

## AKTSIASELTS SEB EESTI ÜHISPANK BOND ISSUE TERMS AND CONDITIONS

### 1. GENERAL PROVISIONS

- 1.1. These aktsiaselts SEB Eesti Ühispank Bond Issue Terms and Conditions (**Issue Terms**) shall establish:
  - 1.1.1. the rights and obligations related to Bonds;
  - 1.1.2. the terms and conditions of the Primary Distribution of Bonds (**Bond Issue**);
  - 1.1.3. the terms and conditions of redemption of Bonds;
  - 1.1.4. any other rights and obligations of the Issuer and Investors when making transactions and operations related to the Primary Distribution and redemption of Bonds.
- 1.2. The Issue Terms is a document approved by the Issuer. The Issue Terms shall be available at the Issuer's office located at the address indicated in the Issue Terms.

### 2. INTERPRETATION

- 2.1. For the purpose of the Issue Terms and other Bond Issue documents, the following definitions have the following meanings:
  - 2.1.1. **Allocation List** shall mean the document, jointly approved by the Issuer, stipulating the extent of fulfilment of the Purchase Offers submitted in the Primary Distribution and the quantity of Bonds to be allocated to each Investor;
  - 2.1.2. **Issuer** shall mean aktsiaselts SEB Eesti Ühispank (register code 10004252, address Tornimäe 2, Tallinn 15010, the Republic of Estonia); a commercial bank, incorporated and existing under the laws of the Republic of Estonia, who shall issue the Bonds and performs other assignments stipulated in the Issue Terms;
  - 2.1.3. **Primary Distribution** shall mean submitting and receiving of Purchase Offers for Bonds (**Subscription**) and the sale of the Bonds to the Investors in accordance with the Issue Terms;
  - 2.1.4. **Investor** shall mean a person holding the Bonds or a person, who has placed a Purchase Offer;
  - 2.1.5. **Maturity Date** shall mean a Banking Day stipulated the Issue Terms, on which the Issuer shall redeem all the Bonds issued under the Issue Terms;
  - 2.1.6. **Subscription Period** shall mean a period of time, stipulated in the Issue Terms, for placing the Purchase Offers;
  - 2.1.7. **Interest Payment Day** shall mean the day stipulated the Issue Terms, when the settling and payment of the interest is made;

- 2.1.8. Banking Day** shall mean a working day, i.e. any day, except Saturday, Sunday, a national or a public holiday of the Republic of Estonia;
- 2.1.9. Register** shall mean the Estonian Central Securities Register that is maintained and operated by aktsiaselts Eesti Väärtpaberikeskus (**Registrar**);
- 2.1.10. Bond** shall mean a debt security representing the Issuer's unsecured and unsubordinated debt obligation that is being issued and is redeemable in accordance with the Issue Terms and that is held intangibly in the Investors' securities accounts in the Register. The Issuer's debt obligations arising from the Bonds rank *pari passu* with the rest of the Issuer's unsecured and unsubordinated debt obligations;
- 2.1.11. Value Date** shall mean a Banking Day stipulated the Issue Terms, on which the Bonds are transferred to the securities accounts of the Investors in the Register in accordance with the Allocation List;
- 2.1.12. Stock Exchange** shall mean the regulated securities market operated by aktsiaselts Tallinna Börs.
- 2.2.** The headings in the Issue Terms have been entered for convenience purposes only and shall have no impact on the interpretation of any provision of the Issue Terms.

### **3. REPRESENTATIONS AND WARRANTIES OF THE ISSUER**

- 3.1.** The Issuer shall, in accordance with the Issue Terms, issue Bonds and perform the obligations arising from the Bonds to the Investors.
- 3.2.** The Issuer shall be liable to the Investors for due and complete fulfilment of its obligations deriving from the Bonds with all of its assets in accordance with the laws of the Republic of Estonia.
- 3.3.** The Issuer shall also:
- 3.3.1.** arrange the Primary Distribution and redemption of the Bonds;
  - 3.3.2.** perform the duties of a payment agent i.e. shall arrange the payments (incl. interest payments) in connection with Primary Distribution and redemption of the Bonds pursuant to the terms and conditions stipulated in the Issue Terms;
  - 3.3.3.** perform other assignments stipulated in the Issue Terms.
- 3.4.** All notices and documents to the Issuer, incl. Purchase Offers, shall be forwarded by using the following contact data:
- Aktsiaselts SEB Eesti Ühispank  
Tornimäe 2  
15010 Tallinn  
Republic of Estonia  
Tel: +372 6656 833  
Fax: +372 6656 802

