

# BALTI INVESTEERINGUTE GRUPI PANK AS



Unsecured Notes maturing in 2 years

Redemption Date: 16.06.2008

Issue Period: 1 year

EEK 150 000 000

Non-public offering

## TERMS AND CONDITIONS OF THE OFFERING PROGRAMME

Approved by the resolution of the Issuer's Management Board dated 12.06.2006

Arranger:

AS LHV Financial Advisory Services

AS LHV FINANCIAL ADVISORY SERVICES, Tartu mnt. 2, 10145 Tallinn, Estonia

Tel: +372 680 0411 Fax: +372 680 0410 Web: <http://www.lhv.ee>

Payment Agent:

AS Lõhmus, Haavel & Viisemann

AS LÕHMUS, HAAVEL & VIISEMANN, Tartu mnt. 2, 10145 Tallinn, Estonia

Tel: +372 680 0401 Fax: +372 680 0410 Web: <http://www.lhv.ee>

*Lõhmus Haavel & Viisemann*

A handwritten signature in black ink, appearing to be a stylized representation of the initials "LHV" or similar, written over a horizontal line.

BALTI INVESTEERINGUTE GRUPI PANK AS  
TERMS AND CONDITIONS OF THE OFFERING PROGRAMME

**1. General provisions**

These Terms and Conditions of the Offering Programme of Notes of Balti Investeeringute Grupi Pank AS regulate:

- 1.1. rights and obligations relating to the Notes issued under the Offering Programme;
- 1.2. the conditions of and procedure for the Initial Distribution of the Notes;
- 1.3. the conditions of and procedure for the redemption of the Notes;
- 1.4. other rights and obligations of the Issuer and Investors in the performance of transactions and acts relating to the Initial Distribution and redemption of the Notes.

**2. Interpretation**

2.1. Whenever used in these Terms and Conditions and in other documents of the Issue, the following terms shall have the following meanings, unless otherwise provided in those documents:

2.1.1. "**Additional Terms and Conditions**" shall mean the additional terms and conditions of each respective Tranche. The Additional Terms and Conditions constitute an inseparable part of the Terms and Conditions.

2.1.2. "**Agent**" means the Payment Agent of the Issue, i.e. AS Lõhmus, Haavel & Viisemann (registry code: 10539549), who will forward payments relating to the Issue and perform other duties established in the Terms and Conditions.

2.1.3. "**Arranger**" means AS LHV Financial Advisory Services (registry code: 11021666), who will arrange the issuing of Notes as established in the Terms and Conditions.

2.1.4. "**Banking Day**" means any day on which banks are generally open for business in Estonia, except Saturdays, Sundays and national and public holidays of the Republic of Estonia.

2.1.5. "**Confirmation**" means the document specified in article 7.5 of the Terms and Conditions.

2.1.6. "**EEK**" or "**kroon**" means the official currency of the Republic of Estonia.

2.1.7. "**Initial Distribution**" means the acceptance of Subscription Orders for the Notes and sale of the Notes to persons who submitted the Subscription Orders, pursuant



to the procedure established in these Terms and Conditions and in the Additional Terms and Conditions of each Tranche.

2.1.8. "**Interest Payment Date**" is a Banking Day specified in the Terms and Conditions, on which the Issuer will pay interest to the Investors.

2.1.9. "**Investor**" means a natural or legal person who is a Note holder.

2.1.10. "**Issue Period**" means a time period during which the Issuer shall issue Notes pursuant to the Terms and Conditions stipulated in these Terms and Conditions and in the Additional Terms and Conditions of each Tranche. The length of the Issue Period is stipulated in article 5.2.

2.1.11. "**Issue**" means the aggregate of the Notes of the same class granting similar rights, which are issued and will be redeemed under similar conditions pursuant to the procedure established in these Terms and Conditions, taking into account that the Notes will be offered at least two times (in series) and the Notes of each respective series and of the same class granting similar rights, which are issued and will be redeemed under similar conditions pursuant to the procedure shall in these Terms and Conditions be referred to as tranche (hereinafter "**Tranche**").

2.1.12. "**Issuer**" means Balti Investeeringute Grupi Pank AS (registry code 10183757), a company incorporated and existing under the laws of the Republic of Estonia, which will issue Notes pursuant to the procedure established in these Terms and Conditions as well as pursuant to the Additional Terms and Conditions of each Tranche and perform other duties arising from the Terms and Conditions and the Additional Terms and Conditions of each Tranche.

