bondholders may lose some of their investment.

### **No ownership rights**

An investment into the Covered Bonds 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 Covered Bonds represent a debt obligation of the Issuer, which is covered by the assets in the Cover Pool, and which grants the Covered Bondholders only such rights as set forth in the Conditions.

### **There is no active trading market for the Covered Bonds**

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

The Covered Bonds are new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Covered Bonds which is already issued). If a market does develop, it may not be liquid. Therefore, no liquidity of any market in the Covered Bonds can be assured; nor the ability of the holders of the Covered Bonds to sell their Covered Bonds or the prices at which they would be able to sell their Covered Bonds.

If the Covered Bonds 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 Covered Bonds will be subject to disruptions or volatility. Any such disruption or volatility may have a negative effect on holders of the Covered Bonds, 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 Covered Bonds. If no active trading market develops, you may not be able to resell your holding of the Covered Bonds at a fair value, if at all.

Although an application has been made for the Covered Bonds to be admitted to listing on Euronext Dublin there can be no assurance that such application will be accepted, that any particular Tranche of Covered Bonds 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 any particular Tranche of Covered Bonds.

### **Exchange rates and exchange controls**

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



equivalent value of the principal payable on the Covered Bonds and (3) the Investor's Currency equivalent market value of the Covered Bonds.

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 Covered Bonds may receive less interest or principal than expected, or no interest or principal.

### **Interest rate risks**

An investment in the Covered Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Covered Bonds. Particularly long-term fixed-rate Covered Bonds involve a high risk of a material decline in value if the market rate exceeds the rate paid in accordance with the fixed-rate Covered Bonds. On the other hand, holders of Covered Bonds that are subject to redemption at the option of the Issuer should not expect, in case of falling market rates, that the price would substantially exceed the redemption price. The yield to maturity on the Covered Bonds is affected by a number of factors that cannot be predicted at the time of the investment.

### **The Covered Bonds may be redeemed prior to maturity**

Unless in the case of any particular Tranche of Covered Bonds the relevant Final Terms specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Covered Bonds due to any 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 thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Covered Bonds in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Covered Bonds the relevant Final Terms specify that the Covered Bonds are redeemable at the Issuer's option in certain other circumstances the Issuer may choose to redeem the Covered Bonds at times when prevailing interest rates may be relatively low. In such circumstances a holder of the Covered Bonds may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Covered Bonds and may only be able to do so at a significantly lower rate. This optional redemption feature is likely to limit the market value of the Covered Bonds. During any period when the Issuer may, or is perceived to be able, elect to redeem the Covered Bonds, the market value of the Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

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

Covered Bonds issued under the Programme may be represented by one or more Global Covered Bonds. Such Global Covered Bonds will be deposited with a common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Covered Bond, holders of the Covered Bonds will not be entitled to receive Definitive Covered Bonds. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Covered Bonds. While the Covered Bonds are represented by one or more Global Covered Bonds, holders of the Covered Bonds will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their participants.

While the Covered Bonds are represented by one or more Global Covered Bonds the Issuer will discharge its payment obligations under the Covered Bonds by making payments to the common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Covered Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Covered Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Covered Bonds.

Holders of beneficial interests in the Global Covered Bonds will not have a direct right to vote in respect of the relevant Covered Bonds. 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 Covered Bonds will not have a direct right under the Global Covered Bonds to take enforcement action against the Issuer in the event of a default under the relevant Covered Bonds but will have to rely upon their rights under the Deed of Covenant.

**Regulation and reform of EURIBOR or other "benchmarks" could adversely affect any Covered Bonds linked to or referencing such "benchmarks"**

The euro interbank offered rate ("**EURIBOR**") and other rates and indices which are deemed to be "benchmarks" are the subject of national, international and other regulatory guidance and proposals for reform, with further changes anticipated. 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 any Covered Bonds referencing such a benchmark.

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. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**") among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the UK Financial Conduct Authority (the "**FCA**") or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Covered Bonds linked to or referencing EURIBOR or another benchmark rate or index, in particular, if the methodology or other requirements of the benchmark are changed in order to comply with the terms of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could (amongst other things) have the effect of reducing, increasing or otherwise, 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.

The euro risk-free rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates. On 4 December 2023, the group issued its final statement, announcing completion of its mandate.

The elimination of EURIBOR or any other benchmark, changes in the manner of administration of any benchmark or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bonds linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and the potential changes to such benchmark may adversely affect such benchmark during the term of the Covered Bonds, the return on the Covered Bonds and the trading market for securities (including the Covered bonds) linked to or referencing the same benchmark.

It is not possible to predict with certainty whether, and to what extent, any benchmark, including EURIBOR will continue to be supported going forwards. This may cause any such benchmark to perform differently than they have done in the past and may have other consequences which cannot be predicted.

The "*Terms and Conditions of the Covered Bonds*" set out below provide for certain fallback arrangements in the event that a published benchmark such as EURIBOR, (including any page on which such benchmark may be published (or any other successor service)) becomes unavailable or a Benchmark Event (as defined in the Conditions) otherwise occurs in respect of an Original Reference Rate (as defined in the Conditions). Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Rate or an Alternative Reference Rate (each as defined in the Conditions), with the application of an Adjustment Spread (as defined in the Conditions) (which could be positive, negative or zero), and may include amendments to the Conditions to ensure the proper operation of the new benchmark, all as determined by the Issuer (acting in good faith and in a commercially reasonable manner and in consultation with the Independent Adviser) and as more fully described in Condition 6(h) (*Benchmark Replacement*). It is possible that the adoption of a Successor Rate or an Alternative Reference Rate, including any Adjustment Spread, may result in the Covered Bonds linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form. In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates and the involvement of an Independent Adviser of the Issuer, there is a risk that the relevant fallback provisions may not operate as expected at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Covered Bonds. 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 Floating Rate Covered Bonds or could have a material adverse effect on the value or liquidity of, and the amount payable under Floating Rate Covered Bonds. Investors should consider these matters when making their investment decision with respect to Floating Rate Covered Bonds.

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

The BRRD sets out the necessary steps and powers to ensure that bank 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 and Tier 2 instruments) and a 'bail-in and loss absorption' power (exercisable in relation to other securities that are not Tier 1 or Tier 2 capital instruments), which gives the recovery and resolution authority under the BRRD and the SRM Regulation (the "**Relevant Resolution Authority**"), the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include Covered Bonds, with the exception that the bail-in and loss absorption mechanism cannot be applied to Covered Bonds issued in accordance with the ECBA and the financial instruments used for hedging purposes which are secured in a way similar to Covered Bonds, to the extent they are secured) of a failing financial institution and/or to convert certain debt claims (which could include the Covered Bonds, with the exception that the bail-in and loss absorption mechanism cannot be applied to Covered Bonds issued in accordance with the ECBA and the financial instruments used for hedging purposes which are secured in a way similar to Covered Bonds) 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 as 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, (ii) transfer all or part of the business of the relevant financial institution to a "bridge bank" (a publicly controlled entity) and (iii) transfer assets of the relevant financial institution to an asset management vehicle to allow them to be managed over time. 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 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 general bail-in and loss absorption powers set out in the BRRD are not intended to apply to secured debt (such as the Covered Bonds) and accordingly, the FCPR provides that: (i) the bail-in and loss absorption tool may not be applied to, *inter alia*, covered bonds and financial instruments included in a covered bond portfolio and used for hedging purposes that are secured in a way similar to covered bonds; and (ii) the application of the bail-in and loss absorption tool may not affect the cover pool and upon the application of the bail-in and loss absorption tool, the cover pool shall remain segregated and with enough funding. However, to the extent that claims in relation to the Covered Bonds are not met out of the assets comprising the Cover Pool (and the Covered Bonds subsequently rank *pari passu* with unsecured debt), the Covered Bonds may be subject to write-down or conversion into equity on any application of the general bail-in and loss absorption powers, which may result in the Covered Bondholders losing some or all of their investment. Further, while the legal framework established under the BRRD has been implemented in Estonia for some time now, there remains significant uncertainty regarding the ultimate nature and scope of the bail-in and loss absorption powers under the BRRD and how they could affect the Issuer, the Group or the Covered Bondholders, and there can be no assurance that the manner in which it is implemented or the taking of any actions by the Relevant Resolution Authority contemplated in the BRRD would not adversely affect the rights of the Covered Bondholders, the price or value of the Covered Bonds and/or the Issuer's ability to satisfy its obligations under the Covered Bonds.

In addition to the BRRD, the EU has adopted the SRM Regulation, a directly applicable regulation governing the resolution of the most significant financial institutions in the Eurozone, *i.e.* a regulation establishing a Single Resolution Mechanism for them. The SRM Regulation establishes a single European resolution board (consisting of representatives from the 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. Currently, the Issuer and Coop Group do not fall under the direct supervision of the ECB and, accordingly, the Issuer and Coop Group do not currently fall under the remit of the Resolution Board, however, it cannot be ruled out that the Issuer and/or Coop Group may become subject to ECB's direct supervision and directly subject to the SRM Regulation in the future.

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. It also determines, after consulting competent authorities, including the ECB, the MREL requirement which the supervised institution or its group is 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 institution to contact potential purchasers in order to prepare for resolution of the institution. 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 institution 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 institution, would prevent its failure within a reasonable timeframe; and (iii) a resolution action is necessary in the public interest.

The exercise of any resolution powers or early intervention measures or any powers pursuant to BRRD and the SRM Regulation, if and as applicable with respect to the Issuer or any suggestion of such exercise will likely materially adversely affect the price or value of an investment in Covered Bonds and/or the ability

of the Issuer to satisfy its obligations under such Covered Bonds and could lead to the holders of the Covered Bonds losing some or all of their investment in the Covered Bonds.

### **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 EFSA. The FCPRA provides the Relevant Resolution Authority with certain resolution measures, including the power to impose in certain circumstances a suspension of activities. Any suspension of activities of the Issuer can result in the partial or complete suspension of the performance of agreements entered into by the Issuer. More broadly, the FCPRA includes all the resolution powers and measures stipulated in the BRRD, including (i) a forced sale of the credit institution (sale of business), (ii) the establishment of a bridge institution bank, or, (iii) the forced transfer of all or part of the assets, rights or obligations of the credit institution (asset separation) and (iv) the application of the general bail-in and loss absorption tool.

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. The bail-in and loss absorption tool is not intended to apply to secured debt, and hence should apply to Covered Bonds only to the extent that the amounts payable in respect of the Covered Bonds exceed the value of the cover pool against which payment of those amounts is secured. However, there remains significant uncertainty as to the ultimate nature and scope of the bail-in and loss absorption tool and how it would affect the Covered Bondholders and the Issuer.

While the FCPRA also transposes the general principles and safeguards regulated under the BRRD, including the so-called NCWO safeguard (i.e. the principle stating that no creditor of the institution subject to resolution shall incur greater losses than would have been incurred if the institution had been wound up under insolvency proceedings), their operation of this principle in various circumstances is not entirely clear on the basis of the manner of transposition of this principle into the FCPRA, in particular, in cases where write-down and conversion powers are used independently outside of resolution proceedings.

If the debt bail-in and loss absorption tool and the statutory write-down and conversion power become applicable to the Issuer, the Covered Bonds 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 Covered Bondholders 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 Covered Bondholders, the price or value of their investment in any Covered Bonds and/or the ability of the Issuer to satisfy its obligations under any Covered Bonds.

There remains uncertainty regarding how the rights and tools available under the FCPRA would affect the Issuer, the price or value of an investment in the Covered Bonds and/or the Issuer's ability to satisfy its obligations under the Covered Bonds. Accordingly, it is not possible to assess the full potential impact of the FCPRA. The Covered Bonds may under certain circumstances described above be part of the claims and debts in respect of which the Relevant Resolution Authority could use the bail-in and loss absorption powers to write-down or convert the principal of the Covered Bonds. There can be no assurances that the FCPRA and the SRM Regulation could not adversely affect the price or value of an investment in Covered Bonds subject to the provisions thereof and/or the ability of the Issuer to satisfy its obligations under such Covered Bonds. Prospective investors in the Covered Bonds should consult their own advisers as to the consequences of the implementation of the FCPRA and the SRM Regulation.

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

The conditions of the Covered Bonds are based on the laws of England in effect as at the date of issue of the relevant Covered Bonds. 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 Base Prospectus. Furthermore, the Issuer operates in a heavily regulated environment and has to comply with extensive regulations in the Republic of Estonia (including but not limited to the Estonian Credit Institutions Act and other laws and regulations regulating the activities of credit institutions). No assurance can be given as to the impact of any possible judicial decision or change to laws or administrative practices of Estonia after the date of this Base Prospectus.

### **Denominations of the Definitive Covered Bonds may be illiquid**

In relation to any issue of Covered Bonds which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Covered Bonds may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of the minimum Specified Denomination (or its equivalent). In such a case a Covered Bondholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive Definitive Covered Bonds in respect of such holding (should Definitive Covered Bonds be printed) and may need to purchase a principal amount of Covered Bonds such that its holding amounts to the minimum Specified Denomination.

If Definitive Covered Bonds are issued, Covered Bondholders should be aware that Definitive Covered Bonds which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The market values of securities issued at a substantial discount (such as Zero Coupon Covered Bonds) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the larger the remaining term of such securities the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

### **Conflicts may arise between the interests of the Calculation Agent and the interests of the Covered Bondholders**

Potential conflicts of interest may exist between the Calculation Agent (if any) and Covered Bondholders, including with respect to certain determinations and judgements that such Calculation Agent makes pursuant to the Conditions that may influence amounts receivable by the Covered Bondholders during the term of the Covered Bonds and upon their redemption.

The Issuer may appoint a Dealer as Calculation Agent in respect of an issuance of Covered Bonds under the Programme. In such a case the Calculation Agent is likely to be 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 such a 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 Covered Bondholders during the term and on the maturity of the Covered Bonds or the market price, liquidity or value of the Covered Bonds and which could be deemed to be adverse to the interests of the Covered Bondholders.

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

In accordance with Condition 22(b) (*English courts*), the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with the Covered Bonds (including any non-contractual obligation arising out of or in connection with the Covered Bonds). In accordance with Condition 22(d) (*Rights of the Covered Bondholders to take proceedings outside England*), notwithstanding Condition 22(b) (*English courts*), any Covered Bondholder may take proceedings relating to a dispute in any other courts with jurisdiction. To the extent allowed by law, Covered Bondholders 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 judgments of English courts would be assessed and carried out in Estonia in accordance with the Hague Convention of 30 June 2005 on Choice of Court Agreements and the Estonian Code of Civil Procedure, if and as applicable. On 27 June 2024, the UK ratified the Hague Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgements in Civil or Commercial Matters (the "**Hague 2019 Convention**"), which will enter into force on 1 July 2025. The Hague 2019 Convention provides for the mutual enforcement of judgements between the UK and other contracting states, including EU member states, in proceedings commenced after the Hague 2019 Convention comes into force in the UK. Asymmetric and non-exclusive jurisdiction clauses will be covered by the Hague 2019 Convention, and will apply to judgements given in proceedings initiated after the Hague 2019 Convention comes into effect, regardless of when the agreement was made.

The validity of the parties' agreement on jurisdiction, including as stipulated in Condition 22(d) 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 provisions of the Estonian Code of Civil Procedure would also apply to recognition of choice of court and enforcement of judgments of courts of other countries which are not subject to the 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), 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 untested in the practice of the Estonian Supreme Court. With respect to the recognition of judgments of foreign courts, the Estonian Code of Civil Procedure provides that a court may refuse, on the application of an interested party, to recognize 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 the Hague 2019 Convention, the ability of Covered Bondholders 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 Covered Bonds and procedural rules applied in court proceedings in Estonia**

In accordance with Condition 22(a) (*Governing Law*), the Covered Bonds are generally governed by English law, save for Condition 4 (*Status*) governing the status of the Covered Bonds and provisions relating to the coverage of the Covered Bonds as prescribed by the ECBA and other provisions where the mandatory rules of Estonian law apply. The recognition of choice of law to govern any contractual obligations would, in a situation where a relevant dispute is brought to an Estonian court (and provided that such Estonian court has jurisdiction over the dispute) be decided by the Estonian court in accordance with the 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 the foregoing 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 ("**ordre 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 Covered Bonds, 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 Covered Bonds 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 Covered Bonds could (depending on the circumstances) arise from applicable bankruptcy, insolvency, moratorium 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 Covered Bondholders of their claims against the Issuer arising from the Covered Bonds.

### **Laws applicable to assets included in the Cover Pool**

The claims under the Mortgage Loans and the mortgages that secure such claims, which form part of the assets contained in the Cover Pool, are governed by their contractual terms and various mandatory legal requirements and limitations arising from applicable laws, including mandatory consumer protection requirements, as well as rules and requirements relating to the right to enforce mortgages and dispose of the relevant property. To the extent that such requirements may restrict, limit, hinder or even prohibit certain actions in respect of the enforcement of the claims under the Mortgage Loans and the mortgages that secure such claims, there is a risk that the ability of the Issuer to realise the assets in the relevant Cover Pool may be delayed or may result in an increase in the costs of enforcement, that may ultimately lead to a reduced return to the relevant Covered Bondholders.

### **Sharing of the Cover Pool**

Under the ECBA, Covered Bondholders (along with counterparties to Derivative Instruments) are given a statutory priority in the liquidation or bankruptcy of the Issuer in relation to the assets entered into the cover register as collateral in respect of the Covered Bonds. Accordingly, notwithstanding that the Issuer has entered into liquidation or bankruptcy proceedings (as well as upon certain other events prescribed in the ECBA), the Cover Pool shall separate from the Issuer and will form an independent pool of designated assets and the Covered Bondholders (along with counterparties to Derivative Instruments and persons entitled to satisfy their claims for the account of the Cover Pool by operation of law) have the right to receive payment before all other claims against the Issuer out of the proceeds of the Cover Pool. As described in more detail under the risk factor "*Default of Issuer's Assets*", if the Covered Bond Portfolio becomes insolvent, to the extent that claims of the Covered Bondholders in respect of the Covered Bonds are not met out of the Cover Pool, in the bankruptcy proceedings carried out in relation to the Covered Bond Portfolio the residual claims of the Covered Bondholders will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer. Covered Bondholders will not have any preferential right to the Issuer's assets other than those entered into the cover register as collateral in respect of the Covered Bonds. Given the *pari passu* ranking of the Covered Bonds and Derivative Instruments under the ECBA, in the event of the Issuer's liquidation or bankruptcy, the amount available to be paid to Covered Bondholders out of the Cover Pool on a prioritised basis may be affected by the amounts payable at the relevant time to counterparties of Derivative Instruments.

The funds accrued from the assets entered in the Cover Pool of the Covered Bonds after the separation of the Covered Bond Portfolio are repaid in accordance with the terms and conditions of the Covered Bonds and Derivative Instruments and in accordance with provisions of the ECBA.

### **Transfer of the Covered Bonds and the Cover Pool after the separation of the Covered Bond Portfolio**

In case the Covered Bond Portfolio (consisting of the Covered Bonds, the Cover Pool and the Derivative Instruments entered into the Register) is separated from the Issuer, the Cover Pool administrator may, upon the permission of the EFSA, transfer the separated Covered Bond Portfolio in its entirety to another Estonian credit institution that has obtained the additional authorisation to issue covered bonds or to a credit institution of a Contracting State of the EEA Agreement which is permitted to issue, in the country where it is established, covered bonds meeting the conditions provided for in Directive (EU) 2019/2162 of the European Parliament and of the Council (the "**Covered Bond Directive**"). Upon such transfer, all rights and obligations related to the Covered Bond Portfolio being transferred, including the liabilities arising from the Covered Bond Portfolio before the transfer of the rights and obligations, shall be transferred to the acquirer. The proceeds received from transfer of the Covered Bond Portfolio in its entirety shall be used to cover the expenses of management of the Covered Bond Portfolio. The funds remaining after all expenses are covered shall be included by the Cover Pool administrator in the Issuer's bankruptcy estate or other assets. It should be noted, however, that there can be no assurance as to whether there will be a trading market for the collateral in the Cover Pool or an eligible transferee to take over the obligations relating to the Covered Bonds and the corresponding collateral after the insolvency of the Issuer or separation of the Covered Bond Portfolio.



Upon any such transfer, whether the Covered Bondholders receive all payments to which they are entitled under the Covered Bonds, and the value of the Covered Bonds may be affected by the financial standing of the transferee of the Covered Bond Portfolio.

#### **Failure of the Cover Pool to meet the requirements of the ECBA**

The Issuer will be required under the ECBA to comply with certain requirements of the ECBA as long as there is any Covered Bond outstanding. Under the ECBA, if the Cover Pool does not fulfil the requirements provided for in the ECBA, then the EFSA may (depending on the circumstances and the EFSA's discretion): (i) issue a precept requiring the Issuer to add additional Eligible Assets to the Cover Pool; (ii) determine the separation of the Covered Bond Portfolio from the Issuer; (iii) submit a bankruptcy petition with respect to the Covered Bond Portfolio; and/or (iv) revoke the Issuer's additional authorisation for the issuing of Covered Bonds.

The Issuer was granted the additional authorisation for the issuance of covered bonds in accordance with the ECBA on 13 November 2024. While there have been several covered bond issuances by other Estonian credit institutions under the ECBA, the Estonian covered bond law can still be considered relatively new and it may take some time for consistent practice in regard to and consistent interpretation of the requirements of the ECBA to emerge. As at the date of this Base Prospectus, there have been no investigations or proceedings towards the Issuer (nor any publicly disclosed investigations or proceedings towards any other Estonian issuers) for any breaches of or any non-compliance with the ECBA.

To be able to fulfil the requirements of the ECBA continuously, the Issuer has developed a new IT system for the management and monitoring of the Covered Bond Portfolio and related aspects (e.g. the fulfilment of the insurance requirements prescribed under the ECBA (please see "*Eligible cover pool assets*" under "*Overview of Estonian Regulation Regarding Covered Bonds*" below)). A third party has been involved in developing the IT system alongside the Issuer's technical team. The system specification has been written by the Issuer based on its interpretation of the requirements of the ECBA as at the date of this Base Prospectus. The system has been extensively tested by the Issuer. However, since the IT system is newly developed based on the current interpretation of the requirements of the ECBA, there is the risk that the system is not fully suitable for the Issuer or that technical issues with the system may occur. The materialisation of such risks could potentially affect the ability of the Issuer to fulfil the requirements of the ECBA.

Any of the above risks could result in the holders of Covered Bonds receiving payment according to a schedule that is different than that contemplated by the terms of the Covered Bonds (with accelerations as well as delays) or that the holders of Covered Bonds are not paid in full, in part, due to the statutory limit to the priority of holders of Covered Bonds.

#### **Ability of Supervisor to declare Covered Bonds due and payable**

If the Covered Bond Portfolio is separated from the Issuer and the Cover Pool administrator is appointed for the Cover Pool and the Covered Bond Portfolio appears to be insolvent, the Cover Pool administrator is, under the ECBA, obliged to notify the EFSA promptly thereof. On the basis of such notification or in case the EFSA itself finds that the Covered Bond Portfolio is insolvent, the EFSA may apply to court for the initiation of bankruptcy proceedings with respect to the Covered Bond Portfolio. Under the Estonian Bankruptcy Act (which applies to the bankruptcy proceedings of the Covered Bond Portfolio, with certain exceptions provided in the ECBA), as of the declaration of bankruptcy with respect to the Covered Bond Portfolio, all the claims of the creditors against the debtor are deemed to have fallen due unless otherwise provided by law. Covered Bondholders should be aware therefore that their Covered Bonds may be declared forthwith due and payable prior to their Maturity Date.

#### **Collection of Mortgage Loans and Default by Debtors**

The Mortgage Loans which secure the Covered Bonds will comprise loans secured on property located or incorporated in Estonia ("**Property**"). The Issuer will be under an obligation to substitute any assets that are, for any reason, no longer eligible for collateral with eligible assets in accordance with the ECBA. If the Issuer does not have sufficient assets to be added to the Cover Pool, the Issuer would breach its statutory obligations as stipulated by the ECBA. This could lead to the separation of the Covered Bond Portfolio and possibly to bankruptcy proceedings in respect of the Covered Bond Portfolio. Under the ECBA, following the separation of the Covered Bond Portfolio from the Issuer's assets, the Issuer is no longer entitled to

enter into any transactions in respect of assets in the Covered Bond Portfolio, which would, among other things, restrict the ability of the Issuer to top up the Cover Pool.

A debtor may default on its obligations under its Mortgage Loan. Defaults may occur for a variety of reasons. Defaults under Mortgage Loans are subject to credit, liquidity and interest rate risks and rental yield reduction (in the case of investment Properties). Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. In addition, other factors in debtors' individual, personal or financial circumstances may affect the ability of the debtors to repay the Mortgage Loans. Loss of earnings, illness, divorce, weakening of financial conditions or results of business operations and other similar factors may lead to an increase in delinquencies by and bankruptcies of borrowers, and could ultimately have an adverse impact on the ability of debtors to repay the Mortgage Loans. In addition, an individual's obligation to repay a Mortgage Loan may in certain circumstances be discharged in part in his/her personal bankruptcy proceedings if the value of the collateral does not cover the entire loan and the borrower does not have sufficient other assets and earnings to discharge in the relevant procedure, or as a result of discharge of the borrower from obligations under proceedings for release from obligations. In addition, the ability to sell a Property given as security for a Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that Property, the value of that Property and property values in general at the time. Any of the above circumstances may affect the level of proceeds available to satisfy the claims of Covered Bondholders from the Cover Pool.

#### **Value of Security over Property**

The security for a Mortgage Loan included in the Cover Pool consists of, amongst other things, the Issuer's interest in security over a Property. The value of such security and, accordingly, the level of recoveries on an enforcement of such security, may be affected by, among other things, a decline in the value of Property and the priority of such security. No assurance can be given that the values of relevant Properties will not decline or have not declined since the Mortgage Loan was originated. Although Estonian laws, in conjunction with the Estonian mortgage agreements, allow the mortgagee to commence enforcement of the mortgage without having to obtain a court ruling for such purpose, it is still possible that depending on the circumstances, the enforcement of the security may require obtaining a court decision or may be affected by court proceedings initiated by the debtor or the pledgor to delay or restrict the enforcement of the security. The ability of the Issuer to enforce a security interest, including disposal of a Property will depend on, *inter alia*: (i) the potential need to obtain a court ruling for the enforcement process and the specifics of the relevant court proceedings; (ii) the housing market or commercial property market conditions at the relevant time; (iii) the availability of buyers for the relevant Property; and (iv) the results of the specific enforcement process.

#### **Concentration of Location of Properties**

All Mortgage Loans contained in the Cover Pool will be secured on Property. The value of the Cover Pool may decline sharply and rapidly in the event of a general downturn in the value of properties in Estonia. Any such downturn may hence have an adverse effect on the Issuer's ability to satisfy its obligations under the Covered Bonds and/or the price or value of the Covered Bonds.

#### **Proceeds available to satisfy the claims of Covered Bondholders from the Cover Pool may be reduced by the payment of mandatory costs, expenses and preferred claims from the proceeds of the Cover Pool**

In accordance with the ECBA, after the separation of the Covered Bond portfolio, the Cover Pool and the proceeds received from it can be used only to satisfy the claims of the holders of the respective type of Covered Bonds and of the counterparties to the Derivative Instruments and to cover the expenses related to the management of the Covered Bond portfolio. The expenses related to the management of the Covered Bond Portfolio would likely mainly consist of the remuneration of the Cover Pool administrator and the expenses he or she incurs in the performance of his or her duties. The remuneration of the Cover Pool administrator shall be decided by a court, on the proposal of the EFSA, which corresponds to the qualification of the Cover Pool administrator and the scope and complexity of his or her assignments.

Pursuant to the ECBA in effect as at the date of this Base Prospectus, the yearly remuneration of the Cover Pool administrator may not exceed 0.5 per cent. of the value of the cover assets included in the Cover Pool. There is no fixed limit on the reimbursement of the Cover Pool administrator's expenses, but the ECBA provides that the Cover Pool administrator is only entitled to demand reimbursement of necessary expenses, on the basis of an application to the EFSA. The EFSA is obliged to verify whether the expenses incurred in the performance of the Cover Pool administrator's duties were justified and approve the amount of the necessary and justified expenses.

In the event that the Covered Bond Portfolio is declared bankrupt, the use and distribution of proceeds received from the Covered Bond Portfolio shall be carried out in accordance with the Estonian Bankruptcy Act, among others, with the following specification provided in the ECBA:

- only the Covered Bondholders, the counterparties to the Derivative Instruments who have a claim under section 48 of the Bankruptcy Act, and other persons whose claims may be satisfied at the expense of the Cover Pool or proceeds received from it according to law, can be creditors in bankruptcy proceedings concerning the Covered Bond Portfolio; and
- claims arising from Derivative Instruments and Covered Bonds shall have the same ranking and shall be satisfied before the claims of other creditors.

In accordance with the above, the following payments may be made from the proceeds of the Covered Bond Portfolio prior to the satisfaction of the claims arising from Derivative Instruments and Covered Bonds:

- claims arising from the consequences of exclusion or recovery of assets;
- maintenance support paid to the debtor and his or her dependants (which would not be relevant in case of a legal entity);
- in bankruptcy proceedings regarding the estate, the expenses paid for the bequeather's funeral, maintenance of his/her family members, administration of the estate and conducting the inventory of the obligations related to the estate (which would not be relevant in case of a legal entity);
- consolidated obligations; and
- the costs of the bankruptcy proceedings.

Consolidated obligations are: (i) obligations arising from transactions and other acts performed by a trustee in the performance of his or her duties in the bankruptcy proceedings; (ii) expenses of administration of the bankruptcy estate by the trustee during the bankruptcy proceedings regarding the estate; (iii) obligations arising from contracts which the debtor has failed to perform, if the trustee has continued performance of the obligations or given notification that he or she intends to require performance of the contract; (iv) taxes relating to continuation of the business activities of the debtor; (v) obligations to compensate for the damage caused during the bankruptcy proceedings by an unlawful action of a debtor who is a legal person; and/or (vi) other obligations deemed to be consolidated obligations pursuant to the Estonian Bankruptcy Act.

In the event that any of the above described costs or expenses arise, such costs and expenses would be satisfied before the claims of the Covered Bondholders and the counterparties to the Derivative Instruments, meaning that that proceeds receivable by the Covered Bondholders and the counterparties to the Derivative Instruments on the account of the Cover Pool may be reduced.

#### **Estonian Covered Bond Legislation is Untested and May be Modified**

The ECBA was originally adopted on 13 February 2019 and came into effect on 1 March 2019. In 2021, various amendments, including amendments resulting from the implementation of the Covered Bond Directive came into effect. The ECBA also received minor amendments in June 2024.

The protection afforded to the holders of the Covered Bonds by means of a preference on the Cover Pool is based only on the ECBA. As at the date of this Base Prospectus, there is no practical experience in relation to the operation of the ECBA and its interpretation by Estonian courts. Furthermore, the provisions of the ECBA may be modified from time to time after the Issue Date of the Covered Bonds.

## **No Events of Default**

The terms and conditions of the Covered Bonds do not include any events of default relating to the Issuer, and therefore the terms and conditions of the Covered Bonds do not entitle Covered Bondholders to accelerate the Covered Bonds. As such, it is envisaged that Covered Bondholders will only be paid the scheduled interest payments under the Covered Bonds as and when they fall due under the terms and conditions of the Covered Bonds. As an exception to the above, under the ECBA, the claims arising from the Covered Bonds would become due and payable upon the declaration of the bankruptcy of the separated Covered Bond Portfolio - in such case, the Covered Bonds would become due and payable automatically, without entitling the Covered Bondholders to decide whether or not to accelerate the Covered Bonds. The absence of any events of default from the Conditions may make it less likely that the Covered Bondholders will recoup their investment in full in the event that the Issuer experiences financial distress.

## **Limited Description of the Cover Pool**

Covered Bondholders will not receive detailed statistics or information in relation to the Mortgage Loans and other Eligible Assets covering the Covered Bonds as it is expected that the composition of the portfolio of such Mortgage Loans and other Eligible Assets may change from time to time due to, for example, the inclusion and removal of Mortgage Loans to the Cover Pool from time to time. The Issuer does, however, have an obligation under the ECBA to publish certain prescribed information set out in the ECBA every quarter on its website relating to, inter alia, (i) the nominal value of outstanding covered bonds and of the cover pool; (ii) a list of all covered bonds under that covered bond programme with the International Securities Identification Numbers (ISINs), if any; (iii) the maturity structure of the covered bonds and the cover pool; (iv) the geographical distribution of the value of cover assets, at least to the accuracy of country, based on the location of the property standing as security for a mortgage credit or commercial mortgage credit, and the location of the debtor or issuer in the case of other cover assets; (v) the type of property included in the cover pool, the total size and valuation method of the loans included in the cover pool; (vi) the distribution of substitute collateral, in terms of its value, between the types specified in subsection 20 (1) of the ECBA; (vii) the level of the liquidity buffer and information about the ratio between the total liquidity buffer and the payment obligations of the next 180 days; (viii) the percentage of the amount of substitute collateral, which has been in default for over 90 days or which the issuer estimates to be doubtful, in the cover pool; (ix) details in relation to market risk, including interest rate risk and currency risk, and credit and liquidity risks; (x) a list of the conditions suspending the maturity of a payment obligation; (xi) the amount of the main collateral, mandatory overcollateral and voluntary overcollateral; (xii) information about counterparties of derivative contracts; and (xiii) the methodology for calculating the ratio between credit and the value of the property standing as security for the credit. Furthermore, for mortgage covered bonds (such as the Covered Bonds), the ECBA requires information regarding the percentage of the amount of mortgage credits, which have been in default for over 90 days or which the issuer estimates to be doubtful, in the cover pool to be published on quarterly basis on the website of the issuer.

As the composition of the Cover Pool may change from time to time, there are no assurances that the credit quality of the assets in the Cover Pool will remain the same as at the date of this Base Prospectus or on or after the issue date of any Covered Bonds.

## **Reliance on Derivative Transaction Providers**

The Issuer may from time to time enter into one or more derivative instruments ("**Derivative Instruments**") included in the Cover Pool to hedge against risks relating to Covered Bonds and recorded, in accordance with the ECBA, in the cover register maintained by the Issuer.

To provide a hedge against possible variances in the rates of interest receivable on the Mortgage Loans and other Eligible Assets from time to time included in the Cover Pool as cover assets for the Covered Bonds (which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or interest rate caps or collars) and the interest rate(s) under the Covered Bonds, the Issuer may from time to time enter into one or more interest rate derivative transactions, and to provide a hedge against possible variances in the currency in which payments will be made to the Issuer in respect of the Mortgage Loans and other assets from time to time held by the Issuer as collateral for the Covered Bonds and the currencies in which the Issuer will be required to make payments in respect of the Covered Bonds, the Issuer may from time to time enter into currency swap transactions. If the Issuer enters into a relevant derivative transaction at the time of an issuance of Covered Bonds, the Issuer shall disclose in the Final Terms the

nature of the hedge (for example, an interest rate swap transaction or a currency swap transaction) and the identity of the derivative transaction counterparty.

If the Issuer does not enter into any relevant derivative transaction or any derivative transaction counterparty defaults on its obligations to make payments in the relevant currency and/or at the relevant rate of interest under the relevant derivative transaction, the Issuer and the Covered Bond Portfolio will be exposed to changes in the relevant rates of interest and/or the relevant currency exchange rates. Unless one or more new or replacement Derivative Instruments are entered into, the Issuer may not have sufficient funds to make payments under all Covered Bonds then outstanding and the Covered Bond Portfolio may not be sufficient to satisfy all the claims of the Covered Bondholders.

**The value of the Covered Bonds 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 Covered Bonds.

**Risks relating to the ratings of the Covered Bonds**

The ratings assigned to the Covered Bonds to be issued under the Programme by one or more independent credit rating agencies express a relative ranking of creditworthiness.

The expected ratings of the Covered Bonds will be set out in the relevant Final Terms for each Tranche of Covered Bonds. A rating agency may lower its rating or withdraw its rating if, in the sole judgment of such rating agency, the credit quality of the Covered Bonds has declined or is in question. If any rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may be reduced.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. A rating may not reflect the potential impact of all of the risks related to the structure, market, additional factors discussed above and other factors that may affect the value of the Covered Bonds.

In general, European regulated investors are restricted from using a rating for regulatory purposes in the 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. The list of registered and certified rating agencies published by ESMA or the FCA on their respective websites in accordance with the EU CRA Regulation or the UK CRA Regulation (as the case may be) 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 or FCA list.

Covered Bondholders should note that at any time a rating agency may revise its relevant rating methodology or revise its current ratings criteria with result that, among other things, any rating assigned to the Covered Bonds may be lowered and/or in order to comply with any such revised criteria or rating methodology, amendments may be made to the transaction documents.

Any changes to the methodology applied for rating covered bonds or the expectations a rating agency with regards to the nature of counterparty contracts and ratings of Cover Pool counterparties might lead to a downgrade of the Covered Bonds or re-affirmation of the Covered Bond rating and might require that certain amendments are made to the transaction documents to be able to satisfy the revised criteria.

For the avoidance of doubt, the Issuer will not be obliged, following a change in rating methodology by a rating agency to amend any of the Conditions of a relevant Series to maintain the then ratings of the Covered Bonds.

### **The Issuer may make modifications to the Conditions without the Covered Bondholders' prior consent**

The Conditions and the Agency Agreement contain provisions for calling meetings (including by way of conference call or by use of a videoconference platform) of Covered Bondholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Covered Bondholders including Covered Bondholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Covered Bondholders who voted in a manner contrary to the majority.

Furthermore, the Conditions of the Covered Bonds provide that the Covered Bonds, the Conditions of the Covered Bonds and the Deed of Covenant may be amended without the consent of the Covered Bondholders or the Couponholders to correct a manifest error or to comply with any amendments, updates and/or modifications to the ECBA or any other 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 Covered Bonds or the Covered Bond Portfolio. The Issuer cannot foresee, as at the date of this Base Prospectus, what such changes may entail, however, any changes made will be binding on Covered Bondholders.

The Issuer may also agree with the Fiscal Agent and without the consent or sanction of any of the holders of any Series of Covered Bonds and/or the Couponholders to:

- (a) any modification (except for any modification that relates to a Reserved Matter) of the Covered Bonds, the Coupons, the Deed of Covenant or the Agency Agreement which is, in the opinion of the Issuer, not prejudicial to the interests of the Covered Bondholders; or
- (b) any modification of the Covered Bonds, the Coupons, the Deed of Covenant or the Agency Agreement which is, in the sole opinion of the Issuer, of a formal, minor or technical nature or is made to correct a manifest error or to comply with Mandatory Provisions of Law.

The parties to the Agency Agreement are also required to, without the consent or sanction of any of the holders of any Series of Covered Bonds and/or the Couponholders, concur with the Issuer in making any modifications to the transaction documents and/or the Conditions that are requested by the Issuer to comply with any criteria of the rating agencies which may be published after the date of this Base Prospectus and which the Issuer certifies in writing are required to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a rating agency to any Series of Covered Bonds.

In addition, the parties to the Agency Agreement are required to, and Issuer may also agree to EMIR Related Modifications (as defined below), without the consent of the holders of Covered Bonds or couponholders of any Series subject to the Issuer certifying that the requested modifications of the terms and conditions applying to Covered Bonds of any one or more Series (including the Conditions), and/or Coupons and/or any relevant Conditions are to be made solely for the purpose of enabling the Issuer to comply with any requirements which apply to it under Regulation (EU) 648/2012 (the "**European Market Infrastructure Regulation**" or "**EMIR**") ("**EMIR Related Modifications**") and such EMIR Related Modifications do not relate to a Reserved Matter.

The Issuer may also amend, by a notice to, but without requiring the consent of, the Covered Bondholders, the circumstances in which automatic extension of the maturity date of the Covered Bonds can apply if it determines that such circumstances qualify as permitted conditions for automatic extension of maturity under the ECBA (as in force at the relevant time) See "*Extended Maturity of the Covered Bonds*" below for more details.

### **Extended Maturity of the Covered Bonds**

If "Extended Maturity Date" is specified as applicable in the relevant Final Terms and a bankruptcy, compulsory dissolution or another event (as more fully described in Condition 9(i)(i)(B)) has occurred in respect of the Issuer or the EFSA otherwise resolves on the separation of the Covered Bond portfolio from the Issuer on the grounds stipulated in the ECBA and, as a result of such an event the Covered Bonds are not redeemed in full on the Maturity Date at their Final Redemption Amount or within three Business Days

thereafter, the maturity of the outstanding principal amount of such Covered Bonds on the Maturity Date will be automatically extended to the Extended Maturity Date in accordance with Condition 9(i) (*Extension of maturity to Extended Maturity Date*) and notification of such shall be delivered to the relevant Covered Bondholders and to the Paying Agents. In the event of such extension, the Issuer shall redeem the outstanding principal amount of such Covered Bonds at their Final Redemption Amount on the Extended Maturity Date. In addition, all or any part of the outstanding principal amount of such Covered Bonds may be redeemed on any extended Interest Payment Date, occurring during the period up to and including the Extended Maturity Date. The extension of the maturity of the outstanding principal amount of the Covered Bonds to the Extended Maturity Date will not result in any right of the Covered Bondholders to accelerate payments on such Covered Bonds and no payment will be payable to the Covered Bondholders in that event other than as set out in the Conditions.

If repayment of a particular Series of Covered Bonds is extended to its Extended Maturity Date, then it is possible that other Series of Covered Bonds where Extended Maturity Date is specified as being not applicable might be fully or partially paid before such Series of Covered Bonds that have an Extended Maturity Date.

Furthermore, pursuant to Condition 9(i)(i), the Issuer may amend, by a notice to the Covered Bondholders, the circumstances in which such automatic extension can apply if it determines that such circumstances qualify as permitted conditions for automatic extension of maturity under the ECBA (as in force at the relevant time). By virtue of this Condition the Issuer is entitled to unilaterally specify other circumstances that are not known at the date of this Base Prospectus in which the maturity of the outstanding principal amount of the Covered Bonds will be automatically extended to the Extended Maturity Date in accordance with Condition 9(i) (*Extension of maturity to Extended Maturity Date*), provided that the addition of such other circumstances are permitted by the ECBA as then in force.

Under Estonian law, after the separation of the Covered Bond Portfolio from the Issuer's assets which may arise due to a declaration of bankruptcy or a moratorium in respect of the Issuer; the passing of a court ruling providing for compulsory dissolution of the Issuer or other circumstances described in the section "*Overview of Estonian Regulation Regarding Covered Bonds – Separation of the covered bond portfolio*", the Issuer will then not be permitted to make any transactions with the assets in the Covered Bond Portfolio. As such, unlike the period prior to occurrence of such events (see further – *Risk Factors - Risks associated with the legal and regulatory environment - Limited Description of the Cover Pool*) the Covered Bond Portfolio will not be dynamic and, as such, no enhancement of the credit quality of the assets in the Cover Pool can be expected.

