



BIGBANK AS

Up to EUR 35,000,000 Tier 2 subordinated bond issuance programme

TERMS AND CONDITIONS OF TIER 2 SUBORDINATED BONDS

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The following are the terms and conditions of the Tier 2 subordinated bonds (the “Terms”) which, as completed in accordance with the provisions of the relevant Final Terms (as defined below) for each Series (as defined below) of such bonds, shall be incorporated by reference into each such bond. The relevant Final Terms in relation to any series of bonds, as the case may be, will specify specific terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms, replace and modify the following Terms for the purposes of such bonds.

Bigbank AS, a limited liability company incorporated in Estonia, (the “Company”) has established this programme (the “Programme”) for the issuance of up to 35,000 Tier 2 subordinated bonds, with the nominal value 1,000 EUR each (each the “Bonds”). The aggregate nominal amount of the Programme is up to 35,000,000 EUR which may be increased and decreased by the Company.

The Bonds are issued in separate series (each, a “Series”) and the Bonds of each Series will all be subject to identical terms whether as to currency, denomination, interest or maturity or otherwise.

Each Series will be the subject to the final terms (the “Final Terms”) attached to each Bond, a copy of which will be available through the Company’s website (www.investor.bigbank.eu).

References in these Terms to Bonds are to the Bonds of the relevant Series.

1. Interpretation

- (a) In these Terms the following expressions have the following meanings, whereas additional expressions have been defined in other parts of these Terms, where clearly marked so:

“**Applicable Banking Regulations**” means at any time the laws, regulations, delegated or implementing acts, regulatory or implementing technical standards, rules, requirements, guidelines and policies relating to capital adequacy then in effect in Estonia including, without limitation to the generality of the foregoing, the national laws implementing the CRD IV and CRD V, the BRRD, the SRM Regulation, delegated and implementing acts adopted by the European Commission and those regulations, requirements, guidelines and policies relating to capital adequacy adopted by the EFSA, the European Banking Authority and the European Central Bank from time to time, and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Company or Group).

“**Bail-in Powers**” means any loss absorption, write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Estonia, relating to (i) the transposition of the BRRD (including but not limited to the Financial Crisis Prevention and Resolution Act (in Estonian: *finantskriisi ennetamise ja lahendamise seadus*) as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Company (or any affiliate of the Company) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Company or any other person (or suspended for a temporary period).

“**BRRD**” means the Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms, as amended, *inter alia*, by Directive (EU) 2019/879 of the

European Parliament and of the Council of 20 May 2019, and as may be amended or replaced from time to time.

“Business Day” means a day on which commercial banks and foreign exchange markets settle inter-bank payments in euro in Tallinn and which is a settlement day of the Register.

“Bonds” mean tier 2 (as defined by the Applicable Banking Regulations) subordinated bonds issued by the Company in accordance with these Terms and the Final Terms, representing unsecured debt obligation of the Company before the Bondholder.

“Bondholder” is the owner of the Bond registered as such in the Register.

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

“Company” means Bigbank AS, an Estonian credit institution, registered in the Estonian Commercial Registry under registration number 10183757.

“CRD IV and CRD V” means the legislative package consisting of the CRD IV Directive, the CRD V Directive, the CRR, the CRR II and any CRD IV and CRD V Implementing Measures.

“CRD IV Directive” means Directive (EU) 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as the same may be amended or replaced from time to time (including as amended by CRD V Directive).

“CRD V Directive” means Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures, as the same may be amended or replaced from time to time.

“CRD IV and CRD V Implementing Measures” means any regulatory capital rules or regulations, or other requirements, which are applicable to the Company or the Group and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Company or the Group (on a solo or consolidated basis, as the case may be) to the extent required by the CRD IV Directive, the CRD V Directive, the CRR or the CRR II, including for the avoidance of doubt any regulatory technical standards released by the European Banking Authority (or any successor or replacement thereof) or the European Commission.

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

“**EFSA**” means the Estonian Financial Supervision and Resolution Authority (in Estonian: *Finantsinspektsioon*) and any successor or replacement thereto or any other authority having primary responsibility for the prudential oversight and supervision of the Company.

“**Final Terms**” mean the set of additional terms and conditions of the particular series of Bonds, together with these Terms forming the full set of terms and conditions of the particular Series of the Bonds.

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

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

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

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

“**Issue Price**” means the price payable for one Bond upon the issue thereof as determined in the relevant Final Terms.

“**Maturity Date**” means the date of ordinary redemption of the Bonds as determined in accordance with the relevant Final Terms.

“**Nominal Amount**” shall mean the stated value of a Bond as specified in the relevant Final Terms.

“**Outstanding Principal Amount**” means the principal amount of the Bond on the Issue Date as reduced by any partial redemption or repurchase from time to time.