E-mail: ylar.kiisla@seb.ee

Attn: Ülar Kiisla

**3.5. The Issuer shall give the following warranties to the Investor:**

- 3.5.1.** the Issuer is a duly incorporated legal person acting pursuant to the laws of the Republic of Estonia;
- 3.5.2.** all the Issuer's obligations assumed under the Bond Issue are valid and legally binding to the Issuer and performance of these obligations is not contrary to the Issuer's articles of association, laws or any agreement concluded by the Issuer;
- 3.5.3.** the Issuer has all the rights and sufficient authorisations to issue the Bonds and fulfil obligations arising from Bond Issue;
- 3.5.4.** the Issuer has performed all the formalities required for issuing the Bonds and fulfilling the obligations arising herefrom;
- 3.5.5.** all information that is provided by the Issuer to the Investors is true, accurate, complete and correct as at the date of presenting the respective information and is not misleading in any respect;
- 3.5.6.** there are no bankruptcy, execution, misdemeanour or criminal proceedings pending or initiated against the Issuer;
- 3.5.7.** there are no court or arbitration proceedings pending or initiated against the Issuer, where an unfavourable decision would have material adverse impact according to reasonable assessment on the economic condition of the Issuer;
- 3.5.8.** there are no circumstances that would serve as grounds for demanding extraordinary early redemption of the Bonds by the Investor.

**4. TERMS OF BONDS**

- 4.1.** The Bonds shall be nominated in Estonian kroons (EEK). The nominal value of the Bond shall be EEK 10 000.
- 4.2.** The term of the Bonds shall be 3 (three) years, with Value Date on 14<sup>th</sup> of June 2007 and Maturity Date on 14<sup>th</sup> of June 2010.
- 4.3.** The issue price of the Bond shall be its nominal value, i.e. 10 000 EEK. The redemption price of the Bond shall be its nominal value with the cumulative interest accrued.
- 4.4.** The Bonds are freely transferable and encumberable.
- 4.5.** The total volume of the Bonds Issue in nominal value shall be EEK 100 000 000. The total volume of the Bond Issue may be changed until the Maturity Date pursuant to Issuer's decision.
- 4.6.** All payments to the Investors by the Issuer in connection with the Bonds shall be made in EEK, provided the Investor has an EEK current account.

## **5. INTEREST**

- 5.1.** The Issuer shall pay interest to the Bonds, the rate of which shall be determined by the Issuer pursuant to Purchase Offers submitted during Primary Distribution.
- 5.2.** The interest rate of the Bond shall be 5,10-5,30% per annum (Act/Act). The interest shall be paid once a year. The Interest Payment Day shall be on June 14<sup>th</sup> each year. If the Interest Payment Day is not a Banking Day, the interest payment shall be made on the following Banking Day.
- 5.3.** Calculation of interest shall be based on the actual number of days during the period between the two consecutive Interest Payment Days and a year of actual number of days (Act/Act). Interest is calculated for each interest period starting from the previous Interest Payment Day (included) until the next Interest Payment Day (excluded). The first interest period shall commence on the Value Date and shall end on the first Interest Payment Day. Every next interest period shall commence on the previous Interest Payment Day and shall end on the next Interest Payment Day.
- 5.4.** Interest shall be paid to the Investors, who according to the Register data are the holders of Bonds at 9 a.m. on the respective Interest Payment Day.

## **6. REGISTRATION OF BOND ISSUE**

- 6.1.** Purchase Offers with volume less than EEK 800 000 for Bond Issue shall not be accepted in Primary Distribution. Pursuant to the aforesaid, the Bond Issue will not be deemed a public offer of securities for the purpose of *Securities Markets Act*.
- 6.2.** The Bond Issue will be registered with the Register according to the *Estonian Central Securities Register Act* and other applicable legal acts.
- 6.3.** The Bonds shall be listed in the bond list of the Stock Exchange in accordance with a respective decision of the listing committee within three months as of submission of the listing application by the Issuer. The application for listing the Bonds shall be submitted the latest on June 14<sup>th</sup> 2008.
- 6.4.** A listing prospectus shall be prepared for the issue of Bonds, which according to law is subject to registration also at the Financial Supervision Authority.