## INFORMATION INCORPORATED BY REFERENCE

The information set out below that is incorporated by reference in this Base Prospectus is a direct translation into English from the original languages of such information. 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 Base Prospectus:

1. the 2022 Financial Statements (including the auditor's report thereon and notes thereto) prepared in accordance with IFRS (set out on pages 42 to 127 of the 2022 annual report of the Group) (available at: [https://res30f.cooppank.ee/image/upload/v1716131095/investor\\_lehed/aruandlus/ENG/2022/2\\_CoopPank\\_consolidated\\_audited\\_2022\\_eng.pdf](https://res30f.cooppank.ee/image/upload/v1716131095/investor_lehed/aruandlus/ENG/2022/2_CoopPank_consolidated_audited_2022_eng.pdf));
2. the 2023 Financial Statements (including the auditor's report thereon and notes thereto) prepared in accordance with IFRS (set out on pages 41 to 126 of the 2023 annual report of the Group) (available at: [https://res30f.cooppank.ee/image/upload/v1716131096/investor\\_lehed/aruandlus/ENG/2023/Coop\\_Pank\\_consolidated\\_audited\\_2023\\_eng\\_.pdf](https://res30f.cooppank.ee/image/upload/v1716131096/investor_lehed/aruandlus/ENG/2023/Coop_Pank_consolidated_audited_2023_eng_.pdf)); and
3. the Issuer's Interim Financial Statements (including the notes thereto and set out on pages 8 to 20 of the interim report of the Group) (available at: [https://res30f.cooppank.ee/image/upload/investor\\_lehed/aruandlus/ENG/2024/Interim\\_report\\_12m\\_2024\\_EN.pdf](https://res30f.cooppank.ee/image/upload/investor_lehed/aruandlus/ENG/2024/Interim_report_12m_2024_EN.pdf)):

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge, at Maakri 30, Tallinn 15014, Estonia.

Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus. Unless specifically incorporated by reference into this Base Prospectus, information contained on the website does not form part of this Base Prospectus. References in the auditor's reports to "other information" are references to other information in the respective annual reports. Such other information is not incorporated by reference in this Base Prospectus.



## FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "**necessary information**" means, in relation to any Tranche of Covered Bonds, the necessary information which is material to an investor for making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Covered Bonds and the reasons for the issuance and its impact on the Issuer. In relation to the different types of Covered Bonds which may be issued under the Programme the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Covered Bonds which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Covered Bonds.

Any information relating to the Covered Bonds which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Covered Bonds will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Covered Bonds which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Covered Bonds which is the subject of Final Terms are the Conditions described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Covered Bonds which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Covered Bonds which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the relevant Covered Bonds or (2) by a registration document (the "**Registration Document**") containing the necessary information relating to the Issuer, a securities note containing the necessary information relating to the relevant Covered Bonds and, if necessary, a summary note.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank of Ireland in accordance with the Prospectus Regulation. Statements contained in any such supplement (or contained in any information incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Covered Bonds, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Covered Bonds.

## FORMS OF THE COVERED BONDS

### **Bearer Covered Bonds**

Each Tranche of Covered Bonds in bearer form ("**Bearer Covered Bonds**") will initially be in the form of either a Temporary Global Covered Bond in bearer form (the "**Temporary Global Covered Bond**"), without interest coupons, or a Permanent Global Covered Bond in bearer form (the "**Permanent Global Covered Bond**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Covered Bond or, as the case may be, Permanent Global Covered Bond (each a "**Global Covered Bond**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Covered Bonds with a depositary or a common depositary for Euroclear Bank SA/NV as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking, S.A., Luxembourg ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Covered Bond which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Covered Bonds with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the ECB announced that Covered Bonds in NGN form are in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the "**Eurosystem**"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Covered Bonds in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The relevant Final Terms will indicate whether such Bearer Covered Bonds are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Bearer Covered Bonds are to be so held does not necessarily mean that the Bearer Covered Bonds of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

In the case of each Tranche of Bearer Covered Bonds, the relevant Final Terms will also specify whether United States Treasury Regulation § 1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation § 1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Covered Bonds or, if the Covered Bonds do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

### ***Temporary Global Covered Bond exchangeable for Permanent Global Covered Bond***

If the relevant Final Terms specifies the form of Covered Bonds as being "**Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond**", then the Covered Bonds will initially be in the form of a Temporary Global Covered Bond which will be exchangeable, in whole or in part, for interests in a Permanent Global Covered Bond, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Covered Bonds upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Covered Bond unless exchange for interests in the Permanent Global Covered Bond is improperly withheld or refused. In addition, interest payments in respect of the Covered Bonds cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Covered Bond is to be exchanged for an interest in a Permanent Global Covered Bond, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Covered Bond to the bearer of the Temporary Global Covered Bond or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Covered Bond in accordance with its terms against:

- (i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Covered Bond to or to the order of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership.

The principal amount of Covered Bonds represented by the Permanent Global Covered Bond shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership **provided, however, that** in no circumstances shall the principal amount of Covered Bonds represented by the Permanent Global Covered Bond exceed the initial principal amount of Covered Bonds represented by the Temporary Global Covered Bond.

If:

- (a) the Permanent Global Covered Bond has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Covered Bond has requested exchange of an interest in the Temporary Global Covered Bond for an interest in a Permanent Global Covered Bond; or
- (b) the Temporary Global Covered Bond (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Covered Bonds or the date for final redemption of the Temporary Global Covered Bond has occurred (taking into consideration any applicable extended maturity date) and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Covered Bond in accordance with the terms of the Temporary Global Covered Bond on the due date for payment,

then the Temporary Global Covered Bond (including the obligation to deliver a Permanent Global Covered Bond) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Covered Bond will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Covered Bond or others may have under the Deed of Covenant).

The Permanent Global Covered Bond will become exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Covered Bond, for Bearer Covered Bonds in definitive form ("**Definitive Covered Bonds**"):

- (a) on the expiry of such period of notice as may be specified in the Final Terms; or
- (b) at any time, if so specified in the Final Terms; or
- (c) if the Final Terms specifies "**in the limited circumstances described in the Permanent Global Covered Bond**", then if Euroclear or Clearstream, Luxembourg or any other relevant clearing system 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.

Whenever the Permanent Global Covered Bond is to be exchanged for Definitive Covered Bonds, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Covered Bonds, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Covered Bonds represented by the Permanent Global Covered Bond to the bearer of the Permanent Global Covered Bond against the surrender of the Permanent Global Covered Bond to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Covered Bonds have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Covered Bond for Definitive Covered Bonds; or
- (b) the Permanent Global Covered Bond was originally issued in exchange for part only of a Temporary Global Covered Bond representing the Covered Bonds and such Temporary Global Covered Bond becomes void in accordance with its terms; or
- (c) the Permanent Global Covered Bond (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Covered Bonds or the date for final redemption of the Permanent Global Covered Bond has occurred and, in either case, payment in full of the

amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Covered Bond on the due date for payment,

then the Permanent Global Covered Bond (including the obligation to deliver Definitive Covered Bonds) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on the date on which such Temporary Global Covered Bond becomes void (in the case of (b) above) or at 5.00 p.m. (London time) on such due date ((c) above) and the bearer of the Permanent Global Covered Bond will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Covered Bond or others may have under the Deed of Covenant).

***Temporary Global Covered Bond exchangeable for Definitive Covered Bonds***

If the relevant Final Terms specifies the form of Covered Bonds as being "**Temporary Global Covered Bond exchangeable for Definitive Covered Bonds**" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Covered Bonds will initially be in the form of a Temporary Global Covered Bond which will be exchangeable, in whole but not in part, for Definitive Covered Bonds not earlier than 40 days after the issue date of the relevant Tranche of the Covered Bonds.

If the relevant Final Terms specifies the form of Covered Bonds as being "**Temporary Global Covered Bond exchangeable for Definitive Covered Bonds**" and also specifies that the TEFRA D Rules are applicable, then the Covered Bonds will initially be in the form of a Temporary Global Covered Bond which will be exchangeable, in whole or in part, for Definitive Covered Bonds not earlier than 40 days after the issue date of the relevant Tranche of the Covered Bonds upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Covered Bonds cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Covered Bond is to be exchanged for Definitive Covered Bonds, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Covered Bonds, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Covered Bond to the bearer of the Temporary Global Covered Bond against the surrender of the Temporary Global Covered Bond to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Covered Bonds have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Temporary Global Covered Bond for Definitive Covered Bonds; or
- (b) the Temporary Global Covered Bond (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Covered Bonds or the date for final redemption of the Temporary Global Covered Bond has occurred (taking into consideration any applicable extended maturity date) and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Temporary Global Covered Bond on the due date for payment,

then the Temporary Global Covered Bond (including the obligation to deliver Definitive Covered Bonds) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Covered Bond will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Covered Bond or others may have under the Deed of Covenant).

***Permanent Global Covered Bond exchangeable for Definitive Covered Bonds***

If the relevant Final Terms specifies the form of Covered Bonds as being "**Permanent Global Covered Bond exchangeable for Definitive Covered Bonds**", then the Covered Bonds will initially be in the form of a Permanent Global Covered Bond which will be exchangeable in whole, but not in part, for Definitive Covered Bonds:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specifies "**in the limited circumstances described in the Permanent Global Covered Bond**", then if Euroclear or Clearstream, Luxembourg or any other relevant clearing system 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.

Whenever the Permanent Global Covered Bond is to be exchanged for Definitive Covered Bonds, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Covered Bonds, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Covered Bonds represented by the Permanent Global Covered Bond to the bearer of the Permanent Global Covered Bond against the surrender of the Permanent Global Covered Bond to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Covered Bonds have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Covered Bond for Definitive Covered Bonds; or
- (b) the Permanent Global Covered Bond (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Covered Bonds or the date for final redemption of the Permanent Global Covered Bond has occurred (taking into consideration any applicable extended maturity date) and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Covered Bond on the due date for payment,

then the Permanent Global Covered Bond (including the obligation to deliver Definitive Covered Bonds) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date ((b) above) and the bearer of the Permanent Global Covered Bond will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Covered Bond or others may have under the Deed of Covenant).

#### ***Rights under Deed of Covenant***

Under the Deed of Covenant, 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 Temporary Global Covered Bond or a Permanent Global Covered Bond which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Covered Bond or Permanent Global Covered Bond became void, they had been the holders of Definitive Covered Bonds in an aggregate principal amount equal to the principal amount of Covered Bonds they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

#### ***Terms and Conditions applicable to the Covered Bonds***

The terms and conditions applicable to any Definitive Covered Bond will be endorsed on that Covered Bond and will consist of the terms and conditions set out under "*Terms and Conditions of the Covered Bonds*" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Covered Bond in global form will differ from those terms and conditions which would apply to the Covered Bond were it in definitive form to the extent described under "*Summary of Provisions Relating to the Covered Bonds while in Global Form*" below.

#### ***Legend concerning United States persons***

In the case of any Tranche of Bearer Covered Bonds having a maturity of more than 365 days, the Covered Bonds in global form, the Covered Bonds in definitive form 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."*

### **Registered Covered Bonds**

Each Tranche of Registered Covered Bonds will be in the form of either individual Covered Bond Certificates in registered form ("**Individual Covered Bond Certificates**") or a Global Covered Bond in registered form (a "**Global Registered Covered Bond**"), in each case as specified in the relevant Final Terms.

Each Global Registered Covered Bond will either be: (a) in the case of a Covered Bond which is not to be held under the new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**"), registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Covered Bond will be deposited on or about the issue date with the common depository and will be exchangeable in accordance with its terms; or (b) in the case of a Covered Bond to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Covered Bond will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg and will be exchangeable for Individual Covered Bond Certificates in accordance with its terms.

The relevant Final Terms will indicate whether such Registered Covered Bonds are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Registered Covered Bonds are to be so held does not necessarily mean that the Registered Covered Bonds of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

If the relevant Final Terms specifies the form of Covered Bonds as being "**Individual Covered Bond Certificates**", then the Covered Bonds will at all times be in the form of Individual Covered Bond Certificates issued to each Covered Bondholder in respect of their respective holdings.

If the relevant Final Terms specifies the form of Covered Bonds as being "**Global Registered Covered Bond exchangeable for Individual Covered Bond Certificates**", then the Covered Bonds will initially be in the form of a Global Registered Covered Bond which will be exchangeable in whole, but not in part, for Individual Covered Bond Certificates:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specifies "**in the limited circumstances described in the Global Registered Covered Bond**", then if Euroclear or Clearstream, Luxembourg or any other relevant clearing system 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.

Whenever the Global Registered Covered Bond is to be exchanged for Individual Covered Bond Certificates, the Issuer shall procure that Individual Covered Bond Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Covered Bond within five business days of the delivery, by or on behalf of the registered holder of the Global Registered Covered Bond to the Registrar of such information as is required to complete and deliver such Individual Covered Bond Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Covered Bond Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Covered Bond at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Covered Bonds scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in

respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Covered Bond Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Global Registered Covered Bond; or
- (b) any of the Covered Bonds represented by a Global Registered Covered Bond (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Covered Bonds or the date for final redemption of the Covered Bonds has occurred (taking into consideration any applicable extended maturity date) and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Registered Covered Bond in accordance with the terms of the Global Registered Covered Bond on the due date for payment,

then the Global Registered Covered Bond (including the obligation to deliver Individual Covered Bond Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the holder of the Global Registered Covered Bond will have no further rights thereunder (but without prejudice to the rights which the holder of the Global Registered Covered Bond or others may have under the Deed of Covenant). Under the Deed of Covenant, 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 Registered Covered Bond will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Registered Covered Bond became void, they had been the holders of Individual Covered Bond Certificates in an aggregate principal amount equal to the principal amount of Covered Bonds they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

***Terms and Conditions applicable to the Covered Bonds***

The terms and conditions applicable to any Individual Covered Bond Certificate will be endorsed on that Individual Covered Bond Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Covered Bonds*" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Global Registered Covered Bond will differ from those terms and conditions which would apply to the Covered Bond were it in definitive form to the extent described under "*Summary of Provisions Relating to the Covered Bonds while in Global Form*" below.

## TERMS AND CONDITIONS OF THE COVERED BONDS

*The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on or incorporated by reference in each Global Covered Bond or Covered Bond in definitive form issued under the Programme. The terms and conditions applicable to any Covered Bond in global form will differ from those terms and conditions which would apply to the Covered Bond were it in definitive form to the extent described under "Summary of Provisions Relating to the Covered Bonds while in Global Form" below.*

### 1. Introduction

- (a) **Programme:** Coop Pank AS (the "**Issuer**") has established a Covered Bond Programme (the "**Programme**") for the issuance of up to EUR 750,000,000 in aggregate principal amount of covered bonds (the "**Covered Bonds**").
- (b) **Final Terms:** Covered Bonds issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Covered Bonds. Each Tranche is the subject of a final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Covered Bonds are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) **Agency Agreement:** The Covered Bonds are the subject of an issue and paying agency agreement dated 19 February 2025 (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 Covered Bonds), Citibank Europe Plc as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Covered Bonds), 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 Covered Bonds) and the transfer agents named therein (together with the Registrar, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Covered Bonds). In these Conditions references to the "**Agents**" are to the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them.
- (d) **Deed of Covenant:** The Covered Bonds may be issued in bearer form ("**Bearer Covered Bonds**"), or in registered form ("**Registered Covered Bonds**"). Registered Covered Bonds are constituted by a deed of covenant dated 19 February 2025 (the "**Deed of Covenant**") entered into by the Issuer.
- (e) **The Covered Bonds:** All subsequent references in these Conditions to "**Covered Bonds**" are to the Covered Bonds which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing and copies may be obtained from Coop Pank AS, at Maakri 30, 15014 Tallinn, Estonia.
- (f) **Summaries:** Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. Covered Bondholders and the holders of the related interest coupons, if any, (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 (i) available for inspection or collection by Covered Bondholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below or (ii) may be provided by email to a Covered Bondholder following their prior written request to any Paying Agent or the Registrar and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent or the Registrar, as the case may be). If the Covered Bonds are to be admitted to trading on the regulated market of Euronext Dublin,



the applicable Final Terms will be published on the website of Euronext Dublin (<https://live.euronext.com/>).

## 2. Interpretation

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

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Business Day**" means:

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
  - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(e) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**"Calculation Agent"** means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

**"Calculation Amount"** has the meaning given in the relevant Final Terms;

**"CIBOR"** means, in respect of Danish Kroner and for any specified period, the interest rate benchmark known as the Copenhagen interbank offered rate which is calculated and published by a designated distributor (currently NASDAQ Copenhagen) in accordance with the requirements from time to time of the Danish Financial Benchmark Facility ApS based on estimated interbank borrowing rates for Danish Kroner for a number of designated maturities which are provided by a panel of contributor banks (details of historic CIBOR rates can be obtained from the designated distributor);

**"Covered Bondholder"**, in the case of Bearer Covered Bonds, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Covered Bonds*) and, in the case of Registered Covered Bonds, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Covered Bonds*);

**"Coupon Sheet"** means, in respect of a Covered Bond, a coupon sheet relating to the Covered Bond;

**"Credit Institutions Act"** means the Estonian Credit Institutions Act;

**"CRR"** means Regulation 575/2013, as the same may be amended or replaced from time to time;

**"Day Count Fraction"** means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (a) if **"Actual/Actual (ICMA)"** is so specified, means:
- (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

- (ii) where the Calculation Period is longer than one Regular Period, the sum of:
- (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (b) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30";

- (f) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

(g) if "30E/360 (ISDA)" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30,

**provided, however, that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Early Redemption Amount (Tax)**" means, in respect of any Covered Bond, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**ECBA**" has the meaning given to such term in Condition 4 (*Status of the Covered Bonds*);

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

"**Extended Maturity Date**" has the meaning given in the relevant Final Terms;

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

"**Final Redemption Amount**" means, in respect of any Covered Bond, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**First Interest Payment Date**" means the date specified in the relevant Final Terms;

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;

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

"**Interest Commencement Date**" means the Issue Date of the Covered Bonds or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"**Interest Determination Date**" has the meaning given in the relevant Final Terms;

"**Interest Payment Date**" means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date or the relevant payment date if the Covered Bonds become payable on a date other than an Interest Payment Date;

"**Issue Date**" has the meaning given in the relevant Final Terms;

"**Mandatory Provisions of Law**" means any amendments, updates and/or modifications to the ECBA or any other 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 Covered Bonds or the Covered Bond Portfolio;

"**Margin**" has the meaning given in the relevant Final Terms;

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Mortgage Loan**" means a loan or a credit issued to a natural person and secured by a mortgage or mortgages over residential property, in the meaning of Article 4(1)(75) of the CRR, located in the territory of a Contracting State of the EEA Agreement which comply with the conditions provided for in the ECBA;

"**NIBOR**" means, in respect of Norwegian Kroner and for any specified period, the interest rate benchmark known as the Norwegian interbank offered rate which is calculated and

published by a designated distributor (currently Global Rate Set Systems) in accordance with the requirements from time to time of the Norwegian association for banks, insurance companies and financial institutions, Finance Norway – FNO based on estimated interbank borrowing rates for Norwegian Kroner for a number of designated maturities which are provided by a panel of contributor banks (details of historic NIBOR rates can be obtained from the designated distributor);

**"Optional Redemption Amount (Call)"** means, in respect of any Covered Bond, its principal amount or such other amount as may be specified in the relevant Final Terms;

**"Optional Redemption Date (Call)"** has the meaning given in the relevant Final Terms;

**"Payment Business Day"** means:

- (a) if the currency of payment is euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

**"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;

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency (which in relation to Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively);

**"Rate of Interest"** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Covered Bonds specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call) or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

**"Reference Price"** has the meaning given in the relevant Final Terms;

**"Reference Rate"** means CIBOR, EURIBOR, NIBOR or STIBOR as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms;

**"Register"** has the meaning given in the Agency Agreement;

**"Regular Period"** means:

- (a) in the case of Covered Bonds where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Covered Bonds where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Covered Bonds where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

**"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 Covered Bondholders;

**"Relevant Screen Page"** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or 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 comparable to the Reference Rate;

**"Relevant Time"** has the meaning given in the relevant Final Terms;

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

**"Specified Currency"** has the meaning given in the relevant Final Terms;

**"Specified Denomination(s)"** has the meaning given in the relevant Final Terms;

**"Specified Office"** has the meaning given in the Agency Agreement;

**"Specified Period"** has the meaning given in the relevant Final Terms;

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

**"STIBOR"** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Stockholm interbank offered rate which is calculated and published by a designated distributor (currently the Swedish Financial Benchmark Facility) in accordance with the requirements from time to time of the Swedish Financial Benchmark Facility (or any other Person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and

maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic STIBOR rates can be obtained from the designated distributor);

"**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;

"**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;

"**Talon**" means a talon for further Coupons;

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

"**Zero Coupon Covered Bond**" means a Covered Bond specified as Zero Coupon in the relevant Final Terms.

(b) **Interpretation:** In these Conditions:

- (i) if the Covered Bonds are Zero Coupon Covered Bonds, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Covered Bonds at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Covered Bonds at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Covered Bond and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Covered Bonds being "**outstanding**" shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) 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 Covered Bonds;
- (viii) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Covered Bonds; and
- (ix) any reference in these Conditions to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.



### 3. **Form, Denomination, Title and Transfer**

- (a) **Bearer Covered Bonds:** Bearer Covered Bonds are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Covered Bonds with more than one Specified Denomination, Bearer Covered Bonds of one Specified Denomination will not be exchangeable for Bearer Covered Bonds of another Specified Denomination.
- (b) **Title to Bearer Covered Bonds:** Title to Bearer Covered Bonds and the Coupons will pass by delivery. In the case of Bearer Covered Bonds, "**Holder**" means the holder of such Bearer Covered Bond and "**Covered Bondholder**" and "**Couponholder**" shall be construed accordingly.
- (c) **Registered Covered Bonds:** Registered Covered Bonds are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.
- (d) **Title to Registered Covered Bonds:** The Registrar will maintain the Register in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Covered Bond Certificate**") will be issued to each Holder of Registered Covered Bonds in respect of its registered holding. Each Covered Bond Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Covered Bonds, "Holder" means the person in whose name such Registered Covered Bond is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "Covered Bondholder" shall be construed accordingly.
- (e) **Ownership:** The Holder of any Covered Bond or Coupon 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, in the case of Registered Covered Bonds, on the Covered Bond Certificate relating thereto (other than the endorsed form of transfer) 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 any Covered Bond under the Contracts (Rights of Third Parties) Act 1999.
- (f) **Transfers of Registered Covered Bonds:** Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Covered Bond may be transferred upon surrender of the relevant Covered Bond Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Registered Covered Bond may not be transferred unless the principal amount of Registered Covered Bonds transferred and (where not all of the Registered Covered Bonds held by a Holder are being transferred) the principal amount of the balance of Registered Covered Bonds not transferred are Specified Denominations. Where not all the Registered Covered Bonds represented by the surrendered Covered Bond Certificate are the subject of the transfer, a new Covered Bond Certificate in respect of the balance of the Registered Covered Bonds will be issued to the transferor.
- (g) **Registration and delivery of Covered Bond Certificates:** Within five business days of the surrender of a Covered Bond Certificate in accordance with paragraph (f) (*Transfers of Registered Covered Bonds*) above, the Registrar will register the transfer in question and deliver a new Covered Bond Certificate of a like principal amount to the Registered Covered Bonds transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "business day" means a day on which commercial banks are open for general business (including dealings in foreign

currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

- (h) **No charge:** The transfer of a Registered Covered Bond will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (i) **Closed periods:** Covered Bondholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Covered Bonds.
- (j) **Regulations concerning transfers and registration:** All transfers of Registered Covered Bonds and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Covered Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Covered Bondholder who requests in writing a copy of such regulations.

#### 4. **Status of the Covered Bonds**

Covered Bonds constitute unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves. The Covered Bonds are obligations issued in accordance with the Estonian Covered Bond Act ("**ECBA**") and rank *pari passu* among themselves and with Derivative Instruments entered in the cover register and included in the Cover Pool (as defined below) in accordance with the ECBA. The Covered Bonds will be covered by a cover pool which comprises the claims of the Issuer arising from Mortgage Loans and certain other types of assets which qualify as substitute cover assets under the ECBA (together the "**Eligible Assets**") and are registered in the cover register maintained by the Issuer in accordance with the ECBA (the "**Cover Pool**"). On declaration of the Issuer's bankruptcy and in certain other events stipulated in the ECBA, the Covered Bonds, together with the Cover Pool (including the Derivative Instruments) (together, the "**Covered Bond Portfolio**") will be separated from other assets and liabilities of the Issuer and form an independent pool of designated assets to be managed in accordance with the ECBA and to be used solely to satisfy the claims of Covered Bondholders and of the counterparties to the Derivative Instruments and to cover the expenses related to the management of the Covered Bond Portfolio.

Pursuant to the ECBA, the separation of the Covered Bond Portfolio will not affect the liability of the Issuer for the claims arising from the Covered Bonds. Furthermore, the payment obligations arising from the Covered Bonds are not subject to automatic acceleration upon the separation of the Covered Bond Portfolio, except as otherwise provided by mandatory provisions of the ECBA. If the Covered Bond Portfolio becomes insolvent, to the extent that claims of the Covered Bondholders in relation to the Covered Bonds are not satisfied in the course of the bankruptcy proceedings of the Covered Bond Portfolio, the residual claims of the Covered Bondholders will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

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

For the purposes of this Condition 4:

**"Derivative Instruments"** means derivative instruments included in the Cover Pool to hedge against risks relating to Covered Bonds and recorded, in accordance with the ECBA, in the cover register maintained by the Issuer.

## 5. Fixed Rate Covered Bond Provisions

- (a) **Application:** This Condition 5 is applicable to the Covered Bonds only if the Fixed Rate Covered Bond Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 8 (*Extended Maturity Date*) and Condition 10 (*Payments – Bearer Covered Bonds*). Each Covered Bond will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (both before as well as after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day have been paid and (ii) the day which is five days after the Fiscal Agent has notified the Covered Bondholders that it has received all sums due in respect of the Covered Bonds up to such fifth day (except to the extent that there is any subsequent default in payment).
- (c) **Fixed Coupon Amount:** The amount of interest payable in respect of each Covered Bond for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Covered Bonds are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) **Calculation of interest amount:** The amount of interest payable in respect of each Covered Bond for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

## 6. Floating Rate Covered Bond Provisions

- (a) **Application:** This Condition 6 (*Floating Rate Covered Bond Provisions*) is applicable to the Covered Bonds only if the Floating Rate Covered Bond Provisions are specified in the relevant Final Terms as being applicable, save that Condition 8 (*Extended Maturity Date*) is always applicable where an Extended Maturity Date is specified in the relevant Final Terms (notwithstanding that Condition 5 (*Fixed Rate Covered Bonds*) may be applicable to the Covered Bonds in the period prior to the extension of the Maturity Date in accordance with Condition 9(i) (*Extension of Maturity to Extended Maturity Date*)).
- (b) **Accrual of interest:** The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 8 (*Extended Maturity Date*) and Condition 10 (*Payments – Bearer Covered Bonds*).
- (c) **Screen Rate Determination:** The Rate of Interest applicable to the Covered Bonds for each Interest Period will be determined by the Calculation Agent on the following basis:
  - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by

reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

- (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
- (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Issuer shall determine such rate at such time and by reference to such sources as it determines appropriate;

- (iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Covered Bonds during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Covered Bonds in respect of a preceding Interest Period.

- (d) **Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. Unless otherwise stated in the relevant Final Terms, the Minimum Rate of Interest shall be deemed to be zero.
- (e) **Calculation of Interest Amount:** The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Covered Bond for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Covered Bond divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (f) **Publication:** The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Paying Agents and any stock exchange by which the Covered Bonds have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given by the Issuer to the Covered Bondholders and any other competent authority and/or quotation system (if any) by which the Covered Bonds have then been admitted to trading and/or quotation at such time. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount

but instead may publish only the Calculation Amount and the Interest Amount in respect of a Covered Bond having the minimum Specified Denomination.

- (g) **Notifications etc:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Covered Bondholders and the Couponholders and (in the absence of wilful default or negligence) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (h) **Benchmark Replacement:** Notwithstanding the provisions above in this Condition 6, if the Issuer (in consultation, to the extent practicable, with the Independent Adviser) determines that a Benchmark Event has occurred when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to a Reference Rate (as applicable), then the following provisions shall apply:
- (i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser and shall, to the extent practicable, consult with such Independent Adviser to determine a Successor Rate or, alternatively, if the Issuer, (in consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner) determines that there is no Successor Rate, an Alternative Reference Rate, and, in each case, an Adjustment Spread no later than three (3) Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the "**IA Determination Cut-off Date**") for purposes of determining the Rate of Interest applicable to the Covered Bonds for all future Interest Periods (subject to the subsequent operation of this Condition 6(h));
  - (ii) if the Issuer is unable to appoint an Independent Adviser prior to the IA Determination Cut-off Date in accordance with sub-paragraph (i) above, then the Issuer (acting in good faith and in a commercially reasonable manner, and, to the extent practicable, in consultation, with the Independent Adviser) 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 Rate of Interest applicable to the Covered Bonds for all future Interest Periods (subject to the subsequent operation of this Condition 6(h)); *provided, however, that* if this sub-paragraph (ii) applies and the Issuer is unable or unwilling to determine a Successor Rate or an Alternative Reference Rate prior to the Interest Determination Date relating to the next succeeding Interest Period in accordance with this sub-paragraph (ii), the Rate of Interest applicable to such Interest Period shall be equal to the Rate of Interest last determined in relation to the Covered Bonds in respect of a preceding Interest Period (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period);
  - (iii) if a Successor Rate or an Alternative Reference Rate is determined in accordance with the preceding provisions, such Successor Rate or Alternative Reference Rate shall be the Reference Rate for all future Interest Periods (subject to the subsequent operation of this Condition 6(h));
  - (iv) If a Successor Rate or Alternative Reference Rate is determined in accordance with Condition (h)(i) above, the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner shall determine an Adjustment Spread which may be expressed as a specified quantum, or a formula or methodology for determining the applicable Adjustment Spread and which Adjustment Spread may be positive, negative or zero and shall be applied to the Successor Rate or the Alternative Reference Rate

(as the case may be) for each subsequent determination of the Rate(s) 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, following consultation, to the extent practicable, with the Calculation Agent, specify changes to the Business Day, Business Day Convention, Day Count Fraction, Interest Determination Dates, Interest Payment Dates, Relevant Screen Page, and/or the definition of Reference Rate or the Adjustment Spread applicable to the Covered Bonds (and, in each case, related provisions and definitions), and the method for determining the fallback rate in relation to the Covered Bonds, in order to follow market practice in relation to such Successor Rate or Alternative Reference Rate (as applicable), which changes shall apply to the Covered Bonds for all future Interest Periods (as applicable) (subject to the subsequent operation of this Condition 6(h)). An Independent Adviser appointed pursuant to this Condition 6(h) 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 Covered Bondholder for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 6(h). No Covered Bondholder 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 Covered Bondholders.

For the purposes of this Condition 6(h):

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

- (i) in the case of a Successor Rate, is formally recommended or formally provided as an option for parties to adopt in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Rate for which no such formal recommendation has been made as described in clause (i) above, or in the case of an Alternative Reference Rate, the Issuer (in consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner) determines is recognised or acknowledged as being in customary market usage in transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Rate or Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the Issuer (acting in good faith and in a commercially reasonable manner) in its discretion determines to be appropriate;

**"Alternative Reference Rate"** means the reference rate (and related alternative screen page or source, if available) that the Issuer determines has replaced the relevant Reference Rate in customary market usage for the purposes of determining floating rates of interest in respect of bonds denominated in the Specified Currency 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 relevant Reference Rate;

**"Benchmark Event"** means:

- (i) the Original Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (ii) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate) and (ii) the date falling six months prior to the date specified in (i) above; or
- (iii) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that such Reference Rate has been or will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling six months prior to the date specified in (i) above; or
- (iv) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means that such Reference Rate will, on or before a specified date, be prohibited from being used or that its use will be subject to restrictions or adverse consequences and (ii) the date falling six months prior to the date specified in (i) above; or
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that, in the view of such supervisor, such Original Reference Rate is no longer representative of an underlying market; or
- (vi) it has or will become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any Covered Bondholder using the Original Reference Rate (including, without limitation, under Regulation (EU) 2016/1011, if applicable);

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

**"Original Reference Rate"** means the originally-specified Reference Rate used to determine the relevant Rate of Interest (or any component part thereof) in respect of any Interest Period(s) (provided that if, following one or more Benchmark Events, such originally-specified Reference Rate (or any Successor Rate or Alternative Reference Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Reference Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Reference Rate, the term "Original Reference Rate" shall include any such Successor Rate or Alternative Reference Rate);

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

- (i) the central bank, reserve bank, monetary authority or any similar institution for the currency to which such reference rate relates, or any other central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, (d) the

International Swaps and Derivatives Association, Inc. or any part thereof, or (e) the Financial Stability Board or any part thereof; and

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

7. **Zero Coupon Covered Bond Provisions**

- (a) **Application:** This Condition 7 (*Zero Coupon Covered Bond Provisions*) is applicable to the Covered Bonds only if the Zero Coupon Covered Bond Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Late payment on Zero Coupon Covered Bonds:** If the Redemption Amount payable in respect of any Zero Coupon Covered Bond is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (A) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (B) the day which is five days after the Fiscal Agent has notified the Covered Bondholders that it has received all sums due in respect of the Covered Bonds up to such fifth day (except to the extent that there is any subsequent default in payment).

8. **Extended Maturity Date**

If an Extended Maturity Date is specified in the relevant Final Terms and the maturity of the Covered Bonds is extended beyond the Maturity Date in accordance with Condition 9(i) (*Extension of maturity to Extended Maturity Date*) then:

- (a) such Covered Bonds shall bear interest from (and including) the Maturity Date to (but excluding) the earlier of the relevant Interest Payment Date after the Maturity Date on which the Covered Bonds are redeemed in full and the Extended Maturity Date. Interest shall be payable on such Covered Bonds at the rate specified in the relevant Final Terms on the principal amount outstanding of the Covered Bonds in arrear on each Interest Payment Date after the Maturity Date in respect of the interest period beginning on (and including) the Maturity Date and ending on (but excluding) the first Interest Payment Date after the Maturity Date and each subsequent interest period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. The final Interest Payment Date shall fall no later than the Extended Maturity Date;
- (b) the rate of interest payable from time to time under Condition 8(a) will be as specified in the relevant Final Terms and, where applicable, determined by the Calculation Agent, three Business Days after the Maturity Date in respect of the first such interest period and thereafter as specified in the relevant Final Terms; and
- (c) in the case of Zero Coupon Covered Bonds to (and including) the Maturity Date, for the purposes of this Condition 8 the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.



9. **Redemption and Purchase**

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Covered Bonds will be redeemed at their Final Redemption Amount on the Maturity Date, subject (i) as provided in Condition 10 (*Payments – Bearer Covered Bonds*) and (ii) to Condition 9(i) (*Extension of maturity to Extended Maturity Date*).
- (b) **Redemption for tax reasons:** The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part:
  - (i) at any time (if the Floating Rate Covered Bond Provisions are not specified in the relevant Final Terms as being applicable); or
  - (ii) on any Interest Payment Date (if the Floating Rate Covered Bond Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Covered Bondholders, or such other period(s) as may be specified in the relevant Final Terms, (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) on the occasion of the next payment due under the Covered Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Estonia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Covered Bonds; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

**provided, however, that** no such notice of redemption shall be given earlier than:

- (1) where the Covered Bonds may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Final Terms) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Covered Bonds were then due; or
- (2) where the Covered Bonds may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant Final Terms) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Covered Bonds were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Covered Bonds in accordance with this Condition 9(b).

- (c) **Redemption at the option of the Issuer:** If the Call Option is specified in the relevant Final Terms as being applicable, the Covered Bonds may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) on the Issuer giving not less than 30 nor more than 60 days' notice to the Covered Bondholders, or such other period(s) as may be specified in the relevant Final Terms (which notice shall be irrevocable and shall oblige the Issuer to redeem the Covered Bonds or, as the case may be, the Covered Bonds specified in such notice on the relevant Optional Redemption Date (Call) at the applicable amount specified in the relevant Final Terms (together, if appropriate, with accrued interest to (but excluding) the relevant Optional Redemption Date (Call)) at the Optional Redemption Amount (Call)).
- (d) **Partial redemption:** If the Covered Bonds are to be redeemed in part only on any date in accordance with Condition (c) (*Redemption at the option of the Issuer*), in the case of Bearer Covered Bonds, the Covered Bonds to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/or quotation and the notice to Covered Bondholders referred to in Condition (c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Covered Bonds so to be redeemed, and, in the case of Registered Covered Bonds, each Covered Bond shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Covered Bonds to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Covered Bonds on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) **No other redemption:** The Issuer shall not be entitled to redeem the Covered Bonds otherwise than as provided in paragraphs (a) to (d) above.
- (f) **Early redemption of Zero Coupon Covered Bonds:** Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Covered Bond at any time before the Maturity Date shall be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Covered Bond becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(f) or, if none is so specified, a Day Count Fraction of 30E/360.

- (g) **Purchase:** The Issuer, or any of its Subsidiaries, may purchase Covered Bonds in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith. Such Covered Bonds may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or, in the case of Registered Covered Bonds, the Registrar for cancellation.
- (h) **Cancellation:** All Covered Bonds that are redeemed and surrendered for cancellation by the Issuer or any of its Subsidiaries (along with any unmatured Coupons attached to or surrendered with them) shall be cancelled and may not be reissued or resold.

(i) ***Extension of maturity to Extended Maturity Date:***

- (i) If:
- (A) an Extended Maturity Date is specified in the relevant Final Terms as being applicable; and
  - (B) any of the following events has occurred:
    - (1) the Issuer is declared bankrupt or a moratorium is declared in respect of the Issuer;
    - (2) a court order made for the compulsory dissolution of the Issuer enters into force;
    - (3) authorisation for voluntary dissolution of the Issuer as a credit institution is obtained from the EFSA;
    - (4) implementation of early intervention measures in respect of the Issuer on the basis of § 36 of the Financial Crisis Prevention and Resolution Act of Estonia, provided that the EFSA grants permission therefor;
    - (5) the additional authorisation for issuing covered bonds or credit institution license held by the Issuer ceases to be in force; or
    - (6) the EFSA resolves on the separation of the Covered Bond Portfolio from the Issuer on the ground that the Issuer is likely to become insolvent in the near future and such resolution takes effect, and
    - (7) the EFSA resolves on the separation of the Covered Bond Portfolio from the Issuer on the grounds stipulated in the ECBA, and such resolution takes effect; and
  - (C) as a result of such an event the Covered Bonds are not redeemed in full on the Maturity Date at their Final Redemption Amount or within three Business Days thereafter, then the maturity of the Covered Bonds and the date on which the Covered Bonds will be due and repayable for the purposes of these Conditions will be automatically extended to the Extended Maturity Date.

The Issuer may impose restrictions (which restrictions shall be effective upon notice being given to the Covered Bondholders as described below) on the circumstances in which such automatic extension can apply if it determines that such restrictions are required to ensure that the relevant Covered Bonds remain compliant with the ECBA. If the Issuer imposes restrictions on the circumstances in which such automatic extension can apply as described above, the Issuer shall give notice (which notice shall be irrevocable) to the Covered Bondholders (in accordance with Condition 19 (*Notices*)) and the Paying Agents as soon as reasonably practicable and, in any event, at least five Business Days prior to the Maturity Date.

In addition, the Issuer may amend (which amendments shall be effective upon notice being given to the Covered Bondholders as described below) the circumstances in which such automatic extension can apply if it determines that such circumstances qualify as permitted conditions for automatic extension of maturity under the ECBA (as in force at the relevant time). If the Issuer amends the circumstances in which such automatic extension can apply as described above, the Issuer shall give

notice (which notice shall be irrevocable) to the Covered Bondholders (in accordance with Condition 19 (*Notices*)) and the Paying Agents as soon as reasonably practicable.

In the event the maturity of the Covered Bonds is extended, the Issuer shall redeem the outstanding principal amount of such Covered Bonds at their Final Redemption Amount on the Extended Maturity Date. The Issuer shall give notice to the Covered Bondholders in accordance with Condition 19 (*Notices*) and the Paying Agents as soon as reasonably practicable stating the basis on which an event under sub-paragraph (B) above has occurred, and confirming that the Maturity Date has been extended to the Extended Maturity Date (subject to the expiry of the three Business Day period mentioned above). In addition, all or any part of the principal amount outstanding of such Covered Bonds may be redeemed on an Interest Payment Date falling after the Maturity Date to and including the Extended Maturity Date. In such a scenario, the Issuer shall give notice to the Covered Bondholders (in accordance with Condition 19 (*Notices*)) and the Paying Agents stating its intention to redeem all or any of the principal amount outstanding of the Covered Bonds at least five Business Days prior to the relevant Interest Payment Date or, as applicable, the Extended Maturity Date. Any failure by the Issuer to notify such persons shall not affect the validity or effectiveness of any redemption by the Issuer on the relevant Interest Payment Date or, as applicable, the Extended Maturity Date, or give rise to rights to any such person.

If the relevant Final Terms do not specify an Extended Maturity Date, the events specified in Condition 9(i) shall not trigger an extension of the Maturity Date and the Covered Bonds will be due and repayable in accordance with these Conditions, subject to mandatory provisions of Estonian laws applicable in relation to the events specified in Condition 9(i).

- (ii) In the case of a Zero Coupon Covered Bond to (and including) the Maturity Date to which an Extended Maturity Date is specified in the relevant Final Terms as being applicable, for the purposes of this Condition 9(i), the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.
- (iii) Any extension of the maturity of the Covered Bonds under this Condition 9(i) shall be irrevocable. Where this Condition 9(i) applies, any failure to redeem the relevant Covered Bonds on the Maturity Date or any extension of the maturity of such Covered Bonds under this Condition 9(i), shall not constitute a default, an event of default or acceleration of payment or other similar condition or event (however described) for any purpose or give any Covered Bondholder any right to receive any payment of interest, principal or otherwise on the Covered Bonds other than as expressly set out in these Conditions.
- (iv) In the event of the extension of the maturity of the Covered Bonds under this Condition 9(i), rates of interest, interest periods and interest payment dates on such Covered Bonds from (and including) the Maturity Date to (but excluding) the Extended Maturity Date shall be determined and made in accordance with the relevant Final Terms and Condition 8 (*Extended Maturity Date*).
- (v) If the Issuer redeems part and not all of the principal amount outstanding of the Covered Bonds on any Interest Payment Date falling after the Maturity Date, the redemption proceeds shall be applied rateably across such Covered Bonds and the principal amount outstanding on the Covered Bonds shall be reduced by the level of that redemption.