2.1.13. "**Note**" means a security to be issued and redeemed pursuant to the conditions and procedure established in the Terms and Conditions and in the Additional Terms and Conditions, which certifies the debt of the Issuer and which will be held in a book-entry form on the securities accounts of an Investor in the Register.

2.1.14. "**Offering Programme**" means the plan of the Issuer to issue Notes at least twice during the predetermined Issue Period.

2.1.15. "**Redemption Date**" means the Banking Day specified in the Terms and Conditions, on which the calculation of Interest will end and the amounts necessary for redemption of the Notes will be transferred to the current accounts of the Investors in the credit institutions acting as the account administrators of the Register.



- 2.1.16. **“Register”** means the Estonian Central Register of Securities maintained by AS Eesti Väärtpaberikeskus pursuant to the Estonian Central Register of Securities Act.
- 2.1.17. **“Stock Exchange”** means the regulated market arranged by AS Tallinna Börs.
- 2.1.18. **“Subscriber”** means a person invited to subscribe for the Notes within the scope of the Initial Distribution of the Issue, who has submitted a Subscription Order complying with the provisions of article 8 of the Terms and Conditions.
- 2.1.19. **“Subscription Date”** means the Banking Day specified in the Additional Terms and Conditions of each respective Tranche, on which the term for submission of Subscription Orders for Notes issued in the respective Tranche expires.
- 2.1.20. **“Subscription Order”** means the document specified in article 7.4 of the Terms and Conditions.
- 2.1.21. **“Subscription Period”** means the periods stipulated in the Additional Terms and Conditions of each Tranche during which the Subscription Orders may be submitted.
- 2.1.22. **“Terms and Conditions”** mean this document.
- 2.1.23. **“Tranche”** see “Issue”.
- 2.1.24. **“Value Date”** means the date specified in the Additional Terms and Conditions of each Tranche, on which Notes will be transferred in the Register to the securities accounts of the persons who subscribed for the Notes.
- 2.2. The headings of parts and articles used herein have been inserted for convenience of reference only and shall not affect the interpretation of any provisions of the Terms and Conditions.
- 2.3. Unless the text or purpose of the Terms and Conditions requires otherwise or unless otherwise established herein, words denoting the singular include the plural and vice versa, as appropriate.
- 2.4. In the case that an act or payment is to be effected on a day which is not a Banking Day the due date for performance of the act or transaction of the payment shall be the next Banking Day immediately following such day.
- 2.5. The hours specified in these Terms and Conditions and in other documentation of the Offering Programme are indicated as per Estonian time.

### 3. Issuer

- 3.1. The Issuer is Balti Investeeringute Grupi Pank AS, registry code 10183757, address Rüütli 23, Tartu, Estonia.



3.2. The Issuer shall:

3.2.1. issue the Notes pursuant to the procedure established in the Terms and Conditions and in the Additional Terms and Conditions and discharge the obligations relating to the Issue to Investors;

3.2.2. perform other duties established in the Terms and Conditions and in the Additional Terms and Conditions.

3.3. The Issuer shall be liable for appropriate and complete performance of the obligations assumed with regard to the Investors with all of its assets pursuant to the legislation of the Republic of Estonia.

3.4. All notices and documents to be submitted to the Issuer are to be delivered using the following contact details:

Balti Investeeringute Grupi Pank AS

Tartu mnt. 18, Tallinn

Republic of Estonia

Targo Raus, Member of the Management Board

Tel: +372 6309930

Fax: + 372 6309939

3.5. As of the date of approval of the Terms and Conditions, the Issuer represents and warrants the following to Investors:

3.5.1. The Issuer is a legal person duly incorporated and validly existing under the laws of the Republic of Estonia.

3.5.2. The Issuer owns its assets under the right of ownership and is entitled to conduct its business pursuant to the Articles of Association of the Issuer and legislation.

3.5.3. The obligations assumed by the Issuer in connection with the issue of the Notes are lawful, valid and legally binding upon the Issuer.

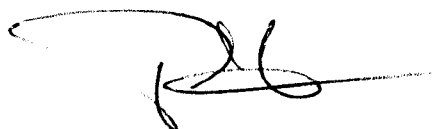
3.5.4. The issue of the Notes and the compliance with the obligations arising from the Notes by the Issuer will not result in infringement upon:

3.5.4.1. any legislation;

3.5.4.2. the Articles of Association of the Issuer; or

3.5.4.3. any contract or agreement by which the Issuer or its assets are bound.

