



BASE PROSPECTUS SUPPLEMENT

Bigbank AS

Supplement No. 1 to Base Prospectus dated 8 November 2023

Up to EUR 30,000,000 Subordinated Bond Issuance Programme

This Supplement No. 1 (the **Supplement**) is a supplement to, and should be read together with the public offering, listing and admission to trading base prospectus, dated 8 November 2023 (the **Prospectus**) that was prepared and published by Bigbank AS (an Estonian public limited company, registered in the Estonian Commercial Register under registry code 10183757, having its registered address at Riia 2, 51004 Tartu, Estonia; the **Company**).

This Supplement has been prepared in accordance with Article 23 of the Prospectus Regulation and has been approved by the Estonian Financial Supervision and Resolution Authority (the **EFSA**), as competent authority under the Prospectus Regulation on 13 May 2024 under registration number 4.3-4.9/4909-13. The EFSA only approves the Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and should not be considered as an endorsement of the Company and the quality of the Bonds that are subject to the Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The Company has requested that the EFSA notify the competent authority of Latvia (the Bank of Latvia) and the competent authority of Lithuania (the Bank of Lithuania) of approval of the Supplement in accordance with Article 25 of Prospectus Regulation, respectively.

In connection with this Supplement and in accordance with Article 23(2) of the Prospectus Regulation, the investors who have agreed to purchase or subscribe for the Bonds before the publication of this Supplement, shall have the right to withdraw their acceptances, exercisable within 2 working days after the publication of the Supplement. Therefore, the investors may withdraw their acceptances until 16 May 2024. The right of withdrawal is only applicable with respect to those investors who have agreed to purchase or subscribe for the Bonds to be issued in accordance with the Final Terms published on the date of this Supplement and with respect to whom the offer period has not closed nor the Bonds delivered to them.

Nasdaq Tallinn Stock Exchange has on 29 November 2023 decided to approve the application of the Company and to list up to 30,000 of its Bonds with nominal value of EUR 1,000 under the Bond Programme. Each series of the Bonds to be issued under the Programme will be listed and admitted to trading on the Baltic Bonds List of Nasdaq Tallinn Stock Exchange upon submission of the relevant Final Terms of the Bonds and other required information to the Nasdaq Tallinn Stock Exchange.

Terms defined in the Prospectus and used in this Supplement and not otherwise defined herein, shall have the same meaning when used in this Supplement, unless the context requires otherwise. To the extent that there is any inconsistency between any statement in this Supplement and any other statement in the Prospectus, the statements of this Supplement shall prevail. Other than as described in this Supplement, there are no significant new factors, material mistakes or material inaccuracies in the Prospectus that could impact the assessment of the Bonds.

The date of this Supplement is 8 May 2024

CONTENTS

1.	INTRODUCTORY INFORMATION	3
1.1.	Purpose of the Supplement	3
1.2.	Persons Responsible	3
2.	AMENDMENTS AND UPDATES TO THE PROSPECTUS	4
2.1.	Group's Financial Statements	4
2.2.	Amendments in Group Structure	6
2.3.	Changes in the composition of the Audit Committee	6
2.4.	Supervisory proceedings in relation to the Company	7
2.5.	Updates to Financing Activities	7
2.6.	Changes in the Credit Risk position of the Group	7
2.7.	Updated Capital Requirements	8

1. INTRODUCTORY INFORMATION

1.1. Purpose of the Supplement

This Supplement has been prepared by the Company to (i) incorporate the Group's annual financial information for the financial year ended 31 December 2023 to the Prospectus, (ii) incorporate the Group's interim financial information for the three months period ended on 31 March 2024 to the Prospectus, and (iii) update the Prospectus with information about recent events and changes and their effect on the Group.

1.2. Persons Responsible

The person responsible for the information given in this Supplement is the Company. The Company accepts responsibility for the fullness and correctness of the information contained in this Supplement as of the date hereof. Having taken all reasonable care to ensure that such is the case, the Company believes that the information contained in this Supplement is, to the best of the Company's knowledge, in accordance with the facts, and contains no omission likely to affect its import.

Bigbank AS

<i>[signed digitally]</i>	<i>[signed digitally]</i>	<i>[signed digitally]</i>
Chairman of the Management Board	Member of the Management Board	Member of the Management Board
Martin Länts	Ken Kanarik	Ingo Pöder
<i>[signed digitally]</i>	<i>[signed digitally]</i>	
Member of the Management Board	Member of the Management Board	
Argo Kiltsmann	Mart Veskimägi	

Without prejudice to the above, no responsibility is accepted by the persons responsible for the information given in the Prospectus or its Supplement solely on the basis of the summary of any series issued under this Prospectus, including any translation thereof, unless such summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus (including the Supplement), or where it does not provide, when read together with the other parts of the Prospectus (including the Supplement), key information in order to aid investors when considering whether to invest in Bonds.