## **7. ISSUE DOCUMENTATION**

- 7.1.** The documents of the Bond Issue are the following:
  - 7.1.1.** Issue Terms;
  - 7.1.2.** Purchase Offers;
  - 7.1.3.** Confirmations.
- 7.2.** A Purchase Offer is a written application submitted to the Issuer by an Investor in the form provided in the Annexes to the Issue Terms, in which the Investor shall:
  - 7.2.1.** express his/her wish to acquire through Primary Distribution a certain number of Bonds;

- 7.2.2. present the minimum acceptable yield; and
- 7.2.3. assume an obligation to pay for the number of Bonds indicated in the Purchase Offer upon confirming the results of Primary Distribution.
- 7.3. A Confirmation is a written document submitted by the Issuer to the Investor confirming the partial or full satisfaction or the rejection of the Purchase Offer submitted by an Investor.
- 7.4. Each Investor can review the Purchase Offer submitted by him and/or the Confirmation received by him at the Issuer's office located at the address indicated in the Issue Terms.
- 7.5. The Issuer shall gather and keep the information and documents submitted by the Issuer pursuant to the Issue Terms. The Investors may get acquainted with the given data and documents at the location of the Issuer and make copies and excerpts therefrom at their own expense.

## **8. PURCHASE OFFERS AND CONFIRMATIONS**

- 8.1. To submit a Purchase Offer, the Investor must have a securities account opened with the Register in his or her name.
- 8.2. The Purchase Offers for Bonds shall be submitted in the format set forth by the Issuer in Annex 1 of the Issue Terms.
- 8.3. The Purchase Offer shall be drawn up in writing and the Investor shall submit a facsimile copy of it by fax to the Issuer. The Investor shall retain the original copy of the Purchase Offer. The Purchase Offer must contain the following information:
  - 8.3.1. the Investor's name, identification or register code and contact data (name of contact person, address, e-mail, telephone and facsimile numbers);
  - 8.3.2. the securities account and current account numbers of the Investor;
  - 8.3.3. the date of the Purchase Offer;
  - 8.3.4. the amount of subscribed Bonds;
  - 8.3.5. the requested interest rate (yield) of Bonds, incl. minimal acceptable margin (act/act);
  - 8.3.6. the amount of Purchase Offer, i.e. the total nominal value of the Bonds to be subscribed by the Investor;
  - 8.3.7. the Investor's signature.
- 8.4. Purchase Offers shall be submitted during the Subscription Period.
- 8.5. A Purchase Offer is considered valid, if submitted in time and if drawn up in accordance with the Issue Terms.
- 8.6. At the latest by 10 a.m. on 13<sup>th</sup> of June 2007, the Issuer shall inform the Investor of the number of Bonds allocated to the Investor and of the amount payable for the Bonds. The Issuer shall submit a Confirmation to each Investor evidencing the satisfaction or rejection of the Purchase Offer submitted by the Investor.
- 8.7. The Investor undertakes to pay in full the total amount of issue prices of the Bonds allocated to him/her as a result of Primary Distribution to the

Issuer's current account with IBAN code EE491010000000062012 on the Value Date by 12 p.m. at the latest.

- 8.8. If the Investor delays the payment stipulated in Clause 8.7, the Issuer will be entitled to demand late penalty from each such Investor for every delayed day, in amount equalling to 0.05% on the total sum of the nominal values of the Bonds, subscribed but unpaid by the Investor.
- 8.9. Confirmation is drawn up electronically and the Issuer forwards the Confirmation to the e-mail address, provided by the Investor in the Purchase Offer.
- 8.10. Upon partial or complete satisfaction of the Purchase Offer, the Issuer shall state at least the following information in the Confirmation:
  - 8.10.1. the rate of Bonds, formalised on the basis of Purchase Offers submitted in the Primary Distribution;
  - 8.10.2. the amount of Bonds allocated to the Investor;
  - 8.10.3. the sum of issue prices of the Bonds allocated to the Investor.
- 8.11. Upon rejection of the Investor's Purchase Offer, the Issuer shall indicate the reasons for such rejection in the Confirmation.

## **9. PRIMARY DISTRIBUTION**

- 9.1. The Primary Distribution of the Bond Issue shall be carried out by way of private placement.
- 9.2. The Subscription Period of Bonds shall commence at 10 a.m. on 06<sup>th</sup> of June 2007 and shall end at 12 p.m. on 12<sup>th</sup> of June 2007. The Purchase Offer shall be submitted pursuant to the terms and conditions, stipulated in Part 8 of the Issue Terms.
- 9.3. After expiry of the Subscription Period, the Issuer shall determine the qualifying Purchase Offers. On the basis of qualifying Purchase Offers, the Issuer shall determine the extent of satisfying the Purchase Offers and shall approve the final volume of the Bond Issue. An Allocation List shall be approved at the latest by 9.30 a.m. on 13<sup>th</sup> of June 2007.
- 9.4. If by the end of the Subscription Period the subscribed Bonds exceed the planned volume of the Bond Issue, the Issuer shall have the right to increase the volume of Bond Issue. The Issuer shall have the right to reduce the volume of Bond Issue or cancel the issue, if by the end of the Subscription Period the total amount of subscribed Bonds is less the planned volume of the Bond Issue or if the margin rate determined on the basis of Purchase Offers exceed the rate reasonably expected by the Issuer.
- 9.5. For determination of yield of the Bond, first the Purchase Offers with the lowest requested yield shall be considered and thereafter the Purchase Offers with increasing requested yield, until completion of the volume of issue.
- 9.6. If the number of the Bonds requested in the Purchase Offers that have been considered, exceeds volume of the Bond Issue, the Purchase Offers with the lowest requested yield shall be satisfied fully. The considered Purchase Offers with the increasing requested profitability rate shall be satisfied as