“**Programme**” means the issue of the Bonds in one or several Series in accordance with these Terms.

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

“**Register**” means Estonian Register of Securities operated by Nasdaq CSD SE (register code 40003242879, registered address Valņu iela 1, Rīga LV-1050, Latvia) Estonian branch (register code 14306553, registered address Maakri tn 19/1, 10145 Tallinn, Estonia).

“**Relevant Amounts**” means the Outstanding Principal Amount of the Bonds, together with any accrued but unpaid interest and additional amounts due on the Bonds. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Bail-in Powers by the Relevant Resolution Authority.

“Relevant Resolution Authority” means the resolution authority with the ability to exercise any Bail-in Powers in relation to the Company and/or the Group.

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

“Tax Event” means:

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

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

- (i) the Company is, or will be, subject to additional taxes, duties or other governmental charges with respect to such Bonds or is not, or will not be, entitled to claim a deduction in respect of payments in respect of such Bonds in computing its taxation liabilities (or the value of such deduction would be materially reduced); or
- (ii) the treatment of any of the Company's items of income or expense with respect to such Bonds as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Company will not be respected by a taxing authority, which subjects the Company to additional taxes, duties or other governmental charges.

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

“Terms” mean these terms and conditions of the Bonds as established by the Company, together with the relevant Final Terms forming an agreement between the Company and a Bondholder in respect of the issue and redemption of a Bond and rights and obligations arising from the Bond.

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

- (b) In these Terms
 - (i) if an expression is stated in Condition 1(a) (Interpretation - 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 Bonds;
 - (ii) references to any act or other regulatory instrument or any provision of any act or other regulatory instrument shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

2. **Form, Denomination and Currency**

- (a) ***Form***

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

- (b) ***Denomination***

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

- (c) ***Currency***

The Bonds may be denominated in the euro.

3. **Title, Transfer, Delivery and Transferability**

- (a) ***Title***

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

- (b) ***Transfer***

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

- (c) ***Delivery***

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

(d) **Transferability**

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

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

4. Status

The Bonds shall be subordinated to all unsubordinated claims against the Company. The subordination of the Bonds means that upon the liquidation (*likvideerimine*) or bankruptcy (*pankrot*) of the Company, all the claims arising from the Bonds shall fall due in accordance with these Terms and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Company in accordance with the applicable law. Therefore, upon the liquidation or bankruptcy of the Company, the Bondholders are not entitled to any payments due under the Bonds until the full and due satisfaction of all the unsubordinated claims against the Company. In case of bankruptcy of the Company the Bondholders are only entitled to payments after the full and due satisfaction of all recognised claims under the Company that do not derive from instruments that qualify as own funds' instruments under Articles 26-88 of the CRR. By subscribing to the Bonds or acquiring the Bonds from a secondary market, the Bondholder unconditionally and irrevocably agrees to such subordination of claims arising from any Bonds.

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

No Bondholder shall be entitled to exercise any right of set-off (*tasaarvestus*) against moneys owed by the Company in respect of such Bonds.

5. Interest

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

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

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

6. Redemption and Purchase

(a) *Redemption at Maturity*

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

(b) *Early Redemption as a result of Tax Event*

Upon the occurrence of a Tax Event, but subject to having obtained the relevant EFSA permission if such permission is then required under the Applicable Banking Regulations, the Company may, at its option, having given not less than 30 days' notice to the Bondholders in accordance with Condition 10 (which notice shall be irrevocable) redeem all (but not some only) of the outstanding Bonds of the relevant Series at any time at a redemption amount equal to their Outstanding Principal Amount together with interest (if any) accrued up to but excluding the date of redemption.

(c) *Early Redemption as a result of Capital Event*

Upon the occurrence of a Capital Event, but subject to having obtained the relevant EFSA permission if such permission is then required under the Applicable Banking Regulations, the Company may, at its option, having given not less than 30 days' notice to the Bondholders in accordance with Condition 10 (which notice shall be irrevocable) at any time redeem all (but not some only) of the outstanding Bonds of the relevant Series at a redemption amount equal to their Outstanding Principal Amount, together with interest (if any) accrued up to but excluding the date of redemption.

(d) *Optional Early Redemption (Call)*

After 5 years have passed from the Issue Date of the Bonds of the relevant Series and having obtained the relevant EFSA permission if such permission is then required under the Applicable Banking Regulations, the Company may, having given not less than 30 days' notice to the Bondholders in accordance with Condition 10 (which notice shall be irrevocable) redeem fully or partially the Bonds at their Outstanding Principal Amount, together with accrued interest (if any) thereon.