2. AMENDMENTS AND UPDATES TO THE PROSPECTUS

2.1. Group's Financial Statements

Section 1.5. "Information Incorporated by Reference" of the Prospectus is amended as follows:

The Group published its audited consolidated financial statements of and for the year ended 31 December 2023 on 29 February 2024 via Nasdaq Tallinn Stock Exchange and made the report available on the Group's investor page.

With this Supplement the annual audited consolidated financial statements of and for the year ended 31 December 2023 are incorporated by reference to the Prospectus and are regarded as the Audited Financial Statements for the purposes of the Prospectus.

The Group published its unaudited interim condensed consolidated financial statements for the first quarter of 2024 and 3-months period ended 31 March 2024 on 26 April 2024 via Nasdaq Tallinn Stock Exchange and made the report available on the Group's investor page.

In 2024, the Group identified an error in the calculations for the application of the effective interest method regarding the accounting treatment of income and costs directly associated with the issuance of loans to customers. Namely, the Group had previously adjusted the recognition of contract conclusion related income and expenses, which were initially recorded at the time of conclusion of the contract and on the date of incurring the expense, respectively, to periodic recognition throughout the lifetime of the contract in accordance with IFRS 15 and IFRS 9 requirements. However, in 2024, the Group identified that the periodic recognition of the costs had not taken place as planned and unproportionate amount of revenue was still accounted in the beginning of the period (moment of the conclusion of contract) and less revenue was accounted for future periods. As such, the accounting treatment of commission fees and costs associated with loan issuance was still slanted towards the moment of contract conclusion.

In response, corrective measures to rectify this error have been taken and the error has been corrected in the first quarter of 2024. The correction is done in the financial statements for the first quarter of 2024 and 3-months period ended 31 March 2024 via correcting the line items of previous periods in the financial statement. Thus, the statement of financial position as of 31 December 2023 has been restated in the financial statements for the first quarter of 2024 and 3-months period ended 31 March 2024 and due to the relatively minor effect of the correction the Group does not publish the new annual audited consolidated financial statements of and for the year ended 31 December 2023.

As a result of the correction, in the opening balances as of 1 January 2023, loans to customers decreased by 3.4 million euros, current tax liabilities by 0.4 million euros and retained earnings by 3.0 million euros in comparison to the information previously published in the Group's audited consolidated financial statements. As of 31 December 2023, loans to customers decreased by 3.7 million euros, current tax liabilities by 0.5 million euros and retained earnings by 3.2 million euros in comparison to the information previously published in the Group's audited consolidated financial statements. In total, the profit for 2023 decreased by 0.2 million euros and the profit for 2022 by 3.0 million euros in comparison to the information previously published in the Group's audited consolidated financial statements. The effect of the corrections on prior periods is considered to be immaterial. Therefore, the Group has not presented the restated opening balances for the prior period in its consolidated statement of financial position.

For a detailed overview of the corrections made and restated figures, please refer to Note 2. Correction of Errors of the unaudited interim condensed consolidated financial statements for the first quarter of 2024 and 3-months period ended 31 March 2024.

With this Supplement the unaudited interim condensed consolidated financial statements for the first quarter of 2024 and 3-months period ended 31 March 2024 are incorporated by reference to the Prospectus and are regarded as Unaudited Interim Financial Statements for the purposes of the Prospectus.

Given that the Group has published its audited consolidated financial statements of and for the year ended 31 December 2023, the unaudited consolidated interim financial statements for 9 months of 2023 ended on 30 September 2023 are hereby removed from the Prospectus.