- (vi) If the maturity of the Covered Bonds is extended to the Extended Maturity Date in accordance with this Condition 9(i) for so long as any of those Covered Bonds remains outstanding, the Issuer shall not issue any further Series of Covered Bonds, unless the proceeds of issue of such further Series of Covered Bonds are applied by the Issuer on issue to redeem in whole or in part the relevant Covered Bonds in accordance with the terms hereof.

10. **Payments - Bearer Covered Bonds**

This Condition 10 is only applicable to Bearer Covered Bonds.

- (a) **Principal:** Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Covered Bonds at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (or, if that currency is euro, any bank which processes payments in euro).
- (b) **Interest:** Payments of interest shall, subject to paragraph (h) 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) above.
- (c) **Payments in New York City:** Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Covered Bonds in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) **Payments subject to fiscal laws:** All payments in respect of the Covered Bonds are subject in all cases to (i) any applicable fiscal or other laws and regulations applicable thereto in the place of payment or other laws and regulations to which the Issuer or its Agents are subject, but without prejudice to the provisions of Condition 12 (*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 12 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Covered Bondholders or Couponholders in respect of such payments.
- (e) **Deductions for unmatured Coupons:** If the relevant Final Terms specifies that the Fixed Rate Covered Bond Provisions are applicable and a Bearer Covered Bond is presented without all unmatured Coupons relating thereto:
  - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
  - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
    - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such

missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; provided, however, that where this subparagraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

- (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

- (f) **Unmatured Coupons void:** If the relevant Final Terms specifies that the Floating Rate Covered Bond Provisions are applicable, on the due date for final redemption of any Covered Bond or early redemption in whole of such Covered Bond pursuant to Condition 9(b) (*Redemption for tax reasons*) or Condition 9(c) (*Redemption at the option of the Issuer*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) **Payments on business days:** If the due date for payment of any amount in respect of any Bearer Covered Bond or Coupon is not a Payment 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 Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) **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 Bearer Covered Bonds at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (i) **Partial payments:** If a Paying Agent makes a partial payment in respect of any Bearer Covered Bond or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) **Exchange of Talons:** On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Covered Bonds, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Bearer Covered Bond, any unexchanged Talon relating to such Covered Bond shall become void and no Coupon will be delivered in respect of such Talon.

## 11. **Payments - Registered Covered Bonds**

This Condition 11 is only applicable to Registered Covered Bonds.

- (a) **Principal:** Payments of principal shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (or, if that currency is euro, any bank which processes payments in euro) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Covered Bond Certificates at the Specified Office of any Paying Agent.

- (b) **Interest:** Payments of interest shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (or, if that currency is euro, any bank which processes payments in euro) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Covered Bond Certificates at the Specified Office of any Paying Agent.
- (c) **Payments subject to fiscal laws:** All payments in respect of the Registered Covered Bonds 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 12 (*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 12 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Covered Bondholders in respect of such payments.
- (d) **Payments on business days:** Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Covered Bond Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Covered Bond shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.
- (e) **Partial payments:** If a Paying Agent makes a partial payment in respect of any Registered Covered Bond, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Covered Bond Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Covered Bond Certificate.
- (f) **Record date:** Each payment in respect of a Registered Covered Bond will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

## 12. **Taxation**

- (a) **Gross up:** All payments of principal and/or interest in respect of the Covered Bonds and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of 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, the Issuer shall pay such additional amounts as will result in receipt by the Covered Bondholders 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 Covered Bond or Coupon:
  - (i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Covered Bond or Coupon 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 Covered Bond or Coupon; or

(ii) where the relevant Covered Bond or Coupon or Covered Bond Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Covered Bond or Coupon would have been entitled to such additional amounts on presenting or surrendering such Covered Bond or Coupon or Covered Bond Certificate 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.

13. **Undertaking of the Issuer**

On declaration of the Issuer's bankruptcy and in certain other events stipulated in the ECBA, the Covered Bond Portfolio will be separated from other assets and liabilities of the Issuer and form an independent pool of designated assets to be managed in accordance with the ECBA and to be used solely to satisfy the claims of Covered Bondholders and of the counterparties to the Derivative Instrument and to cover the expenses related to the management of the Covered Bond Portfolio. In such a scenario, the Issuer undertakes to fully co-operate with the Cover Pool administrator or the bankruptcy administrator appointed with respect to the insolvent Covered Bond Portfolio ("**Relevant Authority**") to facilitate such Relevant Authority's ability to carry out its rights and obligations under the ECBA.

14. **Prescription**

The Covered Bonds and (in the case of Bearer Covered Bonds) the Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date.

15. **Replacement of Covered Bonds and Coupons**

If any Covered Bond, Covered Bond Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Covered Bonds, or the Registrar, in the case of Registered Covered Bonds (and, if the Covered Bonds are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), 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 Covered Bonds, Covered Bond Certificates or Coupons must be surrendered before replacements will be issued.

16. **Agents**

In acting under the Agency Agreement and in connection with the Covered Bonds and the Coupons, the Agents 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 Covered Bondholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor fiscal agent or registrar or Calculation Agent and additional or successor paying agents; provided, however, that:

(a) the Issuer shall at all times maintain a fiscal agent and a registrar;



- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Covered Bonds are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Covered Bondholders.

17. **Meetings of Covered Bondholders; Modification and Waiver**

(a) **Meetings of Covered Bondholders**

The Agency Agreement contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of the Covered Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Covered Bonds, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Covered Bondholders holding not less than one tenth of the aggregate principal amount of the outstanding Covered Bonds. The quorum at any such meeting for passing an Extraordinary Resolution is two or more persons holding or representing one more than half of the aggregate principal amount of the Covered Bonds for the time being outstanding, or at any adjourned meeting two or more persons holding or representing Covered Bonds whatever the aggregate principal amount of the Covered Bonds so held or represented, except that at any meeting the business of which includes a Reserved Matter, the quorum shall be two or more persons holding or representing at least three-quarters of the aggregate principal amount of the Covered Bonds for the time being outstanding, or at any adjourned meeting two or more persons holding or representing at least one-quarter of the aggregate principal amount of the Covered Bonds for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-quarters of the votes cast on such resolution; or (ii) a resolution in writing signed by or on behalf of the holders of not less than three-quarters in aggregate principal amount of the Covered Bonds for the time being outstanding shall, in each case, be effective as an Extraordinary Resolution of the Covered Bondholders. An Extraordinary Resolution passed by the Covered Bondholders will be binding on all Covered Bondholders, whether or not they are present at any meeting and whether or not they voted on the resolution and on all Couponholders.

(b) **Modification of Covered Bonds**

In addition to the modification provisions set out in Condition 9(i) (*Extension of maturity to Extended Maturity Date*) and Condition 6(h) (*Benchmark Replacement*), the Issuer may without the consent of any of the Covered Bondholders or Couponholders of any Series at any time:

- (i) agree with the Fiscal Agent:
  - (A) any modification (except for any modification that relates to a Reserved Matter) of the Covered Bonds, the Coupons, the Deed of Covenant or the Agency Agreement which is, in the opinion of the Issuer, not prejudicial to the interests of the Covered Bondholders; or
  - (B) any modification of the Covered Bonds, the Coupons, the Deed of Covenant or the Agency Agreement which is, in the sole opinion of the Issuer, of a formal, minor or technical nature or is made to correct a manifest error or to comply with Mandatory Provisions of Law; or

- (ii) make any modifications to the Conditions (in relation to the relevant Series of Covered Bonds) that are necessary (as determined by the Issuer acting reasonably) to comply with any criteria of the rating agencies which may be published after the Issue Date and which the Issuer certifies in writing (to the Agent and to the holders of the relevant Series of Covered Bonds) are required to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a rating agency to such Series of the Covered Bonds; and
- (iii) make EMIR Related Modifications (as defined below), and which the Issuer certifies (to the Agent and to the holders of the relevant Series of Covered Bonds) are to be made solely for the purpose of enabling the Issuer to comply with any requirements which apply to it under Regulation (EU) 648/2012 (the "**European Market Infrastructure Regulation**" or "**EMIR**") ("**EMIR Related Modifications**") and such EMIR Related Modifications do not relate to a Reserved Matter.

Any such modification shall be binding on the Covered Bondholders and the Couponholders and shall be notified to the Covered Bondholders in accordance with Condition 19 (*Notices*) as soon as practicable thereafter.

- (c) **Limitations on Modification of Covered Bonds:** Any modification or waiver of these Conditions which affects Covered Bonds may not be effected to the extent such modification would contradict mandatory provisions of the ECBA.

#### 18. **Further Issues**

The Issuer may from time to time, without the consent of the Covered Bondholders or the Couponholders, create and issue further covered bonds having the same terms and conditions as the Covered Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Covered Bonds.

#### 19. **Notices**

- (a) **Bearer Covered Bonds:** Notices to the Holders of Bearer Covered Bonds shall be valid if published by the Issuer 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. 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 Holders of Bearer Covered Bonds.
- (b) **Registered Covered Bonds:** Notices to the Holders of Registered Covered Bonds shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

#### 20. **Currency Indemnity**

If any sum due from the Issuer in respect of the Covered Bonds or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Covered Bonds, the Issuer shall indemnify each Covered Bondholder, on the written demand of such Covered Bondholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to

convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Covered Bondholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

21. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (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.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

22. **Governing Law and Jurisdiction**

- (a) **Governing law:** The Covered Bonds and any non-contractual obligations arising out of or in connection with the Covered Bonds are governed by English law, except for:
- (i) Condition 4 (*Status of the Covered Bonds*);
  - (ii) the provisions relating to coverage of the Covered Bonds and the Coupons pursuant to the ECBA, and
  - (iii) other provisions relating to the Covered Bonds, where provisions of Estonian laws mandatorily apply to covered bonds issued by an issuer incorporated in Estonia, 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 Covered Bonds (including any non-contractual obligation arising out of or in connection with the Covered Bonds).
- (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 Covered Bondholders to take proceedings outside England:** Notwithstanding Condition 22(b) (*English courts*), any Covered Bondholder may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Covered Bondholders 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 office at 8th Floor, 100 Bishopsgate, London EC2N 4AG 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 Covered Bondholders. Nothing in this paragraph shall affect the right of any Covered Bondholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

## FORM OF FINAL TERMS OF THE COVERED BONDS

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

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Covered Bonds 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 ("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 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 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. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[PROHIBITION OF SALES TO BELGIAN CONSUMERS - The Covered Bonds are not intended to be offered, sold or resold, transferred or delivered or otherwise made available to and should not be offered sold or resold, transferred or delivered or otherwise made available to any individual in Belgium qualifying as a consumer (*consument/consommateur*) within the meaning of Article I.1 of the Belgian Code of Economic Law (*Wetboek van economisch recht / Code de droit économique*), as amended from time to time.]<sup>7</sup>

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "MiFID II")][MiFID II]; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Covered Bonds (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018][EUWA] ("UK MiFIR"); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [Consider any negative target market]. Any person subsequently offering,

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<sup>7</sup> Include where "Prohibition of sales to Belgian consumers" is specified as applicable in the Final Terms.

selling or recommending the Covered Bonds (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

Final Terms dated [•]

COOP PANK AS

Legal entity identifier (LEI): 549300EHNXQVOI120S55

Issue of [Aggregate Principal Amount of Tranche] [Title of Covered Bonds]

EUR 750,000,000

Covered Bond Programme

## PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Base Prospectus dated 19 February 2025 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the "Base Prospectus") for the purposes of the Prospectus Regulation. [This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus.]<sup>8</sup> Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the website of The Irish Stock Exchange plc trading as Euronext Dublin ("Euronext Dublin") (<https://live.euronext.com/>) and is also available at the Issuer's website <https://www.cooppank.ee/en/investor>. Copies may also be obtained from the registered office of Coop Pank AS.

The expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

[In accordance with the Prospectus Regulation, no prospectus is required in connection with the issuance of the Covered Bonds described herein.]<sup>9</sup>

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]*

- |    |         |  |   |
|----|---------|--|---|
| 1. | (i)     | Issuer:  | Coop Pank AS  |
| 2. | (i)     | Series Number:                                   | [•]   |
|    | (ii)    | Tranche Number:                                  | [•]   |
|    | [(iii)] | Date on which the Covered Bonds become fungible: | [Not Applicable]/[The Covered Bonds shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [[•]/the Issue Date/exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond, as referred to in paragraph 22 below [which is expected to occur on or about [•]].] |

<sup>8</sup> Delete where the Covered Bonds are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation.

<sup>9</sup> Delete unless the Covered Bonds are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation.

3. Specified Currencies: Currency or [•]
4. Aggregate Principal Amount: [•]  
 [(i) Series]: [•]  
 [(ii) Tranche]: [•]
5. Issue Price: [•] per cent. of the Aggregate Principal Amount plus accrued interest from [•]
6. (i) Specified Denominations: [•]  
 (ii) Calculation Amount: [•]
7. (i) Issue Date: [•]  
 (ii) Interest Commencement Date: [•]/[Issue Date]/[Not Applicable]
8. (i) Maturity Date: [•]  
 (ii) Extended Maturity Date: [•]/[Not Applicable]
9. Interest Basis: [In respect of the period from (and including) the Interest Commencement Date to (but excluding) the Maturity Date:]  
 [•] per cent. Fixed Rate  
 [CIBOR/EURIBOR/NIBOR/STIBOR] [+/-] [•] per cent. Floating Rate  
 [Zero Coupon]  
*(see paragraph 14/15/16 below)*  
 [In respect of the period from (and including) the Maturity Date to (but excluding) the Extended Maturity Date (if applicable):]  
 [•] per cent. Fixed Rate  
 [Zero Coupon]  
 [CIBOR/EURIBOR/NIBOR/STIBOR] [+/-] [•] per cent. Floating Rate  
*(see paragraph 17/18 below)*
10. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Maturity Date at 100 per cent. of their principal amount.]
11. Change of Interest or Redemption/Payment Basis: [*Specify the date when any fixed to floating rate change occurs or refer to paragraphs 14, 15, 17 and 18 below and identify there*]/[Not Applicable]

12. Call Options: [Issuer Call]  
(See paragraphs 19/20 below)
13. Date Board approval for issuance of Covered Bonds obtained: [[•] and [•], respectively]/[Not Applicable]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. **Fixed Rate Covered Bond Provisions** [Applicable]/[Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Rate(s) of Interest: The Initial Rate of Interest is [•] per cent. per annum payable in arrear on each Interest Payment Date.
- (ii) Interest Payment Date(s): [•] in each year
- (iii) Fixed Coupon Amount(s): [[•] per Calculation Amount]/[Not Applicable]  
*For Covered Bonds where the Interest Payment Dates are subject to modification: The amount of interest payable for any Interest Period is to be calculated in accordance with Condition 5(d)*
- (iv) Fixed Coupon Amount for a [short/ long] Interest Period ("Broken Amount(s)") [•] per Calculation Amount, payable on the Interest Payment Date falling in/on [•]
- (v) Day Count Fraction: [30/360] / [Actual]/[Actual (ICMA/ISDA)]
- (vi) Party responsible for calculating the amount of interest payable for any interest period following any Rate Adjustment: [The Fiscal Agent/other] shall be the Calculation Agent.

15. **Floating Rate Covered Bond Provisions** [Applicable]/[Not Applicable]

*(If not applicable delete the remaining sub-paragraphs of this paragraph)*

- (i) Specified Period: [•]
- (ii) Interest Payment Dates: [•]
- (iii) First Interest Payment Date: [•]
- (iv) Business Day Convention: [Floating Rate Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]

- (v) Additional Business Centre(s): [Not Applicable]/[•]
- (vi) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): [•] shall be the Calculation Agent
- (vii) Provisions relating to Screen Rate Determination:
- Reference Rate: [CIBOR]/[EURIBOR]/[NIBOR]/[STIBOR]
  - Interest Determination Date(s): [•]
  - Relevant Screen Page: [•]
  - Relevant Time: [•]
- (viii) Linear interpolation [Not Applicable]/[Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (ix) Margin(s): [+/-][•] per cent. per annum
- (x) Minimum Rate of Interest: [•] per cent. per annum
- (xi) Maximum Rate of Interest: [•] per cent. per annum
- (xii) Day Count Fraction: [Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual/360] / [30/360] / [30E/360] / [Eurobond Basis] / [30E/360 (ISDA)]
- (xiii) Party responsible for calculating the amount of interest payable for any interest period following any Rate Adjustment: The [Fiscal Agent/other] shall be the Calculation Agent.
16. **Zero Coupon Covered Bond Provisions** [Applicable]/[Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [•] per cent. per annum
- (ii) Reference Price: [•]
- (iii) Day Count Fraction in relation to Redemption Amount: [30/360] / [Actual/Actual(ICMA/ISDA)] / [Actual/360] / [Actual/ 365]



**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE FROM THE MATURITY DATE TO THE EXTENDED MATURITY DATE**

17. **Fixed Rate Covered Bond Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [•] per cent. per annum payable in arrear on each Interest Payment Date
  - (ii) Interest Payment Date(s): [•] in each year
  - (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
  - (iv) Fixed Coupon Amount for a [short/ long] Interest Period ("Broken Amount(s)") [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
  - (v) Day Count Fraction: [30/360] / [Actual] / [Actual (ICMA/ISDA)]
  - (vi) Party responsible for calculating the amount of interest payable for any interest period following any Rate Adjustment: [The Fiscal Agent/other] shall be the Calculation Agent.
18. **Floating Rate Covered Bond Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Specified Period: [•]
  - (ii) Interest Payment Dates: [•]
  - (iii) First Interest Payment Date: [•]
  - (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
  - (v) Additional Business Centre(s): [[•]/Not Applicable]
  - (vi) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): [•] shall be the Calculation Agent
  - (vii) Provisions relating to Screen Rate Determination:

- Reference Rate: [CIBOR]/[EURIBOR]/[NIBOR]/[STIBOR]
  - Interest Determination Date(s): [•]
  - Relevant Screen Page: [•]
  - Relevant Time: [•]
- (viii) Linear interpolation [Not Applicable/ Applicable - the rate of interest for the [long]/[short] [first]/[last] Interest Period shall be calculated using Linear Interpolation]
- (ix) Margin(s): [+/-][•] per cent. per annum
- (x) Minimum Rate of Interest: [•] per cent. per annum
- (xi) Maximum Rate of Interest: [•] per cent. per annum
- (xii) Day Count Fraction: [Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual/360] / [30/360] / [30E/360] / [Eurobond Basis] / [30E/360 (ISDA)]
- (xiii) Party responsible for calculating the amount of interest payable for any interest period following any Rate Adjustment: The [Fiscal Agent/other] shall be the Calculation Agent.

## PROVISIONS RELATING TO REDEMPTION

19. **Call Option** [Applicable]/[Not Applicable]
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Covered Bond: [[•] per Calculation Amount]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [•] per Calculation Amount
- (b) Maximum Redemption Amount: [•] per Calculation Amount
- (iv) Notice period: [•]
20. Final Redemption Amount of each Covered Bond [•] per Calculation Amount

21. **Early Redemption Amount**

Early Redemption Amount(s) [•]/[Not Applicable]  
per Calculation Amount payable  
on redemption for taxation  
reasons:

**GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

22. **Form of Covered Bonds:**

**[Bearer Covered Bonds:**

[Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Definitive Covered Bonds on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Covered Bond]

[Temporary Global Covered Bond exchangeable for Definitive Covered Bonds on [•] days' notice]

[Permanent Global Covered Bond exchangeable for Definitive Covered Bonds on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Covered Bond]]

*Where the exchange to Definitive Covered Bonds is permitted at the option of the Covered Bondholder ensure that the specified denominations do not permit a smaller integral amount.*

*(The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Covered Bonds includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000".*

*Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Covered Bonds which is to be represented on issue by a Permanent Bearer Global Covered Bond exchangeable for Definitive Covered Bonds.)*

**[Registered Covered Bonds:**

[Global Registered Covered Bond exchangeable for Individual Covered Bond Certificates on [•] days' notice/at any time/in the limited circumstances described in the Global Registered Covered Bond]

and

[Global Registered Covered Bond registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS)).]

23. **New Global Note / New Safekeeping Structure:** [Yes] / [No]

24. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable]/[give details].  
*Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub-paragraph 15(v) relates*
25. Talons for future Coupons to be attached to Definitive Covered Bonds (and dates on which such Talons mature): [Yes]/[No]. [As the Covered Bonds have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]
26. [European Covered Bond (Premium)]: [Applicable/Not Applicable]

Signed on behalf of Coop Pank AS:

By: .....  
 Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Admission to Trading: [Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on the regulated market of Euronext Dublin with effect from [•]. Application is expected to be made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on the regulated market of Euronext Dublin with effect from [•]. [Not Applicable.]

*(When documenting a fungible issue need to indicate that original Covered Bonds are already admitted to trading.)*

- (ii) Estimate of total expenses related to admission to trading: [•]

### 2. RATINGS

The Covered Bonds to be issued [have been/are expected to be] rated/[The following ratings reflect ratings assigned to Covered Bonds of this type issued under the Programme generally]:

Ratings: [[Moody's Deutschland GmbH]: [•]]

[[Other]: [•]]

*[Insert a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

***Option 1 - CRA established in the EEA and registered under the EU CRA Regulation and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation***

*[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and registered under Regulation (EC) No 1060/2009, as amended (the "EU CRA Regulation").* *[[Insert legal name of particular credit rating agency entity providing rating] appears on the latest update of the list of registered credit rating agencies (as of [insert date of most recent list]) on the ESMA website <http://www.esma.europa.eu>. [The rating [insert legal name of particular credit rating agency entity providing rating] has given to the Covered Bonds is endorsed by [insert legal name of credit rating agency], which is established in the UK and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK CRA Regulation").] /[[Insert legal name of particular credit rating agency entity providing rating] has been certified under Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK CRA Regulation").] /[[Insert legal name of particular credit rating agency entity providing rating] has not been certified under Regulation (EC) No 1060/2009, as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK CRA Regulation") and the rating it has given to the Covered*

Bonds is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

***Option 2 - CRA established in the EEA, not registered under the EU CRA Regulation but has applied for registration and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and has applied for registration under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority] / [European Securities and Markets Authority]. [[Insert legal name of particular credit rating agency entity providing rating] appears on the latest update of the list of registered credit rating agencies (as of [insert date of most recent list]) on the ESMA website <http://www.esma.europa.eu>]. [The rating [Insert legal name of particular credit rating agency entity providing rating] has given to the Covered Bonds is endorsed by [insert legal name of credit rating agency], which is established in the UK and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").] / [[Insert legal name of particular credit rating agency entity providing rating] has been certified under Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").] / [[Insert legal name of particular credit rating agency entity providing rating] has not been certified under Regulation (EC) No 1060/2009, as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and the rating it has given to the Covered Bonds is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

***Option 3 - CRA established in the EEA, not registered under the EU CRA Regulation and not applied for registration and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**"). [[Insert legal name of particular credit rating agency entity providing rating] does not appear on the latest update of the list of registered credit rating agencies (as of [insert date of most recent list]) on the ESMA website <http://www.esma.europa.eu>]. [The rating [Insert legal name of particular credit rating agency entity providing rating] has given to the Covered Bonds is endorsed by [insert legal name of credit rating agency], which is established in the UK and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of the European

Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").] /[[*Insert legal name of particular credit rating agency entity providing rating*]] has been certified under Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").] /[[*Insert legal name of particular credit rating agency entity providing rating*]] has not been certified under Regulation (EC) No 1060/2009, as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and the rating it has given to the Covered Bonds is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

***Option 4 - CRA established in the UK and registered under the UK CRA Regulation and details of whether rating is endorsed by a credit rating agency established and registered in the EEA or certified under the EU CRA Regulation***

[[*Insert legal name of particular credit rating agency entity providing rating*]] is established in the UK and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").] [[*Insert legal name of particular credit rating agency entity providing rating*]] appears on the latest update of the list of registered credit rating agencies (as of [*insert date of most recent list*]) on the FCA's website. [The rating [*Insert legal name of particular credit rating agency entity providing rating*]] has given to the Covered Bonds to be issued under the Programme is endorsed by [*insert legal name of credit rating agency*], which is established in the EEA and registered under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**").] [[*Insert legal name of particular credit rating agency entity providing rating*]] has been certified under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**").] [[*Insert legal name of particular credit rating agency entity providing rating*]] has not been certified under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**") and the rating it has given to the Covered Bonds is not endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation.]

***Option 5 - CRA not established in the EEA or the UK but relevant rating is endorsed by a CRA which is established and registered under the EU CRA Regulation AND/OR under the UK CRA Regulation***

[[*Insert legal name of particular credit rating agency entity providing rating*]] is not established in the EEA or the UK but the rating it has given to the Covered Bonds to be issued under the Programme is endorsed by [[*insert legal name of credit rating agency*]], which is established in the EEA and registered under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**")][and][[*insert legal name of credit rating agency*]], which is established in the UK and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of the European

Union (Withdrawal) Act 2018 ( the "**UK CRA Regulation**").

***Option 6 - CRA not established in the EEA or the UK and relevant rating is not endorsed under the EU CRA Regulation or the UK CRA Regulation but CRA is certified under the EU CRA Regulation AND/OR under the UK CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA or the UK but is certified under [Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**")][and][ Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**")].

***Option 7 - CRA neither established in the EEA or the UK nor certified under the EU CRA Regulation or the UK CRA Regulation and relevant rating is not endorsed under the EU CRA Regulation or the UK CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA or the UK and is not certified under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**") or Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") and the rating it has given to the Covered Bonds is not endorsed by a credit rating agency established in either the EEA and registered under the EU CRA Regulation or in the UK and registered under the UK CRA Regulation.

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:)*

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Covered Bonds has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and [its] affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute "**significant new factors**" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]*

4. **[Fixed Rate Covered Bonds only – YIELD**

Indication of yield: [•]

*[The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]*



## 5. OPERATIONAL INFORMATION

ISIN:	[•]
Common Code:	[•]
[FISN:	[[See/][•], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
[CFI Code:	[[See/][•], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
Delivery:	Delivery [against/free] of payment
Names and addresses of additional Paying Agent(s) (if any):	[insert name of additional Paying Agent / Not Applicable]
Intended to be held in a manner which would allow Eurosystem eligibility:	<p>[Yes. Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [include this text for Registered Covered Bonds] and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]</p> <p>[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them the Covered Bonds may then be deposited with one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [include this text for Registered Covered Bonds]. Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]</p>

## 6. DERIVATIVE INSTRUMENTS

Derivative Instruments applicable to issuance of Covered Bonds: [Yes]/[No]

*(If "No" delete the remaining sub-paragraphs of this paragraph)*

- (i) Type of Derivative Instruments: Interest Rate Swap Transaction/ Currency Swap Transaction
- (ii) Description of Derivative Instruments: [•]
- (iii) Derivative Instruments as specific collateral for this issuance: [Yes]/[No]
- (iv) Swap counterparty: [•]
- (v) Collateral posting requirements: [•]

**7. DISTRIBUTION**

- (i) Method of Distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated:
  - (A) Names of Dealers [Not Applicable/*give names*]
  - (B) Stabilisation Manager(s), if any: [Not Applicable/*give names*]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/*give names*]
- (iv) U.S. Selling Restrictions: [Reg S Compliance Category [2];  
*(In the case of Bearer Covered Bonds) TEFRA C/TEFRA D*]
- (v) Prohibition of Sales to EEA Retail Investors: [Applicable]/[Not Applicable]
- (v) Prohibition of Sales to UK Retail Investors: [Applicable]/[Not Applicable]
- (vi) Prohibition of Sales to Belgian Consumers: [Applicable]/[Not Applicable]<sup>10</sup>
- (vii) Relevant Benchmarks [[*specify benchmark*] is provided by [*administrator legal name*]][*repeat as necessary*]. As at the date hereof, [[*administrator legal name*][*appears*]/[*does not appear*]][*repeat as necessary*] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the EU Benchmarks Regulation]/[As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the EU Benchmarks Regulation]/[Not Applicable]

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<sup>10</sup> If the Covered Bonds are to be placed with Belgian consumers, "Not Applicable" should be specified.

8. **REASONS FOR THE OFFER  
AND ESTIMATED NET  
AMOUNT OF PROCEEDS**

Reasons for the offer:  [See ["Use of Proceeds"] in the Base Prospectus/*Give details*] [*If reasons differ from what is disclosed in the Base Prospectus, give details here.*]

Estimated net proceeds:

## **USE OF PROCEEDS**

The net proceeds of the issue of each Series of Covered Bonds will be used for the general banking and other corporate purposes of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## SUMMARY OF PROVISIONS RELATING TO THE COVERED BONDS WHILE IN GLOBAL FORM

### Clearing System Accountholders

In relation to any Tranche of Covered Bonds represented by a Global Covered Bond in bearer form, references in the Terms and Conditions of the Covered Bonds to "**Covered Bondholder**" are references to the bearer of the relevant Global Covered Bond which, for so long as the Global Covered Bond is held by a depositary or a common depositary, in the case of a classic global covered bond ("**CGCB**"), or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

In relation to any Tranche of Covered Bonds represented by a Global Registered Covered Bond, references in the Terms and Conditions of the Covered Bonds to "**Covered Bondholder**" are references to the person in whose name such Global Registered Covered Bond is for the time being registered in the Register which, for so long as the Global Registered Covered Bond is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper.

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 Covered Bond or a Global Registered Covered Bond (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 Covered Bond or Global Registered Covered Bond and in relation to all other rights arising under such Global Covered Bond or Global Registered Covered Bond. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Covered Bond or Global Registered Covered Bond 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 relevant Covered Bonds are represented by a Global Covered Bond or Global Registered Covered Bond, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Covered Bonds and such obligations of the Issuer will be discharged by payment to the holder of such Global Covered Bond or Global Registered Covered Bond.

### Conditions applicable to Global Covered Bonds

Each Global Covered Bond and Global Registered Covered Bond will contain provisions which modify the Terms and Conditions of the Covered Bonds as they apply to the Global Covered Bond or Global Registered Covered Bond. The following is a summary of certain of those provisions:

**Payments:** All payments in respect of the Global Covered Bond or Global Registered Covered Bond which, according to the Terms and Conditions of the Covered Bonds, require presentation and/or surrender of a Covered Bond, Covered Bond Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Covered Bond or Global Registered Covered Bond 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 Covered Bonds. On each occasion on which a payment of principal or interest is made in respect of the Global Covered Bond, the Issuer shall procure that in respect of a CGCB the payment is noted in a schedule thereto and in respect of an NGN the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

**Calculation of interest:** the calculation of any interest amount in respect of any Covered Bond which is represented by a Global Covered Bond or Global Registered Covered Bond will be calculated on the aggregate outstanding principal amount of the Covered Bonds represented by such Global Covered Bond or Global Registered Covered Bond, as the case may be, and not by reference to the Calculation Amount.

**Payment Business Day:** In the case of a Global Covered Bond, or a Global Registered Covered Bond, shall be, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

**Payment Record Date:** Each payment in respect of a Global Registered Covered Bond will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Registered Covered Bond is being held is open for business.

**Partial exercise of call option:** In connection with an exercise of the option contained in Condition 9(c) (*Redemption at the option of the Issuer*) in relation to some only of the Covered Bonds, the Permanent Global Covered Bond or Global Registered Covered Bond may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Covered Bonds to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

**Notices:** Notwithstanding Condition 19 (*Notices*), while all the Covered Bonds are represented by a Permanent Global Covered Bond (or by a Permanent Global Covered Bond and/or a Temporary Global Covered Bond) or a Global Registered Covered Bond and the Permanent Global Covered Bond is (or the Permanent Global Covered Bond and/or the Temporary Global Covered Bond are), or the Global Registered Covered Bond is, deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Covered Bondholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Covered Bondholders in accordance with Condition 19 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Covered Bonds are admitted to trading on Euronext Dublin and it is a requirement of applicable law or regulations, such notices shall also be published in a leading newspaper having general circulation in Ireland or published on the website of Euronext Dublin ([www.euronext.com/en/markets/Dublin](http://www.euronext.com/en/markets/Dublin)).

**Electronic Consent and Written Resolution:** While any Global Covered Bond or Global Registered Covered Bond 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 three-quarters in aggregate principal amount of the Covered Bonds for the time being 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 Covered Bondholders duly convened and held, and shall be binding on all Covered Bondholders 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 Covered Bond or Global Registered Covered Bond 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 Covered Bondholders 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 principal amount of the Covered Bonds is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

*The following information (save for that set out under "Selected Consolidated Ratios and APMs of the Group") has been extracted from, and should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements of the Group and should also be read in conjunction with "Financial Review". See also "Presentation of financial information" for a discussion of the sources of the numbers contained in this section.*

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The table below shows the Group's consolidated statement of financial position as at 31 December in each of 2024, 2023 and 2022.

in thousands of EUR	As at 31 December 2024*	As at 31 December 2023	As at 31 December 2022
<b>Assets</b>			
Cash and demand deposits at the Central Bank, credit institutions and other financial institutions	325,362	411,256	350,642
Mandatory reserve kept in the central bank	18,316	17,098	14,236
Debt securities at fair value through other comprehensive income	37,751	36,421	18,747
Equity instruments at fair value through other comprehensive income	13	13	13
Loans and advances to customers	1,774,118	1,490,873	1,300,775
Other financial assets	1,610	832	1,380
Other assets	2,035	1,275	697
Assets held for sale	1,140	1,722	3,412
Right-of-use assets	5,107	5,380	6,130
Tangible assets	3,451	3,746	2,808
Intangible assets	12,954	10,839	8,579
Goodwill	6,757	6,757	6,757
<b>Total assets</b>	<b>2,188,614</b>	<b>1,986,212</b>	<b>1,714,176</b>
<b>Liabilities</b>			
Customer deposits and loans received	1,886,145	1,721,765	1,508,126
Lease liabilities	5,153	5,417	6,142
Other financial liabilities	15,443	14,444	7,052
Other liabilities	7,088	8,574	5,601
Subordinated debt	63,148	50,187	38,139
<b>Total liabilities</b>	<b>1,976,977</b>	<b>1,800,387</b>	<b>1,565,060</b>
<b>Shareholders' equity</b>			
Share capital	70,181	69,673	69,148
Share premium	26,711	25,779	25,435
Statutory reserve capital	6,815	4,855	3,838
Retained earnings	105,807	84,484	50,863
Other reserves and assets revaluations	2,123	1,034	-168
<b>Total shareholder's equity</b>	<b>211,637</b>	<b>185,825</b>	<b>149,116</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,188,614</b>	<b>1,986,212</b>	<b>1,714,176</b>

*\* Financial information as at and for the year ended 31 December 2024 has been derived from the Interim Financial Statements and has not been audited nor reviewed by independent auditors.*



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The table below shows the Group's consolidated statement of profit or loss and other comprehensive income for each of the years ended 31 December 2024, 2023 and 2022.

in thousands of EUR	2024*	2023	2022
Interest income calculated using the effective interest method	125,338	109,627	54,555
Other income similar to interest	13,357	11,024	5,535
Interest and similar expense	-61,125	-39,386	-9,381
<b>Net interest and similar income</b>	<b>77,570</b>	<b>81,265</b>	<b>50,709</b>
Fee and commission income	7,899	7,609	6,172
Fee and commission expense	-3,541	-2,762	-2,387
<b>Net fee and commission income</b>	<b>4,358</b>	<b>4,847</b>	<b>3,785</b>
Sale of assets	-	80	-
Cost of assets sold	-	-85	-
Direct property operating expenses	-	-	-1
Change in fair value of investment properties	-750	-1,825	-450
Net gains from non-financial asset realisation	53	4	6
Net gains from financial assets measured at fair value	33	57	4
Handling of overdue receivables	534	560	444
Other income	85	301	134
<b>Net other income</b>	<b>-45</b>	<b>-908</b>	<b>137</b>
Payroll expenses	-23,411	-20,234	-15,502
Operating expenses	-11,713	-10,213	-7,352
Depreciation	-5,452	-4,681	-4,323
<b>Total operating expenses</b>	<b>-40,576</b>	<b>-35,128</b>	<b>-27,177</b>
<b>Profit before loss allowances and tax</b>	<b>41,307</b>	<b>50,076</b>	<b>27,454</b>
Credit loss allowance	-4,643	-6,302	-5,245
<b>Profit before tax</b>	<b>36,664</b>	<b>43,774</b>	<b>22,209</b>
Income tax expenses	-4,486	-4,570	-1,859
<b>Net profit for the financial year</b>	<b>32,178</b>	<b>39,204</b>	<b>20,350</b>
Other comprehensive income / loss Items that may be reclassified to profit or loss:			
Financial assets at fair value through other comprehensive income	757	424	-868
<b>Other comprehensive income / loss</b>	<b>757</b>	<b>424</b>	<b>-868</b>
<b>Total comprehensive income for the financial year</b>	<b>32,935</b>	<b>39,628</b>	<b>19,482</b>
Basic earnings per share (in EUR)	0.31	0.38	0.22
Diluted earnings per share (in EUR)	0.31	0.38	0.21

\* Financial information as at and for the year ended 31 December 2024 has been derived from the Interim Financial Statements and has not been audited nor reviewed by independent auditors.

## CONSOLIDATED STATEMENT OF CASH FLOWS

The table below summarises the Group's consolidated statement of cash flows for each of the years ended 31 December 2024, 2023 and 2022.

	2024*	2023	2022
<i>in thousands of EUR</i>			
Cash flows from operating activities:			
Interest and other similar income received	138,367	118,064	58,528
Interest paid	-64,341	-24,874	-8,423
Fees and commissions received	7,899	7,609	6,172
Fees and commissions paid	-3,541	-2,762	-2,387
Other received income	706	930	596
Salaries paid	-22,555	-20,320	-15,439
Other operating expenses paid	-11,713	-10,213	-7,352
Income tax paid	-5,809	-2,973	-1,390
<b>Total cash flows from operating activities before changes in operating assets and liabilities</b>	<b>39,013</b>	<b>65,461</b>	<b>30,305</b>
Change in operating assets:			
Loans and advances to customers	287,578	-194,087	-349,124
Change of base level of the reserve kept in the Central Bank	-1,218	-2,862	-4,724
Other assets	-1,852	-115	289
Change in operating liabilities:			
Change in customer deposits and loans received	167,803	199,245	408,397
Other liabilities	1,067	10,877	3,309
<b>Net cash flows from operating activities</b>	<b>-82,766</b>	<b>78,519</b>	<b>88,452</b>
Cash flows from investing activities			
Acquisition of property, plant and equipment	-6,636	-7,200	-4,412
Sale of property, plant and equipment and investment properties	634	88	313
Acquisition of debt securities	-2,342	-18,226	-14,261
Sale and redemption of debt securities	1,253	274	1,612
<b>Total cash flows used in investing activities</b>	<b>-7,091</b>	<b>-25,064</b>	<b>-16,748</b>
Cash flows from financing activities			
Contribution to share capital	820	778	20,149
Issue of subordinated debt	15,000	12,000	26,100
Redemption of subordinated bonds	-2,000	-	-5,000
Dividends paid	-8,895	-4,566	-2,738
Repayment of principal of lease liabilities	-961	-1,040	-850
<b>Total cash flows from financing activities</b>	<b>3,964</b>	<b>7,172</b>	<b>37,661</b>

Effect on exchange rate changes on cash and cash equivalents	-1	-13	-9
<b>Change in cash and cash equivalents</b>	<b>-85,894</b>	<b>60,614</b>	<b>109,356</b>
Cash and cash equivalents at beginning of the period	411,256	350,642	241,286
<b>Cash and cash equivalents at the end of the period</b>	<b>325,362</b>	<b>411,256</b>	<b>350,642</b>

*\* Financial information as at and for the year ended 31 December 2024 has been derived from the Interim Financial Statements and has not been audited nor reviewed by independent auditors.*

## SELECTED CONSOLIDATED RATIOS AND APMS OF THE GROUP:

The table below shows selected consolidated ratios and APMs for the Group as at, and for the years ended, 31 December in each of 2024, 2023 and 2022. In each case the information is unaudited.

	2024 *	2023	2022
Net profit, million EUR	32.2	39.2	20.4
Average shareholders' equity, million EUR (1)	198	167	121
<b>Return on equity</b>	<b>16.2</b>	<b>23.5</b>	<b>16.8</b>
<b>ROE, % (2)</b>			
Net profit, million EUR	32.2	39.2	20.4
Total assets, average, million EUR (3)	2,069	1,866	1,446
<b>Return on assets</b>	<b>1.6</b>	<b>2.1</b>	<b>1.4</b>
<b>ROA, % (4)</b>			
Net interest income, million EUR	77.6	81.3	51.7
Cash and interest-bearing assets, average, million EUR (5)	2,069	1,857	1,434
<b>Net interest margin</b>	<b>3.8</b>	<b>4.4</b>	<b>3.5</b>
<b>NIM, % (6)</b>			
Operating expenses, million EUR	40.6	35.1	27.2
Total net operating income, million EUR (7)	81.9	85.2	54.6
<b>Cost/income ratio, CIR, % (8)</b>	<b>49.6</b>	<b>41.2</b>	<b>49.7</b>
Net loan portfolio, at the balance date, million EUR	1,774	1,491	1,301
Customer deposits and loans received, million EUR	1,886	1,722	1,508
<b>Loans to deposits ratio, % (9)</b>	<b>94.1</b>	<b>86.6</b>	<b>86.3</b>
Dividends paid, million EUR	8.9	4.6	2.7
<b>Dividend to net profit ratio, % (10)</b>	<b>22.7</b>	<b>22.4</b>	<b>20.3</b>
Liquidity Coverage Ratio (LCR), % (high-quality liquid assets / net cash outflows) (11)	206.7	293.4	175.8
Net Stable Funding Ratio (NSFR), % (stable funding available / stable funding required) (11)	127.2	134.3	144.1
Leverage Ratio (LR), % (Tier 1 capital / total exposure measure) (11)	8.8	8.4	7.4

\* Financial information as at and for the year ended 31 December 2024 used to calculate ratios and measures above has been derived from the Interim Financial Statements and has not been audited nor reviewed by independent auditors.