3.5.5. The Issuer has the power and authority to issue the Notes and to comply with the obligations arising from the Notes, and the issue of the Notes and the compliance with the obligations arising from the Notes has been duly authorised.



- 3.5.6. No circumstance exists which, under the Terms and Conditions, might serve as a basis for the right of an Investor to require early redemption of the Notes.
- 3.5.7. All the information furnished to the Investors, Arranger and the Agent in connection with the issue of the Notes is true, complete and correct in all material respects as of the date of furnishing the information in question, and such information is not misleading in any respect.
- 3.5.8. No judicial or arbitration procedure concerning the Issuer is pending or, so far as the Issuer is aware, threatened against the Issuer, which, if adversely determined, would reasonably result in a material adverse effect on the financial status of the Issuer.
- 3.5.9. The Issuer has complied with and observed in all material respects all the environmental laws and other essential conditions, restrictions and agreements that either directly or indirectly relate to pollution, contamination or waste, release of toxic or hazardous substances into the environment or removal of such substances in connection with any and all registered immovables that are or have been in the ownership of, or used by the Issuer or on which the Issuer has operated.
- 3.5.10. To the knowledge of the Issuer, no environmental claim, precept or other similar request is pending or threatened against the Issuer.

#### **4. Arranger and Agent**

##### 4.1. The Arranger shall:

- 4.1.1. organise the offering of Notes to the potential investors on the conditions and pursuant to the procedure stipulated in the Terms and Conditions and in the Additional Terms and Conditions of the Tranches;
- 4.1.2. assist the Issuer in organising the registration of the Notes in the Register;
- 4.1.3. hold on behalf of the Issuer the information and documents presented according to the Terms and Conditions and Additional Terms and Conditions. The Investors have the right to accustom themselves with the above mentioned data and documents in the offices of the Arranger and to make copies and extracts thereof at their own expense;
- 4.1.4. act as an intermediary of information and documents between the Issuer and the Investors;
- 4.1.5. assist the Issuer in the application for the listing of the Notes issued or to be issued under the Offering Programme on the Stock Exchange.



4.2. All notices and other documents presented to the Arranger shall be presented to the following contact address, unless the Arranger has informed otherwise in writing:

AS LHV Financial Advisory Services

Tartu mnt. 2, 10145 Tallinn

Republic of Estonia

Tel: 6800447

Fax: 6800410

Attn.: Corporate Finance division, Tõnno Vähk

4.3. The Agent shall, pursuant to the procedure established in the Terms and Conditions, intermediate payments related to the Initial Distribution and redemption of the Notes as well as Interest payments between the Issuer and the Investors.

4.4. All notices and documents to be submitted to the Agent are to be delivered using the following contact details, unless otherwise advised by the Agent in writing:

AS Lõhmus, Haavel & Viisemann

Tartu mnt. 2, 10145 Tallinn

Republic of Estonia

Tel: 6800426

Fax: 6800410

Attn.: Back Office, Monika Tooming

## 5. Offering Programme

5.1. Under the Offering Programme the Issuer shall offer Notes in at least two Tranches during a predetermined Issue Period, the length of which is established in article 5.2.

5.2. The length of the Issue Period shall be one (1) year as of the making of the decision on the approval of the Offering Programme by the Issuers Management Board on 12 June 2006.

5.3. The maximum aggregate nominal value of the Offering Program shall be EEK 150 000 000 (one hundred fifty million kroons). The maximum aggregate number of Notes issued in the Offering Programme shall be 1 500 000 (one million five hundred thousand) Notes.

5.4. The aggregate nominal value of Notes offered in each Tranche shall be established in the Additional Terms and Conditions of each relevant Tranche. The aggregate nominal value of any Tranche may be changed by the decision of the Issuer until the Subscription Date (incl.) provided that the maximum aggregate nominal value of the

Issue (volume of the Offering Programme) as established in article 5.3 shall not be exceeded.

5.5. The Subscription Periods, Subscription Dates and Value Dates, volumes of the Tranches, price ranges of the Notes in the respective Tranches and any other information relevant with regard to each Tranche shall be stipulated in the Additional Terms and Conditions of the respective Tranche.