Section 1.5. “Information Incorporated by Reference” on pages 7 and 8 of the Prospectus is therefore hereby amended and restated as follows:

“The following information has been incorporated into this Prospectus by reference:

- (i) the Terms of the Bonds (available at: <https://static.bigbank.eu/investor/assets/2023/11/Terms-and-Conditions-of-Bigbank-AS-Tier-2-bonds.pdf>);
- (ii) the audited consolidated financial statements of the Group of and for the year ended 31 December 2023 on pages 62–66, together with notes to the financial statements on pages 68–181, key performance indicators of the Group on pages 27 – 28 and the auditor’s report on pages 183–187 (available at https://static.bigbank.eu/investor/assets/2024/03/Bigbank_AnnualReport_2023.pdf)
- (iii) the audited consolidated financial statements of the Group of and for the year ended 31 December 2022 on pages 48–52, together with notes to the financial statements on pages 53–141, key performance indicators of the Group on pages 20 – 21 and the auditor’s report on pages 143–147 (available at https://static.bigbank.eu/investor/assets/2023/03/Bigbank_AnnualReport_2022.pdf);
- (iv) the audited consolidated financial statements of the Group of and for the year ended 31 December 2021 on pages 46–49, together with notes to the financial statements on pages 50–129, key performance indicators of the Group on pages 18 – 19 and the auditor’s report on pages 131–135 (available at https://static.bigbank.eu/assets/2022/03/02181047/Aastaraamat_eng_weeb_compressed.pdf); ((ii), (iii) and (iv), except for the key performance indicators on pages 27-28, 20-21 and 18-19 respectively, together referred to as the **Audited Financial Statements**);
- (v) the unaudited consolidated interim financial statements for 3 months of 2024 ended on 31 March 2024 on pages 11-14 together with notes to the financial statements on pages 15-33 and key performance indicators of the Group on page 7 (available at: https://static.bigbank.eu/investor/assets/2024/04/Bigbank_interimreport_Q1_2024.pdf) (the **Unaudited Interim Financial Statements**, together with the Audited Financial Statements, the **Financial Statements**).

The documents referred to in items (ii) to (iv) above may also be obtained from the website of the Company at <https://investor.bigbank.eu/> under section “Reporting”. Non-incorporated parts of the documents above are not relevant for the investor.

There has been no significant change in the financial position of the Group since the date of the latest Unaudited Interim Financial Statements, i.e., since 31 March 2024.

The Audited Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Unaudited Interim Financial

Statements have been prepared in accordance with International Accounting Standards (**IAS**) 34, Interim Financial Reporting.

The general meeting of the shareholders of the Company (the **General Meeting**) held on 3 June 2020 appointed KPMG Baltics OÜ (registry code 10096082; having its registered address at Narva mnt 5, 10117 Tallinn, Estonia) to act as the statutory auditor of the Group for the financial years 2020–2022. The General Meeting held on 27 December 2022, decided to extend the authorisation of KPMG Baltics OÜ to act as the statutory auditor of the Group also for the financial year 2023. On 11 October 2023 the shareholders of the Company decided to appoint Ernst & Young Baltic AS (registry code 10877299; having its registered address at Rävåla pst 4, 10143, Tallinn, Estonia) to act as the statutory auditor of the Group for the financial years 2024-2026. Ernst & Young Baltic AS is a member of the Estonian Auditors' Association with licence number 58.

The Audited Financial Statements have been audited by sworn auditor Eero Kaup (sworn auditor number 459) from the audit company KPMG Baltics OÜ. KPMG Baltics OÜ is a member of the Estonian Auditors' Association with licence number 17. No other information presented in this Prospectus has been audited.

The financial year of the Company starts on 1 January and ends on 31 December, the amounts are presented in millions of euros unless otherwise indicated. The official language of the Financial Statements of the Company is Estonian. The Estonian version must be proceeded from in the event of a conflict with English or any other language.”

Definition of Unaudited Interim Financial Statements in Section 11. “Glossary” of the Prospectus on page 59 is hereby amended and restated as follows:

Unaudited Interim Financial Statements	the unaudited consolidated interim financial statements as of and for the three months ended 31 March 2024, including the comparative financial information as of and for the three months ended on 31 March 2023 of the Company.
--	---

2.2. Amendments in Group Structure

With respect to Section 6.1 “General Corporate Information” and Section 9.2 “Group Structure, Group Companies and Affiliated Companies of the Company” of the Prospectus, the information presented is amended as follows:

On 29 December 2023, the Company announced the intra-group merger of OÜ Rütli Property and Palupera Põllud OÜ, both subsidiaries of OÜ Rütli Majad, which is a subsidiary of the Company. The merger decisions for OÜ Rütli Property (the acquiring company) and Palupera Põllud OÜ (the company being acquired) were adopted on 2 January 2024, and the merger was officially recorded in the commercial register on 12 February 2024. Consequently, Palupera Põllud OÜ was removed from the commercial register as of 12 February 2024.