Explanations to ratios and metrics as presented above:

- (1) Average shareholders' equity is calculated based on the average of the month-end balances within each applicable period;
- (2) Return on equity (ROE) equals net profit for the year divided by average shareholders' equity;
- (3) Average total assets is calculated based on the average of the month-end balances within each applicable period;
- (4) Return on assets (ROA) equals net profit for the year divided by the average total assets;
- (5) Cash and interest-bearing assets equal to cash and demand deposits at the central bank, credit institutions and other financial institutions plus mandatory reserves kept in the central bank plus debt securities at fair value through other comprehensive income plus equity instruments at fair

value through other comprehensive income plus loans and advances to customers before loss allowance of loans and advances (gross); the average is calculated based on the month-end balances within the applicable period;

- (6) Net interest income (NIM) equals to net interest and similar income for the year divided by the average cash and interest-bearing assets;
- (7) Total net operating income equals to net interest and similar income, net fee and commission income and net other income for the year;
- (8) Cost to income ratio (CIR) equals to operating expenses divided by the total net operating income;
- (9) Loans to deposit ratio equals to loans and advances to customers divided by customer deposits and loans received;
- (10) Dividend to net profit ratio equals to total amount of dividends paid divided by the net profit for the previous year; and
- (11) Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Leverage Ratio (LR) are calculated according to applicable requirements set by European Commission, EBA, EFSA and other relevant institutions.

## DESCRIPTION OF THE BANK

### Introduction

The Bank started operating in 1992 (following its incorporation on 15 March 1992) under the name Krediidipank and has been authorised as a credit institution since 13 February 1993. The principal activity of the Group is acting as a credit institution in the Estonian banking market, and it also engages in leasing, consumer credit, insurance brokerage and real estate management activities. The foundation for the Group's operations in its current form was laid at the beginning of 2017 when Coop Eesti Keskühistu and Inbank AS acquired 70 per cent. of the Bank's shares. The new owners sought to establish a strong new bank focused on the Estonian market by building on Krediidipank's business with the benefit of the synergy between grocery, retail and banking created by the strategic partnership with Coop Eesti Keskühistu, Estonia's largest retail chain. In December 2019, the Bank's shares were listed on the main list of the Nasdaq Tallinn Stock Exchange ("**Nasdaq Tallinn**") in an initial public offering.

The Bank 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 10237832.

As at 31 December 2024, the Bank had over 200 thousand customers. The Group had 450 employees (in full time equivalent units) as at the same date.

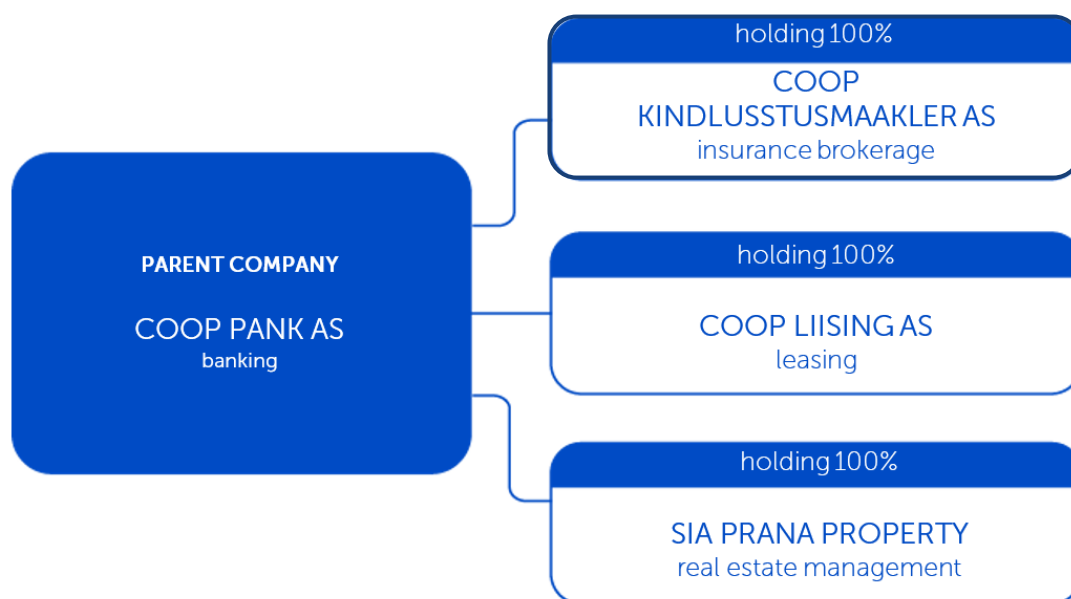
### History

A brief timeline of the Bank's history is set out below:

<b>1992</b>	Foundation of the Bank
<b>1993</b>	Authorisation as a credit institution received
<b>1996</b>	Foundation of subsidiaries Krediidipanga Liisingu AS (current business name Coop Liising AS) and aktsiaselts Martinoza
<b>January 2017</b>	Coop Eesti Keskühistu as a strategic investor and Inbank AS as a financial investor acquired 70 per cent. of the shares of the Bank
<b>October 2017</b>	Launch of the trademark Coop Pank
<b>December 2017</b>	Launch of an electronic platform for establishing client relationships (so-called electronic on-boarding)
<b>May 2018</b>	Launch of offering the Coop Sula product as a result of which it is possible to withdraw cash from the cash registers of Coop Eesti stores
<b>March 2019</b>	Based on the new strategy, the Bank stopped servicing the high-risk non-resident customer segment (for which the process started at the beginning of 2017)
<b>December 2019</b>	The initial public offering of the Bank's shares and the listing on the main list of Nasdaq Tallinn, as a result of which the Bank raised EUR 31 million in capital
<b>June 2020</b>	Launch of a unique Car Mall (in Estonian: Autokaubamaja) solution in the leasing market
<b>August 2020</b>	Moody's assigned the Bank an investment grade credit rating of Baa2
<b>March 2021</b>	Public offering of the Bank's subordinated bonds and listing on the main list of Nasdaq Tallinn, as a result of which the Bank raised EUR 10 million of Tier 2 capital
<b>June 2021</b>	The number of daily banking customers of the Bank exceeded 100,000
<b>September 2021</b>	The Bank established a new head office in the Skyon building on Maakri street in Tallinn
<b>March 2022</b>	Public offering of the Bank's subordinated bonds (the second series of the programme) and listing on Nasdaq Tallinn, as a result of which the Bank raised an additional EUR 10 million of Tier 2 capital
<b>April 2022</b>	The Bank's loan portfolio exceeded EUR 1 billion
<b>June 2022</b>	The Bank issued EUR 16.1 million worth of Additional Tier 1 bonds
<b>November 2022</b>	The Bank issued 10,147,131 new shares, raising EUR 20.2 million

<b>December 2022</b>	The Bank merged with its 100 per cent. subsidiary CP Varad AS, as a result of which CP Varad AS was dissolved and the Bank became its successor. The main operation of CP Varad AS had been managing and realising the properties which were collateral to the Bank's problem credit
<b>September 2023</b>	The Bank issued EUR 12 million worth of Additional Tier 1 bonds
<b>December 2023</b>	The Bank obtained a EUR 15 million unsecured subordinated loan from the European Energy Efficiency Fund S.A. SICAV-SIF. The loan is a capital instrument included in the Bank's Tier 2 own funds
<b>April 2024</b>	The Bank merged with its 100 per cent. subsidiary Coop Finants AS

## Group Structure



Coop Pank AS - The Bank is the parent company of the Group. The Bank is authorised as a credit institution in accordance with the Estonian Credit Institutions Act ("CIA"). The principal market of the Bank is Estonia. The Bank offers everyday banking services (accounts, payments, bank cards, cash services and deposits) and financing services (small loans, credit cards, home loans, leasing) to private individuals. The Bank also offers everyday banking services (settlements, depositing, bank link service, bank cards, cash services) and financing products (loans, overdrafts, bank guarantees) to businesses.

In 2010–2017 the Bank also operated in the Latvian market servicing customers through the Latvian branch. The Latvian branch was closed on 31 August 2017 due to a change in strategy and the decision to focus on offering services to customers in the Estonian market.

Until 1 April 2024, the Bank had a 100 per cent. holding in Coop Finants AS ("**Coop Finants**"). The principal activity of Coop Finants was to offer consumer financing products up to the sum of EUR 25,000 in the Estonian market, as well as to offer a credit limit for card payments in Coop Eesti Keskühistu member stores. Coop Finants merged with the Bank on 1 April 2024. Since the merger, Coop Finants' activities are carried out by the consumer financing department of the Bank.

Coop Liising AS - The main activity of Coop Liising AS ("**Coop Liising**") is leasing assets to customers and financing the stock of inventory of items to be leased. Coop Liising is authorised to provide credit to Estonian consumers and since 9 May 2016 has been listed under creditors acting under the exception provided in § 2 (8) of the Creditors and Credit Intermediaries Act. Coop Liising mainly offers lease financing of new and used vehicles for private and legal persons.

As of 31 December 2024, the gross leasing portfolio of Coop Liising was EUR 194.7 million of which leases to private individuals accounted for EUR 95.9 million and leases to businesses EUR 98.8 million. As of 31 December 2024, Coop Liising has over 7,700 customers.

SIA Prana Property - SIA Prana Property ("**Prana Property**") is a subsidiary of the Bank founded in May 2017 which deals with the managing and realisation of real estate held as collateral for problem credits of the former Latvian branch of the Bank. At the date of this Base Prospectus, Prana Property owns one item of real estate which is an unfinished apartment building in Riga. The apartment building was connected to the Maxima shopping centre, where in 2013 a collapse with human casualties took place, and therefore the building permit for the apartment building has been revoked. The building permit was granted again in 2023 and the Group is looking to sell the property. Prana Property has no turnover as of 31 December 2024, and a member of the management board works in the company under a contract.

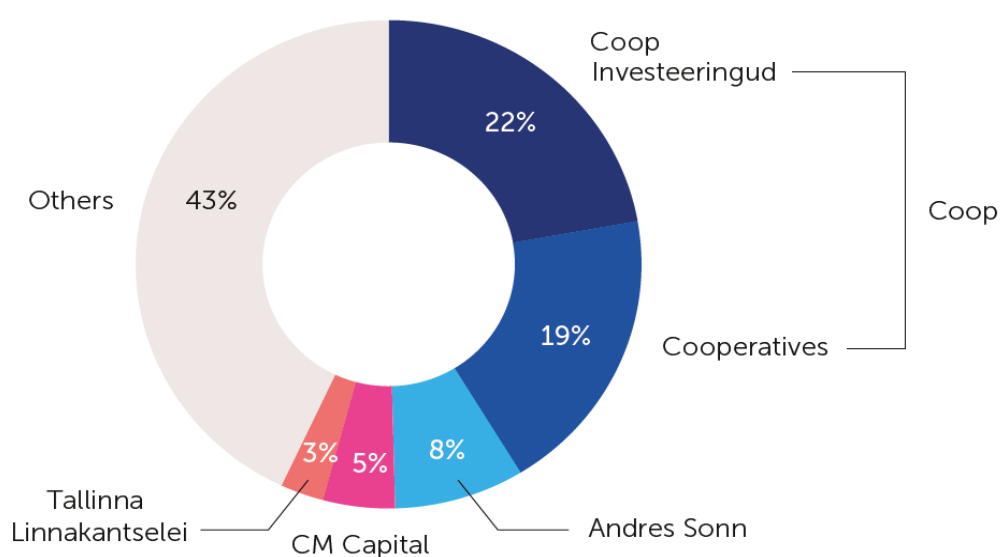
Coop Kindlustusmaakler AS - Coop Kindlustusmaakler AS is a subsidiary of the Bank founded in August 2019, which was included in the EFSA's list of insurance intermediaries on 29 November 2019. Coop Kindlustusmaakler intermediates all non-life insurance products, including traffic and comprehensive insurance.

### Ownership of the Bank

The Bank has issued ordinary shares, each share giving one voting right. The shares have been listed on Nasdaq Tallinn with ISIN code EE3100007857 since 10 December 2019.

In December 2022, a secondary public share offering took place where an additional 10.15 million new shares were issued. A total of EUR 20.2 million of capital was raised.

The diagram below shows the Bank's shareholding structure as at 31 December 2024:



Coop Eesti Keskühistu (including Coop Investeeringud OÜ and 12 independent regional cooperatives) has a combined ownership of 41 per cent. of shares of the Bank. The Bank has approximately 35,900 shareholders as of 31 December 2024.

### Strategy

The Group's way of operating for achieving its strategic objectives is as follows:

Estonian banking group - The Group is predominantly owned by domestic investors. The Group's customers are predominantly residents of Estonia. All of the Group's decisions are made in Estonia. The Group's employees, the Management Board and the Supervisory Board sit at one table, every week if needed. The



Group believes that there is public support for domestic capital-based banking groups. Through its activities, the Group wishes to contribute to the development of Estonian people and companies and thereby support the development of the Estonian economy. In fulfilling this mission, The Group cooperates proactively with Estonian entrepreneurs who need financial support to implement their business plans in both rural and urban areas. By supporting the development of companies outside the big cities, the Group contributes to the regional development of Estonia and creates opportunities for people to live where they want to in Estonia.

Everyday banking, financing services and saving products - The Group sees its strengths and the resulting growth opportunities primarily in the provision of everyday banking (accounts, payments, bank cards, cash, deposits), financing services (mortgage loans, consumer loans, credit cards, business loans, lease financing) and saving products (short term saving, medium term saving into deposits, long term saving into pension funds in cooperation with its chosen fund manager Tuleva Fondid AS). In addition, the Group intermediates the most common property insurance products (motor third party liability insurance, comprehensive insurance, home insurance, travel insurance, purchase insurance) through its insurance broker entity, Coop Kindlustusmaakler AS.

Private Clients and Small to Medium-Sized Enterprises - The Group's client offering is designed for private customers who choose a primary bank for their salary deposits and daily banking needs or select a specific financial product, such as a home loan, car leasing, deposit, etc. In terms of business clients, the Group focuses primarily on small and medium-sized enterprises that require financing services or wish to earn better returns by depositing their temporarily available funds.

Fast - The Group's way of operating is fast always and everywhere - customers can open an account through electronic channels in about 3 minutes, instant payments are made in seconds, the Group is able to make a decision on a private customer's small loan or credit card in approximately 5 minutes and can make a mortgage loan decision or car lease financing decision within one working day.

Bank with a human face - The Group has a modern internet banking solution and mobile app available to customers, but at the same time, it also differs from its competitors by offering customers human contact – the Group has staff working in 14 bank branches and additionally some everyday banking services (such as cash-in and cash-out and authorisation of clients) can be done in Coop stores (320 stores in total).

A bank that suits your life/business. Not the other way around - The Group has an ambition to grow and therefore strive on behalf of every customer. Having a growth strategy, the Group approaches each client personally and finds a solution that suits the customer's wishes. The Group prices everyday banking services on a package basis, allowing for the use of all banking services the customer needs on a daily basis for a fixed monthly fee.

Integration of banking and retail - Thanks to the strategic partnership with Coop Eesti Keskühistu and its 18 member cooperatives, in addition to the usual sales and service channels (offices, internet banking, mobile banking), the Group can also offer financial services in 320 stores of Coop Eesti Keskühistu member cooperatives all over Estonia. This is delivered through the Coop Sula service, i.e. the possibility to make a cash withdrawal from a bank account or a deposit to a bank account at cash registers of Coop Eesti Keskühistu stores. The customer also receives the cheapest prices in Coop Eesti Keskühistu stores when paying for purchases with a Coop Pank AS card.

## **Mission and Targets**

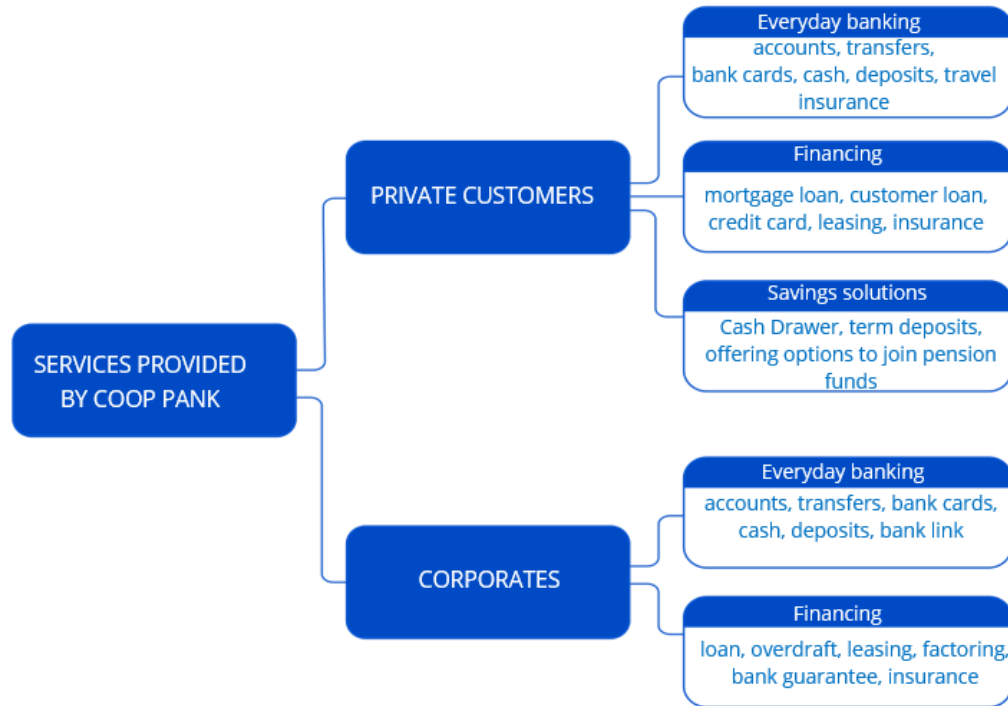
The mission of the Group is 'to carry life forward in every corner of Estonia'. For this, the Group strives to give impetus to Estonian companies with a focus on Estonian entrepreneurs and domestic capital. From the beginning of 2017 until 2024, the number of the Group's clients have increased from 32 thousand to more than 200 thousand (an increase of 7 times), the Group's loan portfolio has increased from EUR 0.15 billion to EUR 1.7 billion (an increase of more than 10 times), and the amount of deposits has increased from EUR 0.25 billion to EUR 1.8 billion (an increase of 7 times).

By the end of 2026, the Group's strategic goal is to increase its market share in Estonia to 10 per cent. or a loan portfolio of at least EUR 2 billion, and thereby to reach a position in which every tenth Estonian is an active customer of the Group (approximately 150,000 active customers). By increasing business volumes,

the Group aims to achieve greater efficiency (a cost/income ratio of maximum 50 per cent.) and to offer shareholders a higher return on equity (a return on equity of minimum 15 per cent.).

**Services provided to clients**

The Group's services are described in the diagram below:



**Services to private customers**

As at 31 December 2024, the Group had around 187,000 private customers who had opened accounts with the Bank. There are also clients who had selected products like a car lease or a consumer financing loan from the Group without having a bank account. It is a policy of the Group not to require a customer to open a bank account if the client is only interested in a certain product.

For private customers, the Group offers everyday banking services (including bank accounts, a mobile app and online banking services, money transfers, payment cards, and cash-in and cash-out), financing solutions (including home mortgage loans, credit cards, consumer finance and car leasing) and savings products (short-term savings, long-term deposits and pension funds). All financing services except for car leasing are provided by the Bank. Car leasing is offered by Coop Liising. Insurance products are offered to private clients by Coop Kindlustusmaakler AS, which is an insurance broker in the Group.

The main service channel for private customers are digital banking solutions like the mobile app and online banking services. There are also 14 bank branches available, and some services are provided in Coop grocery stores (320 shops all over Estonia). The Group's intention is to have the best digital channels available on the market so that private customers should not usually need physical channels.

**Services to corporates**

The Group offers everyday banking services to business clients (including bank accounts, a mobile app and online banking services, money transfers, payment cards, cash-in, cash-out, point of service payment terminals, e-commerce payment solutions and payroll payment management), financing solutions (including investment loans, working capital loans and overdrafts, factoring, bank guarantees, credit cards

and car leasing) and savings products (short-term savings and long-term deposits). All financing services except car leasing are provided by the Bank. Car leasing is offered by Coop Liising AS. Insurance products are offered by Coop Kindlustusmaakler AS, which is an insurance broker within the Group.

Due to the limited size of the Group, the main target client segment has been small and medium size enterprises ("SMEs"). The Group will continue to focus on widening its SMEs clientele in the coming years in order to limit risk concentration amongst particular clients.

The main sales channels for selling everyday banking services to business clients are digital channels (online bank services and the mobile app). In addition, the Group sees that business clients need a more personal approach and therefore every business client has a client relationship manager in the Bank to contact in case of necessity.

### **General performance of business segments**

After a six-year period of low interest rates, 2023 was dominated by rising rates in the money markets and capital markets and waning demand for credit due to the economic slowdown. In this economic environment, savers were the main beneficiaries; borrowers had a harder time. The Group set the trend in the Estonian deposit market in 2023 when it came to increasing interest rates on term deposits to keep up with international market movements, as well as decreasing interest rates in January 2024. The Group was also pleased to see that its customers did not face problems with increased loan repayments due to increased base interest rates and that the Group's loan portfolio remained high-quality in the difficult macroeconomic circumstances.

Despite the challenging economic environment, the Group continues to execute its growth strategy, and its market share has increased to 6.0 per cent. as of 30 June 2024<sup>11</sup>. The Group's footprint in society is becoming increasingly visible. The Group is now on the list of critical service providers (CSPs, *elutähtsa teenuse osutaja, ETO*) – the most important companies for the functioning of society and the economy – whose services must continue to operate in a crisis. At the same time, the ECB has also designated the Group as a high impact less-significant institution.

The Group has continued to develop its digital banking channels, with the introduction of biometric identification, Google Pay and Apple Pay, which offer convenient, secure payment options both in-store and online. The Group has also made it possible to apply for a loan, view loan details, open a deposit and amend e-invoice standing payment agreements on its mobile app. The most important product innovations for business customers have been the option to open an account electronically and the introduction of Gateway, which helps companies quickly, securely and conveniently connect their accounting to the Bank's services. In 2024, the Group started to cooperate with fintech company Montonio in order to offer effective payment solutions to e-commerce businesses.

In addition to electronic channels, the Bank's tellers, administrators and customer support will continue to serve customers in its 14 branches in 11 towns and cities around Estonia. Having such a wide network is increasingly becoming the Group's biggest competitive advantage. In addition, customers can use cash services free of charge in all 320 Coop grocery stores and at any of the ATMs in Estonia, making the Group the largest cash network among banks in Estonia. The Group makes a difference in the daily lives of people in Estonia, and Group has a broad social impact. This was recognised in 2023 by Brand Capital, the largest brand and lifestyle research company in the Baltics, which awarded Coop Pank the title of 'Most Human Brand in Estonia'.

Since the end of 2023, the Group significantly expanded its range of services for private customers and started offering even more convenient ways of saving money. In addition to term deposits, which are growing again in popularity, the Group added a flexible saving service called the "Cash Drawer" to its mobile application and provides customers with the option of joining the Tuleva pension fund.

The rapidly growing Coop Kindlustusmaakler offers clients the chance to obtain car and third party liability insurance on the Bank's website. Car insurance is offered to every leasing client and home insurance is offered to every home mortgage client as a standard solution.

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<sup>11</sup> Based on the statistics of the Estonian Finantsinspektsioon.

The Group has also made applying for a home loan on its website quick and easy: as at the date of this Base Prospectus, the Group is the only bank in Estonia that shows the applicant an indicative offer immediately after their application has been submitted. In order to make it easier for those who live a long way from towns and cities to build homes as well, the Group continues to be the only bank in Estonia that accepts guarantees from the Estonian Business and Innovation Agency ("EIS") for the purchase of housing in rural areas. The Group also accepts all other EIS guarantees to reduce the co-financing requirement. In addition, nearly 40 per cent. of all contracts for the purchasing of a home with Rural Enterprise Foundation (MES) co-financing so far have been financed by the Group.

The Group's results for 2024 were primarily affected by growth in business volumes, including the number of customers and its loan portfolio, and the changed interest rate environment.

In the 12-month period ended 31 December 2024, customer numbers grew by 25,100 to 207,600. The number of actively billed clients increased by 17,400 to 99,400. By the end of the year 2024, the Group's deposits amounted to EUR 1.89 billion, increasing by EUR 164 million (+9.5 per cent.) over the year. The Group's loan portfolio increased by EUR 283 million (+19.0 per cent.) over the year to reach EUR 1.77 billion. The split between business lines of this growth is shown in table below:

Loan portfolio, in millions of EUR	31 December 2024*	31 December 2023	difference	difference, per cent.
Total receivables from private individuals	932	776	156	20.1
incl. consumers loans	108	100	8	8.1
incl. lease financing	96	73	23	31.5
incl. mortgage loans and other loans	728	603	125	20.7
Total receivables from legal entities	861	731	130	17.7
incl. lease financing	99	98	0	0.4
incl. other loans to legal entities	762	633	129	20.4
Total receivables	1,793	1,507	285	18.9
Loss allowances of loans and advances	-19	-16	-2	13.2
<b>Total</b>	<b>1,774</b>	<b>1,491</b>	<b>283</b>	<b>19.0</b>

\* Financial information as at and for the year ended 31 December 2024 has been derived from the Interim Financial Statements and has not been audited nor reviewed by independent auditors

The quality of the Group's loan portfolio has remained at a good level throughout the year ending 31 December 2024, with only 2.2 per cent. of the portfolio in arrears<sup>12</sup> as at 31 December 2024. Nonetheless, based on a negative macroeconomic situation and a pessimistic outlook in the near future, the provisioning models used by the Group have increased provisions in order to be prepared for a potential deterioration in the performance of the Group's loan portfolio. Total credit cost for potential loan losses during the year 2024 was EUR 4.6 million, and credit loss allowance increased by EUR 2.2 million or 13.2 per cent. during 2024.

The Group's continued growth in business volumes and digitalisation has led to the expected economies of scale, which means the Group's revenues have risen more quickly than its costs between 2017 and 2024 bringing cost to income ratio from a level close to 70 per cent. down to a level below 50 per cent. over the last three years. The same trend has increased the Group's profitability and has brought return on equity from around 10 per cent. to a level above 15 per cent. over the last three years.

The Group's interest income and expenses are largely affected by the general interest rate environment: on the one hand, the rise in EURIBOR since mid-2022 until the end of 2023 led to an exceptional increase in revenue, while on the other hand, the cost of interest on deposits increased. The daily average 6-month EURIBOR rate was 3.69 per cent. during the year 2023 and 3.53 per cent. during 2024<sup>13</sup>. The average amount of interest bearing assets of the Group was EUR 2,069 million during the year 2024. It is therefore estimated that interest rate change did not significantly affect the Group's interest income for this period

<sup>12</sup> Counted since the first due date.

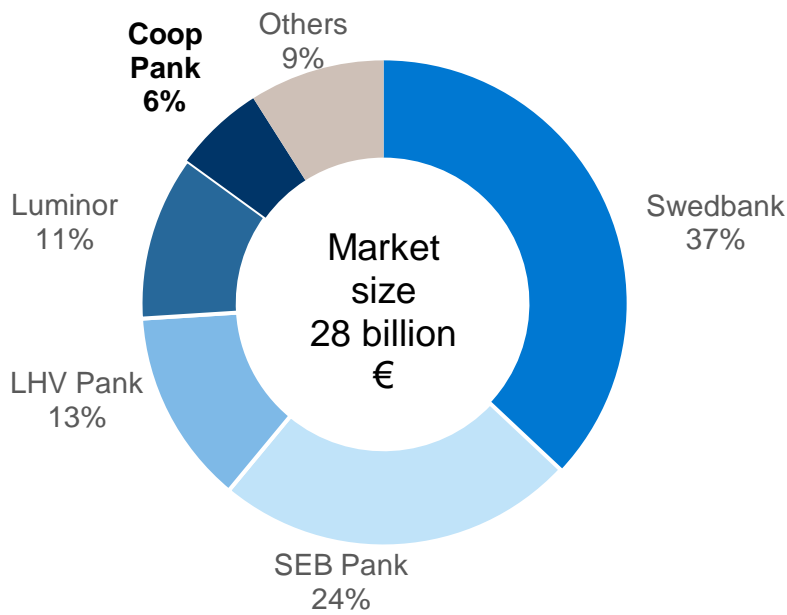
<sup>13</sup> Source: <https://www.euribor-rates.eu/en/>

but on the other hand average interest paid on deposits grew significantly, which caused an increase of interest costs by EUR 21.7 million during 2024. The year 2023 shall be considered as extraordinary for the banking sector in the Eurozone whereas 2024 was more stable in respect of net interest margins, return on assets and return on equity.

### Competition

The Bank is one of the five universal banks operating in Estonia. The biggest competitors on the market are Swedbank, SEB, Luminor and LHV. The Swedish banks (Swedbank and SEB) have the largest share of the market, with a total market share of around 61 per cent. of deposits and loans in total as of 30 June 2024.<sup>14</sup>

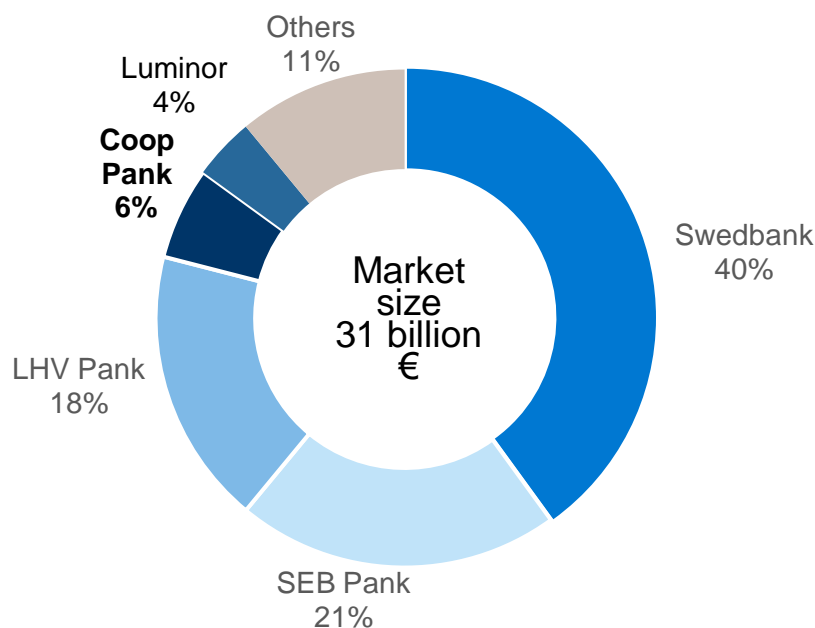
Market shares of loans (30 June 2024)<sup>15</sup>



<sup>14</sup> Based on the statistics of the Estonian Finantsinspektsioon: [https://www.fi.ee/sites/default/files/fi\\_eft\\_2024\\_eng.pdf](https://www.fi.ee/sites/default/files/fi_eft_2024_eng.pdf)

<sup>15</sup> Based on the statistics of the Estonian Finantsinspektsioon: [https://www.fi.ee/sites/default/files/fi\\_eft\\_2024\\_eng.pdf](https://www.fi.ee/sites/default/files/fi_eft_2024_eng.pdf)

Market shares of Deposits (30 June 2024)<sup>16</sup>



With a distinctly differentiated strategy, the Group has been growing more than 30 per cent. per annum in all key indicators (number of customers, loan portfolio, deposit portfolio, profit) each year during the period of 2017-2024 and has increased its market share from 1 per cent. to 6.0 per cent. As the Group has grown each year, it is increasingly difficult to keep the rate of growth at this pace and so it is logical to expect that the rate of growth will slow down somewhat in the coming years, however, the general strategy of the Group is to continue to grow 2-3 times faster than the overall market and therefore continue to increase its market share constantly.

The Bank's strategic goal is to achieve economies of scale by the end of 2026, which involves growing the number of daily banking active customers to at least 150,000, increasing the loan portfolio to at least EUR 2 billion and lowering the cost/income ratio below 50 per cent. By achieving these performance targets, the Bank aims to keep the return on equity at a level above 15 per cent. and ensure value growth for its shareholders.

### Information Technology

The Bank's IT function is comprised of IT development, IT administration and IT security, which are led and managed by the head of IT who directly reports to the CEO.

The Bank is a technology driven company and leverages its strong internal IT team to focus on digital solutions for customers and its employees. The Bank has both modern digital as well as physical channels that are supported by an internal team that is roughly a fifth of the total workforce. This allows for the in-house development and management of business priority system components, which provide flexibility in changing market conditions.

The Bank's systems are designed, built and managed in an efficient manner to provide performance and scalability to company goals and strategy. This is achieved by utilizing modern architecture standards, process automation and technology life-cycle management principles.

The Management Board has overall accountability for overseeing the IT strategy implementation process by approving it and its adherence to the company strategy as well as establishing effective risk management frameworks for IT and information security risks. IT strategy is reviewed annually to ensure that it is current and encompasses changes in the business environment as well as organizational changes.

<sup>16</sup> Based on the statistics of the Estonian Finantsinspektsioon: [https://www.fi.ee/sites/default/files/fi\\_eft\\_2024\\_eng.pdf](https://www.fi.ee/sites/default/files/fi_eft_2024_eng.pdf)

The ICT risk management system is digital and follows a clear audit log for all changes and updates to procedures and controls. ICT risks are reported to the Management Board on a quarterly basis.

IT development and administration processes are governed by utilizing different technology platforms to ensure process visibility and provide transparency for optimisation and audit.

The Bank's IT and information security measures include:

- defined access control management procedures, including access criteria, access management, access logging, and several authentication methods;
- defined physical security access procedures and measures, including workstation access limitations, training and education;
- security monitoring for detecting anomalies in on-site and off-site traffic activities and treating them appropriately;
- independent external vulnerability and security testing to provide external feedback for internal improvements;
- appropriate IT administrative operation security measures, including software and firmware life-cycle management, network segmentation, secure network component configuration guidelines, data loss prevention measures, tested recovery principles and practices, encryption procedures for internal and external systems, endpoint protection measures and other measures in order to provide a secure, sustainable and monitored operational environment; and
- information security training and procedures for the organization that include periodic programs to create awareness and understanding of ICT and information security risks in order to ensure consistency and performance according to internal guidelines and procedures while reducing the risk of human error, theft, misuse of information, and fraud in relation to information and ICT risks.

## **Insurance**

The Group maintains the following insurance policies:

- comprehensive crime and professional indemnity;
- directors' and officers' liability; and
- special insurance against fraud and cyberattacks.

The Group's insurance policies are subject to commercially negotiated deductibles, exclusions and limitations. Therefore, insurance may not cover all losses incurred by the Group and no assurance is given that the Group will not suffer losses beyond the limits of, or outside the cover provided by, its insurance policies.

## **Compliance**

The Bank's compliance function plays a vital role in identifying, assessing and providing advice relating to compliance with applicable laws and regulatory requirements. The compliance role also carries out the role of a data protection officer. In addition to monitoring and reporting on compliance-related risks (which may give rise to legal and administrative penalties, financial loss or reputational damage), the compliance function is also responsible for conducting compliance audits. The compliance function covers the entire activity of the Bank and is not limited to specific areas. However, the Bank has separated the anti money laundering ("AML") compliance function from the general compliance function.

## **Anti-Money Laundering**

Managing the risks related to financial crime including money laundering, financing of terrorism and implementation of international sanctions, is mainly divided between the first and second lines of defence. The Bank applies a risk-based approach, which relies on the assessment of its exposure to financial crime risks. The Bank invests substantially in strengthening and maintaining a robust controls framework and systems. As set out in the Bank's customer acceptance principles, potential new and existing high risk clients' business relationships can only be approved by the Bank's Accounts Committee. Business units, being the owners and managers of the risk, and the risk-takers, are responsible for implementing the main KYC principles and due diligence measures, including collecting and maintaining the information during the customer relationship.

Controls in the first line of defence are performed by the Daily Banking and Financing business units' KYC teams, which are responsible for the maintenance of area-related procedures, initial analysis of suspicious customers and transactions, preparation and conduct of trainings and supporting of internal reporting.

Controls in the second line of defence are performed by the AML department, which is responsible for supporting governance and the risk assessment framework, the maintenance of area related policies and procedures, analysis and information sharing of ongoing trends, design and support on internal reporting, deciding and reporting to authorities on suspicious customers and transactions (MLRO responsibility) based on, and escalations received from, the first line of defence and development and maintenance of the training framework.

The Group maintains a comprehensive and automated screening and monitoring system, designed to create alerts when high-risk transactions take place. In addition, the entire customer base is screened on a daily basis to ensure that financial sanctions are implemented when required, and any politically exposed persons are detected.

## **Litigation**

Group members participate in several civil and administrative court proceedings in the course of everyday business. In general, Group members act as plaintiffs in the court proceedings requesting fulfilment of obligations from debtors and other customers of the Group. Considering the nature of the business of the Group, claiming debts in court proceedings as a plaintiff is part of the everyday economic activities of the Group. In addition, the Bank, Coop Finants and Coop Liising operate in heavily regulated areas of activity and the EFSA supervises the companies, mainly through regular administrative procedures as regards financial supervision.



## MANAGEMENT AND EMPLOYEES

### Management

#### Management Structure of the Bank

The management board (the "**Management Board**") and the supervisory board (the "**Supervisory Board**") are the managing bodies of the Bank, and the general meeting (the "**General Meeting**") is the highest managing body of the Bank. The Management Board is responsible for the everyday management of the Bank's activities and is authorised to represent the Bank in concluding transactions and performing acts in accordance with the law and the articles of association of the Bank (the "**Articles of Association**"). The Supervisory Board is responsible for the strategic planning and management of the Bank's operations and for supervising the activities of the Management Board. The General Meeting provides a decision-making forum for the shareholders to exercise their principal rights as shareholders.

Additionally, an advisory Audit Committee (which also has the competence of the risk committee) and a Remuneration Committee have been formed by the Supervisory Board, and a decision-making Credit Committee, Assets and Liabilities Management Committee, Accounts Committee and Development Projects Committee have been formed by the Management Board.

The place of business of the Management Board and the Supervisory Board is the registered address of the Bank – Maakri 30, Tallinn, 15014, Republic of Estonia.

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

#### Management Board

Role. The Management Board manages the everyday activities of the Bank based on the strategy confirmed by the Supervisory Board and supervises the everyday activities of the Bank's employees. The Management Board reports to the Supervisory Board and must adhere to its lawful instructions. The Management Board prepares the matters to be discussed at a general meeting and the drafts of resolutions, and guarantees the enforcement of the resolutions of the General Meeting.

Duties. In accordance with the CIA, the Management Board must present an overview of the activities and economic situation of the Bank to the Supervisory Board at least once every three months and is under the obligation to give immediate notice of any material deterioration of the economic condition of the Bank or threat of such deterioration or deviation from prudential ratios to the members of the Supervisory Board. Transactions which are beyond the scope of everyday economic activities of the Bank may only be concluded by the Management Board with the prior consent of the Supervisory Board.

The Management Board is also required to fulfil the following duties in accordance with the Articles of Association of the Bank and the CIA:

- (a) develop a three-year strategy of the Bank and submit the developed strategy to the Supervisory Board for approval;
- (b) develop a business plan for implementation of the strategy approved by the Supervisory Board and submit an overview of implementation of the strategy and/or the need to modify the strategy to the Supervisory Board together with the budget of the subsequent calendar year and the investment plan;
- (c) submit to the Supervisory Board a monthly overview of the economic activities and economic performance of the previous month and the balance and income statement of the Bank and a monthly report on the economic performance of the Bank in comparison with the previous year;

- (d) submit the strategy and budget of the Bank for the subsequent calendar year to the Supervisory Board for approval by November of each year at the latest;
- (e) establish and regularly review the Bank's risk taking, management, monitoring and risk mitigation principles and procedures which comprise both the current and also potential risks, including risks from the macroeconomic environment;
- (f) determine the risk tolerance of the Bank for each relevant business line and unit;
- (g) establish the Bank's principles and procedures for managing the trading portfolio;
- (h) approve and submit to the EFSA the financial recovery plan prepared on the basis of the Financial Crisis Prevention and Resolution Act (*Finantskriisis ennetamise ja lahendamise seadus*) (the "FCPRA") and be apprised of the relevant information on a regular basis;
- (i) identify and assess regularly all risks involved in the activities of the Bank and ensure the monitoring and control of the extent of such risks;
- (j) ensure the existence of adequate financial resources and members of staff or third persons for the management of all the significant risks of the Bank and for evaluation of the assets related to these risks, and for the implementation of external credit quality assessments and internal models;
- (k) develop the organisational structure of the Bank on the basis of the principles provided for in the Articles of Association and approve the structure of the Bank;
- (l) develop and implement systems for monitoring the activities of the Bank, ensure adherence to such systems, regularly assess the adequacy thereof and improve them if necessary pursuant to the principles established by the Supervisory Board;
- (m) ensure that all members of staff of the Bank are aware of the provisions of legislation relating to their duties of employment and of the principles provided for in the documents approved by the managing bodies of the Bank;
- (n) organise the effective functioning of the internal control system of the Bank and ensure monitoring of the compliance of the activities of the Bank and the managers and members of staff thereof with legislation and the documents approved by the managing bodies of the Bank and with the principles of sound banking management;
- (o) ensure the existence and functioning of systems to guarantee that information necessary for members of staff of the Bank to perform their duties is communicated thereto in a timely manner;
- (p) ensure the safety and regular monitoring of information technology systems used by the Bank and systems used for the safekeeping of assets of customers;
- (q) inform the Supervisory Board to the extent and pursuant to the procedure established thereby of all discovered violations of legislation or of internal rules or other rules established by the managing bodies of the Bank;
- (r) monitor that adequate separation of functions is guaranteed in all the activities of the Bank and avoid the creation of conflict of interests; and
- (s) arrange the disclosure of relevant data by the Bank.

Pursuant to the law, the Management Board must also organise the accounting of the Bank and submit annual reports to the Supervisory Board for review and to the General Meeting for approval. The Management Board is required to act in the most economically purposeful manner. Each member of the management board is required to perform his or her duties using the care due of a prudent businessman.

Members of the Management Board. In accordance with the Articles of Association, the Management Board consists of up to seven members elected for a term of up to five years by the Supervisory Board. As of the date of this Base Prospectus, the Management Board of the Bank comprises five members on whom detailed information has been provided below.

**Margus Rink** is the Chairman of the Management Board. He has been working in the banking sector for more than 15 years.

In addition to chairing the Management Board of the Bank, Margus Rink is a member of the supervisory boards of the Bank's subsidiaries Coop Liising AS and Coop Kindlustusmaakler AS. Margus Rink is a member of the management board of the Estonian Bank Association and a member of the management board of the Estonian Chamber of Commerce and Industry.

Previous positions:

- 2015-2016 Magnum AS, Chairman of the Management Board
- 2008-2015 Eesti Energia AS, Member of the Management Board
- 1996-2008 Hansapank AS, various positions, incl. Head of Personal Banking and Retail Banking Manager
- 1994-1996 Eesti Ühispank, various positions

Margus Rink graduated with a Bachelor's degree from the Faculty of Economics at the University of Tartu in 1994 and obtained a Master's degree in Business Management from the same university in 2000.

**Paavo Truu** is member of the Management Board and the Chief Financial Officer of the Bank. He has extensive experience in financial management.