proportionally to the subscribed amount as possible. Yield and issue price of the Bond, shall be determined by the Issuer on the basis of the yield requested by the Investor in the last satisfied Purchase Offer submitted during the Primary Distribution.

- 9.7. On the Value Date the Bonds shall be registered by the Registrar in the securities accounts of the Investors, who subscribed and paid for them in the Primary Distribution.

## **10. EXTRAORDINARY EARLY REDEMPTION**

- 10.1. The Investor shall have the right to demand immediate redemption of the Bonds held by the same, should at least one of the following circumstances appear:

- 10.1.1. the Issuer delays any of the payments deriving from the Bonds;
- 10.1.2. the Issuer violates the obligations stipulated in the Issue Terms compromising the economic interests of the Investors;
- 10.1.3. the Issuer starts performing other economic activities than his primary economic activities or stops significant parts of his primary economic activities;
- 10.1.4. the Confirmation provided by the Issuer stipulated in the Issue Terms appears to be incorrect;
- 10.1.5. bankruptcy proceedings are commenced against the Issuer;
- 10.1.6. the Issuer contests any of his obligations deriving from the Bonds;

- 10.2. If the Investor applies for extraordinary early redemption of the Bonds pursuant to Clause 10.1, he shall submit a respective application to the Issuer, indicating the grounds for requesting extraordinary early redemption.

- 10.3. Upon redemption of the Bonds on grounds stipulated in Clause 10.1, the Issuer shall pay the Investor for each redeemed Bond the price determined under Clause 4.3. Redemption payments of Bonds under this Clause shall be made within seven days as of presenting the early redemption request to the Issuer. If the Investor does not use the right or sanction arising from the Bond, this is not deemed waiver of such a right or sanction and the separate or partial use of any of the rights or sanctions does not prevent further or repeated use of the respective right or sanction or the use of any other right or sanction. The rights and sanctions applicable to the Bonds are accruing and do not exclude any other rights or sanctions established by law.

## **11. REDEMPTION**

- 11.1. The Bonds shall be redeemed and the redemption price of the Bonds shall be paid on the Maturity Date to the Investors, who are the owners of the Bonds at 9 a. m. on the Maturity Date according to the Register's information.
- 11.2. As the redemption payment the Issuer shall pay the total redemption price of the Bonds owned to the Investor. The redemption price of the Bond shall be the nominal value of the Bond and the unpaid interest calculated to the same.

- 11.3.** Following the receipt of the redemption payments in the Investors' current accounts, the Bonds shall be considered redeemed and shall be removed from the Register.
- 11.4.** All payments to be made by the Issuer in connection with the Bonds shall be calculated and paid without netting and any other deductions.
- 11.5.** The Issuer shall withhold income tax, if pursuant to the legal acts effective in the Republic of Estonia, income tax is to be withheld from the payments related to Bonds.

## **12. FINAL PROVISIONS**

- 12.1.** The laws effective in the Republic of Estonia shall be applied to the Bond Issue and the rights and obligations related to the same.
- 12.2.** The disputes related to the Issue shall be resolved through negotiations. If no agreement has been reached, the claim for resolving the dispute shall be submitted to Harju County Court.
- 12.3.** If a provision of the Issue Terms is invalidated or deemed inapplicable by the court, it does not influence or change the validity, legitimacy or applicability of other provisions.
- 12.4.** The Issue Terms may be amended only upon written agreement of the Issuer and all the Investors.
- 12.5.** The notices of the Issuer addressed to the Investors shall be generally published through the information systems of the Stock Exchange.
- 12.6.** Any personal or other relevant notices and applications addressed to the Investors shall be presented by the Investor through the Issuer by post or facsimile. The respective notices shall be sent to the Investors to their contact addresses, fixed together with the securities accounts of the Investors, opened in the Register. Notices are deemed received by the Investors after reasonable time has passed from sending thereof.
- 12.7.** All notices, requests and other documents sent to the Issuer by the Investors shall be presented to the Issuer by post or facsimile. The notice must contain a reference to the Bond.