## 6. Notes

- 6.1. The payment obligations of the Issuer arising from the Notes are senior unsecured debt obligations of the Issuer ranking *pari passu* with any other senior unsecured debt obligations of the Issuer.
- 6.2. The Notes to be issued will be denominated in kroons (EEK).
- 6.3. The nominal value of a Note is EEK 100 (one hundred kroons).
- 6.4. Interest shall be paid on the Notes pursuant to the procedure established in article 9 of the Terms and Conditions ("Interest"). The Notes are coupon notes.
- 6.5. The coupon interest rate per Note is 4,6% *per annum* (four point six *per cent* per year). The coupon interest is payable once a year.
- 6.6. The Notes will mature in 2 (two) years.
- 6.7. The day of redemption of the Notes (the Redemption Date) is 16 June 2008.
- 6.8. The Issuer shall establish the final price of the Notes offered in each respective Tranche on the basis of the Subscription Orders upon the end of the Subscription Period of the respective Tranche along with the determination of the allocation of the Notes. The Issuer shall have full discretion in determining the final price of the Notes, provided that the final price of the Notes will be within the range specified in the Additional Terms and Conditions of the respective Tranche. The same price shall apply to all the Notes of the same Tranche sold to the Investors. No Investor shall be preferred in terms of the price.
- 6.9. In the case that the final price of the Notes proves to be higher than the price offered by an Investor in the Subscription Order, the Subscription Order of that Investor shall be disregarded and the Investor shall not be able to acquire any Notes under that Subscription Order.
- 6.10. If an Investor agrees to acquire Notes at any price within the range specified in the Additional Terms and Conditions of the respective Tranche, the Investor should indicate "maximum price" as the price in the Subscription Order and set out the maximum amount to the extent of which the Investor agrees to acquire Notes or the





number of the Notes that the Investor so agrees to acquire. The provisions of article 9.1. shall be observed by the Subscriber when submitting a Subscription Order.

6.11. The offering of the Notes will be carried out in the form of a private placement. Hence, the offering of the Notes under these Terms and Conditions will not constitute a public offer of securities for the purposes of section 12 of the Securities Market Act. The Issuer draws the attention of the Investors to the circumstance that the transfer of the Notes by an Investor might under certain conditions qualify as a public offer of securities, in which case a public offering prospectus must be prepared and registered with the Financial Supervision Authority. Therefore, the Issuer recommends that, upon transfer of the Notes, the Investors observe the restrictions arising from the Securities Market Act, in particular, but not limited to, the provisions of section 12 subsection 2 of the Securities Market Act.

6.12. The Issuer shall do everything in its power to achieve the admission to trading of the Notes on the Stock Exchange within twelve (12) months after the Value Date of the first Tranche.

## **7. Documentation of the Issue**

7.1. The following are the documents of the Issue:

7.1.1. the Terms and Conditions;

7.1.2. all the Additional Terms and Conditions;

7.1.3. the Subscription Orders;

7.1.4. the Confirmations.

7.2. The Terms and Conditions comprise this document which was approved by the resolution of the Issuer's Management Board on 12 June 2006 and which establishes the conditions of the Issue of the Notes, including the conditions of the Initial Distribution and redemption of the Notes, and the rights and obligations arising from the Notes.

7.3. The Terms and Conditions are available to the Subscribers and the Investors at the Arranger's seat at the address Tartu mnt. 2, 10145 Tallinn, Estonia.

7.4. A Subscription Order is a written document submitted by a Subscriber to the Issuer by the Subscription Date in which the Subscriber:

7.4.1. declares its wish to acquire Notes within the scope of the Initial Distribution in the amount specified in the Subscription Order, and

7.4.2. assumes the obligation to pay for the amount of the Notes indicated in the Subscription Order.



7.5. A Confirmation is a written document submitted by the Issuer to a Subscriber, which confirms partial or full satisfaction of, or refusal to satisfy, the Subscription Order submitted by the Subscriber.

## **8. Subscription Orders and Confirmations**

8.1. To submit a Subscription Order, a Subscriber must have a securities account opened in the Subscriber's name in the Register.

8.2. Subscription Orders shall be submitted to the Issuer on the form established by the Issuer, which constitutes Annex no. 1 to the Additional Terms and Conditions of each Tranche.