In addition to sitting on the Management Board of the Bank, Paavo Truu is a member of the supervisory boards of the Bank's subsidiaries Coop Liising AS and Coop Kindlustusmaakler AS.

Previous positions:

- 2018–2022 Coop Eesti Keskühistu, Member of the Board and Chief Financial Officer
- 2013–2018 AS Magnum, Member of the Board
- 2012–2013 Alexela Group OÜ, Chief Financial Officer
- 2007-2012 Bauhof Grupp AS, Member of the Board
- 1998–2007 AS Ühendatud Kapital, Chairman of the Management Board and Chief Financial Officer

Paavo Truu graduated with a Bachelor's degree in marketing, finance and banking from the University of Tartu in 1996 and with a Master's degree in digitalisation from Tallinn University of Technology in 2020.

**Heikko Mäe** is a member of the Management Board of and the Head of Risk at the Bank. He has many years' experience in risk management.

In addition to sitting on the Management Board of the Bank, Heikko Mäe is a member of the supervisory boards of the Bank's subsidiaries Coop Liising AS and Coop Kindlustusmaakler AS and a member of the management board of its subsidiary SIA Prana Property.

Previous positions:

- 2015–2019 Magnum Veterinaaria AS, Director
- 2012–2015 Eesti Energia AS, Director of Energy Trading
- 2008–2012 Eesti Energia AS, Director of the Risk Management and Internal Auditing Unit
- 2004–2008 PricewaterhouseCoopers Advisors AS, Senior Consultant

Heikko Mäe was a founding member of Tuleva TÜ and served on the supervisory board of Tuleva Fondid AS until 2020.

Heikko Mäe graduated with a Master's degree in Law from Audentes International University in 2008.

**Arko Kurtmann** is a member of the Management Board of and the Head of Business Client Banking at the Bank. He has many years' experience in banking and in business client banking in particular.

In addition to sitting on the Management Board of the Bank, Arko Kurtmann is a member of the supervisory boards of the Bank's subsidiaries Coop Liising AS, and Coop Kindlustusmaakler AS.

Previous positions:

- 2012–2019 LHV Pank AS, Head of Business Banking Department
- 2010–2011 Ektornet (Swedish subsidiary of Swedbank), Member of the Management Board
- 2007–2010 Swedbank AS, Loan restructuring officer
- 2005–2007 Evli Securities AS, Publicly tradable share analyst

Arko Kurtmann graduated with a degree in Economics and Business from the Estonian University of Life Sciences.

**Karel Parve** is a member of the Management Board of and the Head of Private Client Banking at the Bank. He has previous long-term work experience in the financial sector.

In addition to sitting on the Management Board of the Bank, Karel Parve is a member of the supervisory boards of the Bank's subsidiaries Coop Liising AS and Coop Kindlustusmaakler AS.

Previous positions:

- 2019–2023 AS LHV Pank, different positions, including head of private banking
- 2018–2019 Luminor Bank AS, different positions
- 2015–2017 Swedbank AS, different positions

Karel Parve received a bachelor's degree in international relations from Bucknell University in 2012.

### **Supervisory Board**

**Role.** The Supervisory Board is responsible for the planning of the activities of the Bank, organising the management of the Bank, and supervising the activities of the Bank and the Management Board. The

Supervisory Board is accountable to the shareholders of the Bank (exercising their rights through the General Meeting) and the Supervisory Board informs the General Meeting of the results of supervision.

Duties. In accordance with the legislation and the Articles of Association, the duties of the Supervisory Board include the duties to:

- (a) approve the strategy and general principles of the activities of the Bank;
- (b) approve the general principles of risk management of the Bank;
- (c) approve the principles of remuneration of the members of the Management Board and members of staff of the Bank;
- (d) approve the principles of the organisational structure of the Bank;
- (e) approve the general principles of monitoring of the activities of the Bank;
- (f) approve the statutes of the internal audit unit;
- (g) elect and remove the chairman and members of the Management Board;
- (h) appoint and remove from office the head of the internal audit unit of the Bank and, on the proposal of the head of the internal audit unit, appoint and remove from office members of staff of the internal audit unit;
- (i) approve the budget and the investment plan of the Bank;
- (j) decide on the foundation or closure of branches in foreign states;
- (k) approve the general principles of the activities and the competence of the credit committee;
- (l) decide on the conclusion of transactions which are beyond the scope of the everyday economic activities of the Bank;
- (m) decide on the conclusion of transactions with members of the Management Board, and appoint the representative of the Bank in such transactions;
- (n) file claims against members of the Management Board, and appoint the representative of the Bank in such claims;
- (o) approve the financial recovery plan prepared on the basis of the FCpra; and
- (p) decide on other matters placed in the competence of the Supervisory Board by the Articles of Association or legislation, including but not limited to, approving and modifying the risk profile of the Bank and adopting and modifying the budget and business plan of the Bank as well as Bank's investment in other companies or acquiring of holdings therein.

The Supervisory Board consists of five to seven members elected for a term of up to five years.

As of the date of this Base Prospectus, the Supervisory Board comprises of six members, on whom detailed information has been provided below.

**Rainer Rohtla** (the Chairman of the Supervisory Board) has obtained higher education in logistics management from Jyväskylä university of Applied Sciences, Finland. Rainer Rohtla has worked in top management positions in various logistics management related international enterprises, the latest of them from 2019-2022 as General Manager of Via 3L Group. Since February 2023 he acts as chairman of the board of Coop Eesti Keskühistu.

**Silver Kuus** has obtained a master's degree in international business management from the Estonian Business School. Silver Kuus has worked in top management positions in different financial institutions, the latest of them from 2017-2019 as manager of corporate banking at Luminor Bank AS. Currently, he is the manager of the business consulting company OÜ Lorikoru Capital.

**Viljar Arakas** holds a bachelor's degree in business administration from EBS International University and has completed his second bachelor's degree at Hogeschool NOVI in the Netherlands. Viljar Arakas is a founding member and a member of the Management Board and CEO of EfTEN Capital AS, the largest management company focused on commercial real estate in the Baltic States.

**Raul Parusk** has obtained master's degrees in political economy from Moscow National University and in business management from Vienna Business School. He has worked in top management positions in different companies, including credit institutions. During the period of 2017 until August 2021 Raul Parusk was a member of the management boards of Forus Grupp OÜ, Forus Security AS and Forus Haldus OÜ. As of March 2022, Raul Parusk is a member of the board of Kodea OÜ.

**Jaan Marjundi** has obtained higher education in process engineering from Tallinn Polytechnical Institute (currently TalTech). For many years, he has worked in top management positions of retail establishments. Since 2007, Jaan Marjundi is a chairman of the board of Harju Tarbijate Ühistu (Harju Consumer Association) and, since 2017, a member of the Supervisory Board of the Bank.

**Roman Provotorov** has obtained higher education in economics and management from the Estonian Agricultural University (currently the Estonian University of Life Sciences). Since 1995, he is chairman of the board of Antsla Tarbijate Ühistu (Antsla Consumer Association) and, since 2017, member of the Supervisory Board of the Bank.

### **General Meeting**

The General Meeting is the highest governing body of the Bank.

The competence of the General Meeting includes:

- approving any amendment to the Articles of Association;
- approving any increase and reduction of share capital;
- approving the issue of convertible bonds;
- approving the election, and removal, of members of the Supervisory Board;
- approving the election of an auditor;
- approving the conduct of a special audit;
- approving annual reports and the distribution of profits;
- approving the dissolution, merger, division or transformation of the Bank;
- approving the conclusion, and terms and conditions, of transactions with members of the Supervisory Board, determining the conduct of legal disputes with members of the Supervisory Board and the appointment of a representative of the Bank in such transactions and disputes; and

- approving other matters within the competence of the General Meeting by law.

The General Meeting must be held once a year and within six months from the end of the financial year, pursuant to the procedures and at the time set forth by law and the Articles of Association.

A General Meeting must be convened as set forth in the Articles of Association but also:

- (i) where the net equity of a company decreases below the legally required minimum level, or
- (ii) if shareholders representing at least one-tenth of the share capital, the Supervisory Board, or
- (iii) the Bank's auditor request that a meeting is convened, or
- (iv) if the General Meeting is required in the interests of the Bank.

If the Management Board fails to convene a special General Meeting within one month after the receipt of the relevant request from shareholders (or from the Supervisory Board or from the auditor), the shareholders (or, respectively, the Supervisory Board or the auditor) have the right to convene the General Meeting themselves.

The General Meeting will be quorate if shareholders holding shares representing more than 50 per cent. of the total voting rights represented by all shares held by shareholders are present at the General Meeting. If this quorum requirement is not met, the Management Board is required to convene a new meeting not more than three weeks, but not less than seven days, after the date of the initial meeting. There are no quorum requirements applicable to an adjourned General Meeting convened in such a manner.

Save as otherwise specified, a resolution of the General Meeting will be passed by a majority of the shareholders eligible to vote at such meeting voting in favour of such resolution. Certain resolutions, such as approving an amendment to the Articles of Association, increasing or decreasing the share capital and resolutions relating to a merger or liquidation of the Bank require a qualified majority of at least two-thirds of the votes represented at the General Meeting. In addition to such resolutions, there are resolutions which require an even higher rate of affirmative votes of shareholders, such as excluding the shareholders' preferential right to subscribe for new shares upon an increase of the share capital, which requires the affirmative vote of three-quarters of the votes represented at the General Meeting, and the "squeeze-out" of minority shares, which requires the affirmative vote of ninety-five per cent. of the votes represented at the General Meeting.

## **Committees**

### ***Audit Committee***

Role. The Audit Committee has been established in the Bank in accordance with the CIA and the Auditors Activities Act. The Audit Committee is an advisory body formed by and acting under the supervision of the Supervisory Board advising in matters involving accounting, auditing, risk management, internal control and audit, exercising of oversight, budget preparation, and the legality of the activities.

In accordance with legislation, the duty of the Audit Committee is to monitor and analyse:

1. processing of financial information;
2. efficiency of risk management and internal control and internal audit;
3. the process of auditing of annual accounts or consolidated accounts; and
4. independence of an audit firm and a sworn auditor representing an audit firm on the basis of law and the compliance of their activities with the Auditors Activities Act.

A separate risk committee has not been formed by the Supervisory Board, and instead, the Audit Committee performs the duties of a risk committee. Such an arrangement of activities is in compliance with the CIA if it is proportional to the nature, extent and level of complexity of the activities of the credit institution and the members of an audit committee have the necessary knowledge, skills and experience to fulfil the duties of a risk committee. The competence, rights and principles of activity of both the Audit Committee and the risk committee are determined by the Supervisory Board.

When performing the duties of the risk committee, the Audit Committee is responsible for:

1. consulting the Supervisory Board and the Management Board in the fields of risk management principles and risk tolerance of the credit institution;
2. supervision over the implementation of risk management principles by the Management Board in accordance with the guidance of the Supervisory Board; and
3. checking how the business model and risk management principles are taken into consideration in the fees established to customers of the credit institution and in the case of deficiencies submission of a remedy plan to the Supervisory Board.

Members of the Audit Committee. In accordance with the rules and regulations of the Audit Committee, the Audit Committee consists of at least two members who will be selected from the members of the Supervisory Board by the Supervisory Board. Instead of members of the Supervisory Board, other persons appointed by the Supervisory Board can be members of the Audit Committee, who have the knowledge, skills and experience required from a member of the committee, excluding employees and members of the Management Board. Members of the risk committee must have the required knowledge, skills and experience to understand and constantly monitor the principles of risk management and risk tolerance of the Bank. The Audit Committee of the Bank currently comprises four members, who are Veiko Haavapuu (chairman), Silver Kuus, Rainer Rohtla and Stan Nahkor. Detailed information about Rainer Rohtla and Silver Kuus has been provided above in the section entitled "*Supervisory Board*" above.

**Stan Nahkor** is a financial expert and sworn auditor with long-term experience in management, financial auditing, business consulting and risk management. He has been a partner at Ernst & Young, a member of the board of PricewaterhouseCoopers and a member of the management of Sorainen Law firm. Stan Nahkor holds a bachelor's degree in business administration from the Estonian Business School.

**Veiko Haavapuu** is an experienced financial expert and a Member of the Management Board and Financial Director of Coop Eesti Keskühistu. Veiko Haavapuu has previously worked as the CFO of several large companies and organizations, such as Statoil, Tallink and Rail Baltica. He holds a bachelor's degree in Accounting and Business Management from Tallinn University of Technology and has studied International Business Administration in the Estonian Business School.

### ***Remuneration Committee***

Role. In accordance with the CIA, the Remuneration Committee has been established in the Bank from the members of the Supervisory Board. The Remuneration Committee is a body of the Bank with the function to evaluate the implementation of the principles of remuneration in the Bank and the effect of the resolutions related to remuneration on meeting the requirements set for risk management, own resources and liquidity. The Remuneration Committee is accountable to the Supervisory Board.

The Remuneration Committee:

1. supervises the remuneration of the members of the Management Board and members of staff;
2. at least once a year evaluates the implementation of the principles of remuneration and, if necessary, makes a proposal for updating the principles of remuneration; and
3. prepares the draft resolutions on remuneration for the Supervisory Board.

The Remuneration Committee bases its activities on the long-term interests of the shareholders or members and customers, and public interest. The Remuneration Committee currently comprises four members, who



are the members of the Supervisory Board: Rainer Rohlta, Raul Parusk and Jaan Marjundi, and independent member Irja Rae.

**Irja Rae** has obtained master's degrees from the University of Tartu in business administration and from Tallinna Tehnikaülikool (TalTech) in digital change-management. She has extensive experience in HR consult companies Fontes PMP and Fontes Palgakonsultatsioonid OÜ. Irja Rae is currently a member of the management board in Fontes Palgakonsultatsioonid OÜ.

### *Credit Committee*

Role. In accordance with the CIA, the Credit Committee has been established in the Bank. The Credit Committee is a body of the Bank, the purpose of which is to ensure uniform implementation of the credit policy in the Group through the adoption of decisions. The Credit Committee is accountable to the Management Board.

The Credit Committee acts in accordance with the statutes approved by the Supervisory Board (the "**Credit Committee Statutes**") pursuant to which the Credit Committee holds the sole responsibility for decisions concerning the conclusion, amendment and performance of credit contracts in case the total risk exposure of the client and related parties exceeds EUR 1,000,000. In certain cases, the Credit Committee is allowed to delegate its decision-making competence to a lower decision-making level provided that it establishes a client-based credit limit by products limited to a fixed amount and with a maximum term of one year or provided that it sets a discretion rule for decisions based on the condition that the increase in credit risk remains below 10 per cent. of the last sum set by the Credit Committee and the additional decision does not change the risk profile of the client by more than an additional EUR 500,000.

The Credit Committee is also responsible for different issues concerning credit contracts, including determining problem loans and issues concerning restructuring, extraordinary termination of contracts, approval of plans for the realisation of problem loan collaterals and sales prices, termination of management of problem loans, evaluation of credit claims, evaluation of uncollectable loans and write-offs, evaluation of the customers' risk of money laundering and adoption of necessary decisions, including opening and closing of accounts.

Members of the Credit Committee. The Credit Committee appointed by the decision of the Management Board consists of at least five members in accordance with the Articles of Association and Credit Committee Statutes. Bank employees and the members of the Management Board of the Bank and its Subsidiaries can be appointed as members of the Credit Committee. Members of the Credit Committee are divided into ex officio members and named members. Members of the Management Board of the Bank are ex officio members. The Management Board of the Bank can appoint alternate named members. The alternate members have the right to vote. Upon appointment of named members, the value added to the work of the Credit Committee by the person and his or her position are taken into consideration. No alternate members are appointed for named members. The Management Board of the Bank will appoint the Chairman of the Credit Committee amongst the members of the Credit Committee, who cannot be the Chairman of the Management Board.

Currently the ex officio members of the Credit Committee are all Management Board Members, Head of Credit Risk Kerstin Loss and Head of Corporate Customer Financing Lehar Kütt.

### *Assets and Liabilities Committee*

Role. The Asset and Liability Committee ("**ALCO**") is a body established by the Management Board with the main function being to design the structure of Group's assets and liabilities considering the required liquidity, risk appetite and profitability. The specific competence, rights and policies of ALCO have been established by the decision of the Management Board. The committee reports to the Management Board and acts in accordance with the rules and regulations of the ALCO.

ALCO is responsible for the following matters:

1. group-wide management of liquidity risk, including (i) assessment, planning of short- and long-term liquidity position and planning and implementation of the measures to be used; monitoring of the structure, dynamics and diversification of funding sources; (ii) optimisation of the maturity structure

of the assets and liabilities, profitability and liquidity of instruments to achieve the strategic objectives; (iii) monitoring the dynamics of the liquidity position and adherence to limits of liquidity risk as well as adoption of decisions to guarantee the liquidity position; (iv) regular oversight of liquidity stress testing; and (v) approving interest rates of deposits, adoption of volume and interest rates of campaigns for deposit taking and the special offers targeted to customers;

2. management of the income and market risk of the Bank, including (i) management of the return on assets and the price of resources (incl. identification, assessment of risks, implementation and monitoring of control measures); (ii) management of the currency structure of the balance of assets and liabilities; (iii) approval of base rates of credit products; and (iv) adoption of limits for the securities portfolio, including setting limits considering specific markets, possible instruments and securities/issuers; and
3. management of the counterparty credit risk, including introducing limits on term and volume measures related to financial institutions and counterparties.

ALCO members. ALCO is established by the decision of the Management Board and comprises of at least five members including ex officio all the members of the Management Board and the Head of Treasury. Currently the ALCO consists of six members who are:

- Gunnar Mäemets, Head of Treasury,
- Margus Rink, Chief Executive Officer, Member of the Management Board,
- Erje Mettas, Head of Corporate Daily Banking,
- Moonika Maaring, Head of Retail Daily Banking,
- Heikko Mäe, Chief Risk Officer, Member of the Management Board,
- Paavo Truu, Chief Financial Officer, Member of the Management Board.

#### ***Accounts Committee***

Role. The Accounts Committee is a body competent to make decisions, established by the Management Board with the main function to ensure application of due diligence measures set in the Money Laundering and Terrorist Financing Prevention Act upon establishment, and monitoring and, if necessary, termination of customer relationships. The specific competence, rights and policies of the Accounts Committee have been established by the decision of the Management Board. The Accounts Committee reports to the Management Board.

The Accounts Committee is responsible for the adoption of the following decisions pursuant to a risk-based approach:

1. establishment of customer relationships or the refusal to establish a relationship if the risk level of the client is high or extremely high; and
2. regular or ad hoc monitoring of the customer relationships with customers who have a high or extremely high level of risk and, if necessary, termination thereof.

Members of the Accounts Committee. In accordance with the decision of the Management Board, the Accounts Committee consists of at least three members. Currently, the committee has five members, i.e. Heikko Mäe (member of the Management Board), Margus Rink (member of the Management Board), Karel Parve (member of the Management Board), Sander Hein (Head of AML Compliance) and Erje Mettas (Head of Business Customer Daily Banking).

#### ***Development Projects Committee***

Role. The Development Projects Committee (the "DPC") is a body competent to make decisions established by the Management Board with the main function to organise the management of development projects

required for achieving the objectives of the Bank and its Subsidiaries, adopt managerial decisions and observe development activity. More detailed responsibilities, rights and policies of the DPC have been established by the Management Board decision.

The main task of the DPC is to lead different developments in order to attain the strategic goals of the Group through prioritising development projects and adopting decisions on the investments necessary for development.

Members of the Development Projects Committee. In accordance with the decision of the Management Board, the DPC consists of seven members. The members of the DPC are currently: Margus Rink, Paavo Truu, Heikko Mäe, Arko Kurtmann, Karel Parve, Martin Kuustik (Head of IT) and Ilme-Ly Keerberg (IT Development Manager).

## **Employees**

In 2024, the average number of Group employees in full time employment was 433. The number of employees per business segment as at 31 December 2024 has been given in the table below. Currently all the employees work in Estonia.

<b>Full time employees by business segments and functions</b>	<b>31 December 2024</b>
Retail banking	113
Corporate banking	49
Leasing	15
Consumer finance	2
Insurance broker	7
Other	
IT and e-channels	128
Risks	37
Other	99
<b>Total</b>	<b>450</b>

## FINANCIAL REVIEW

*The following discussion and analysis should be read in conjunction with the information set out in "Presentation of financial and other information", "Selected Consolidated Financial Information of the Group" and the Financial Statements.*

*The discussion of the Group's consolidated financial condition and results of operations is based upon the Financial Statements which have been prepared in accordance with IFRS. See "Presentation of financial and other information" for a discussion of the source of the information presented in this section and certain other relevant information.*

### PRINCIPAL FACTORS AFFECTING RESULTS OF OPERATIONS

As at 31 December 2024, the biggest share of the Group's assets were loans and advances to customers which made up 81.1 per cent. of total assets, followed by cash and cash equivalents (representing cash and demand deposits at the Estonian Central Bank, credit institutions and other financial institutions) with a 15.7 per cent. share. The Bank has a very limited amount of investments in debt securities, being 1.7 per cent. of total assets as at 31 December 2024 (1.8 per cent. as at 31 December 2023). Based on the structure of its assets, one of the main factors affecting the results of the Group is loan portfolio performance. The results can be significantly affected in the case that (a) the share of loans overdue or non-performing loans increases significantly or (b) the loan margins decrease significantly. Another large asset category is cash and cash equivalents held mainly in the form of deposits in the Central Bank of Estonia, and as such, the interest rates for the deposit facility set by the ECB is another important factor affecting the results of the Group.

The Group has funded its activities mainly with deposits from customers, which represent a share of 86.2 per cent. of total assets, and a further 9.7 per cent. of funding comes from equity as at 31 December 2024. The Group has received a subordinated loan and issued subordinated Tier 2 and Additional Tier 1 notes with a total face value of EUR 63.1 million. The Group has not issued any senior debt or covered bonds as of 31 December 2024. Based on its funding structure the Group's funding cost is mainly driven by competition in the Estonian deposit market. The results of the Group would be affected by increased local competition which could lead to higher deposit interest rates and cause an increase in interest expenses. Although the Group has not been affected by the international capital markets so far, however following the issuance of any Covered Bonds, the share of funding related to international capital markets will grow, and as such, the interest rate environment in the eurozone capital markets may affect the results of the Group.

The structure of the Group's assets and liabilities as at 31 December in each of 2024, 2023 and 2022 is shown in table below.

Structure of assets and liabilities, per cent., %	As at 31 December 2024*	As at 31 December 2023	As at 31 December 2022
<b>Assets</b>			
Cash and equivalents	15.7	21.6	21.3
Debt securities at fair value through other comprehensive income	1.7	1.8	1.1
Loans and advances to customers (net)	81.1	75.1	75.9
Tangible and intangible assets and goodwill	1.1	1.1	1.1
Other assets	0.5	0.5	0.7
<b>Total assets</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Liabilities</b>			
Customer deposits and loans received	86.2	86.7	88.0
Subordinated debt	2.9	2.5	2.2
Other liabilities	1.3	1.4	1.1
Equity	9.7	9.4	8.7
<b>Total liabilities and equity</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\* Financial information as at and for the year ended 31 December 2024 has been derived from the Interim Financial Statements and has not been audited nor reviewed by independent auditors.

The biggest share of the Group's revenues comes from net interest income which made up 94.7 per cent. of total net operating income in year 2024. The share of net fee and commission income is significantly lower at 5.3 per cent. of total operating income in year 2024. Thus, the most important factor affecting the results of the Group by far is the net interest margin depending on the loan margins and funding cost.

The Group's biggest operating expense are payroll expenses (including salaries, taxes and benefits) which made up 57.7 per cent. of the Group's operating expenses in 2024. The average salaries in Estonia have experienced fast growth in recent years and this has also generated salary growth in the Group. Continued fast growth of salaries in the Estonian labour market would have a significant influence on the results of the Group, although this pressure can be reduced by further digitalisation of processes and growth in business volumes. Another large percentage of costs is depreciation of fixed assets, which is related mainly to IT systems (hardware and software). The structure of revenues and expenses is shown in table below for each of 2024, 2023 and 2022:

Structure of revenues and expenses, per cent, %	2024*	2023	2022
Net interest and similar income	94.7	95.4	92.8
Net fee and commission income	5.3	5.7	6.9
Net other income	-0.1	-1.1	0.3
<b>Total net operating income</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Payroll expenses	57.7	57.6	57.0
Operating expenses	28.9	29.1	27.1
Depreciation	13.4	13.3	15.9
<b>Total operating expenses</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\* Financial information as at and for the year ended 31 December 2024 has been derived from the Interim Financial Statements and has not been audited nor reviewed by independent auditors

## LENDING AND LOAN PORTFOLIO

### Overview of loan portfolio

The Group's total loan portfolio composition as at 31 December in each of 2024, 2023 and 2022 is shown in the table below:

	As at 31 December 2024*	As at 31 December 2023	As at 31 December 2022
Loan and advances to customers, thousands of EUR			
Total receivables from private individuals	931,900	776,083	657,341
incl. consumers loans	108,146	100,063	89,068
incl. lease financing	95,903	72,920	61,448
incl. mortgage loans and other loans	727,851	603,100	506,825
Total receivables from legal entities	860,769	731,184	655,298
incl. lease financing	98,823	98,395	82,392
incl. other loans to legal entities	761,946	632,789	572,906
Total receivables	1,792,669	1,507,267	1,312,639
Loss allowances of loans and advances	-18,551	-16,394	-11,864
<b>Total loans and advances to customers</b>	<b>1,774,118</b>	<b>1,490,873</b>	<b>1,300,775</b>

\* Financial information as at and for the year ended 31 December 2024 has been derived from the Interim Financial Statements and has not been audited nor reviewed by independent auditors

The Group considers four bigger groups of loan portfolio - business loans, home mortgage loans, leasing (both to legal entities and private persons) and consumer finance all as strategic elements of the Group's business. The distribution between different products and client groups is balanced with approximately a 50/50 split between business and private customers. The structure of the Group's total loan portfolio (gross) is shown in table below as at 31 December in each of 2024, 2023 and 2022:

Structure of loans and advances to customers portfolio (gross), per cent., %	As at 31 December 2024*	As at 31 December 2023	As at 31 December 2022
Total receivables from private individuals	52.0	51.5	50.1
incl. consumers loans	6.1	6.6	6.8
incl. lease financing	5.3	4.8	4.7
incl. mortgage loans and other loans	40.6	40.0	38.6
Total receivables from legal entities	48.0	48.5	49.9
incl. lease financing	5.5	6.5	6.3
incl. other loans to legal entities	42.5	42.0	43.6
Total receivables	100.0	100.0	100.0

\* Financial information as at and for the year ended 31 December 2024 has been derived from the Interim Financial Statements and has not been audited nor reviewed by independent auditors

The split of the Group's loan portfolio based on collateral type is shown in the tables below as at 31 December in each of 2024, 2023 and 2022:

<b>Private individuals,</b> in thousands of EUR	As at 31 December 2024*	As at 31 December 2023	As at 31 December 2022
Loans secured by mortgage	718,770	596,612	502,132
Leased assets	95,688	72,620	61,184
Unsecured loans	114,878	105,698	93,317
Personal sureties, guarantees	2258	847	603
Other	306	306	105
<b>Total</b>	<b>931,900</b>	<b>776,083</b>	<b>657,341</b>
Loss allowance	-6,895	-6,071	-4,069
<b>Total of net loans</b>	<b>925,005</b>	<b>770,012</b>	<b>653,272</b>

<b>Legal entities</b>	As at 31 December 2024*	As at 31 December 2023	As at 31 December 2022
Loans secured by mortgage	673,195	549,693	500,889
Leased assets	98,823	98,395	82,392
Unsecured loans	591	197	119
Personal sureties, guarantees	5,088	5,386	4,397
Other	83,072	77,513	67,501
<b>Total</b>	<b>860,769</b>	<b>731,184</b>	<b>655,298</b>
Loss allowance	-11,656	-10,323	-7,795
<b>Total of net loans</b>	<b>849,113</b>	<b>720,861</b>	<b>647,503</b>

\* Financial information as at and for the year ended 31 December 2024 has been derived from the Interim Financial Statements and has not been audited nor reviewed by independent auditors

### Mortgage lending process

The Group regards mortgage loans as a core product which represent 40 per cent. of the Group's total portfolio as at 31 December 2024 and intends to grow its portfolio of residential mortgage loans. The Bank has accordingly set up appropriate internal processes to ensure good service for its customers as well as efficient internal procedures and appropriate risk process. The Bank's mortgage lending process is currently set up based on the following core guidelines.

1. Customers – Estonian residents. Non-residents might be accepted if there is a strong connection to Estonia.

2. Currency – the Bank currently provides loans in Euro only.
3. Loan to Value ("LTV") - Maximum LTV is set at 85 per cent. In case there is a guarantee from the Estonian governmental institution EIS, LTV can be up to 95 per cent.
4. Maturity - Maximum loan maturity offered is 30 years.
5. Basic overview of credit checks – Maximum debt to income ratio is set at 50 per cent. (adjusted for number of dependent persons). Income of the borrower is always verified based on bank account statements. Credit history checks to external credit bureau databases are conducted. Stress tests for increase of interest rates are conducted.
6. Collateral - Valuation of collateral is based on market value. Collateral for a mortgage loan is immovable property encumbered with a mortgages in the official land register. The majority of valuations are carried out by external valuers who are required to have professional certificates. In some cases, a qualified internal valuer of the Bank who is part of the risk organisation can also carry out the valuation. A valuation is updated at least once a year. As indexing is typically used for collateral of residential properties, in such a case, revaluation happens quarterly.
7. Contract signing process - All Estonian real estate and established mortgages are listed in the land register and every transaction establishing a mortgage must be verified by a notary public.
8. Different layers of internal decision making authorities for approving a loan have been set, based on the loan amount.

### Credit risk process

Credit risk is one of the key risks for the Group. In order to evaluate customers' credit risk, the Group analyses the operations and financial position of its customers and business partners. After approving the credit, the solvency of the customer and the value of the collateral are regularly monitored. The credit risk management and control are centralised in the credit risk management unit which reports regularly to the Management Board and Supervisory Board.

The key indicators to evaluate if credit quality of assets is good and whether credit risk is controlled well are the split of assets to risk Stages (Stages 1, 2 and 3), the split of portfolio according to overdue days, the provisioning level and the collateral of problematic loans.

The total risk positions of the Group opened to credit risk and split of these positions between risk stages is shown in the table below:

31 December 2024, in thousands of EUR	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	343,678	-	-	343,678
Debt securities at fair value through other comprehensive income	37,351	-	-	37,351
Loans to private individuals				
Consumer loans	101,672	4,313	2,161	108,146
Lease financing	94,222	1,542	139	95,903
Mortgage loans and other loans	701,459	22,554	3,838	727,851
Loans to legal entities				
Lease financing	94,987	3,069	767	98,823
Other loans to legal entities	733,213	20,816	7,917	761,946
<b>Total</b>	<b>1,725,553</b>	<b>52,294</b>	<b>14,822</b>	<b>1,792,669</b>
Loss allowance	-9,570	-3,951	-5,030	-18,551
<b>Total net loans</b>	<b>1,715,983</b>	<b>48,343</b>	<b>9,792</b>	<b>1,774,118</b>

Financial guarantees	18,379	101	18	18,498
Unused credit limits	39,899	490	24	40,413
Unused overdrafts	91,748	922	7	92,677
<b>Total off-balance sheet exposures</b>	<b>150,026</b>	<b>1,513</b>	<b>49</b>	<b>151,588</b>
Loss allowance	-444	-34	-5	-483
<b>Total net off-balance sheet exposures</b>	<b>149,582</b>	<b>1,479</b>	<b>44</b>	<b>151,105</b>

The total overdue amounts over all loan products of the Group was EUR 38.2 million as at 31 December 2024, with most of it between 1-30 days overdue. Overdue amounts of 90 days or more was in total EUR 6.7 million and out of that, only EUR 1.7 were in the mortgage loan portfolio (0.2 per cent. of the mortgage loan total portfolio). The split of overdue amount by loan type as at 31 December 2024 is shown in the table below:

31 December 2024, in thousands of EUR	Loans to private individuals		Loans to legal entities			Total
	Consumer loans	Lease financing	Mortgage loans and other loans	Lease financing	Other loans	
1-30 days	4,713	2,105	11,709	2,420	2,835	23,782
31-60 days	1,292	381	2,697	95	1,632	6,097
61-90 days	593	172	701	120	105	1,691
Over 90 days	2,161	27	1,735	226	2,544	6,693
<b>Total</b>	<b>8,759</b>	<b>2,685</b>	<b>16,842</b>	<b>2,861</b>	<b>7,116</b>	<b>38,263</b>

The table below shows the development of credit loss allowances during recent years. In relation to different turbulences in the economic environment, the Group has increased provisions during recent years despite the fact that the Group has not witnessed loss of assets quality.

Loan allowances, in thousands of EUR	As at 31 December 2024*	As at 31 December 2023	As at 31 December 2022
Balance at the beginning of the reporting period	-16,394	-11,864	-8,827
Loss allowances during the reporting period**	-4,914	-6,503	-5,223
De-recognised during reporting period due to sale or write-off of loans	2,757	1,973	2,186
<b>Balance of allowance at the end of the reporting period</b>	<b>-18,551</b>	<b>-16,394</b>	<b>-11,864</b>

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\*\*Loss allowances on the loan portfolio during the reporting period differ from the credit loss allowance recognised in the statement of profit or loss. The difference is due to such receipts of past due loans written off earlier as uncollectible claims, which were received in the amount of EUR 84,000 (2022: EUR 257,000) during the reporting period; due to loss allowances in the amount of EUR -117,000 (2022: EUR -279,000) from the exposures related to the off-balance sheet.

As shown above, the overdue amounts and Stage 3 (non-performing loans) are at low levels by amount or as a share of the total portfolio.



The table below shows the level of provisioning made specifically on Stage 3 loans and the value of collateral related to these Stage 3 loans.

Stage 3 loans, 31 December 2024, in thousands of EUR	Over-collateralised loans		Under-collateralised loans	
	Gross carrying amount	Fair value of the collateral	Gross carrying amount	Fair value of the collateral
Loans to private individuals				
Consumer loans	-	-	1,919	-
Lease financing	69	132	1	-
Mortgage loans and other loans	2,309	8,541	274	-
<b>Total</b>	<b>2,378</b>	<b>8,673</b>	<b>2,194</b>	<b>-</b>
Loans to legal entities				
Lease financing	660	1,922	-	-
Other loans	6,889	29,173	224	193
<b>Total</b>	<b>7,549</b>	<b>31,095</b>	<b>224</b>	<b>193</b>

*\*Financial information as at and for the year ended 31 December 2024 has been derived from the Interim Financial Statements and has not been audited nor reviewed by independent auditors*

See also "The Group is exposed to the credit risk of borrowers and other counterparties due to its lending activities" and "The Group's loans and advances to customers and its deposits from customers and loans received are concentrated in Estonia".

## FUNDING

The Group's liquidity needs arise primarily as a result of the need to fund loans and advances to customers, the payments of expenses, dividends and investments in securities. Additionally, the Group maintains a liquidity buffer, the size of which is determined based on regulatory requirements and the Group's internal liquidity planning framework.

To date, the Group's liquidity needs have been funded mainly through deposits and loans received which have provided 86.2 per cent. of funding (understood as total liabilities and shareholders' equity) as at 31 December 2024 and 86.7 per cent. as at 31 December 2023. Another 9.7 per cent. of funding has been raised from equity capital and subordinated debt as at 31 December 2024. The Group has not issued any senior bonds as at the date of this Base Prospectus.

The funding sources and structure of the Group is shown below as at 31 December in each of 2024, 2023 and 2022:

Funding, thousands of EUR	As at 31 December 2024*	As at 31 December 2023	As at 31 December 2022
Private individuals	967,891	810,992	640,178
Legal entities	918,254	910,773	867,948
<b>Total</b>	<b>1,886,145</b>	<b>1,721,765</b>	<b>1,508,126</b>
Demand deposits	571,865	494,092	717,743
Term deposits	1,306,000	1,217,991	779,569
Special purpose loans	8,280	9,682	10,814
<b>Total</b>	<b>1,886,145</b>	<b>1,721,765</b>	<b>1,508,126</b>

*\* Financial information as at and for the year ended 31 December 2024 has been derived from the Interim Financial Statements and has not been audited nor reviewed by independent auditors*

In addition to deposits received from the Bank's customers in Estonia, the Bank has also been acquiring funding through deposit platforms in Germany, The Netherlands, Austria and Spain.

The Bank has signed a 10-year loan agreement of EUR 8 million with the European Investment Fund to finance small and medium-sized enterprises. As at 31 December 2024, the loan balance is EUR 2.8 million (2023: EUR 3.8 million). The remaining special-purpose loans have been received from the Rural Development Foundation.

See also "*The Group's loans and advances to customers and its deposits from customers and loans received are concentrated in Estonia*" and "*The Group is subject to the risk that liquidity may not always be readily available*".

### Subordinated debt

The Group has issued subordinated bonds qualifying as capital according to relevant regulations in order to strengthen its capital base. In the case of default by the Group, the subordinated debt is repayable after all other debts have been paid, but before debts to shareholders are paid. The principal balances of subordinated debt as at 31 December 2024 is disclosed in the table below.

Subordinated debt	Year of issue	Interest rate, per cent.	Maturity	Amount, thousands of EUR
Subordinated bond	2021	5.50	31 March 2031	10,000
Subordinated bond	2022	5.00	10 March 2032	10,000
Subordinated bond (Additional Tier 1)	2022	10.00	perpetual	16,100
Subordinated bond (Additional Tier 1)	2023	12.00	perpetual	12,000
Subordinated loan	2024	6m Euribor +3.25	29 February 2034	15,000
<b>Total subordinated debt (principal) as at 31 December 2024</b>				<b>63,100</b>

### Equity

As at 31 December 2024, the Group has equity capital of EUR 211.6 million which makes up 9.7 per cent. of the total assets of the Group.

Equity has increased significantly during recent years, and the main sources of increase have been the accumulation of retained earnings, a secondary public offering (in December 2022) and (in less significant amounts) increases each year from issues of new shares related to the Group's share option program as part of the motivation system for key persons in the Group. The development of equity capital as at 31 December in each of 2024, 2023 and 2022 is shown in table below:

EUR millions	Equity
31 December 2021	111.7
31 December 2022	149.1
31 December 2023	185.8
31 December 2024*	211.6

\*31 December 2024

numbers are unaudited

The share capital issue in 2023 was related to the exercising of employee share options. In 2022, during a secondary public offering new shares were issued (in total EUR 20.2 million was raised) and the employee share options were exercised. The shares were fully paid in cash.

As at 31 December 2024, the share capital of the bank was EUR 70.2 million (31 December 2023: EUR 69.7 million), which was divided into 102,986,307 ordinary shares (31 December 2023: 102,241,307). According to the Articles of Association, share capital can be increased to EUR 160 million without any amendment to the Articles of Association.

## BUSINESS SEGMENTS

The Group has five business segments – corporate banking, retail banking, consumer financing, leasing and other<sup>17</sup>. The Group divides its business into segments based on both the legal structure and the customer-specific distribution within the Group.

The Group has a leasing segment that includes leasing products to both private and corporate customers. The leasing segment's main revenue comes from interest income from leasing agreements and limited additional revenue from services related to car leasing.

Insurance brokerage is also separate a legal entity but due to its limited size, insurance is considered as part of the segment titled 'Other', together with treasury and real-estate activities.

Due to the Bank's customer-based division, the Group has both corporate banking (legal entities) and retail banking (private individuals) segments. Both segments offer money transferring products, loan products to customers, as well as gathering deposits. The segments earn interest income from lending and commissions fees from settlement of payments and bank card transactions.

There is also a separate segment called the consumer financing segment. This segment used to be a separate legal entity inside the Group but, since Coop Finants AS merged with Coop Pank AS in 1 April 2024, it has been a business segment inside the Bank. The consumer financing segment earns interest income from consumer lending and fee commissions from managing Coop's grocery network payment card system and issuing hire-purchase cards.

Segments are the basis for regular monitoring of business results by the Group's Management and Supervisory Boards, and separate financial data is available for the segments. According to the Group's structure, the Group also divides the corporate banking and retail banking segments into more detailed business lines of loans and everyday banking services (deposits and settlements). The Group also uses business lines for planning and budgeting, but business lines are not defined as separate segments.

Revenue reported by a segment consists of revenue from external customers and additional interest income or interest expense on intersegment borrowing, which is based on the internal transfer pricing model in the Group and is shown as elimination in the tables below. The Group does not have any customers whose income would account for more than 10 per cent. of the respective type of income.

The Group's assets and liabilities are distributed between corporate banking, retail banking, consumer financing, leasing and other segments as follows:

Assets and liabilities as at 31 December 2024, in millions of EUR	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimination	Total
Loan portfolio	872	729	98	178	427	-530	1,774
Other assets	158	149	28	36	44	0	415
Total assets	1,030	878	126	214	471	-530	2,189
Total liabilities	940	794	114	193	466	-530	1,977

The largest segments are corporate banking and retail banking (including home mortgage loans). As at 31 December 2024, corporate banking utilises 47 per cent. of Group's assets and generates 48 per cent. of the Group's liabilities whereas retail banking's respective figures are 40 per cent. for both assets and liabilities.

<sup>17</sup> Other includes treasury and subsidiaries Prana Property and Coop Kindlustusmaakler.

Income and expenses generated by each segment in 2024 are shown below:

in 2024, in thousands of EUR	Corporate banking	Retail banking	Consumer financing	Leasing	Other*	Elimina- tion	Total
Interest income	60,573	49,466	13,998	12,172	25,403	-22,917	138,695
Incl. external income	54,455	42,228	13,998	12,172	15,842	-	138,695
Incl. internal income	6,118	7,238	-	-	9,561	-22,917	0
Interest expenses	-25,425	-24,471	-3,511	-6,224	-24,411	22,917	-61,125
<b>Net interest income</b>	<b>35,148</b>	<b>24,995</b>	<b>10,487</b>	<b>5,948</b>	<b>992</b>	<b>0</b>	<b>77,570</b>
Commission income	1,640	4,107	767	268	1,117	-	7,899
Commission expense	-675	-2,696	-111	-6	-53	-	-3,541
<b>Net commission income</b>	<b>965</b>	<b>1,411</b>	<b>656</b>	<b>262</b>	<b>1,064</b>	<b>-</b>	<b>4,358</b>
Other operating income	95	250	222	157	-769	-	-45
<b>Net income</b>	<b>36,208</b>	<b>26,656</b>	<b>11,365</b>	<b>6,367</b>	<b>1,287</b>	<b>-</b>	<b>81,883</b>
Operating expenses	-13,576	-15,134	-5,739	-4,059	-2,068	-	-40,576
<b>Profit before loss allowances and tax</b>	<b>22,632</b>	<b>11,522</b>	<b>5,626</b>	<b>2,308</b>	<b>-781</b>	<b>-</b>	<b>41,307</b>
Credit loss allowance	-1,231	-525	-2,704	-183	-	-	-4,643
<b>Profit before tax</b>	<b>21,401</b>	<b>10,997</b>	<b>2,922</b>	<b>2,125</b>	<b>-781</b>	<b>-</b>	<b>36,664</b>
Income tax expense	-2,715	-1,398	-360	-	-13	-	-4,486
<b>Profit of the year</b>	<b>18,686</b>	<b>9,599</b>	<b>2,562</b>	<b>2,125</b>	<b>-794</b>	<b>-</b>	<b>32,178</b>

## REVENUES

The structure of the Group's revenues and expenses is shown in the table below for each of 2024, 2023 and 2022. The biggest components in revenues are net interest income and net fee and commission income. The biggest component of expenses are payroll expenses.