The appropriate notice referred to in this Condition 6(d) is a notice given by the Company to the Bondholders, which notice shall be signed by a duly authorised officer of the Company and shall specify:

- (i) the Series of Bonds subject to redemption;
- (ii) whether the Bonds of such Series are to be redeemed in whole or in part only and, if in part only, the aggregate Outstanding Principal Amount of the Bonds which are to be redeemed;
- (iii) the due date for such redemption, which shall be not less than 30 days after the date on which such notice is validly given; and
- (iv) the amount at which such Bonds are to be redeemed, which shall be their

Outstanding Principal Amount together with accrued interest thereon.

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

(e) ***Partial Redemption***

If the Bonds of a Series are to be redeemed in part only on any date in accordance with Condition 6(d), the Bonds shall be redeemed *pro rata* to their Outstanding Principal Amount, subject always to compliance with Applicable Banking Regulations and other applicable laws, and the rules of the stock exchange on which the Bonds have then been admitted to trading.

(f) ***Cancellation of Redeemed and Purchased Bonds***

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

7. Taxation

- (a) Should any amounts payable in cash or in kind (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Bonds be subject to withholding or deduction of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Republic of Estonia or any political subdivision thereof or any authority or agency therein or thereof having power to tax, the Company shall be entitled to withhold or deduct the respective taxes or duties. For the avoidance of doubt, any such withholdings or deductions shall be made by the Company on the account of the Bondholder with the Company having no obligation to compensate the withheld or deducted tax amounts to the Bondholder.
- (b) As the Estonian tax laws stand on the date of these Terms, Estonian resident individuals are subject to paying income tax (20%) on the interest received from loans, securities and other debt obligations (including the Bonds), therefore, interest received by Estonian tax resident individuals from the Bonds is subject to income tax in Estonia, which shall be withheld by the Company from the interest payments made to the Estonian tax resident individual Bondholders. Since all earnings of Estonian resident legal persons are taxed only upon distribution of profit, interest received by Estonian resident legal persons is not subject to immediate taxation. As the Estonian tax laws stand on the date of these Terms, interest payments received by non-resident persons (both legal persons and individuals) are generally exempt from taxation in Estonia (i.e. no withholdings are made), however, may be taxable in the Bondholders' respective countries of residence.
- (c) Estonian tax resident individuals may postpone the taxation of their (interest) income from the Bonds by using an investment account (*investeerimiskonto*) or pension investment account (*pensioni investeerimiskonto*) for making transactions with the Bonds and notifying the Company in a form reproducible in writing at least 15 (fifteen) days prior to the payment that they are entitled to benefit from the investment account or the pension investment account special tax regime. At the date of these Terms, individuals are entitled to benefit

from the investment account or the pension investment account's special tax regime if they have acquired the Bonds on account of monetary means held at the respective Bondholder's investment account or pension investment account. If the relevant notice is not duly presented to the Company, the Company shall be entitled to withhold tax in accordance with the general withholding rules.

- (d) Any reference in these Terms to interest in respect of the Bonds shall be deemed also to refer to any additional amounts which may be payable under this Condition 7 or any undertaking given in addition thereto or in substitution therefor. For the avoidance of doubt, no additional amounts shall be payable by the Company in respect of payments of principal under the Bonds.

8. Payments

- (a) Payments of amounts (whether principal, interest or otherwise, including on the final redemption) due on the Bonds will be made to the Bondholders thereof, as appearing in the Register at the close of business on the Business Day preceding the due date for such payment (the "**Record Date**"). Payment of amounts due on the final redemption of the Bonds will be made simultaneously with deletion of the Bonds, or, if so required by the Company, against delivery of the Bonds to the Company. If the due date for payment of the final redemption amount of the Bonds is not a Business Day, the Bondholder thereof will not be entitled to payment thereof until the next following Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Terms.
- (b) If the Company fails to transfer any amount payable to a Bondholder in connection with the Bond by the due date, the Company undertakes to pay delay interest to the Bondholder on the outstanding amount as from the payment deadline until actual payment at the rate specified in the Final Terms.

9. Limitation Period

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

10. Notices

(a) **To Bondholders**

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

(b) **To Company**

Notices to the Company will be deemed to be validly given if delivered to Riia tn 2, 51004 Tartu, Estonia or it delivered by e-mail to investor@bigbank.ee, investor@bigbank.lv, or

investor@bigbank.lt (or at such other addresses as may have been notified to the Bondholders in accordance with this Condition 10 or via the Company's website) and will be deemed to have been validly given at the opening of business on the next day on which the Company's principal office is open for business.

11. Further Issues

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

12. Law and Jurisdiction

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

13. Acknowledgement of Bail-in Powers

Notwithstanding and to the exclusion of any other term of the Bonds or any other agreements, arrangements or understanding between the Company and any Bondholder (which, for the purposes of this Condition 13, includes each holder of a beneficial interest in the Bonds), by its acquisition of the Bonds, each Bondholder acknowledges and accepts that any liability arising under the Bonds may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

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