8.3. A Subscription Order shall be drawn up in writing and sent by a Subscriber by fax or e-mail, using the contact details of the Issuer specified in the Terms and Conditions. The Subscriber shall maintain the original of the Subscription Order. A Subscription Order shall set out the following information:

8.3.1. the name, telephone number and fax number of the Subscriber, and the name and position of the contact person of the Subscriber;

8.3.2. the date of submission of the Subscription Order;

8.3.3. the numbers of the securities account and current account of the Subscriber;

8.3.4. the name of the Issuer;

8.3.5. the nominal value of a Note;

8.3.6. the term of the Notes;

8.3.7. the interest rate per Note;

8.3.8. Issue price per Note;

8.3.9. the amount of the Subscription Order, i.e. the aggregate selling price of the Notes requested by the Subscriber;

8.3.10. the consent of the Subscriber to the Terms and Conditions and the Additional Terms and Conditions of the relevant Tranche;

8.3.11. signature of the Subscriber or representative of the Subscriber.

8.4. By submitting a Subscription Order, an Investor represents and warrants the following:

8.4.1. The contact details and address of the Investor as registered in the Register are correct, and the Investor waives any claims arising from a failure to receive a notice or document, if such notice or document has been sent to the address of the Investor registered in the Register.



- 8.4.2. The Investor has understood and consents to the Terms and Conditions and the Additional Terms and Conditions of the relevant Tranche.
- 8.4.3. The Investor has assessed and understood the risks that relate to the acquisition of the Notes.
- 8.4.4. The Investor has understood and consents to the circumstance that the Arranger and Agent will not be liable for any loss sustained by the Investor, unless the Arranger or the Agent is culpable for the loss due to intent or gross negligence, and that the liability of the Arranger and the Agent is limited to the fees payable to them.
- 8.5. A Subscription Order shall be deemed valid if it has been submitted in a timely manner and in compliance with the Terms and Conditions as well as with the Additional Terms and Conditions of the relevant Tranche.
- 8.6. Subscription Orders shall be submitted during the Subscription Period specified in the Additional Terms and Conditions of the respective Tranche.
- 8.7. On the Subscription Date of each Tranche at 5 p.m. at the latest the Issuer shall inform through the Arranger the Subscribers of the number of the Notes to be sold (i.e. allocated) to the Subscribers within the scope of the Initial Distribution of the respective Tranche and of the amount payable for the Notes, and shall submit the Confirmation to each Subscriber setting out whether the Subscription Order submitted by the Subscriber will be satisfied or not.
- 8.8. A Confirmation shall be issued in writing and sent by the Arranger by fax to the fax numbers indicated by the Subscriber in the Subscription Order. The Arranger shall maintain the originals of all Confirmations.
- 8.9. The Issuer shall set out the following information in a Confirmation:
- 8.9.1. the Issuer;
  - 8.9.2. the Subscriber;
  - 8.9.3. the date of the Confirmation;
  - 8.9.4. the date of submission of the Subscription Order;
  - 8.9.5. the fact of satisfaction, refusal to satisfy or partial satisfaction of the Subscription Order;
  - 8.9.6. the numbers of the securities account and current account of the Subscriber;
  - 8.9.7. the nominal value of a Note;
  - 8.9.8. the term of the Notes;



- 8.9.9. the interest rate per Note;
- 8.9.10. Issue price per Note;
- 8.9.11. the Value Date;
- 8.9.12. the Redemption Date;
- 8.9.13. the number of the Notes to be sold (allocated) to the Subscriber;
- 8.9.14. the amount payable for the Notes to be sold (allocated) to the Subscriber (the aggregate selling price of the Notes allocated);
- 8.9.15. signature of the Arranger's representative.