Structure of revenues and expenses, per cent	2024*	2023	2022
Net interest income	94.7	95.4	92.8
Net fee income	5.3	5.7	6.9
Other income	-0.1	-1.1	0.3
<b>Total net operating income</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Payroll expenses	57.7	57.6	57.0
Operating expenses	28.9	29.1	27.1
Depreciation	13.4	13.3	15.9
<b>Total operating expenses</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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Net interest income generated EUR 77.6 million in 2024 which makes up 94.7 per cent. of the Group's total revenues. The composition of net interest income is shown below for each of 2024, 2023 and 2022:

in thousands of EUR	2024*	2023	2022
Interest income calculated using effective interest method:			
Loans to entities	53,244	46,520	25,066
Consumer loans and hire-purchase loans	14,047	15,243	13,251
Other loans to private individuals	42,087	33,584	14,817
Debt securities	1,385	1,016	349
Other assets	14,575	13,264	1,072
Other similar interest income:			
Leasing	13,357	11,024	5,535
<b>Total interest income and income similar to interest</b>	<b>138,695</b>	<b>120,651</b>	<b>60,090</b>
Customer deposits and loans received	-55,857	-36,028	-6,635
Subordinated debt	-5,022	-3,222	-2,251
Interest expense on assets	-	-	-416
Lease liabilities	-246	-136	-79
<b>Total interest expenses</b>	<b>-61,125</b>	<b>-39,386</b>	<b>-9,381</b>
<b>Net interest income</b>	<b>77,570</b>	<b>81,265</b>	<b>50,709</b>

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The second largest share of revenues comes from fees and commissions. Net fee and commission income was EUR 4.4 million in 2024 (5.3 per cent. of total revenues). The composition of fee income is shown below for each of 2024, 2023 and 2022:

in thousands of EUR	2024*	2023	2022
Fees from cards	3,219	3,567	2,993
Monthly account fees and transaction fees	1,491	1,345	1,286
Insurance brokerage commission	1,505	658	479
Foreign exchange transactions	88	111	88
Other fee and commission income	1,596	1,928	1,326
<b>Total fee and commission income</b>	<b>7,899</b>	<b>7,609</b>	<b>6,172</b>
Expenses related to cards	-2,449	-2,014	-1,749
Transaction costs	-257	-258	-245
Other fee and commission expense	-835	-490	-393
<b>Total fee and commission expense</b>	<b>-3,541</b>	<b>-2,762</b>	<b>-2,387</b>
<b>Net fee and commission income</b>	<b>4,358</b>	<b>4,847</b>	<b>3,785</b>

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## EXPENSES

The Group's biggest operating expenses are payroll expenses (including salaries, taxes and benefits) which made up 67 per cent. of the Group's operating expenses in 2024. The average salaries in Estonia have experienced fast growth in recent years and this has also generated salary growth in the Group. Depreciation of fixed assets is mainly related to IT systems (hardware and software).

More detailed composition of expenses is shown in table below for each of 2024, 2023 and 2022:

in thousands of EUR	2024*	2023	2022
Wages and salaries	-16,481	-14,330	-11,014
Social tax, unemployment insurance premiums	-693	-5,904	-4,488
<b>Total payroll expenses</b>	<b>-23,411</b>	<b>-20,234</b>	<b>-15,502</b>
Administration of information systems	-2,486	-1,772	-1,658
Marketing expenses	-2,690	-2,587	-1,758
Contributions to Deposit Guarantee Fund	-1,899	-1,568	-534
Training and travel expenses	-656	-627	-346
Office expenses	-840	-587	-472
Services purchased	-504	-539	-461
Utilities of right of use assets	-216	-352	-364
Financial supervision fee instalments	-401	-308	-199
Auditor services	-196	-229	-153
Short-term and low value leases	-291	-187	-283
Legal services, state fees	-582	-113	-80
Insurance	-107	-97	-90
Membership fees	-54	-46	-34
Transport expenses	-57	-44	-39
Other operating expenses	-733	-1,157	-881
<b>Total</b>	<b>-11,713</b>	<b>-10,213</b>	<b>-7,352</b>

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## CAPITAL

The Bank is subject to EU capital regulations. Direct supervision over the Group is carried out by the EFSA. Based on capital regulations and decisions made by the EFSA, the following capital requirements and Pillar 2 Guidance are applied:

	31 December 2024	31 December 2023	31 December 2022	31 December 2021	31 December 2020
<b>Common equity tier 1 (CET1), per cent.</b>					
Base requirement	4.50	4.50	4.50	4.50	4.50
Pillar 2 requirement	1.55	1.47	1.43	1.43	1.96
Capital conservation buffer	2.50	2.50	2.50	2.50	2.50

Systematic risk buffer	-	-	-	-	-
Countercyclical buffer	1.50	1.50	1.00	-	-
Pillar 2 guidance	1.50	1.50	1.50	1.50	-
<b>Total CET1, per cent. Tier 1, per cent.</b>	<b>11.55</b>	<b>11.47</b>	<b>10.93</b>	<b>9.93</b>	<b>8.96</b>
Base requirement	1.50	1.50	1.50	1.50	1.50
Pillar 2 requirement	0.51	0.49	0.48	0.48	0.66
<b>Total Tier 1 capital Tier 2, per cent.</b>	<b>13.56</b>	<b>13.46</b>	<b>12.91</b>	<b>11.91</b>	<b>11.12</b>
Base requirement	2.00	2.00	2.00	2.00	2.00
Pillar 2 requirement	0.69	0.65	0.64	0.64	1.37
<b>Total CAD requirement + P2G, per cent.</b>	<b>16.25</b>	<b>16.11</b>	<b>15.55</b>	<b>14.55</b>	<b>14.49</b>

In addition to the mandatory capital requirements, the Group has applied additional internal capital buffers to ensure all capital requirements will be met constantly.

The Group was designated among systemic important credit institutions by Central Bank of Estonia on 28 November 2024 and with this the Group has systemic risk buffer requirement 0.5 per cent. starting from 1 January 2025.

The actual capitalisation of the Group is shown in table below as at 31 December in each of 2024, 2023 and 2022:

Capital base, in thousands of EUR	As at 31 December 2024*	As at 31 December 2023	As at 31 December 2022
<b>Tier 1 capital</b>			
Paid-in share capital and share premium	96,892	95,452	94,583
Statutory reserve capital	6,815	4,855	3,838
Retained earnings	73,629	45,280	30,513
The accepted profit of the reporting period**	19,545	23,757	10,769
Other accumulated comprehensive income	298	-459	-883
Goodwill as intangible asset (-)	-6,757	-6,757	-6,757
Intangible assets (-)	-12,954	-10,838	-8,579
Adjustment of value arising from requirements of reliable measurement (-)	-38	-36	-18
Other deductions from Tier 1 Capital (-)	-1,820	-1,148	-1,898
Other adjustments of own funds resulting from transitional provisions	-	-	157
<b>Common Equity Tier 1 (CET1)</b>	<b>175,610</b>	<b>150,106</b>	<b>121,725</b>
Additional Tier 1 capital	28,148	28,100	16,100
<b>Total Tier 1 capital</b>	<b>203,758</b>	<b>178,206</b>	<b>137,825</b>
Subordinated debt	35,000	22,000	22,000
<b>Tier 2 capital</b>	<b>35,000</b>	<b>22,000</b>	<b>22,000</b>
<b>Eligible capital for capital adequacy calculation</b>	<b>238,758</b>	<b>200,206</b>	<b>159,825</b>
<b>Risk-weighted assets (RWA)</b>			
Central government and central banks using the standardised approach	6,183	5,998	2,784
Credit institutions, investment companies using the standardised approach	2,985	3,084	2,528
Companies using standardised approach	124,619	115,263	97,350

Retail claims using standardised approach	191,647	166,608	156,110
Claims secured by mortgage on real estate using the standardised approach	638,648	525,037	477,293
Claims past due using standardised approach	11,217	8,883	4,675
Items subject to particularly high risk using the standardised approach	131,950	105,909	114,127
Other assets using the standardised approach	9,984	10,994	12,136
<b>Total credit risk and counter-party credit risk</b>	<b>1,117,233</b>	<b>941,776</b>	<b>867,003</b>
Operational risk using basic indicator approach	112,728	78,909	78,909
<b>Total risk-weighted assets (total risk exposure)</b>	<b>1,229,961</b>	<b>1,020,685</b>	<b>945,912</b>
CET 1 capital ratio, per cent.***	<b>14.28</b>	<b>14.71</b>	<b>13.35</b>
Tier 1 capital ratio, per cent.***	<b>16.57</b>	<b>17.46</b>	<b>15.05</b>
Capital adequacy ratio, per cent.***	<b>19.41</b>	<b>19.61</b>	<b>17.38</b>
Leverage ratio, per cent.***	<b>8.79</b>	<b>8.44</b>	<b>7.44</b>

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\*\* Includes audited profit for a nine-month period ended in September in 2023 and 2024, which is included in Tier 1 capital as approved by the Financial Supervisory Authority.

\*\*\* Capital adequacy and Leverage ratio calculated in accordance with applicable standard regulation approved by the European Commission, EBA and other relevant authorities.

Capital planning is conducted on the basis of financial position and profit and loss forecasts that take into account the Group's strategy, future expectations, risk profile and risk appetite. Capital planning is the responsibility of the Bank's Management Board.

The internal capital adequacy assessment ("ICAAP") is an ongoing process which aims to assess the Group's risk profile and the corresponding need for capital. ICAAP is the basis for regular capital planning in the Group.

The planning and forecasting of capital requirements takes place on the basis of calculating regulatory capital adequacy that takes into account capital requirements arising from ICAAP and supervisory assessments of the EFSA ("SREP") plus capital requirements to cover additional risks that are not taken into account in the context of regulatory capital requirements.

The Group's risk profile is assessed in particular by the following risks: credit risk, concentration risk, liquidity risk, market risk, including risk exposure from the portfolio of financial investments, the Bank's portfolio of interest rate risk, operational risk, strategic risk, and reputation risk.

The recommended minimum capital adequacy level is the minimum required capital adequacy level determined in the SREP assessment plus the need-based reserve required for increasing business volumes, implementing strategy plans and ensuring a stable financial position in accordance with the Group's current operating strategy and balance sheet forecasts.

For determining the capital requirement, the financial position is forecasted, taking into account changes by items of the risk position and equity. The financial position and profit and loss forecasts are reviewed regularly and approved by the Management Board. It also takes into account the possible impact of strategic and reputation risk to the Group's business success, and determines the necessary equity buffer to ensure the desired internal capital adequacy level if alternative and risk scenarios materialise. An overview of the development of capital adequacy including the capital requirements arising from the SREP assessment are presented to the Management Board and the Supervisory Board on a quarterly basis.

As at 31 December 2024, and also at 31 December 2023 and 31 December 2022, the Group was in compliance with all regulatory capital requirements.



## LIQUIDITY

The Group has maintained all liquidity indicators at a level well above mandatory minimum requirements during recent years. The main risk indicators' historical values are shown below:

Ratios	2024	2023	2022
Liquidity Coverage Ratio <sup>18</sup> (LCR), per cent.	206.7	293.4	175.8
Net Stable Funding Ratio <sup>19</sup> (NSFR), per cent.	127.2	134.3	144.1

The Group's total duration gap in the period of up to 12 months is negative. This indicates that the Group has more liabilities with a duration of up to 12 months compared to receivables with the corresponding duration. The management of the duration gap risk is based on estimates concerning forecast cash flows arising from liabilities – demand deposits are usually a rather stable source of funding and up to 12-month term deposits are often extended – therefore the behavioural nature of these deposits is longer than 12 months. The Group ensures an adequate amount of liquidity buffers in order to meet the net outflow of liabilities as they become due.

The liquidity policy of the Group is built upon the principle of prudence and established liquidity buffers are sufficient to cover even a large-scale outflow of deposits. The Group has established a business continuity and recovery plan for conduct in a liquidity crisis, specifying the actions to be taken for covering a cash flow deficit even in extraordinary circumstances. An overview of the Group's financial assets and financial liabilities by residual maturity (undiscounted cash flows) is provided in the following table.

31 December 2024, in thousands of EUR	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
<b>Assets</b>					
Cash and cash equivalents	343,678	-	-	-	343,678
Debt securities at fair value through other comprehensive income	503	4,984	29,476	2,788	37,751
Loans and advances to customers	83,105	296,754	1,124,704	1,026,390	2,530,953
Equity instruments at fair value through other comprehensive income	-	-	-	-	13
Other financial assets	1,590	20	-	-	1,610
<b>Total financial assets</b>	<b>428,876</b>	<b>301,758</b>	<b>1,154,180</b>	<b>1,029,191</b>	<b>2,914,005</b>
<b>Liabilities</b>					
Customer deposits and loans received	996,963	808,731	92,954	3,089	1,901,737
Lease liabilities	248	744	3,866	1,119	5,977

<sup>18</sup> 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 whereas the regulatory minimum is 100 per cent. For more information: <https://www.bis.org/fsi/fsisummaries/lcr.htm>

<sup>19</sup> The Net Stable Funding Ratio is calculated by dividing the proportion of available stable funding (equity and certain liabilities) divided by required stable funding whereas the regulatory minimum is 100 per cent. For more information: <https://www.bis.org/fsi/fsisummaries/lcr.htm>

Other financial liabilities	15,443	-	-	-	15,443
Subordinated debt	1,240	3,732	14,017	68,515	87,504
<b>Total financial liabilities</b>	<b>1,013,894</b>	<b>813,207</b>	<b>110,837</b>	<b>72,723</b>	<b>2,010,661</b>
Off-balance sheet liabilities					
Undrawn lines of credit and overdraft facilities	133,090	-	-	-	13,309
Financial guarantees by contractual amounts	18,498	-	-	-	18,498
<b>Total on-balance-sheet and off-balance-sheet liabilities</b>	<b>1,032,392</b>	<b>813,207</b>	<b>110,837</b>	<b>72,723</b>	<b>2,162,249</b>
<b>Duration gap of financial assets and financial liabilities</b>	<b>-603,516</b>	<b>-511,449</b>	<b>1,043,343</b>	<b>956,468</b>	<b>751,756</b>

The following bodies are regularly informed of the Bank's liquidity position: the Management Board, the Supervisory Board, ALCO and the Credit Committee.

Limits have been established for all major liquidity indicators. The following main indicators are used for the measurement of liquidity risk:

- Liquidity Coverage Ratio (LCR);
- maintenance period in a liquidity crisis situation;
- financing concentration;
- ratio of liquid assets to demand deposits; and
- ratio of non-current liabilities to investments requiring stable funding.

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

## RELATED PARTY TRANSACTIONS

The Bank's principal related party transactions are with:

- a shareholder of the Bank with significant influence and companies that are part of its group;
- management of the Group: members of the Management Board and the Supervisory Board, the head of internal audit and entities controlled by them; and
- those who have the same economic interest as management and entities related to them.

The terms of loans granted to these related parties do not differ from the loans granted to other customers. Interest rates on these loans are in the range of 2.5 to 6.0 per cent. and on credit cards are around 18 per cent. Interest rates on deposits are in the range of 0.01 to 5.0 per cent. Transactions with related parties are based on the Group's price list and/or are carried out at market value. As at the date of this Base Prospectus, there were no transactions with the Bank's biggest shareholder Coop Investeeringud OÜ.

The transactions and balances as at 31 December in each of 2024, 2023 and 2022 between the Group and related parties are shown in the table below:

Balances, in thousands of EUR	31 December 2024	31 December 2023	31 December 2022
<b>Shareholders:</b>			
Loans	-	-	-
Deposits	11,162	9,897	5,648
<b>Members of the management board and supervisory board and their close relatives and related entities:</b>			
Loans	2,141	2,396	1,914
Deposits	9,615	1,011	606
<b>Transactions</b>			
	2024	2023	2022
<b>Shareholders:</b>			
Interest expenses	439	81	3
<b>Members of the management board and supervisory board and their close relatives and related entities:</b>			
Interest income of the reporting period	117	91	52
Interest expenses of the reporting period	360	11	5
Sale of other goods and services	2	2	2
Salaries to members of the Management Board and Supervisory Board	958	849	698

Information about share options issued to members of the Management Board as at 31 December in each of 2024, 2023 and 2022 are provided in the tables below.

Transactions with options	Number of options
As at 31 December 2022	682,100
Granted	257,500
Exercised	-200,000
Forfeited	-47,900
As at 31 December 2023	691,700
Granted	422,300
Exercised	-270,000
Forfeited	-
As at 31 December 2024	844,000

Valid share options as of 31 December 2024 (which are not yet exercised) are set out below.

Date of issue	Expiry date	Share price	Number of options
April 2022	April 2025	1.2550	212,100
April 2023	April 2026	1.5260	209,600
April 2024	April 2027	1.8750	422,300
Total options to be exercised		1.6325	844,000

## MARKET ENVIRONMENT

*The information presented in this section has been extracted from publicly available sources and documents. The source of external information is always given if such information is used in this section. While reviewing, searching for and processing macroeconomic, market, industry or other data from external sources such as government publications none of it has been independently verified by the Issuer, the Arranger or the Dealers or any of their affiliates or the Issuer's advisers in connection with the Programme.*

*The Issuer does not intend to and does not warrant to update the data concerning the market or the industry as presented in this section, unless such duties arise out of generally binding regulations.*

The Group is primarily focused on lending to and accepting deposits from commercial and retail customers residing in Estonia. As a result, its revenue and results of operations are directly influenced by economic and market conditions in Estonia. Estonia, being a small economy, is heavily dependent on the economic growth of its closest neighbouring countries and global economic conditions in general.

Global economic growth has slowed significantly in recent years due to persistent inflationary pressures, geopolitical uncertainties, and restrictive monetary policies in major economies. According to the International Monetary Fund ("IMF"), GDP growth is projected at 3.1 per cent. in 2024, followed by 3.2 per cent. in 2025, reflecting a slight improvement from the previous year's estimates but still below the pre-pandemic average of 3.7 per cent.<sup>20</sup> While economic activity has proven more resilient than expected, many advanced and emerging markets continue to face tight financial conditions, geopolitical risks, and supply chain disruptions. Improvements in global trade volumes and a gradual recovery in investment are expected to support growth in the medium term. However, uncertainties related to China's economic slowdown and monetary policy tightening in major economies remain key risk factors<sup>21</sup>.

Global inflation is anticipated to decline gradually, with headline inflation expected to fall to 3.5 per cent. in 2025, bringing it closer to central bank targets in many economies<sup>22</sup>. Despite this downward trend, core inflation—which excludes volatile food and energy prices—remains elevated in some advanced economies, particularly in the services sector, where tight labour markets continue to exert wage pressures. The Organisation for Economic Co-operation and Development ("OECD") warns that persistently high service sector inflation could delay monetary policy easing, as central banks weigh the risk of premature interest rate cuts against the need to support economic recovery<sup>23</sup>.

The Eurozone economy is expected to remain weak in the short-term reflecting weaker-than-expected momentum due to higher interest rates, weak consumer demand, and sluggish government investment under the EU's Recovery and Resilience Plan. Growth is expected to accelerate slightly throughout 2025 as inflation eases and monetary policy becomes more accommodative<sup>24</sup>. The IMF projects Eurozone GDP growth to remain below 1 per cent. in both 2025 and 2026, as household consumption and investment recover at a slow pace. Growth prospects remain uneven across the region, with Germany and France facing subdued activity, while Spain and Ireland are expected to perform better due to stronger labour markets and robust export demand<sup>25</sup>. The ECB has initiated a series of interest rate cuts, with the benchmark rate reduced to 2.75 per cent. as of January 2025, marking the first easing cycle since the aggressive rate hikes of 2022-2023. The decision is aimed at supporting borrowing and investment, particularly as inflation moderates and wage pressures stabilise<sup>26</sup>. While further rate reductions are anticipated in the second half of 2025, ECB officials remain cautious, emphasizing that the pace of rate cuts will depend on inflation dynamics and wage growth trends. The IMF and OECD have both advised against excessive monetary loosening, warning that premature cuts could fuel a rebound in price pressures<sup>27</sup>.

Inflation in the Euro area is projected to decrease from 5.4 per cent. in 2023 to an estimated 2.4 per cent. in 2024, with further moderation toward the ECB's 2 per cent. target in 2025. Declining energy prices, easing

<sup>20</sup> Source: <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

<sup>21</sup> Source: [https://www.oecd.org/en/publications/2024/12/oecd-economic-outlook-volume-2024-issue-2\\_67bb8fac.html](https://www.oecd.org/en/publications/2024/12/oecd-economic-outlook-volume-2024-issue-2_67bb8fac.html)

<sup>22</sup> Source: <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

<sup>23</sup> Source: [https://www.oecd.org/en/publications/2024/12/oecd-economic-outlook-volume-2024-issue-2\\_67bb8fac.html](https://www.oecd.org/en/publications/2024/12/oecd-economic-outlook-volume-2024-issue-2_67bb8fac.html)

<sup>24</sup> Source: <https://www.imf.org/en/News/Articles/2025/01/17/tr011725-january-2025-world-economic-outlook-update>

<sup>25</sup> Source: <https://www.imf.org/en/News/Articles/2025/01/17/tr011725-january-2025-world-economic-outlook-update>

<sup>26</sup> Source: <https://www.ecb.europa.eu/press/pr/date/2025/html/ecb.mp250130~530b29e622.en.html>

<sup>27</sup> Source: [https://www.oecd.org/en/publications/2024/12/oecd-economic-outlook-volume-2024-issue-2\\_67bb8fac.html](https://www.oecd.org/en/publications/2024/12/oecd-economic-outlook-volume-2024-issue-2_67bb8fac.html)

supply chain disruptions, and lower food costs have contributed to the slowdown in inflationary pressures<sup>28</sup>. However, wage growth remains a concern, particularly in Germany and France, where tight labour markets and union negotiations could sustain higher costs in the services sector. The OECD has noted that if wage increases remain elevated, inflation may stay above 2 per cent. longer than expected, leading to a more gradual path of monetary easing<sup>29</sup>. Despite improving growth forecasts, several downside risks remain:

- geopolitical tensions, including ongoing conflicts in Ukraine and the Middle East, continue to pose significant threats to global trade and energy security;
- financial instability in emerging markets, particularly related to China's struggling property sector, could lead to capital outflows and volatility in global financial markets; and
- persistent inflation in services and wage pressures could slow monetary easing, keeping interest rates higher for longer than anticipated<sup>30</sup>.

Estonia has demonstrated resilience amid challenging macroeconomic conditions. Real GDP in Estonia contracted by 0.1 per cent. in 2024 according to the Estonian Statistical Office (2023: -3.1 per cent.)<sup>31</sup>. Growth in the Estonian consumer price index has been among the highest in Europe in recent years, amounting to 3.5 per cent. in 2024<sup>32</sup> (2023: 9.2 per cent.). However, the latest economic forecast from the Bank of Estonia suggests that the Estonian economy is now strengthening and that several sectors that have previously been in difficulties have managed to start growing again and circumstances continue to improve. Growth in the economy is expected to be 1.6 per cent. in 2025, and around 3 per cent. in 2026 and 2027<sup>33</sup>.

Being an open economy, the performance of the Estonian economy depends above all on that of the European economy, which is forecasted to grow faster in 2025, but still at quite a modest rate. The ECB expects growth of 1.1 per cent. in the euro area in 2025 and of 1.4 per cent. in 2026<sup>34</sup>. However increased uncertainty about the outlook for international trade, because of the fear that the US will start to tighten its trade barriers, could cool economic growth around the world and boost inflation (see "*Risk Factors - The Group's operations and assets are principally located in Estonia and, accordingly, the Group is exposed to general economic conditions in Estonia*"). Global economic relations becoming more complicated and Estonia's earlier competitive advantages fading may together demand adjustments to industrial and economic policy to lay the foundations for new growth.

In 2024, Estonia's trade dynamics exhibited both challenges and areas of growth. The country's trade balance remained negative, with a deficit of €285.7 million in October 2024, which slightly improved to €209.1 million in November 2024<sup>35</sup>. Despite the persistent trade deficit, there were positive developments in exports. In October 2024, Estonia's exports of goods increased by 12 per cent. compared to the same month in the previous year, totalling nearly €1.7 billion. This growth was driven by a 17 per cent. rise in exports of goods of Estonian origin<sup>36</sup>. The services sector also demonstrated robust performance. In the third quarter of 2024, exports of services grew by 8 per cent., amounting to €3.2 billion. The most significant contributions came from other business services, telecommunications, computer, and information services, and transport services<sup>37</sup>.

Estonia's major trading partners remained consistent. In terms of exports, Finland was the top destination, accounting for 16 per cent. of total exports, followed by Germany (9 per cent.), the United States (7 per cent.), and Sweden (7 per cent.). On the import side, the leading partners were Germany (8 per cent.), Finland (8 per cent.), Lithuania (7 per cent.) and Latvia (7 per cent.)<sup>38</sup>.

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<sup>28</sup> Source: [https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/autumn-2024-economic-forecast-gradual-rebound-adverse-environment\\_en](https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/autumn-2024-economic-forecast-gradual-rebound-adverse-environment_en)

<sup>29</sup> Source: [https://www.oecd.org/en/publications/2024/12/oecd-economic-outlook-volume-2024-issue-2\\_67bb8fac.html](https://www.oecd.org/en/publications/2024/12/oecd-economic-outlook-volume-2024-issue-2_67bb8fac.html)

<sup>30</sup> Source: <https://www.weforum.org/publications/global-risks-report-2025/>

<sup>31</sup> Source: <https://www.stat.ee/en/news/gdp-flash-estimate-economy-contracted-01-q4>

<sup>32</sup> Source: <https://www.eestipank.ee/en/press/consumer-prices-were-driven-upwards-most-last-year-taxes-and-services-and-food-08012025>

<sup>33</sup> Source: <https://www.eestipank.ee/en/press/economic-forecast-exports-will-bring-growth-estonian-economy-13122024>

<sup>34</sup> Source: <https://www.ecb.europa.eu/press/key/date/2024/html/ecb.sp241218~c88acfb65f.en.html#:~:text=According%20to%20the%20December%20Eurosystem,points%20in%202024%20and%202025>

<sup>35</sup> Source: <https://tradingeconomics.com/estonia/balance-of-trade-eurostat-data.html>

<sup>36</sup> Source: <https://stat.ee/en/find-statistics/statistics-theme/economy/foreign-trade>

<sup>37</sup> Source: <https://stat.ee/en/news/exports-services-8-third-quarter>

<sup>38</sup> Source: <https://stat.ee/en/news/exports-services-8-third-quarter>

While Estonia faced a trade deficit in 2024, the growth in exports of goods and services, along with strong relationships with key trading partners, indicates potential for economic recovery in the coming years.

Inflation trends in Estonia showed some improvement in 2024. However, inflation is projected to remain elevated at 3.6 per cent. in 2025, partly due to planned tax increases, before easing to 2.4 per cent. in 2026<sup>39</sup>.

The labour market has showed little reaction to the recession in Estonia, and no rapid change is expected as the economy recovers. Employment has not fallen in step with the decline in the economy overall, and as businesses have clearly been avoiding laying off employees there will not be any immediate substantial increase in hiring as the economy revives. Unemployment is consequently expected by the Bank of Estonia to fall slowly while the modest competition for jobs is currently expected to restrain the growth in wages to around 6 per cent. next year and around 5 per cent. in the two years after that. Wages are also expected to grow more slowly because businesses need to recover the profitability they have lost<sup>40</sup>. While the unemployment rate rose to 7.8 per cent. in August 2024, it is projected to contract with unemployment rates averaging 7.7 per cent. in 2025 and 7.2 per cent. in 2026<sup>41</sup>.

The Estonian government has implemented significant tax changes in 2025 to address fiscal challenges and support economic growth. These tax increases are expected to have several economic implications:

- higher income taxes could reduce disposable income, dampening private consumption;
- increased corporate taxes might impact investment decisions, potentially leading to a slowdown in capital formation;
- higher VAT will raise the cost of goods and services, contributing to higher inflation in the short term; and
- Government revenue boost could support public spending on defence and infrastructure, potentially stimulating economic activity<sup>42</sup>.

The ongoing conflict in Ukraine has posed significant challenges for European economies, including disruptions to energy supplies and increased energy prices. Estonia has secured alternative energy sources, leading to a gradual decline in energy prices, but the situation remains a risk factor, as any further escalation could adversely affect energy prices and the broader economic recovery<sup>43</sup> (see "*Risk Factors - The Group may be materially adversely affected by the Russian Invasion of Ukraine*").

The general government deficit is expected to rise to 3.0 per cent. of GDP in 2024 when announced, up from 2.8 per cent. in 2023, due to continued recessionary pressures and increased military spending. Public debt is projected to increase from 20.2 per cent. of GDP in 2023 to 25.4 per cent. in 2026<sup>44</sup>.

Despite the Estonian economy being in recession during the 11 months ending November 2024<sup>45</sup> (quarter to quarter), the Estonian banking sector has performed better than expected. As of the third quarter of 2024, the Estonian banking sector has maintained a relatively low level of loan defaults and overdue payments. The share of problem loans within the banking sector remains small at under 0.4 per cent. of the loan portfolio as at the end of September 2024. Consumer loans were subject to a higher long-term overdue rate 2.6 per cent. of loans were long-term overdue as an average in the third quarter of 2024, whereas only 0.2 per cent. of housing loans and 0.4 per cent. of corporate loans were problem loans.<sup>46</sup> The Bank of Estonia attributes this resilience to several factors, including strong capital buffers and profitability within the banking sector, the central bank has assessed that the buffers of the banks are sufficient to cover possible risks. Additionally, Estonian banks will need to continue their focus on compliance with EU-wide regulatory requirements related to sustainability and (ESG) Environmental, Social, and Governance standards. This may require significant investment in infrastructure but also opens opportunities for banks to play a critical role in financing Estonia's green transition.

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<sup>39</sup> Source: [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/estonia/economic-forecast-estonia\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/estonia/economic-forecast-estonia_en)

<sup>40</sup> Source: <https://www.eestipank.ee/en/press/economic-forecast-exports-will-bring-growth-estonian-economy-13122024>

<sup>41</sup> Source: [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/estonia/economic-forecast-estonia\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/estonia/economic-forecast-estonia_en)

<sup>42</sup> Source: [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/estonia/economic-forecast-estonia\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/estonia/economic-forecast-estonia_en)

<sup>43</sup> Source: [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/estonia/economic-forecast-estonia\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/estonia/economic-forecast-estonia_en)

<sup>44</sup> Source: [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/estonia/economic-forecast-estonia\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/estonia/economic-forecast-estonia_en)

<sup>45</sup> Source: <https://www.stat.ee/en/news/gdp-flash-estimate-economy-contracted-01-q4>

<sup>46</sup> Source: <https://www.eestipank.ee/en/press/financial-stability-review-buffers-banks-are-sufficient-cover-possible-risks-finds-eesti-pank-19112024>

While Estonia faces several economic challenges, including elevated inflation, labour market pressures, external risks, and tax increases, the outlook remains cautiously optimistic. A combination of strategic fiscal measures, structural reforms, and a focus on enhancing competitiveness leaves the economy well positioned to support long-term economic recovery. The banking sector, despite concerns over energy prices and the war in Ukraine, has shown resilience and is well-positioned to support Estonia's long-term economic growth.



## THE ESTONIAN HOUSING MORTGAGE MARKET

*The information provided below has been derived from publicly available information on the Estonian housing mortgage market.*

### Market Structure and Dynamics

The Estonian housing mortgage market is a vital part of the country's financial system, primarily dominated by the banking sector. As at 30 June 2024, the total outstanding balance of mortgage loans in Estonia was approximately EUR 11.4 billion. The market remains concentrated, with Swedbank holding the largest share at 42 per cent., followed by SEB at 28 per cent., Luminor at 9 per cent., LHV at 12 per cent., and the Bank at 5 per cent.<sup>47</sup>

### Loan-to-Value Ratios and Interest Rates

In Estonia, mortgage loans are generally offered with Loan-to-Value (LTV) ratios up to 85 per cent. However, this can increase to 90 per cent. for borrowers who meet the criteria for state-backed guarantees, such as those provided by the EIS. The mortgage interest rates are predominantly variable, tied to the 6-month Euribor, plus a fixed margin. Fixed-rate mortgages are less common but are available. The fall in Euribor in 2024 gave rise to a corresponding reduction in loan interest rates, the average interest rate on new housing loans fell from 5.8 per cent. to 5.4 per cent. in the first half of 2024. Following further easing in monetary policy interest by the European Central Bank, the average interest cost is expected to continue its decrease throughout 2025.<sup>48</sup>

### Market Trends and Outlook

The Estonian mortgage market has remained resilient despite the broader economic challenges. The demand for housing loans continues to be driven by urbanization, relatively stable employment rates, and government support schemes. In 2023, the mortgage market grew by 6 per cent. as the volume of new loans increased, although at a slower pace compared to previous years due to rising interest rates. Moderate growth continued in the first half of 2024, adding EUR 0.2 billion of new loans to the mortgage market.

However, the residential real estate market is projected to experience an annual growth rate (compound annual growth rate 2025-2029) of 5.71 per cent. as economic conditions improve, interest rates stabilise, and consumer confidence returns<sup>49 50 51</sup>.

### Competitive Landscape

The Estonian mortgage market is highly competitive, with the top five banks dominating the sector. The Bank, while smaller than its competitors, has been expanding its market share through a customer-centric approach and competitive pricing strategies. As of 30 June 2024, the Bank held a 6 per cent. market share. The Bank's integration with Coop Eesti Keskühistu's retail network provides it with a unique advantage throughout Estonia, but particularly in rural areas where it can offer banking services directly through retail outlets, reaching a broader customer base.

### Material Legal Aspects of the Mortgage Loans

The below summarises the most material legal aspects of mortgage loans, however, does not purport to constitute an exhaustive or complete analysis of all legal aspects and considerations relating to mortgage loans. The below summary is based upon the laws effective on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

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<sup>47</sup> Source: [https://www.fi.ee/sites/default/files/fi\\_eft\\_2024\\_eng.pdf](https://www.fi.ee/sites/default/files/fi_eft_2024_eng.pdf)

<sup>48</sup> Source: [https://www.fi.ee/sites/default/files/fi\\_eft\\_2024\\_eng.pdf](https://www.fi.ee/sites/default/files/fi_eft_2024_eng.pdf)

<sup>49</sup> Source: [https://haldus.eestipank.ee/sites/default/files/2024-12/rpm2024-4\\_eng.pdf](https://haldus.eestipank.ee/sites/default/files/2024-12/rpm2024-4_eng.pdf)

<sup>50</sup> Source: <https://www.statista.com/outlook/fmo/real-estate/residential-real-estate/estonia>

<sup>51</sup> Source: <https://www.eestipank.ee/en/press/economic-forecast-exports-will-bring-growth-estonian-economy-13122024>



### *Establishment of a Mortgage*

Real estate property located in Estonia can be pledged by way of a mortgage, which must be established under a notarised mortgage agreement and which is subject to registration with the Estonian Land Register. The entry into a mortgage agreement and registration of the mortgage in the Estonian Land Register is sufficient evidence regarding the establishment of the mortgage and no further certificates (either physical or electronic) are issued with respect to the mortgage under Estonian law. The Estonian Land Register is a public register and, subject to the payment of a processing fee, information regarding real estate properties, including mortgages encumbering such real estate properties, can be accessed publicly. An entry concerning the mortgage in the Estonian Land Register sets out: (i) the mortgagee; (ii) the monetary amount of the mortgage (mortgage amount); and (iii) the agreement whereunder the owner of the real estate property has consented to be subject to immediate compulsory enforcement (if applicable). Real estate property that may be subject to a mortgage comprises: (i) immovable, i.e. a plot of land and (ii) right of superficies, which is defined as a transferable and inheritable real right which encumbers an immovable such that the person for whose benefit a right of superficies is constituted is entitled to own a construction permanently attached to the immovable for a specified term.

Under Estonian law, a mortgage generally encumbers a real estate property in its entirety. In the case of a real estate property co-owned by several owners, a legal share of a real estate property belonging to a co-owner may also be encumbered. A mortgage cannot be established only on a physical share of a real estate property or a part of the legal share of a co-owner.

A mortgage established under Estonian law on a residential real estate property extends to the parts and accessories of that property. A mortgage does not extend to the accessories of the real estate property which are not in the ownership of the owner of the real estate property. Furthermore, a mortgage does not extend to accessories and parts which before the seizure of the real estate property are transferred according to regular management or permanently severed from the real estate property. If real estate property encumbered with a mortgage is leased, the mortgage also extends to a claim under the lease which arises within the period between the seizure of the real estate property or declaration of bankruptcy of the debtor and sale of the real estate property, or which arises within one year before the seizure of the real estate property or declaration of bankruptcy of the debtor and is uncollected. If a real estate property encumbered with a mortgage is insured, the mortgage also extends to a claim for insurance proceeds.

A mortgage, up to the mortgage amount, secures any claim and interest (including any fine for delay) for up to three years before sale of the real estate property in enforcement proceedings, expenses for the collection of the debt, including the costs of the enforcement proceeding and bailiff's fees, and insurance premiums paid by the mortgagee on behalf of the owner of the immovable.

### *Enforcement Procedures*

#### General principles of Estonian law in respect of enforcement

If a borrower fails to duly fulfil its obligations under a mortgage loan, the creditor may generally (i) seek general enforcement of its claims against the borrower and collection of the debt arising from the mortgage loan and (ii) seek enforcement of a mortgage (and other security, if any) securing the mortgage loan to be able to satisfy the claims arising from the mortgage loans on the account of proceeds generated from the enforcement of such mortgage (or other security).

Generally, under Estonian law, enforcement by a creditor of its claims against a defaulting borrower under a mortgage loan requires that the creditor first obtains a judgment ordering the relevant claims to be satisfied (for example, for a debt to be paid) after which the actual enforcement may be carried out by a bailiff in formal enforcement proceedings against the assets of the borrower regulated by Estonian law.

In parallel or alternatively, a creditor holding a mortgage over real estate of the borrower (or another person) as security for the borrower's obligations under a mortgage loan may initiate enforcement of the mortgage, which is carried out (outside of bankruptcy proceedings of the mortgagor) by way of sale of the mortgaged real estate at a compulsory auction conducted by a bailiff or by way of compulsory administration by a bailiff. For this purpose, a notation on the agreement by the mortgagor to be subject to immediate compulsory enforcement must be entered into the Estonian Land Register. In case the proceeds generated

from the enforcement of the mortgage are not sufficient to cover the creditor's claim in full, the creditor has the right to bring a separate claim to the court for recovery of the outstanding debt.

#### Enforcement of a claim against the debtor

To enforce a claim against the debtor arising from a mortgage loan, the creditor must typically submit its claim to a court having jurisdiction over the mortgage loan and would need to prove its claim against the debtor in order to obtain a court ruling ordering the debtor to satisfy the relevant claim (to pay the debt). Upon such court ruling entering into force, the creditor may apply to a bailiff, who shall carry out enforcement proceedings with respect to the debtor and its assets. If the debtor fails to pay the debt voluntarily upon the initiation of enforcement proceedings, the debtor's property is seized and sold to the extent necessary to satisfy the creditor's claims.

Enforcement proceedings, including seizure and sale of the debtor's property, are carried out by a bailiff in accordance with the Estonian Code of Enforcement Procedure. The Estonian Code of Enforcement Procedure, among others, sets out a list of items and assets of the debtor which cannot be seized and sold in enforcement proceedings. Such items and assets mainly comprise property which is essential for the debtor to satisfy his or her needs or the seizure and sale of which would be contrary to law or good morals. The Estonian Code of Enforcement Procedure further provides a number of forms of income of the debtor which cannot be used to satisfy claims in enforcement proceedings, which mainly includes supports and benefits payable in accordance with laws.

#### Enforcement of a mortgage

The process of enforcement of mortgages depends on whether the notarised mortgage agreement includes the mortgagor's consent for submission to immediate compulsory execution proceedings in order to satisfy the claims secured with the mortgage. Such agreement may be (and generally is) included in the agreement for the establishment of the mortgage but may also be made later, including after the claims secured by the mortgage have fallen due. If such agreement has been made, the mortgagee may enforce the mortgage without obtaining a prior court ruling for enforcement. If no such consent is included in the mortgage agreement or made afterwards, the mortgagee would need to submit a claim to court to recognise its right to enforce the mortgage, and such court decision would then serve as the enforcement instrument upon which the mortgagee could turn to a bailiff to enforce the mortgage.

Where the mortgagor and the mortgagee have agreed in the notarised agreement on submission by the mortgagor to immediate compulsory execution proceedings or where the mortgagee has obtained a court ruling for the enforcement of the mortgage, the mortgagee may apply for initiation of formal enforcement proceedings pursuant to which a bailiff carries out the enforcement of the mortgage.

The enforcement of a mortgage is carried out by selling the mortgaged property at an auction or by subjecting the mortgaged property to compulsory administration. In the case of compulsory auction, the mortgaged property is sold at an auction and the proceeds of the sale are applied towards the satisfaction of the secured obligations. In the case of compulsory administration, the mortgaged property is administered by a bailiff and the proceeds of the management of the real estate (e.g. rental income) are applied towards the satisfaction of the secured obligations. In case the enforcement of a mortgage is carried out by way of selling the mortgaged property, the bailiff will seize the mortgaged property, by recording the property and its accessories and other objects to which a mortgage extends, prohibiting disposal thereof and applying for a notation concerning prohibition of the disposal of the property to be entered in the Estonian Land Register. The bailiff will announce the auction process in the Estonian Official Gazette and on at least one commonly used website for the sale of real estate at least 20 days in advance of the auction. After at least 20 days have passed from the announcement, the auction will be carried out by the bailiff and the proceeds of the auction will be applied towards the satisfaction of the secured obligations.