## 9. Initial Distribution

- 9.1. The Initial Distribution will be carried out in the form of a private placement. Notes will be offered to an Investor within the scope of the Initial Distribution on the condition that the Subscription Order has been submitted for the acquisition of Notes at least for the minimum sum of EEK 782 500 (seven hundred eighty two thousand five hundred kroons). A Subscription Order in which the Subscriber requests Notes amounting to less than a sum of EEK 782 500 (seven hundred eighty two thousand five hundred kroons) shall be deemed invalid.
- 9.2. A Subscription Order shall be submitted pursuant to the procedure established herein and in the respective Additional Terms and Conditions. By submitting a Subscription Order, the Investor makes the representations and warranties set out in article 8.4 hereof.
- 9.3. After 2 p.m. on the Subscription Date, the Issuer shall ascertain the Subscription Orders that conform to requirements.
- 9.4. If, as of any Subscription Date at 2 p.m., the total volume of the Subscription Orders that conform to requirements exceeds or falls short of the intended volume of the Tranche, the Issuer shall be entitled to increase or reduce the volume of the Tranche to the volume requested in the Subscription Orders or decide to not carry out the Issue, provided however that the maximum aggregate volume of the Offering Programme established in article 5.3 shall not be exceeded. If, the total volume of the Subscription Orders that conform to requirements, exceeds the intended volume of the Tranche and the Issuer is unable to increase the volume of the Tranch due to the requirements of article 5.3, the Subscription Orders that conform to requirements shall, to the maximum extent possible, be satisfied in accordance with the proportions of the Notes requested by each Subscriber, provided, however, that each Investor shall receive an amount of Notes corresponding to at least to EEK 782 500 (seven hundred eighty two thousand five hundred kroons).



- 9.5. The following shall apply in the case that the volume of the Subscription Orders submitted during the Subscription Period falls short of the intended volume of the Tranche as specified in the Additional Terms and Conditions and the Issuer decides to reduce the volume of the Tranche: if the reduction of the volume of the Issue causes the statutory investment restrictions applicable to certain Subscribers to be exceeded, such Subscribers shall be entitled to withdraw their Subscription Orders and submit new Subscription Orders in conformity with the investment restrictions applicable to them.
- 9.6. The Arranger shall issue the Confirmations to the Subscribers, setting out the results of the Initial Distribution of the Issue.
- 9.7. A Subscriber whose Subscription Order has been satisfied fully or partially shall transfer to the Agent's current account no. 221002003004 in Hansabank (IBAN: EE972200221002003004, SWIFT: HABAE2X) the amount that corresponds to the aggregate selling price of the Notes allocated to the Subscriber within the scope of the Initial Distribution of the Tranche, on the respective Value Date (as stipulated in the Additional Terms and Conditions of the respective Tranche) at 2 p.m. at the latest.
- 9.8. Failure of a Subscriber to make the payment prescribed in article 9.7 when due shall entitle the Issuer to claim late payment interest from the Subscriber at the rate of 0.02% (zero point zero two percent) of the aggregate nominal value of the Notes subscribed which is outstanding by the Subscriber per each overdue day.
- 9.9. On the respective Value Dates, the Notes shall be registered in the Register in the securities accounts of the Subscribers who have subscribed and duly paid for the Notes within the scope of the Initial Distribution.
- 9.10. The amounts paid in the Agent's current account for the Notes allocated within the scope of the Initial Distribution shall be transferred by the Agent to the Issuer on the day following the respective Value Date at the latest.

## 10. Interest

- 10.1. The interest to be paid on the Notes is coupon interest the rate of which is established in article 6.5 above. The amount of Interest shall be calculated on the basis of the interest rate as a percentage of the nominal value of a Note on an annual basis. The calculation of Interest shall be based on the actual number of days that have passed in the period in question and the actual number of days in the calendar year in question.
- 10.2. Coupon interest shall be paid on the Notes once a calendar year. Interest shall be paid on the Interest Payment Dates as follows:
- 10.2.1. 15th June 2007 (1<sup>st</sup> Interest Payment Date)



10.2.2. 16th June 2008 (2<sup>nd</sup> Interest Payment Date)

- 10.3. The coupon interest shall be paid to the Investors who, pursuant to the data of the Register, are Note Holders as of the Interest Payment Date at 8 a.m.
- 10.4. On the Banking Day before the Interest Payment Date by 4 p.m. at the latest, the Issuer shall credit the current account indicated by the Agent with the aggregate amount of the interest payable at that time.
- 10.5. On the Interest Payment Date by 4 p.m. at the latest, the Agent shall credit the current account related to the securities account of each Investor with the Interest payable to the Investor.

## 11. Redemption

- 11.1. The day of redemption of the Notes (the Redemption Date) is 16th June 2008.
- 11.2. The Notes shall be redeemed, i.e. the redemption payments shall be made on the Redemption Date.
- 11.3. To redeem the Notes, the Issuer shall pay the aggregate redemption price of the Notes held by each Investor. The redemption price of a Note shall be the nominal value of the Note.
- 11.4. Redemption payments for the Notes shall be made to the Investors who, pursuant to the data of the Register, are Note Holders as of the Redemption Date at 8 a.m.
- 11.5. On the Banking Day before the Redemption Date by 4 p.m. at the latest, the Issuer shall credit the current account indicated by the Agent with the redemption payments.
- 11.6. On the Redemption Date by 4 p.m. at the latest, the Agent shall credit the current account related to the securities account of each Investor with the redemption payment to be made to the Investor for the Notes. Upon receipt of the redemption payments in the current accounts of the Investors, the Notes shall be deemed redeemed and shall be deleted from the Register.

## 12. Payments by the Issuer

- 12.1. In the case of a failure by the Issuer to pay any amount payable in connection with the Notes when due, late payment interest shall accrue on the outstanding amount as of the day following the due date for payment until the day of discharge of the payment obligation at the rate of 0.02% (zero point zero two percent) per day.
- 12.2. Any and all payments to be made by the Issuer in connection with the Notes shall be made without any set-offs or other deductions whatsoever, unless the obligation to make such set-offs derives from the law.



12.3. In the case that income tax is required to be withheld from any payments to be made in connection with the Notes under the legislation of the Republic of Estonia, the Issuer shall withhold the income tax.

12.4. Any and all payments to be made by the Issuer in connection with the Notes shall be made in kroons. If the kroons shall be officially replaced by another currency during the term of the Notes, the payments shall be made in such other currency according to the official exchange-rate.

### **13. Remuneration of Costs**

13.1. The Issuer shall remunerate to the Investors all costs and damages that the Investors have incurred due to the infringement by the Issuer of obligations deriving from the Notes.

13.2. Should the Issuer request from the Investors the alteration of the Terms and Conditions or the waiver of any right of the Investors deriving from the Notes, the Issuer shall be obliged to remunerate to the Investors any direct costs (incl. legal advisory costs) that the Investors have reasonably incurred with regard to the answering to the request as well as with regard to its assessment, negotiation and fulfilment.

### **14. Partial payments**

14.1. Should the Issuer fulfil any of the Payment Obligations partially, the Agent shall transfer the partially paid sums to the Investors proportionally according to ratio of the sum of the nominal values of the Notes held by the Investor to the sum nominal values of all the Notes outstanding.

### **15. Notices and Applications**

15.1. All notices and documents to be delivered to the Investors under the Terms and Conditions shall be delivered to the Investors' addresses entered in the Register. A notice or document delivered to an Investor shall be deemed received by the Investor on the third day after the delivery of the notice or document to a post office. The Investors shall see to it that their addresses as entered in the Register are correct and shall bear the risk of not receiving notices and documents as a result of incorrect addresses entered in the Register.

15.2. All notices and documents to the Issuer shall be delivered to the Arranger at the address or telefax indicated in the Terms and Conditions. The notices and documents shall bear a reference to the Notes. The Arranger shall immediately forward the received notices and documents to the Issuer. A notice or document delivered to the Arranger or Issuer shall be deemed received by the Arranger or Issuer on the third day after the delivery of the notice or document to a post office.



15.3. If the Issuer applies for the waiver by the Investors of any right deriving from the Notes or for a consent provided for in the Terms and Conditions, the Issuer shall present a relevant application to the Arranger. The Arranger shall forward the application to the Investors and make written inquiries among the Investors and forward the results thereof to the Issuer. The Investors shall have the obligation to notify of their consent or refusal to grant consent to the application within 14 days as of the receipt of the written notice from the Arranger (taking into account the provisions of article 15.1). Should the Investor fail to notify of its consent or refusal to grant consent to the application within the said term, the Investor shall be deemed to have waived the right deriving from the Notes or to have given the consent provided for in the Terms and Conditions.

## 16. Final provisions

16.1. The Issue, the Terms and Conditions and the documentation of the Issue shall be governed by the legislation of the Republic of Estonia.

16.2. Should any provision of the Terms and Conditions or of the Additional Terms and Conditions be deemed null and void or inapplicable by a court of law, it shall not affect the applicability, validity or legality of any other provisions thereof.

16.3. Disputes arising from or relating to the Issue shall be resolved by way of negotiations. If no agreement is reached, the disputes shall be resolved in court and the place of proceedings shall be Tallinn.

16.4. The Terms and Conditions may be altered by written agreement between the Issuer and the Investors.



Targo Raus

Balti Investeeringute Grupi Pank AS

Member of the Management Board