At the request of the mortgagor and with the consent of the mortgagee, the bailiff may also permit the mortgagor to sell the mortgaged property under the supervision of the bailiff. The bailiff may permit the mortgagor to sell the property also regardless of the consent of the mortgagee: (i) if an auction for the sale of the property has failed or it can be presumed that the property cannot be sold at an auction or the revenue expected to be received from the property at an auction would be significantly lower than the revenue expected to be received from the sale of the property organised by the mortgagor or (ii) if an auction has

failed due failure by the winning bidder to pay the purchase price and a repeated auction is also unsuccessful.

### Costs of enforcement

If the enforcement process requires submitting a claim to court, a state fee would need to be paid to initiate the court proceedings. The amount of state fee payable would depend on the amount of the claim. Furthermore, court proceedings often entail other legal costs such as legal fees, which may not be compensated in full even if the court rules in favour of the party. If the court rules in favour of the other party, it is possible that the legal costs incurred by the other party may need to be compensated.

The enforcement procedure by a bailiff would entail the bailiff's fee and costs necessary for enforcement proceedings. In the case of a monetary claim, the bailiff's fee depends on the amount of the claim. The enforcement costs would be borne by the debtor and would be collected by the bailiff. The enforcement costs would be collected from the debtor by the bailiff on the basis of the decision on enforcement costs (such document is immediately enforceable).

### *Treatment of the mortgage and mortgagee in the mortgagor's bankruptcy proceedings*

Should the mortgagor be declared bankrupt, the mortgage ensures a priority position of the mortgagee with respect to the proceeds from the sale of the mortgaged real estate property.

In the mortgagor's bankruptcy proceedings, claims secured by the mortgage are satisfied as first priority claims for the account (and to the extent) of the money received from the sale of the mortgaged real estate property, from which the payments relating to the bankruptcy proceedings (as listed below) in proportion to the ratio of the amount of money received from the sale of the pledged object to the total amount of money received from the sale of the bankruptcy estate are deducted. The maximum amount which can be deducted from the money received from the sale of the mortgaged real estate property is capped at 15 per cent. of the amount of money received from the sale of the mortgaged real estate property, meaning that at least 85 per cent. of the proceeds shall be applied for the satisfaction of the claims of the pledgee. If a claim secured by the mortgage is not satisfied in full out of the money received from the sale of the mortgaged real estate property, the rest of the claim shall be satisfied together with all other accepted claims which were filed within the term specified by law.

The following are regarded as payments relating to the bankruptcy proceedings and have priority over and are satisfied before the claims secured by specific assets of the debtor: (i) claims arising from the consequences of exclusion or recovery of assets; (ii) maintenance support paid to the debtor and his or her dependants; (iii) in bankruptcy proceedings regarding estates, the expenses paid for the bequeather's funeral, maintenance of his or her family members, administration of the estate and making of the inventory of the obligations related to estate; (iv) consolidated obligations (as in more detail described below); and (v) costs of the bankruptcy proceedings.

Consolidated obligations are: (i) obligations arising from transactions and other acts performed by a trustee in the performance of his or her duties in the bankruptcy proceedings; (ii) expenses of administration of the bankruptcy estate by the trustee during the bankruptcy proceedings regarding the estate; (iii) obligations arising from contracts which the debtor has failed to perform, if the trustee has continued performance of the obligations or given notification that he or she intends to require performance of the contract; (iv) taxes relating to continuation of the business activities of the debtor; (v) obligations to compensate for the damage caused during the bankruptcy proceedings by an unlawful action of a debtor who is a legal person; (vi) other obligations deemed to be consolidated obligations pursuant to the Estonian Bankruptcy Act.

After the above listed claims have been satisfied, claims secured by the mortgage which have been accepted in the bankruptcy proceedings and were filed within the term specified by law, are satisfied before unsecured claims.

### *Treatment of the mortgage and mortgagee in enforcement proceedings carried out with respect to the mortgagor's assets*

If the mortgaged real estate property is sold in enforcement proceedings initiated by other creditors by the bailiff on the basis of an execution document (such as e.g. court order), the mortgagee may, before the distribution of proceeds, submit an application to the bailiff, in which the mortgagee applies for the preferred satisfaction of the mortgagee's claim from the proceeds of the sale of the mortgaged real estate property, regardless of whether or not the mortgagee's claim has fallen due. The bailiff must take the claim of the mortgagee into account upon distribution of the proceeds from the sale of the mortgaged real estate property and preparation of a distribution plan on the basis of the ranking of the mortgage as evident from the Estonian Land Register or notarised mortgage agreement.

### *Contesting of claims and reversal*

An insolvency administrator and all other creditors of the bankrupt mortgagor may in the course of bankruptcy proceedings contest claims submitted against the debtor by other creditors. If contested, the dispute will be finally settled by the court who will determine whether such claim against the debtor exists and is sufficiently proven.

Furthermore, an insolvency administrator may submit a claim to the court for recovering a security interest granted by the debtor or security agreement concluded by the debtor. In recovery, the court will revoke transactions, subject to the grounds specified below, which were concluded by the debtor within a certain time period before the declaration of bankruptcy and which damage the interests of other creditors and which meets other criteria for revocation set out in the Estonian Bankruptcy Act.

In addition to general grounds applicable to all transactions, the Estonian Bankruptcy Act sets out specific grounds for revoking the grant of security. Under such provisions, a court will revoke the grant of a mortgage if the mortgage damages the interests of the creditors of the mortgagor and was granted: (i) during the period from the appointment of the interim trustee or trusted practitioner until declaration of bankruptcy; (ii) for securing an obligation which had arisen within six months before the appointment of the interim trustee or trusted practitioner if the debtor was not required to grant the mortgage at the time when the obligation arose or if the debtor was insolvent at the time of granting the mortgage and the person in whose favour the mortgage was granted was or should have been aware of the insolvency; (iii) within two years before the appointment of the interim trustee or trusted practitioner if the security was granted in favour of a person connected with the debtor unless the person or the debtor proves that the debtor was solvent at the time of granting the mortgage.

Granting of a mortgage cannot be recovered if the mortgage was granted in order to secure a loan or any other credit agreement and after granting the security the debtor came into possession of the amount of money corresponding to the value of the mortgage pursuant to the secured agreement (except in case the mortgage was granted within two years before the appointment of the interim trustee or trusted practitioner in favour of a person connected with the debtor unless the person or the debtor proves that the debtor was solvent at the time of granting the mortgage).

In addition to reversal (recovery) of the transactions in bankruptcy proceedings, Estonian law also enables creditors to apply for reversal of certain transactions in pre-bankruptcy scenarios. The grounds for and procedure for such reversal of transactions are stipulated in the Estonian Code of Enforcement Procedure.

### *Insolvency proceedings of natural persons*

Insolvency proceedings in respect of natural persons are governed by the Estonian Natural Person Insolvency Act. Under the referred act, a natural person may submit an application to the court to declare bankruptcy or to declare bankruptcy and initiate proceedings to release the debtor from their obligations or to initiate debt restructuring proceedings in respect of the debts. The creditor of the natural person may also submit an application to the court against the debtor to declare bankruptcy or to initiate debt restructuring proceedings. After the submission of the application by the debtor or the creditor, the court considers the prospects of the debtor to pay his or her debts and the appointment of a trusted practitioner (i.e. a professional adviser of the debtor) with the aim of choosing the most appropriate type of procedure for overcoming the debtor's payment difficulties.

Following assessment of the application, the court shall either: (i) declare the debtor's bankruptcy; (ii) declare the debtor's bankruptcy and initiate proceedings for release of the debtor from their obligations; (iii) initiate debt restructuring proceedings; or (iv) reject or terminate the proceedings.

Throughout the insolvency proceedings, the debtor will be advised by the trusted practitioner.

The debt restructuring proceedings allow the debtor to apply for restructuring of their debts by way of either extending term of payment of the debts, allowing payment in instalments or reducing the total amount of the debts.

Upon appointment of the adviser of the debtor:

- (i) the calculation of default interest or a contractual penalty that increases over time shall be suspended until the restructuring plan is approved or the debt restructuring proceedings are completed (save for claims which the debtor does not request to be restructured or in the event the debtor is declared bankrupt);
- (ii) a creditor may not terminate the contract entered into with the debtor on the grounds of a breach of a financial obligation which occurred before the filing of the insolvency application or refuse to perform his or her obligations on that basis. An agreement according to which the creditor may terminate the contract upon filing for insolvency or approving the restructuring plan is void. If the continuation of the contract is unfair to the creditor and unnecessary for the debtor, in particular if the initiation of debt restructuring proceedings is unlikely or the continuation of the contract is not necessary for the debt restructuring proceedings, the court may, on the creditor's application, allow the creditor to terminate the contract;
- (iii) the court shall suspend any and all pending enforcement proceedings or other enforcement measures against the debtor's assets until declaration of bankruptcy, the approval of the restructuring plan or until the insolvency proceedings have ended; and
- (iv) the court may also suspend court proceedings in which a pecuniary claim is pending against the debtor; annul the measures for securing an action against the debtor, including the seizure of a payment account; prohibit creditors from exercising their rights arising from security interests provided by the debtor, *inter alia*, to sell the object of pledge or apply for the sale thereof; and apply other measures of preliminary legal protection, including measures securing a bankruptcy petition.

Nevertheless, a creditor may file an application to the court requesting, while taking into consideration the justified interests of the creditor, the continuation of the suspended enforcement proceedings and also to allow the creditor to exercise its rights arising from the security interests granted by the debtor, prior to the declaration of bankruptcy, approval of the reorganisation plan or termination of the proceedings.

When the debtor is unable to adhere to the terms and conditions of the restructuring plan, the restructuring proceedings will be terminated and all restructured claims will be restored in their initial amount.

#### *Consumer protection*

The Estonian Law of Obligations Act sets out a specific legal framework applicable to consumer credit contracts, including those relating to residential immovable property, such as consumer credit contracts secured by a mortgage or another comparable security. These provisions apply to consumer credit contracts entered into with a consumer residing in Estonia or in a Member State of the European Union or if the contract is essentially linked to the territory of Estonia for any other reason, regardless of the governing law of the contract.

Prior to conclusion of the consumer credit contract, the creditor must provide a designated set of information to the consumer using the applicable Standard European Consumer Credit Information form, as well as give certain explanations to the consumer and assess the consumer's creditworthiness. The creditor must abide by the principles of responsible lending meaning the creditor may only enter into a consumer credit contract with the consumer provided the creditor is convinced that the consumer is creditworthy as a result of analysing the data constituting the basis for the assessment of creditworthiness in aggregate. Where the creditor and the consumer agree to change the amount of credit drawn down by the consumer or the upper credit limit, the creditor must update the information regarding the creditworthiness of the consumer and assess the creditworthiness each time before such change.

The Estonian Law of Obligations Act sets out a mandatory catalogue of information a consumer credit contract must include. If any information required to be provided to the consumer is missing from the appropriate documentation or is not provided in the form required by law, the contract is deemed void, unless the consumer receives the loan or starts utilising the credit.

A consumer credit contract is also deemed void, if the annual percentage rate payable by the consumer exceeds at the time of granting the credit the past six months' average annual rate of consumer credits granted by credit institutions to private individuals and last published by the Bank of Estonia (*Eesti Pank*) more than three times. If a consumer credit contract is void, the consumer must repay the amount received on the basis of the void consumer credit contract by the date by which the consumer had to repay the whole credit according to the void consumer credit contract with the interest equal to the last interest rate applicable to the main refinancing operations of the ECB before 1 January or 1 July of each year.

A consumer may withdraw from a consumer credit contract within 14 days from the date of entry into the contract or receiving from the creditor all statutorily required information, whichever is later, without giving a reason. Upon withdrawal, the consumer must repay the outstanding credit and accrued interest no later than within 30 days after submitting a withdrawal application. The creditor is not entitled to claim payment of any other compensation from the consumer except for the non-returnable state charges paid by the creditor. Contract terms which restrict the statutory withdrawal right, in particular agreements pursuant to which withdrawal is subject to payment of retainer or a contractual penalty, are void. A consumer has the right to repay the credit in part or in full before maturity, without being obliged to pay any interest or other charges for the period when the credit is not utilised.

If a consumer is late with payments, any penalty for late payment (default interest) may not exceed the last interest rate applicable to the main refinancing operations of the ECB before 1 January or 1 July of each year plus eight per cent. per year. This does not preclude or restrict the right of the creditor to demand compensation for damages in an amount which exceeds the penalty for late payment. Agreements for the payment of a retainer or contractual penalty from the consumer in the case of late payments are void.

If, on the basis of a consumer credit contract, a consumer has made a payment which is insufficient for the performance of all obligations which have fallen due, the payment shall cover: (i) firstly, the expenses incurred for collection of the debt; (ii) secondly, the principal sum owed; (iii) thirdly, interest; (iv) fourthly, other obligations. A creditor may not refuse insufficient payments.

Where consumer credit is repayable in instalments, the creditor may cancel the consumer credit contract due to late payment only if the consumer is wholly or partly late with payment for at least three consecutive repayment instalments and if the creditor has, without success, granted an additional term of at least two weeks to the consumer for the payment of the remaining amount together with notification that the creditor will cancel the contract upon failure to pay the tranches within the term and will claim for payment of the whole debt. In case of cancellation by the creditor, the total outstanding amount of all payments made by the consumer for repayment of the credit and the payments made to cover the total cost of the credit will be respectively reduced by the interest and the costs calculated for the period when the credit is not used. The creditor may cancel the contract also in case of a fundamental breach by the consumer.

Agreements which derogate from the mandatory provisions of the Estonian Law of Obligations Act to the detriment of the consumer are void. The EFSA and Consumer Protection and Technical Regulatory Authority (*Tarbijakaitse ja Tehnilise Järelevalve Amet*) may, pursuant to the procedure provided by law, require a creditor who has breached the mandatory legal provisions to terminate such breach and refrain from any future breaches.

## CHARACTERISTICS OF THE QUALIFYING COVER POOL

On 13 November 2024, the ECB granted the Bank an additional authorisation to issue covered bonds under the Estonian Covered Bonds Act (the "ECBA"). The additional authorisation is granted for an unspecified term. Additionally, the EFSA has approved certain main features of the Covered Bonds intended to be issued under the Programme which have been viewed by the EFSA as structural features of the Covered Bonds.

Assets in the Cover Pool function as collateral for the holders of the Covered Bonds. The ECBA establishes eligibility criteria applicable to assets that can be included in the Cover Pool as well as sufficiency requirements in respect of eligible assets, including overcollateralisation requirements. The ECBA requires the Bank to continuously ensure that (a) the principal amount of all outstanding covered bonds of the same type and the interest payable thereon, the net liabilities arising from derivative instruments entered in the cover register, and operating expenses related to a covered bond portfolio, which consist of the estimated expenses related to management and administration in the case of liquidation of the covered bond portfolio, shall be covered by the cover pool at any time, (b) the nominal value of the cover pool shall exceed the liabilities covered by at least five per cent. and (c) in addition to meeting the above criteria, if the known redemption value of covered bonds is higher than their nominal value at the time of issue, the nominal value of the cover pool covering the covered bonds of the same type shall be at least equal to the redemption value of the covered bonds. The Cover Pool must also include a liquidity buffer that must (a) cover the 180 day largest cumulative cash shortfall of the covered bonds portfolio and (b) amount to at least 2 per cent. of the nominal value of the Cover Pool. For a more detailed overview of the requirements of the ECBA in relation to the cover pool, please see "*Overview of Estonian Regulation Regarding Covered Bonds*" below.

### Composition of the Cover Pool

The Bank's Cover Pool includes mortgage loans secured by mortgages on residential real estate located in Estonia. Certain substitute assets are allowed as eligible assets under the ECBA, but Mortgage Loans must always contribute at least 85 per cent. of the nominal value or redemption value of mortgage covered bonds (whichever is higher). The Bank may change the assets in the Cover Pool and the composition of the Cover Pool may vary over time. However, the Cover Pool must always conform with the eligibility and collateralisation requirements set out in the ECBA. The main eligibility criteria for assets that the Bank shall include in the Cover Pool are (but are not limited to):

1. Borrower must be a private person;
2. Loan must be collateralised with a mortgage on residential real estate;
3. The mortgage securing the loan must amount to at least 110 per cent. of the issued loan;
4. The currency of the mortgage loans is EUR;
5. The eligible portion of a mortgage loan's outstanding balance in the Cover Pool is capped at 70 per cent. LTV but the full amount is included in the Cover Pool;
6. Borrower must not be overdue at the time of inclusion of the loan in Cover Pool;
7. Collateral property needs to have a valid valuation or indexation not older than 12 months;
8. Mortgage securing the loan must be a first ranking mortgage. A lower ranking mortgage is acceptable where the Bank also owns all higher-ranking mortgages on the same property (effective first rank). Higher-ranking mortgages of the state or local government related to the ownership reform are also acceptable.

Based on ECBA amendments in force from 10 December 2021, the Bank may choose to retain overdue loans in the Cover Pool if the loans become overdue while forming part of the Cover Pool. However, there are certain haircuts to eligible loans partly depending on the loan's overdue days and LTV levels based on regulation.

The Bank estimates that the current balance of residential mortgage loans eligible for inclusion in the Cover Pool amounted to EUR 571 million as of 31 December 2024. The weighted average current indexed LTV of these loans equaled 62 per cent.

The LTV ratio is calculated taking into account the residential real estate collateralising the loan (i.e. only collateral which is relevant and eligible for the purpose of the Covered Bonds is taken into account). Where a loan is collateralised by additional security that is not eligible for the purpose of the Covered Bonds (such as a guarantee from the EIS which provides mortgage loan guarantees for qualifying borrowers), such additional collateral is not taken into account in the calculation of the LTV ratio. In effect, if all collateral available for the Bank were taken into account, the LTV ratios would be somewhat lower.

Details about Cover Pool characteristics are available on the Bank's website at: <https://www.coopbank.ee/en/investor/bonds/covered-bonds>.

The Bank may grant grace periods to its customers, including for principal payments of mortgage loans. Residential mortgage loans for which a grace period has been granted would be considered eligible for the Cover Pool, provided that they are not overdue (based on the amended repayment schedule granted to the customer) and comply with all other eligibility criteria.

### **Risk Management of the Cover Pool**

Based on the ECBA, the Bank is required to conduct stress tests on the Cover Pool on at least a quarterly basis.

On 27 January 2023, the Ministry of Finance adopted the regulation of the procedure, methodology and purpose of Covered Bond Portfolio stress testing and covering the collateral shortfall as a results of stress testing.

The regulation regulates more specifically the Bank's stress test procedures to include an annual sensitivity analysis and quarterly stress tests, measuring the potential impact of the Covered Bond Portfolio, its collateral and risk factors affecting the Bank and the potential impact of multi-risk factors on the Covered Bond Portfolio and on the Bank as a whole, i.e. the sensitivity of the Covered Bond Portfolio and the Bank to risk factors.

The stress test scenarios shall be based on the EBA's worst-case stress test scenario and consider the specificities of the Bank's risk profile. If some of the scenarios described in regulation are not relevant for Bank's Cover Pool risks, then the reasons not to conduct these scenarios has to be explained to the EFSA.

The main stress test scenarios shall cover the following risks;

1. Interest rate risk scenarios;
2. Foreign exchange risk scenarios;
3. Real estate price shocks (fire sale conditions);
4. Credit risks and counterparty risks which take into account concentration risk, prepayments, defaults and deterioration of the credit of the cover assets;
5. Early repayment risk and any other risks specific to the Cover Pool; and
6. At least one stress test must be a combination of the above risk factors.

Based on ECBA § 22(3), the Bank must assess the collateral shortfall based on the largest collateral shortfall identified during the stress tests. If, because of such assessment, the value of the collateral does not meet the requirements set out in ECBA §18 (1), (1.1) and (2), the Bank must increase the assets entered into the Cover Pool or replace them in a way that rectifies the shortfall.



In addition to stress tests, the Bank must conduct an annual sensitivity analysis which measures the potential impact of risk factors affecting the covered bond portfolio, its collateral and the Bank, as well as the effect of multi-risk factors on the covered bond portfolio and on the Bank as a whole, i.e. the sensitivity of the covered bond portfolio and the Bank towards risk factors. The Bank must submit the results of the sensitivity analysis to the EFSA within three months of the end of the Bank's financial year.

The Bank's management regularly assesses the plans and results of the stress tests of the Covered Bond Portfolio. The results of stress testing are always considered when the Bank defines and adapts its business plans and market strategies.

#### **Periodic information about the Cover Pool**

The Bank has an obligation under the ECBA to publish in respect of the Covered Bonds certain information set out in the ECBA every quarter on its website relating to, *inter alia*, (i) the nominal value of outstanding covered bonds and of the Cover Pool; (ii) a list of all covered bonds under that covered bond programme with the International Securities Identification Numbers (ISINs), if any; (iii) the maturity structure of the covered bonds and the cover pool; (iv) the geographical distribution of the value of cover assets, at least to the accuracy of the country, based on the location of the property standing as security for a mortgage credit or commercial mortgage credit, and the location of the debtor or Bank in the case of other cover assets; (v) the type of property included in the cover pool, the total size and valuation method of the loans included in the cover pool; (vi) the distribution of substitute collateral, in terms of its value, between the types specified in subsection 20 (1) of the ECBA; (vii) the level of the liquidity buffer and information about the ratio between the total liquidity buffer and the payment obligations of the next 180 days; (viii) the percentage of the amount of substitute collateral, which has been in default for over 90 days or which the Bank estimates to be doubtful, in the Cover Pool; (ix) details in relation to market risk, including interest rate risk and currency risk, and credit and liquidity risks; (x) a list of the conditions suspending the maturity of a payment obligation; (xi) the amount of the main collateral, mandatory overcollateral and voluntary overcollateral; (xii) information about counterparties of derivative contracts; and (xiii) the methodology for calculating the ratio between credit and the value of the property standing as security for the credit.

The Bank has also implemented the common Harmonized Transparency Template of the European Covered Bond Council.

Periodically, updated general information in relation to the Cover Pool can be found on the Bank's website at the following address: <https://www.cooppank.ee/en/investor/bonds/covered-bonds>. The ECBA requires information for the first three quarters of a year to be disclosed within 20 days of the end of the respective quarter and information about the fourth quarter to be disclosed within two months of the end of the quarter. The disclosed information shall be available on the Bank's website for at least the last five years.

## OVERVIEW OF ESTONIAN REGULATION REGARDING COVERED BONDS

The ECBA was first adopted on 13 February 2019 and came into effect on 1 March 2019. In 2021, various amendments were introduced into the ECBA which came into effect on 10 December 2021. The main purpose of these amendments was to implement the requirements set out by Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 (the "**Covered Bond Directive**") into Estonian law. Further, the ECBA was slightly revised in June 2024 with the purpose of ensuring greater compliance with the Covered Bond Directive.

The following is a brief summary of certain features of the ECBA as of the date of this Base Prospectus. The summary does not purport to be, and is not, a complete description of the Estonian legislative and regulatory framework for covered bonds. Please also refer to the subsection "*Risks related to the covered bonds*" in the section "*Risk Factors*". This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

### General

The ECBA, implementing the Covered Bond Directive, provides the regulatory regime for the issuing of covered bonds under the laws of Estonia. The ECBA, among other things, regulates the process for obtaining additional authorisation by credit institutions for the purposes of issuing covered bonds, obtaining approval for the covered bond programmes, the terms and conditions of issuance and collateralisation of covered bonds, the assignment of claims of credit institutions for the purpose of including assigned claims in the cover pool of covered bonds and the separation of a covered bond portfolio from the other assets of the a credit institution, as well as state supervision over, and responsibility for, covered bonds. Under the ECBA, issuers are allowed to issue two types of covered bonds – mortgage-covered bonds and mixed pool-covered bonds. The Covered Bonds that the Issuer may issue under this Base Prospectus would be mortgage-covered bonds only and the Issuer does not plan to issue mixed pool-covered bonds. Therefore, the below summary does not discuss the requirements of the ECBA in relation to mixed pool-covered bonds.

The ECBA is based on the "on-balance sheet" model of covered bonds, meaning that the covered bond portfolio (including the cover pool, consisting of the cover assets and possibly certain derivative instruments, as described in more detail below) remains under the ownership of the issuer and on its balance sheet until the satisfaction of all of the claims under the covered bonds (including in case of a default of the issuer). In the event that the issuer is declared bankrupt or upon occurrence of certain other events (which have been listed under "*Separation of the covered bond portfolio*" below), the covered bond portfolio will be separated from the issuer. The separated covered bond portfolio will remain in the ownership of the issuer (except where the covered bond portfolio is transferred as a whole) and will form an independent pool of designated assets by operation of the ECBA. Following the separation of the covered bond portfolio, the cover pool and the proceeds received from it may be used only to satisfy the claims of the holders of the respective type of covered bonds and of the counterparties to the derivative instruments entered in the corresponding cover register and to cover the expenses related to the management of the covered bond portfolio. The separated covered bond portfolio will not be part of the issuer's bankruptcy estate and a moratorium shall not extend to the covered bond portfolio. The separation of the covered bond portfolio will not release the issuer from its obligations under the covered bonds and the owners of the covered bonds will, following such separation have dual recourse in relation to the claims arising from the covered bonds, against the issuer and against the separated cover pool.

Under the ECBA, an issuer may opt to establish a cover bond programme. A covered bond programme allows an issue or a series of issues of covered bonds the structural features and terms and conditions of which are the same or substantially similar and which are determined by legislation and relevant contractual terms and conditions, in accordance with the decision to approve the covered bond programme given to the issuer, subject to the requirements provided for in the ECBA.

### Authorisation

For an Estonian issuer to be able to issue covered bonds, the issuer needs to hold a credit institution's authorisation (issued in accordance with the Estonian Credit Institutions Act) and an additional authorisation to issue covered bonds (issued in accordance with the ECBA). As part of the process of being granted the additional authorisation to issue covered bonds, the issuer shall also seek approval for its covered bond programme, which the ECBA defines as the issue or a series of issues of covered bonds, the structural features and terms and conditions of which are the same or substantially similar, as determined by legislation and the relevant contractual terms and conditions in accordance with the EFSA's decision to

approve the covered bond programme. If, after the grant of the additional authorisation, the issuer seeks to issue covered bonds on the basis of a covered bond programme other than that provided in the business plan, the issuer shall seek the EFSA's approval for its new or amended covered bond programme.

The Issuer has been granted on 13 November 2024 an additional authorisation to issue covered bonds by the ECB, which has been notified to the Issuer by the EFSA.

The additional authorisation is issued for an unspecified term and shall expire:

- in the event of expiry of the main credit institution's authorisation – when the main authorisation expires;
- in the event of voluntary discontinuation of the issuance of covered bonds – when the authorisation for the voluntary discontinuation is received from the EFSA; or
- in the event of revocation of the additional authorisation – when the additional authorisation is revoked.

In order to apply for the additional authorisation, members of the management board of the issuer must submit to the EFSA a written application and supplementary documents listed in the ECBA (including, among others, additions to the business plan which the issuer has prepared in accordance with the Estonian Credit Institutions Act for the purposes of obtaining the main credit institution's authorisation, analysis of the risks associated with the issue of covered bonds and the management of a covered bond portfolio, and a plan for separation of the covered bond portfolio specified in § 9(2) of the ECBA). The EFSA makes a decision to grant or refuse to grant the additional authorisation within three months after receipt of all the necessary documents and information that meet requirements, but not later than within six months after receipt of the application for the additional authorisation.

The EFSA shall refuse to grant the additional authorisation to the applicant if:

- the applicant does not have the capacity to ensure the existence of sufficient internal capital for the purposes of the of the Estonian Credit Institutions Act to cover all risks arising from the activities described in the additions to the business plan that are not subject to the requirements for self-funding;
- the applicant does not meet the requirements for issuers provided for in the ECBA or legislation issued on the basis thereof;
- the applicant does not have the necessary resources and experience for the issuance of covered bonds and administration of a covered bond portfolio; or
- on other grounds stipulated in the ECBA.

Upon deciding whether to grant or refuse to grant the additional authorisation, the EFSA shall consider, among other things, the following:

- the level of the organisational and technical administration of the applicant's activities; and
- the professional preparation and experience of persons involved in the management of the covered bond portfolio, and the clarity of their rights, obligations and responsibilities.

The ECBA also includes a list of circumstances that serve as grounds for revocation of the additional authorisation. Such circumstances include, among others, where:

- it has become evident that, when applying for the additional authorisation, the applicant has submitted misleading or false information or documents to the EFSA;
- the issuer has repeatedly or materially breached the provisions of the ECBA;
- the issuer has, by its activities, prevented the EFSA from exercising supervision under the ECBA;
- the issuer is unable to meet the liabilities it has assumed in connection with the covered bonds or, for any other reason, its activities significantly impair the interests of investors or other clients or adversely affect the regular functioning of the securities market;
- the issuer has failed to comply with a precept of the EFSA within the term or in the manner prescribed; or

- the issuer has not issued any new covered bonds within five years after the receipt of the additional authorisation or after the redemption of all previously issued covered bonds.

The ECBA also includes a list of circumstances that serve as grounds for revocation of the additional authorisation. Such circumstances include, among others, where it has become evident that, when applying for the additional authorisation, the applicant has submitted misleading or false information or documents to the EFSA, the issuer has repeatedly or materially breached the provisions of the ECBA, the issuer has, by its activities, prevented the EFSA from exercising supervision under the ECBA, or the issuer has not issued any new covered bonds within five years after the receipt of the additional authorisation or after the redemption of all previously issued covered bonds.

### **Cover register**

The issuer is obliged to maintain a cover register in accordance with the ECBA and its implementing acts, that contains information on the cover assets securing the covered bonds. The cover assets entered in the cover register for the same type of covered bonds constitute a cover pool. One and the same type of covered bonds, their cover pool, and the derivative instruments entered in the cover register constitute a covered bond portfolio. The cover register consists of the main register and sub-registers. In addition to the cases provided by the ECBA, a sub-register must be created in order to ensure that the cover pool and derivative instruments related to a specific covered bond portfolio will be properly recorded. When creating sub-registers, the issuer must take into account the size of the covered bond portfolio, the complexity of its structure and other relevant indicators.

Under the ECBA, information published about the entry of a claim securing covered bonds in the cover register shall include at least:

- the name and registry code of the issuer of the covered bonds;
- information that enables the identification of the claim entered in the cover register as a cover asset of the covered bonds without publishing the data of single debtors and the third parties concerned; and
- information about how the entry of the claim in the cover register as a cover asset of the covered bonds affects the rights and obligations of the debtors and the third parties concerned.

The entry of a claim serving as coverage for covered bonds in the cover register or its deletion from the cover register does not require the consent of the debtor or the third party concerned and the issuer generally does not have an obligation to inform the debtor or the third party concerned of the entry of the claim in the cover register. However, under the ECBA, the issuer shall incur an obligation to notify the debtor of an entry of a claim in the cover register if the issuer estimates that it is objectively likely that the separation of a covered bond portfolio will take place. In this case, the issuer notifies the debtor of the entry of the claim in the cover register before the separation of the covered bond portfolio. If it is mandatory to notify the debtor of an entry of a claim securing covered bonds in the cover register, the issuer shall publish the information on its website and also in the Estonian Official Gazette (in Estonian: *Ametlikud Teadaanded*) or in at least one daily national newspaper. Additionally, such information must be published, in addition to Estonia, in other EEA countries where the immovable property securing a mortgage credit is located or where the debtor of the claim is registered. The debtor of a claim and the counterparty to a derivative instrument entered in the cover register may at any time, and an interested party may in a justified case, request information as to whether the claim or derivative instrument that is related thereto has been entered in the cover register. The obligation to provide the information lies with the issuer, the cover pool administrator and the bankruptcy trustee for the covered bond portfolio.

### **Disclosure of information relating to covered bonds**

The ECBA requires that the issuer of covered bonds discloses information about covered bond portfolios once a quarter. Information about the first three quarters of a year shall be disclosed within 20 days of the end of the respective quarter. Information about the fourth quarter shall be disclosed within two months of the end of the quarter. The disclosed information must be available on the issuer's website for at least the last five years.

The following information must be disclosed:

- (i) the nominal value of outstanding covered bonds and of the cover pool;

- (ii) a list of all covered bonds under that covered bond programme with the International Securities Identification Numbers (ISINs), if any;
- (iii) the maturity structure of the covered bonds and the cover pool;
- (iv) the geographical distribution of the value of cover assets, at least to the accuracy of the country, based on the location of the property standing as security for a mortgage-backed credit or commercial mortgage credit, and the location of the debtor or issuer in the case of other cover assets;
- (v) the type of property included in the cover pool, the total size and valuation method of the loans included in the cover pool;
- (vi) the distribution of substitute cover assets, in terms of their value, between the different types of eligible substitute cover assets;
- (vii) the level of the liquidity buffer and information about the ratio between the total liquidity buffer and the payment obligations of the next 180 days;
- (viii) the percentage of the amount of substitute cover assets, which have been in default for over 90 days or which the issuer estimates to be doubtful, in the cover pool;
- (ix) details in relation to market risk, including interest rate risk and currency risk, and credit and liquidity risks;
- (x) a list of the conditions suspending the maturity of a payment obligation;
- (xi) the amount of main collateral, mandatory overcollateral and voluntary overcollateral;
- (xii) information about counterparties of derivative contracts; and
- (xiii) the methodology for calculating the ratio between credit and the value of the property standing as security for the credit.

In addition, the percentage of the amount of mortgage-backed credits, which have been in default for over 90 days or which the issuer estimates to be doubtful, in the cover pool, shall be disclosed regarding the primary cover assets for mortgage-covered bonds.

#### **Eligible cover pool assets**

Under the ECBA, eligible assets consist of primary cover assets and substitute cover assets. Primary cover assets must constitute at least 85 per cent. of the principal cover pool of a covered bond portfolio. Regarding the requirements of the ECBA for substitute cover assets, please see "*Substitute cover assets*" below.

In accordance with the ECBA, primary cover assets of mortgage-covered bonds may only consist of the issuer's claims that arise from a credit issued to a natural person against a mortgage established on a residential property located in the territory of a Contracting State of the EEA Agreement which comply with the conditions provided for in the ECBA.

For the purposes of the ECBA, a residential property is property referred to in Article 4 (1) (75) of Regulation (EU) No. 575/2013 of the European Parliament and of the Council.

Claims arising from a mortgage-backed credit issued to a natural person against a residential property located in the territory of a Contracting State of the EEA Agreement other than Estonia may be used as coverage for mortgage-covered bonds only if the mortgage securing the mortgage-backed credit or other right of security provide the creditor with protection that is equivalent to the protection provided by a mortgage established under Estonian legislation. It is assumed that cover assets meeting the conditions laid down in Article 208 (2) of Regulation (EU) No. 575/2013 of the European Parliament and of the Council provide the creditor with protection that is equivalent to the protection provided by a mortgage established under Estonian legislation.

The following may not be entered into the cover register:

- a mortgage-backed credit which is in default at the time that the credit is entered in the cover register.
- a mortgage-backed credit in the case of which the issuer's claim arising from the credit or the mortgage securing the claim is encumbered, or in the case of which the issuer's claim arising from the credit, the mortgage securing the claim or the property on which the mortgage has been established is subject to a restraint on disposition.

Pursuant to the ECBA (as amended), if the recipient of a mortgage credit defaults on its obligations after the credit has been entered in the cover register, the following portion of the credit that has fallen into default may be taken into account upon calculation of the value of the cover pool:

- 100 per cent. of the value of the credit entered in the cover register if the credit has been in default for less than 90 days;
- 70 per cent. of the value of the credit entered in the cover register if the credit has been in default for at least 90 days and the ratio of the credit to the value of the property securing the mortgage credit is less than 50 per cent;
- 40 per cent. of the value of the credit entered in the cover register if the credit has been in default for at least 90 days and the ratio of the credit to the value of the property securing the mortgage credit is more than 50 per cent; or
- 0 per cent. of the value of the credit entered in the cover register if the credit has been in delay for at least 180 days.

The valuation of the property standing as security for a mortgage-backed credit entered in the cover register which is located in Estonia must be done by a valuator meeting the requirements provided for in the Estonian Creditors and Credit Intermediaries Act in compliance with the requirements provided for in the Estonian Creditors and Credit Intermediaries Act. The valuation of the property standing as security for a mortgage-backed credit entered in the cover register which is located in the territory of a Contracting State of the EEA Agreement other than Estonia must be done by a valuator who holds a relevant professional qualification in the relevant Contracting State of the EEA Agreement, in accordance with the legislation, relevant standards and good practices in force in the relevant Contracting State of the EEA Agreement and the following conditions are met:

- the methodology and rules of procedure applied ensured an objective and impartial valuation; and
- the valuation or the result thereof was documented in a format that can be reproduced in writing and in such a way as to enable the identification of, among others, the identity of the valuator or the issuer's structural unit conducting the valuation, the methodology and rules of procedure applied in the valuation, and the source data used for making the valuation.

Where the mortgage established on an immovable property secures claims arising from different credit agreements, the claims arising from these credits may serve as coverage for mortgage-covered bonds only if the credit has been issued to one and the same person under the credit agreements and all the credits have been issued in the same currency. In this case, when calculating the ratio of credit to value of the property securing the mortgage-backed credit, the claims arising from all credit agreements shall be deemed to be claims arising from one credit agreement and the claims shall be added together.

The claims of the issuer arising from a mortgage-backed credit may be used as coverage for mortgage-covered bonds in an amount of up to 70 per cent. of the value of the property securing the mortgage-backed credit. Nevertheless, all the issuer's claims arising from the mortgage-backed credit entered in the cover register are included in the cover pool.

To include a claim of the issuer arising from a mortgage-backed credit as coverage for mortgage-covered bonds, the mortgage securing the claim must account to (i.e. the sum of the mortgage must be) at least 110 per cent. of the issued credit. The sum of mortgage may exceed the value of the property securing the credit.

Under the ECBA, a property standing as security for a mortgage-backed credit and entered in the cover register must, until the recipient of the credit has met all the obligations owed to the issuer, be insured under the terms and conditions normally used to insure similar properties in the Contracting State of the EEA Agreement in such a way as to ensure that all relevant risks are insured. As an exception, an undeveloped residential property does not need to be insured. If the property is a residential building, apartment building or apartment under construction, the insurance obligation arises at the moment when the building being

constructed becomes a construction with an interior space that is separated from the external environment by a roof and other parts of the building envelope. In the absence of an insurance agreement meeting the conditions described above, the issuer must remove the claims arising from the mortgage-backed credit from the cover register unless an insurance agreement meeting the described requirements is entered within 30 business days from the moment the issuer became aware of the absence of the insurance agreement. A mortgage-backed credit may be included in the cover register only if the market value of the property standing as security for the credit has been appraised by an appraiser meeting the requirements provided for in section the Creditors and Credit Intermediaries Act, in accordance with the requirements laid down and the regulation adopted under the said act.

The value of a property standing as security for a mortgage-backed credit entered in the cover register must be reviewed at least once a year and reappraised, if necessary. Furthermore, under the ECBA, the value of a property standing as security for a mortgage-backed credit entered in the cover register shall be additionally reviewed and reappraised, if necessary:

- (i) in the event of a significant change in market conditions;
- (ii) if the information available to the issuer indicates that a significant decline has occurred or is occurring in the national or local real estate market, including if it concerns only one specific property type, residential building type or other narrower category of properties;
- (iii) in the event that a more frequent review of the value of a property standing as security for a mortgage credit entered in the cover register has been prescribed in the terms and conditions of covered bonds;
- (iv) in the event that this is demanded by the EFSA; or
- (v) in the event that this is demanded by the cover pool monitor or the cover pool administrator and there is reasonable doubt that the issuer has not performed its obligation to ensure that the value of a property standing as security for a mortgage-backed credit entered in the cover register is reviewed at least once a year and reappraised, if necessary or the issuer has not performed its obligations in subsections (i) – (iii) above.

In the cases listed in subsections (i) and (ii) above, the value of a property standing as security for a mortgage-backed credit entered in the cover register may be reappraised by indexed appraisal. When entering a mortgage-backed credit in the cover register, the value of a property standing as security is determined on the basis of the latest appraisal or reappraisal, which may not be older than 12 months.

Under the ECBA, the issuer is obliged to perform a stress test on covered bonds at least once every three months, to assess the risks identified in the methodology for stress tests of the covered bond portfolio in the issuer's relevant internal rules. Ensuring the performance of stress tests shall be the responsibility of the managers of the issuer. The minister responsible for the area may, by a regulation, establish more detailed requirements for the procedure methodology and purpose of stress testing of covered bond portfolios and for covering the deficiency found during the stress test. However, as of the date of this Base Prospectus, such a regulation has not yet been adopted by the minister responsible for the area.

If the value of the cover pool, as calculated during the stress test, no longer meets the requirements provided for in the ECBA, the issuer shall be obliged to increase the cover assets to be entered in the cover register by the maximum deficiency determined as a result of the stress test.

#### **Requirements relating to liquidity**

The issuer must maintain a liquidity buffer in order to ensure the liquidity of the covered bond portfolio where there is a separation of the covered bond portfolio from the issuer. The liquidity buffer is a part of the cover pool and is considered in the calculation of the principal cover pool and the mandatory complementary cover pool. The liquidity buffer must be entered in a separate sub-register of the cover register.

Under the ECBA, the liquidity buffer may comprise only the following cover assets:

- level 1 and level 2A assets specified in Articles 10 and 11 of Commission Delegated Regulation (EU) No. 2015/61 supplementing Regulation (EU) No. 575/2013 of the European Parliament and of the Council with regard to liquidity coverage requirement for credit institutions, except the issuer's own covered bonds; or

- short-term exposures and short-term deposits meeting the characteristics specified in Article 129(1)(c) of Regulation (EU) No. 575/2013 of the European Parliament and of the Council, provided that they do not constitute more than 15 per cent. of the sum of the main collateral and the mandatory overcollateral; or
- short-term exposures to credit institutions that qualify for credit quality step 1 or 2, or short-term deposits to credit institutions that qualify for credit quality step 1, 2 or 3, in accordance with the provisions of point (c) of Article 129(1) of Regulation (EU) No 575/2013.

A cover asset included in the liquidity buffer must meet the following conditions:

- it shall not be in default or, in the estimation of the credit institution, doubtful;
- in the case of a deposit, it shall be ensured that the funds deposited will be fully available without delay upon the separation of the covered bond portfolio; and
- securities shall be kept in a separate securities account of the issuer or in a manner allowing the securities included in the liquidity buffer to be kept unblocked in case of bankruptcy of the issuer.

To calculate the minimum level of the liquidity buffer, the difference between the payments to be made in order to meet all the liabilities arising from the covered bonds and derivative instruments entered in the cover register, on the one hand, and the cash flow to be received from the cover pool, on the other hand, shall be calculated on a daily basis for each of the following 180 days (hereinafter referred to as the daily difference). Thereafter the sum of the accumulated daily differences shall be calculated for each of the following 180 days, and the highest negative result shall be covered at all times by cover assets eligible to be included in the liquidity buffer. Amounts received on the basis of derivative contracts shall not be taken into account upon calculating the daily difference if the amounts arise from the financial assets pledged by the counterparty of the derivative contract for the benefit of the issuer of covered bonds.

If the issuer has, in compliance with the ECBA, established a suspensive condition in the terms and conditions of covered bonds, the fulfilment of which will extend the maturity of the payment obligation arising from a covered bond, the maturity to be observed upon the fulfilment of the suspensive condition may be used as the basis for the purpose of the calculation of the minimum level of the liquidity buffer for that payment obligation.

Notwithstanding the above, the liquidity buffer shall account for at least five per cent. of the nominal value of the cover pool.

#### **Substitute cover assets**

In addition to the primary cover assets, under the ECBA, the following cover assets may be included in a cover pool as substitute cover assets:

- (i) claims on, or guaranteed by, central banks within the European System of Central Banks, or central governments, public sector entities, regional governments or local authorities of the Member States of the European Union;
- (ii) claims on, or guaranteed by third-country central governments and central banks, multilateral development banks and international organisations, that qualify for credit quality step 1 in accordance with Regulation (EU) No. 575/2013 of the European Parliament and of the Council;
- (iii) claims on, or guaranteed by, public sector entities of third countries, regional governments of third countries or local authorities of third countries, for which a risk weight has been assigned the same way as for claims on credit institutions and investment firms or central governments and central banks in accordance with Article 115 (1) or (2) and Article 116 (1), (2) or (4) of Regulation (EC) No. 575/2013 (EU) of the European Parliament and of the Council and which qualify for the credit quality step 1 according to the risk weight so assigned;
- (iv) claims specified in items (ii) and (iii) above, which qualify for at least the credit quality step 2 in accordance with Regulation (EU) No. 575/2013 of the European Parliament and of the Council, provided that such claims do not exceed 20 per cent. of the nominal value of the outstanding covered bonds in the covered bond portfolio that they cover;



- (v) claims on credit institutions and investment firms, which qualify for the credit quality step 1 in accordance with Regulation (EU) No. 575/2013 of the European Parliament and of the Council, provided that such claims do not exceed 15 per cent. of the nominal value of the outstanding covered bonds in the covered bond portfolio that they cover;
- (vi) claims on credit institutions and investment firms, which qualify for credit quality step 2 in accordance with Regulation (EU) No. 575/2013 of the European Parliament and of the Council, provided that they do not exceed ten per cent. of the nominal value of the outstanding covered bonds in the covered bond portfolio that they cover;
- (vii) the surplus of net claims arising from the derivative instruments included in a covered bond portfolio that meet the requirements provided for in the ECBA; and
- (viii) the surplus of net claims arising from the derivative instruments included in a covered bond portfolio which qualify as a minimum for credit quality step 3 in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council, provided that they do not exceed eight per cent. of the nominal value of the outstanding covered bonds in the covered bond portfolio that they cover and provided that the requirements provided for in subsection (iii) above are observed.

### **Derivatives**

In order to hedge risks arising from covered bonds, under the ECBA an issuer has the right to use derivative instruments and to enter them in the cover register, provided that all of the following conditions are met:

- (i) the derivative instrument transaction has been made on the basis of a framework agreement that is usual for this sector, is sufficiently documented, and only allows set-off for claims arising from derivative instruments entered in the cover register;
- (ii) the counterparty to the transaction is a person who meets the eligibility requirements of the regulation established by a regulation of the minister responsible for the area;
- (iii) the terms and conditions of the framework agreement or transaction ensure that, in the event of the issuer's insolvency, if it does not lead to the insolvency of the covered bond portfolio related to the particular derivative instrument, the counterparty to the transaction is not entitled to prematurely terminate the transaction or framework agreement;
- (iv) the sole purpose of the transaction is to hedge the issuer's risks arising from the specific type of covered bonds;
- (v) the counterparty to the transaction has given consent to the inclusion of the derivative instrument in the cover register (whereas such consent is presumed if a framework agreement between the parties provides or if the issuer has otherwise informed the counterparty to the derivative instrument that the framework agreement is concluded for the purpose of hedging the risks arising from the specific covered bond portfolio);
- (vi) the derivative instrument transactions are not subject to the clearing obligation in accordance with Regulation (EU) No. 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories;
- (vii) the cover pool of covered bonds is not used as a cover asset for securing obligations arising from a derivative instrument contract; and
- (viii) if the creditworthiness of the counterparty to a derivative instrument transaction has fallen to a significant extent, the counterparty to the transaction shall provide, pursuant to the derivative contract, an additional collateral or the issuer shall arrange replacement of the counterparty to the transaction.

The issuer shall reduce the volume of derivative contracts in the cover pool in proportion to the reduction in the hedged risk and remove derivative contracts from the cover register in their entirety when the hedged risk ceases to exist.

In the event that the issuer has the right to require the counterparty to a derivative instrument to provide security on the basis of a claim arising from the derivative instrument, the security shall be comprised of claims that qualify as substitute cover assets (please see "*Substitute cover assets*" above) and shall be entered in a separate sub-register of the cover register.

In the event that the cash flow to be received by the issuer from a derivative instrument entered in the cover register exceeds the payments to be made to meet the liabilities arising from the derivative instrument and if an extraordinary termination of the transaction results in a positive cash flow for the issuer, the lower of the following amounts shall be treated as the net claim:

- the positive cash flow resulting for the issuer from the extraordinary termination of the transaction; or
- the cash flow to be received by the issuer from the derivative instrument, less the payments to be made to meet the liabilities arising from the derivative instrument.

In the event that the payments to be made to meet the issuer's liabilities arising from a derivative instrument entered in the cover register exceed the cash flow to be received from the derivative instrument or an extraordinary termination of the transaction results in a negative cash flow for the issuer, the lower of the following amounts shall be treated as the net liability:

- the negative cash flow resulting for the issuer from the extraordinary termination of the transaction; or
- the payments to be made to meet the liabilities arising from the derivative instrument, less the cash flow to be received by the issuer from the derivative instrument.

The issuer shall subtract the net liabilities from the net claims arising from the derivative instruments included in a covered bond portfolio and, depending on the result, shall treat the negative result as the surplus of net liabilities and the positive result as the surplus of net claims.

#### **Separation of the covered bond portfolio**

Under the ECBA, upon the occurrence of the following events, the covered bond portfolio shall be considered separated from the issuer:

- (i) the issuer is declared bankrupt;
- (ii) a moratorium is declared in respect of the issuer;
- (iii) the additional authorisation or main authorisation of the issuer expires;
- (iv) a court ruling providing for compulsory dissolution of the issuer takes effect;
- (v) the authorisation for voluntary dissolution of the credit institution or discontinuation of the issuance of covered bonds is received from the EFSA; or
- (vi) a decision of the EFSA for the separation of the covered bond portfolio takes effect.

The EFSA may resolve the separation of a covered bond portfolio prior to the occurrence of an event specified above, if:

- the issuer is breaching or is likely to materially breach the requirements of the ECBA or other legislation regarding the activities of a credit institution in the near future; or
- the issuer is likely to become insolvent in the near future.

After the separation of the covered bond portfolio, an independent pool of designated assets is formed, in which the cover pool and the proceeds received from it can be used only to satisfy the claims of the holders of the respective type of covered bonds and of the counterparties to the derivative instrument entered in the corresponding cover register and to cover the expenses related to the management of the covered bond portfolio. Upon the separation of the covered bond portfolio:

- the right to manage the covered bond portfolios and the right to participate, instead of the issuer, in court proceedings concerning a covered bond portfolio shall transfer to the cover pool administrator; and

- the issuer shall lose the right to undertake any transactions with the assets included in a covered bond portfolio.

The separation of a covered bond portfolio does not affect the rights and obligations arising from covered bonds or from the derivative instruments and the cover pool entered in the cover register, and the payment obligations attached to covered bonds are not subject to automatic acceleration upon the separation of the covered bond portfolio, except as otherwise provided by the ECBA. The claims of the holders of covered bonds and of the counterparties to the derivative instruments entered in the cover register shall be satisfied at the expense of the cover pool and proceeds received from it, in accordance with the terms and conditions of the covered bonds and derivative instruments.

#### **Appointment of cover pool administrator**

In the event that: (i) the issuer is declared bankrupt; (ii) the covered bond portfolio is separated; (iii) the compulsory dissolution of an issuer is decided by a court; (iv) the EFSA revokes the issuer's credit institution's authorisation or the additional authorisation for issuing covered bonds; (v) the EFSA authorises the voluntary dissolution of the issuer as a credit institution or voluntary discontinuation of the issuance of covered bonds by the issuer; or (vi) the EFSA establishes a moratorium over the issuer, the court shall, on the proposal of the EFSA, appoint a cover pool administrator in respect of the covered bond portfolios in the ruling on bankruptcy, the ruling on the separation of the covered bond portfolio or the ruling on the compulsory dissolution. The court shall appoint a cover pool administrator without delay, but not later than within three days after receipt of the petition from the EFSA (other than where the issuer is declared bankrupt or the compulsory dissolution of an issuer is decided by a court, in which case the cover pool administrator is appointed immediately upon the making of the court ruling to declare the issuer bankrupt or decide on its compulsory dissolution).

Where urgent transactions need to be made to manage the covered bond portfolio, until the cover pool administrator is appointed, the administrator's rights and obligations are carried out by the cover pool monitor (other than in case the issuer is declared bankrupt or the compulsory dissolution of an issuer is decided by a court, in which case the cover pool administrator is appointed immediately upon the making of the court ruling to declare the issuer bankrupt or decide on its compulsory dissolution).

In the event of the appointment of a cover pool administrator, the right to manage and dispose of a covered bond portfolio shall transfer to such cover pool administrator. The cover pool administrator shall represent the issuer in the management and disposal of covered bond portfolios, including meeting the liabilities arising from covered bonds and from the derivative instruments entered in the cover register, in the acceptance of satisfaction of claims included in the cover pool, in the enforcement of mortgages and other rights of security, and in legal disputes.

The cover pool administrator must manage the covered bond portfolio with the necessary diligence, considering its nature, and in a manner ensuring that the liabilities arising from covered bonds and from the derivative instruments entered in the cover register are met in the best possible way. To this end, the cover pool administrator has the right to transfer and encumber the cover pool, enter into derivative instruments at the expense of the cover pool, and perform other necessary operations. The cover pool administrator has the right to use the cover pool and the proceeds received from it to cover the expenses necessary for the management of covered bond portfolios.

Upon his or her appointment, the cover pool administrator shall promptly, but not later than within two weeks, ascertain whether the cover pool and proceeds received from it are sufficient to meet the issuer's liabilities arising from covered bonds and from the derivative instruments entered in the cover register and to pay the expenses of management of the covered bond portfolio. In the event that the covered bond portfolio appears to be insolvent, the cover pool administrator shall promptly notify the EFSA thereof.

In order to perform his or her duties, the cover pool administrator may use the assistance of the issuer's employees and the issuer's tools, compensating the issuer for the expenses entailed by their use. The issuer shall deliver the contracts and other documents related to covered bonds and the cover pool to the cover pool administrator and shall provide the cover pool administrator with access to the information systems used for the management of covered bond portfolios.

In the management of covered bond portfolios, the cover pool administrator must observe the mandatory requirements concerning the management of covered bond portfolios and the satisfaction of claims, as established for issuers by the Estonian Credit Institutions Act and the ECBA, including the requirements for banking secrecy and for processing of personal data imposed on credit institutions.

### **Assignment and acquisition of claims for formation of cover pool**

Under the ECBA, a credit institution shall have the right to assign its claim against a debtor for the formation of the cover pool of covered bonds to a credit institution of an EEA country or to a special purpose entity located in an EEA country that has been established for the formation of the cover pool of covered bonds. The provisions of the Estonian Law of Obligations Act shall apply to the assignment of a claim, transfer of a collateral and an accessory obligation related to a collateral securing a claim with the specifications provided for in the ECBA.

Assignment of a claim for the purpose of forming the cover pool of covered bonds shall not require the consent of the debtor. If the debtor performs their obligation to the credit institution that assigned the claim, the credit institution that assigned the claim shall ensure that the proceeds received as a result of the performance of the obligation are separated from the other assets of the credit institution that assigned the claim and immediately deliver the proceeds received as a result of the performance of the obligation to the new creditor.

The assets delivered to the new creditor as described above shall not be part of the assets of the credit institution that assigned the claim in the bankruptcy proceedings, liquidation proceedings, enforcement proceedings or resolution proceedings of the credit institution that assigned the claim and a moratorium shall not extend to them. If the credit institution that assigned the claim has not delivered to the new creditor the proceeds received as a result of the performance of the obligation as described above before the declaration of bankruptcy or a moratorium, entry into force of a court ruling providing for compulsory dissolution, adoption of a decision on voluntary dissolution, introduction of resolution tools or commencement of enforcement proceedings in respect of the credit institution, such assets shall not be part of the assets of the credit institution that assigned the claim in its bankruptcy proceedings, liquidation proceedings, resolution proceedings or enforcement proceedings and a moratorium shall not extend to them. The credit institution that assigned the claim is required to notify the debtor of the assignment of the claim. The debtor may be notified of the assignment of a claim, publishing the information on the website of the credit institution that assigned the claim and on the website of the credit institution or the special purpose entity that acquired the claim or in at least one daily national newspaper. The debtor may be notified of the assignment of a claim before or after the assignment of the claim, but this must be done no later than before the declaration of bankruptcy or a moratorium, introduction of resolution tools, entry into force of a court ruling providing for compulsory dissolution or adoption of a decision on voluntary dissolution in respect of the credit institution that assigned the claim.

Information published about the assignment of a claim for the purpose of forming the cover pool of covered bonds shall include:

- the name and registry code of the person who acquired the claim;
- the name of the credit institution that assigned the claim;
- information that enables the identification of assigned claims without publishing the data of single debtors and the third parties concerned; and
- information about how the assignment of the claim affects the rights and obligations of the debtors and the third parties concerned.

The credit institution that assigned a claim must also simultaneously submit the information specified above to the EFSA. The EFSA may publish the submitted information on its website.

After the assignment of a claim to a new creditor, a debtor, who is a consumer, or a third party concerned shall have all the rights arising from the laws and regulations governing consumer protection in their home country, taking into account the specifications provided for in the ECBA.

If a credit institution assigns a claim for the purpose of forming the cover pool, the right to exercise in respect of the claim the rights arising from a present or future enforcement instrument shall transfer to the acquirer of the claim:

- as of the assignment of the claim assigned for the purpose of forming the cover pool if no entry must be made in a public register for the transfer of the collateral securing the claim assigned for the purpose of forming the cover pool; or
- after an entry has been made in a public register if an entry must be made in a public register for the transfer of the collateral securing the claim assigned for the purpose of forming the cover pool.

Additionally, a debtor or a third party concerned shall not set off their claims related to the cover pool, which have not fallen due before the events provided for in the ECBA, as of the time when the debtor or the third party concerned became or had to become aware of:

- the entry of a claim serving as a cover asset of a covered bond in the cover register; or
- the assignment of a claim to a new creditor for the purpose of forming the cover pool of covered bonds as described above if the claim assigned for the purpose of forming the cover pool of covered bonds has been included in the cover pool of covered bonds by the new creditor.

#### **Enforcement proceedings concerning cover pools**

A cover pool can be made subject to a claim for payment, seized or be made subject to a restraint on disposition only for the purpose of performance of the obligations that arise from covered bonds and from derivative instruments related to covered bonds. Under the ECBA, a claim assigned by a credit institution to a new creditor for the purpose of forming the cover pool can only be made subject to a claim for payment, seized or be made subject to a restraint on disposition if the claim has not been included in the cover pool of covered bonds by the new creditor. A claim for payment, seizure or restraint on disposition can be imposed only on the cover pool as a whole and only for the amount of the claim raised by a creditor of the covered bond portfolio. The issuer or the cover pool administrator shall keep accounts and records of claims for payment, seizures and restraints on disposition.

The imposition of a claim for payment, seizure or other restraint on disposition on a cover asset or cover pool for reasons not related to covered bonds does not result in the revocation of the additional authorisation or the appointment of a cover pool administrator if the issuer meets all the other requirements arising from the ECBA and there are no other grounds for revoking the additional authorisation or for appointing a cover pool administrator. If, in the aforementioned case, the value of the cover pool would fall below the statutory level, the issuer shall immediately replace the cover asset that is subject to a claim for payment, seizure or restraint on disposition with another cover asset of the same value.

#### **Transfer of a covered bond portfolio in its entirety**

In the event that the covered bond portfolio is separated from the issuer, the cover pool administrator may, upon the permission of the EFSA, transfer the separated covered bond portfolio in its entirety to another Estonian credit institution that has obtained the additional authorisation to issue covered bonds or to a credit institution of a Contracting State of the EEA Agreement which is permitted to issue, in the country where it is established, covered bonds meeting the conditions provided for in Directive (EU) 2019/2162 the European Parliament and of the Council. Upon such transfer, all rights and obligations related to the covered bond portfolio being transferred, including responsibility for the obligations arising before the transfer of the rights and obligations, shall be transferred to the acquirer. The proceeds received from the transfer of the covered bond portfolio in its entirety shall be used to cover the expenses of management of the covered bond portfolio. The funds remaining after all expenses are covered shall be included by the cover pool administrator in the issuer's bankruptcy estate or other assets. If any payment is made in respect of the claims included in the cover pool to the issuer after the transfer of the covered bond portfolio, such payment is deemed to be made in favour of the covered bond portfolio and accordingly the issuer shall immediately transfer the relevant amount to the acquirer.

In the event that a covered bond portfolio is transferred in its entirety, the transfer of the rights and obligations included in the covered bond portfolio shall not require the consent of the holders of covered bonds, other parties to contracts, creditors or other interested parties. The acquirer is obliged to, within a reasonable time after the acquisition of the covered bond portfolio, inform the holders of the covered bonds, debtors of the claims constituting the cover pool, the counterparties to derivative instruments related to the cover pool and the third parties concerned of all the circumstances necessary for the exercise and performance of the respective rights and obligations.

A covered bond portfolio may be transferred in its entirety to another Estonian credit institution that has obtained the additional authorisation to issue covered bonds if both the following conditions are met:

- the acquirer meets all the requirements established for issuers by the Estonian Credit Institutions Act, the ECBA and other legislation and has not breached these requirements repeatedly or materially during the last 5 years; and

- the acquirer has the capacity to ensure the existence of sufficient internal capital within the meaning of the Estonian Credit Institutions Act to cover all risks arising from the acquisition of the covered bond portfolio that are not subject to own funds requirements.

A covered bond portfolio may be transferred in its entirety to an acquirer being a credit institution established in another Contracting State of the EEA Agreement if all of the following conditions are met:

- the acquirer meets all the requirements imposed on credit institutions and issuers of covered bonds by the law of the country where the acquirer is established, and the acquirer has not breached these requirements repeatedly or materially during the last 5 years;
- the law of the country where the acquirer is established guarantees the coverage of the covered bonds included in the covered bond portfolio to be transferred and of the related derivative instruments entered in the cover register, as well as the rights of the holders of the covered bonds and of the counterparties to the derivative instruments entered in the cover register at a level that is at least equivalent to that guaranteed by Estonian law;
- the law of the country where the acquirer is established guarantees the rights of the debtors of the claims standing as security for the covered bonds at a level that is at least equivalent to that guaranteed by Estonian law, and the transfer will not render the performance of the obligations more expensive or difficult for the debtor of any such claim;
- the law of the country where the acquirer is established allows the acquirer to acquire the covered bond portfolio; and
- the acquirer has all the necessary authorisations and approvals for the acquisition of the covered bond portfolio that are required for the transaction according to the law of the country where the acquirer is established.

In order to obtain permission for the transfer of a covered bond portfolio, the acquirer shall, not later than on the 20th day after the conclusion of the contract for the transfer of the covered bond portfolio in its entirety, submit to the EFSA a written application and the supplementary documents and information required under the ECBA.

The EFSA may refuse to grant permission for the transfer of a covered bond portfolio if:

- the above described requirements for the acquirer of a covered bond portfolio are not met; or
- there are other circumstances damaging to the legitimate interests of the holders of covered bonds and of the counterparties to the derivative instruments entered in the cover register.

### **Insolvency of a separated covered bond portfolio**

A separated covered bond portfolio is insolvent if one of the following circumstances occurs:

- it is not possible to satisfy the legitimate claim of at least one holder of covered bonds or counterparty to a derivative instrument entered in the cover register at the expense of the cover pool or the proceeds received from it, and this impossibility is not temporary due to the economic situation of the covered bond portfolio; or
- the present value of the cover pool does not cover the present value of the liabilities arising from covered bonds and from the derivative instruments entered in the cover register and the expenses of management of the covered bond portfolio.

The provisions of the Estonian Bankruptcy Act concerning a bankrupt debtor and their bankruptcy proceedings shall apply to an insolvent separated covered bond portfolio, subject to the specification provided in the ECBA.

Only the EFSA has the right to file a bankruptcy petition in respect of a separated covered bond portfolio. Upon the submission of a bankruptcy petition by the EFSA, the court will review the bankruptcy petition promptly but not later than on the following business day and decide on the declaration of bankruptcy on the basis of evidence annexed to the bankruptcy petition. On the basis of the bankruptcy ruling, the covered bond portfolio concerned shall become a separate bankruptcy estate of the issuer.

In the bankruptcy proceedings of a separated covered bond portfolio only the holders of covered bonds, the counterparties to the derivative instruments entered in the cover register who have a claim arising from failure to perform an obligation in accordance section 48 of the Estonian Bankruptcy Act, and other persons

whose claims may be satisfied at the expense of the cover pool or proceeds received from it according to law, can be creditors in bankruptcy proceedings concerning a covered bond portfolio. Claims arising from derivative instruments and covered bonds shall have the same ranking and shall be satisfied before the claims of other creditors.

Upon the bankruptcy of a covered bond portfolio, the court shall appoint the bankruptcy trustee for the covered bond portfolio on the basis of the proposal of the EFSA. In addition to the general duties, rights and obligations the bankruptcy trustee has under the Estonian Bankruptcy Act, the bankruptcy trustee shall:

- submit to the EFSA, without delay, the information requested by the latter and allow the EFSA to examine the documentation related to the bankruptcy proceedings concerning the covered bond portfolio; and
- if necessary, or if so prescribed by the legislation of the other Contracting State of the EEA Agreement, notify the registrar of the commercial register, land register or other relevant register of the Contracting State of the EEA Agreement where a cover asset is located about the bankruptcy ruling concerning the covered bond portfolio.

In addition to the appointment of a bankruptcy trustee, a bankruptcy committee shall be formed for the insolvent covered bond portfolio. The bankruptcy committee shall have five members, three of which shall be appointed by the EFSA.

In the event that a claim included in the cover pool of the bankrupt covered bond portfolio is satisfied with respect to the issuer, such satisfaction shall be deemed to be satisfaction in favour of the bankruptcy estate of the covered bond portfolio in bankruptcy proceedings. The issuer or its bankruptcy trustee shall transfer the proceeds of the satisfaction immediately to the bankruptcy trustee of the covered bond portfolio.

Bankruptcy proceedings concerning a covered bond portfolio may not be terminated by a compromise, (which is a special court-supervised proceeding generally available under the Estonian Bankruptcy Act, allowing termination of bankruptcy proceedings upon reaching a settlement agreement approved by a majority of the creditors whose claims form at least two-thirds of the total amount of all defended claims in the bankruptcy proceedings). To the extent that it is not possible to satisfy claims arising from covered bonds and from the derivative instruments entered in the cover register in the bankruptcy proceedings concerning the covered bond portfolio, a creditor shall have the right to file claims against the issuer in the general procedure, including in bankruptcy proceedings.

#### **Liquidation of a separated covered bond portfolio**

A separated covered bond portfolio shall be liquidated once all the liabilities arising from covered bonds and from the derivative instruments entered in the cover register are met. Within 20 business days from the date of meeting all the liabilities arising from covered bonds and from the derivative instruments entered in the cover register, the cover pool administrator is obliged to submit to the EFSA the last reports required by the ECBA, disclose all information required under the ECBA and publish a notice regarding the liquidation of the covered bond portfolio in the Estonian Official Gazette. After the fulfilment of the above listed obligations by the cover pool administrator, the EFSA shall within 10 business days file a petition for release of the administrator from office with a court.

From the date of entry into force of the court ruling on the release of the cover pool administrator from office, the provisions of the ECBA shall no longer apply to the portion of the cover pool that remains after the liabilities arising from covered bonds and from the derivative instruments entered in the cover register are met and the expenses of management of the covered bond portfolio are paid. The person whose term of office as the cover pool administrator has ended shall, insofar as possible, assist in the inclusion of the assets referred to in the first sentence of this subsection in the issuer's bankruptcy estate or other assets.

#### **State supervision**

Under the ECBA, supervision over the issuance of covered bonds consists of state supervision by the EFSA and supervision by an independent cover pool monitor, which is appointed by the issuer.

The EFSA's role in relation to the ECBA consists of supervision over the activities of issuers of covered bonds and cover pool administrators. Such supervision includes the issuing of additional authorisations to credit institutions for the issuing of covered bonds (which is a prerequisite for a credit institution to issue covered bonds under the ECBA) and the revocation of such authorisations, applying to court for the appointment of a new cover pool monitor, deciding the separation of the covered bond portfolio from the issuer, applying to court for the appointment of a cover pool administrator and for the release of a cover

pool administrator from its office, approving and refusing transfers of covered bond portfolios in their entirety, filing bankruptcy petitions in respect of separated covered bond portfolios and appointing members to the bankruptcy committee for covered bond portfolios.

For the purposes of performing its supervision activities, the EFSA has the right to request reports, information, documents and oral or written explanations concerning facts relevant to the exercise of supervision. Furthermore, the EFSA has the right to require, for the purpose of performing supervision activities, issuers, cover pool monitors and cover pool administrators to submit all information and documents necessary for verification of the compliance of covered bond portfolios with requirements. In addition to the above and the rights the EFSA has for carrying out supervision under other laws of Estonia, the EFSA has the right to issue precepts to issuers requiring:

- (i) the inclusion of cover assets in a cover register;
- (ii) the entry of cover assets meeting the conditions provided for in the ECBA in the liquidity buffer sub-register;
- (iii) the removal of non-compliant cover assets or derivative instruments from the cover register;
- (iv) the correction of incorrect entries in the cover register;
- (v) the reappraisal of a property standing as security for a mortgage-backed credit or a commercial mortgage-backed credit in accordance with the methodology specified by the EFSA;
- (vi) the conduct of a stress test of the covered bond portfolio in accordance with the methodology specified by the EFSA;
- (vii) the replacement of a cover pool monitor;
- (viii) the provision of information to the cover pool monitor and allowing it to access documents and information systems;
- (ix) the calculation of the present value of the covered bonds or the cover assets in accordance with the methodology specified by the EFSA; and
- (x) bringing the internal rules into compliance with law.

In the event of failure to comply with an administrative act issued in accordance with the ECBA, the EFSA has the right to impose penalty payments until the failure to comply is cured. Furthermore, in case of certain breaches of the requirements of the ECBA, the EFSA has the right to impose fines in the amount of up to EUR 2,400 in case of a breach by a natural person and fines in the amount of up to EUR 400,000 in case of breach by a legal person.

In addition to the above, in the case of certain breaches of the ECBA or a failure by the issuer to duly and timely fulfil a precept issued by the EFSA, the EFSA may revoke the issuer's additional authorisation for the issuing of covered bonds, which would also result in the separation of the covered bond portfolio.

### **Cover pool monitor**

For the performance of the duties provided for in the ECBA, the issuer must appoint an independent cover pool monitor. The cover pool monitor must be an auditing company which ensures that the tasks of the cover pool monitor are only fulfilled by a sworn auditor with who is trustworthy and has an impeccable business reputation, adequate knowledge and experience. The cover pool monitor may not be an auditing company who audits or has audited the annual reports of the issuer within the year preceding its appointment as the cover pool monitor.

Pursuant to the ECBA, the statutory duties of a monitor are to verify:

- (i) the compliance of stress testing of a covered bond portfolio and the changes introduced to the covered bond portfolio as a result of stress testing to requirements;
- (ii) the existence of a sufficient cover pool and its compliance with requirements;



- (iii) the compliance of the maintenance of the cover register with requirements;
- (iv) the compliance of the appraisal of immovable properties encumbered with a mortgage securing credit and included in the cover pool with requirements;
- (v) the compliance of the issuer's risk management and reporting with requirements;
- (vi) the compliance of the terms and conditions of covered bonds with requirements; and
- (vii) the existence of an updated plan for separation of the covered bond portfolio and its compliance with the ECBA.

The monitor has the right to determine the scope and duration of the verification on each occasion. The monitor may carry out an on-the-spot verification at the place of establishment or place of business of the issuer, notifying the issuer at least two business days in advance. The issuer must allow the monitor to examine documents and information systems and shall provide the monitor with the information to the extent necessary for the performance of the monitor's duties.

The monitor must inform the issuer of any deficiencies found during verification in a format that can be reproduced in writing and shall set a reasonable deadline for elimination of the deficiencies. The monitor must notify the EFSA of the deficiencies that are not fully eliminated by the deadline set. The monitor must further notify the EFSA, promptly and in a format that can be reproduced in writing, of any circumstances or decisions that have come to the knowledge to the monitor and that result or may result in:

- a material breach of the legislation regulating the activities of the issuer;
- a material breach of the conditions under which the additional authorisation was granted; or
- a situation, or the risk of a situation arising, in which the issuer is unable to perform its liabilities arising from covered bonds and from the derivative instruments entered in the cover register.

The monitor must draw up a summary of verification activities that gives an overview of performance of its duties, the deficiencies found and the measures taken to eliminate them. The period covered by the summary of verification activities must correspond to the issuer's financial year. The summary of verification activities is to be submitted to the issuer and the EFSA within three months after the end of the issuer's financial year.

The appointment of the cover pool monitor is decided by issuer's general meeting. A monitor shall be appointed for a term of at least one year. The term of office of a monitor shall terminate:

- when a cover pool administrator is appointed;
- when the covered bond portfolio is declared bankrupt;
- when the monitor is removed by the general meeting;
- when the monitor resigns of his or her own accord; or
- when the monitor's term of appointment ends.

In the event of the voluntary resignation of the monitor, the monitor must notify the issuer and the EFSA thereof at least 30 days in advance. In the event of removal of the monitor by the general meeting, the issuer must notify the EFSA about the planned removal 10 days before the relevant resolution is adopted, unless prior notification is not possible for good reason.

A court shall, in the proceedings initiated on the basis of a petition of the EFSA, appoint a new monitor if:

- the general meeting of the issuer has not appointed a new monitor or there is reason to believe that a new monitor cannot be appointed before the termination of the term of office of the then current monitor; or
- the then current monitor does not meet the requirements established by law or there are deficiencies in the performance of his or her duties.

The term of office of a monitor appointed by a court shall continue until the general meeting appoints a new monitor.

As at the date of this Base Prospectus, the Issuer has appointed KPMG Baltics OÜ as cover pool monitor in respect of this Programme and entered into the Asset Monitor Agreement in compliance with the requirements of the ECBA.

**Label**

An issuer may use the label "*eriti kvaliteetne Euroopa pandikiri*" (or "*European Covered Bond (Premium)*" in English) and its language versions translated into the official languages of the European Union only for covered bonds which are issued in accordance with the ECBA.

## EU BENCHMARKS REGULATION

Interest and/or other amounts payable under the Covered Bonds may be calculated by reference to certain benchmarks.

Details of the administrators of such benchmarks, including details of whether or not, as at the date of this Base Prospectus, each such administrator's name appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 of the Benchmark Regulation (the "**ESMA Benchmarks Register**") are set out below:

<b>Benchmark</b>	<b>Administrator</b>	<b>Administrator appears on ESMA Benchmarks Register?</b>
NIBOR	Norske Finansielle Referanser	Yes
STIBOR	Swedish Financial Benchmark Facility	Yes
EURIBOR	European Money Markets Institute	Yes
CIBOR	Danish Financial Benchmark Facility ApS	Yes

## TAXATION

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

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

#### *Estonian Resident Covered Bondholders*

In accordance with Article 17(1) of the Income Tax Act of Estonia (*tulumaksuseadus*), as amended (the "ITA"), income tax at the rate of 22 per cent. is charged on interest received by individuals who are resident in Estonia. Furthermore, 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 Covered Bondholder, who is an individual, 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 ITA.

Resident legal entities are not subject to income tax upon receiving interest income. Under the Estonian corporate income tax system such income is included in their profits and taxed upon distribution of profit pursuant to the respective 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 Covered Bondholders*

The Issuer is not subject to withholding any income tax on interest payments to non-residents (including whether the non-resident is a legal entity or an individual, or if the legal entity has a permanent establishment in Estonia).

The income earned by non-resident Covered Bondholders is not subject to taxation in Estonia but may be subject to taxation in their country of residence.

#### *Definitive Covered Bonds*

Covered Bondholders should be aware that, if Definitive Covered Bonds are issued, holders of any Definitive Covered Bonds that are not held through Euroclear or Clearstream, Luxembourg, who are individuals (i.e. not legal entities), will be required to present evidence of non-Estonian tax 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 Base Prospectus, is charged at a rate of 22 per cent.).

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

#### *Estonian Resident Covered Bondholders*

The income earned by resident individuals from the sale or exchange of Covered Bonds is taxed as gain from the transfer of property which is subject to income tax at the rate of 22 per cent. A Covered Bondholder has to declare the gain received and pay the income tax on its annual income tax return. The gain or loss derived from the transfer of Covered Bonds is the difference between the acquisition cost and the sale price of the Covered Bonds. A resident individual has the right to deduct any loss suffered upon the transfer of securities during a period of taxation from the gains derived from the transfer of securities during the same period of taxation. If the amount of loss suffered upon transfer of the Covered Bonds during a period of taxation exceeds the amount of gains derived by a taxpayer from the transfer of the Covered Bonds during

the same taxation period, the amount by which the loss exceeds the gains may be deducted from the gains derived from the transfer of the Covered Bonds during subsequent taxation periods.

Moreover, under Article 37(1) of the ITA, a resident individual has the right to deduct certified expenses directly related to the sale or exchange of Covered Bonds from the resident's gain or to add such expenses to the resident's loss.

Under the approved Security Tax Act of Estonia, an additional 2 per cent. tax will apply to natural persons' taxable income from 2026 until the end of 2028. This means that an Estonian resident individual Covered Bondholder will be required to pay, in addition to the 22 per cent. income tax, a 2 per cent. Security Tax on any gains received between 2026 and 2028 (inclusive). Upon using an investment account specified in Article 17<sup>2</sup> of the ITA for the purposes of making transactions with the Covered Bonds and depositing the proceeds from the transfer of Covered Bonds in the investment account, individual Covered Bondholders may postpone the taxation of their income derived from the sale or exchange of the Covered Bonds. 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 investment account which exceeds the amount that had been previously paid in the said account).

Resident legal entities are not subject to income tax upon receiving interest income. Under the Estonian corporate income tax system such income is included in their profits and taxed upon distribution of profit pursuant to the respective 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 Covered Bondholders*

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

The gains received by non-resident Covered Bondholders 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 Covered Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of Covered Bonds should, however, be exempt.

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

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

Prospective holders of the Covered Bonds 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 Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, 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 Covered Bonds, 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".<sup>52</sup> Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Covered Bonds.

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<sup>52</sup> On 14 December 2018 the Treasury and the IRS issued Proposed Regulations that substantially reduce the burden under FATCA and chapter 3 by eliminating withholding on the payments of gross proceeds and certain Insurance premiums, deferring withholding on foreign Pass-thru payments, and introducing other relief measures.

## SUBSCRIPTION AND SALE

Covered Bonds may be sold from time to time by the Issuer to any one or more of Barclays Bank Ireland PLC, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Erste Group Bank AG, Landesbank Baden-Württemberg, Nordea Bank Abp and UniCredit Bank GmbH (the "**Dealers**"). The arrangements under which Covered Bonds may from time to time be agreed to be sold by the Issuer to, and subscribed by, Dealers are set out in a Dealer Agreement dated 19 February 2025 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. If in the case of any Tranche of Covered Bonds the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as "**Non-Syndicated**" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Covered Bonds the method of distribution is an agreement between the Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "**Syndicated**", the obligations of those Dealers to subscribe the relevant Covered Bonds will be joint and several and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilisation Manager in relation to that Tranche) will be set out in the relevant Final Terms.

Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Covered Bonds, the price at which such Covered Bonds will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Covered Bonds.

The relevant Dealers will be entitled in certain circumstances to be released and discharged from their obligations in respect of a proposed issue of Covered Bonds under or pursuant to the Dealer Agreement prior to the closing of the issue of such Covered Bonds, including in the event that certain conditions precedent are not delivered or met to their satisfaction on or before the issue date of such Covered Bonds. In this situation, the issuance of such Covered Bonds may not be completed. Investors will have no rights against the Issuer or the relevant Dealers in respect of any expense incurred or loss suffered in these circumstances.

### **United States of America**

The Covered Bonds 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 Bearer Covered Bonds 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.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Covered Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Covered Bonds comprising the relevant Tranche within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Covered Bonds during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Covered Bonds 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 Covered Bonds comprising any Tranche, any offer or sale of Covered Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

## **Prohibition of Sales to EEA Retail Investors**

Unless the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Covered Bonds specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or are the subject of the offering contemplated by a Drawdown Prospectus) in relation thereto to any retail investor in the EEA (including Estonia). 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, "**MiFID II**"); or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

## **United Kingdom**

### ***Prohibition of Sales to UK Retail Investors***

Unless the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Covered Bonds specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) in relation thereto to any retail investor in the UK. 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, 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 by virtue of the EUWA.

### ***Other regulatory restrictions***

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) No deposit-taking: in relation to any Covered Bonds having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and:
  - (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Covered Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;



- (b) 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 Covered Bonds in circumstances in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and
- (c) 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 Covered Bonds in, from or otherwise involving the UK.

## **Japan**

The Covered Bonds 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**") and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not, directly or indirectly, offer or sell any Covered Bonds in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other applicable laws, regulations and ministerial guidance of Japan.

## **Belgium**

Other than in respect of Covered Bonds for which "*Prohibition of Sales to Belgian Consumers*" is specified as "Not Applicable" in the relevant Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Covered Bonds may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Covered Bonds, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Covered Bonds, directly or indirectly, to any Belgian Consumer.

## **General**

Each Dealer 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 Covered Bonds or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Covered Bonds or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "**General**" above.

Neither the Issuer or any of the Dealers represents that Covered Bonds 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.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Covered Bonds) or in a supplement to this Base Prospectus.

## GENERAL INFORMATION

### Authorisation

1. The establishment of the Programme was authorised by the board of directors of the Issuer on 12 February 2025. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Covered Bonds.

### 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 Base Prospectus, a significant effect on the financial position or profitability of the Issuer and its subsidiaries.

### Significant/Material Change

3. There has been no material adverse change in the prospects of the Issuer or the Issuer and its subsidiaries since 31 December 2023 nor has there been any significant change in the financial position or performance of the Issuer or the Issuer and its subsidiaries since 31 December 2024.

### Auditors

4. AS PricewaterhouseCoopers has audited the consolidated financial statements of the Group as at and for the years ended 31 December 2023 and 31 December 2022 (each incorporated into this Base Prospectus by reference) and issued an 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 Covered Bonds and is not itself seeking admission of the Covered Bonds to the Official List of Euronext Dublin or to trading on the regulated market of Euronext Dublin for the purposes of the Prospectus Regulation.

### Documents on Display

6. Electronic copies of the following documents (together with English translations thereof) will, when published, be available for inspection at <https://www.cooppank.ee/en/investor>, for 12 months from the date of this Base Prospectus:
  - (a) the articles of association and trade register extract of the Issuer (as the same may be updated from time to time);
  - (b) the audited consolidated financial statements of Coop Pank AS and the Coop Group for the years ended 31 December 2023 and 2022;
  - (c) the unaudited condensed consolidated interim financial statements of Coop Pank AS and the Coop Group as at and for the fourth quarter and twelve months period ended 31 December 2024;
  - (d) the Agency Agreement (which contains the forms of the Global Covered Bonds, the Covered Bonds in definitive form, the Coupons and Talons);
  - (e) the Deed of Covenant;
  - (f) the relevant Final Terms in respect of any Covered Bonds to be listed on Euronext Dublin;
  - (g) the Issuer-ICSDs Agreement; and
  - (h) any future offering circulars, prospectuses, information memoranda, supplements to this Base Prospectus and Final Terms and any other information incorporated herein or therein by reference.

For the avoidance of doubt, unless specifically incorporated by reference into this Base Prospectus, information contained on the website does not form part of this Base Prospectus.

### **Clearing of the Covered Bonds**

7. The Covered Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code, and the International Securities Identification Number (ISIN), Financial Instrument Short Name (FISN) and Classification of Financial Instruments (CFI) code (as applicable) in relation to the Covered Bonds of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Covered Bonds for clearance together with any further appropriate information.

### **Issue Price and Yield**

8. Covered Bonds may be issued at any price. The issue price of each Tranche of Covered Bonds to be issued under the Programme will be determined by the Issuer in consultation with the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Covered Bonds or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Covered Bonds, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.
9. The yield of each Tranche of Covered Bonds set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

### **Dealers transacting with the Issuer**

10. Certain of the Dealers and/or their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Covered Bonds issued under the Programme, 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 Dealers 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 or Issuer's affiliates. Certain of the Dealers or their affiliates may have a lending relationship with the Issuer and its affiliates and may, in such cases, routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers 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 Covered Bonds issued under the Programme. Any such positions could adversely affect future trading prices of Covered Bonds and Covered Bonds issued under the Programme. The Dealers 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.

### **The Legal Entity Identifier**

11. The Legal Entity Identifier (LEI) code of the Issuer is 549300EHNXQVOI120S55.

**Issuer website**

12. The Issuer's website is <https://www.cooppank.ee/en>. Unless specifically incorporated by reference into this Base Prospectus, information contained on the website or any website directly or indirectly linked to this website has not been verified and does not form part of this Base Prospectus.

**Validity of Base Prospectus and Base Prospectus supplements**

13. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus after the end of its 12-month validity period.

**REGISTERED OFFICE OF THE ISSUER**

**Coop Pank AS**

Maakri 30,  
Tallinn 15014,  
Estonia

**DEALERS**

**Barclays Bank Ireland PLC**

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**Erste Group Bank AG**

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**UniCredit Bank GmbH**

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Germany

**FISCAL AND PAYING AGENT**

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**REGISTRAR**

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*To the Issuer*

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*as to Estonian law:*

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