2.3. Changes in the composition of the Audit Committee

With respect to Section 8.4 “Audit Committee” of the Prospectus, the information presented is amended and supplemented as follows:

The Supervisory Board of the Company appointed from January 2024 an additional member to the Audit Committee – Mr Jaan Liitmäe. From 6 March 2024 he acts as the chairman of the Committee. Thus, the Audit Committee of the Company consists of three members: Messrs Jaan Liitmäe (the chairman), Sven Raba and Vahur Voll .

2.4. Supervisory proceedings in relation to the Company

Section 9.9 “Legal Proceedings” of the Prospectus, is supplemented with the following information:

On 29 January 2024, EFSA issued a precept to the Company based on a prior onsite inspection. During the inspection, the EFSA assessed the general governance, compliance function, the management and control of IT risk, credit risk and liquidity risk, and the accuracy of reporting and the system of the suitability assessments of the management bodies and key function holders. Based on the assessment of the EFSA the credit risk management and control of Bigbank AS did not fully comply with the requirements set out in applicable legislation. The Company has already eliminated several deficiencies mentioned in the findings and has drafted a detailed action plan for the prompt resolution of remaining issues, enhancing the bank's internal rules, and streamlining processes.

On 22 December 2023 Eesti Pank issued a notice to the Company regarding a violation of the mandatory reserve requirement and imposed a fine of 10,430.53 euros. According to the notice, the average balance of Company's reserve account during the holding period from 01.11.2023 to 19.12.2023 was below the mandatory reserve requirement. The Company has agreed with the remark provided in the notification as the violation regarding monitoring the reserve volume was caused by human error. To address and prevent this in the future, the Company has implemented additional post-control measures reviewed the entire workflow for monitoring the reserve volume with the aim of minimizing the likelihood of human errors.

2.5. Updates to Financing Activities

The description of Group's financing activities in Section 9.5. “Financing Activities” on page 47 of the Prospectus is amended and the first paragraph and the following table are replaced by the following:

“In addition to deposits, the Group has engaged capital by issuing the following subordinated bonds in the total amount of EUR 76.17 million.

Issue date	Interest rate (% per annum)	Volume (in EUR)	Maturity	ISIN	Type
28.12.2017	6.5	5 million	28.12.2027	EE3300111400	Tier 2
30.12.2021	6.5	10 million	30.12.2031	EE3300002526	Tier 2
16.05.2022	7.5	5 million	16.05.2032	EE3300002583	Tier 2
21.09.2022	8	20 million	21.09.2032	EE3300002690	Tier 2
16.02.2023	8	15 million	16.02.2033	EE3300003052	Tier 2
15.03.2023	10.5	7.7 million	perpetual	EE3300003151	AT 1
31.05.2023	12	3.39 million	perpetual	EE3300003284	AT 1
31.08.2023	12	5.08 million	perpetual	EE3300003581	AT 1
30.11.2023	8	5 million	30.11.2033	EE3300003706	Tier 2

2.6. Changes in the Credit Risk position of the Group

With respect to the first risk factor “Credit Risk” in Section 3.2 “Risks Related to the Business of the Group” of the Prospectus, the information presented is supplemented with the following:

Since the end of 2023 the Group has noted an increase in the amount of non-performing loans (Stage 3). Compared with the end of 2023, Stage 3 loan receivables grew by EUR 32.3 million and accounted for 4.7% of all loan receivables as of 31 March 2024. The Group has increased the credit loss allowances and as of 31 March 2024 the Group's loan portfolio was EUR 1,747.6 million, whereas the total loss allowances constituted EUR 42.8 million (as of 31 December 2023 EUR 1,662.0 million, and EUR 37.5

million respectively). Given the unstable economic environment and possible continuance of economic recession the proportion of Stage 3 loans in the Group's loan portfolio could increase in the future. This in turn could result in additional loan loss allowances and decreased profitability of the Group.

2.7. Updated Capital Requirements

The first risk factor "Maintaining Capital Adequacy Ratios" in Section 3.3 "Legal and Regulatory Risks" of the Prospectus should be read in conjunction with the below information.

In December 2023, the EFSA presented the Company with the outcome of the annual Supervisory Review and Evaluation Process (SREP) capital adequacy calculation. As an outcome of the evaluation the EFSA decided to establish a new Pillar 2 capital requirement for Bigbank AS applicable from 1 January 2024.

According to the decision of the EFSA, an additional requirement for own funds (P2R) in the amount of 3.2% from the total risk exposure amount (TREA) applies to the Company on consolidated basis, of which at least 2.4% must be covered with Core Tier 1 own funds and at least 1.8% with Tier 1 capital. This means that the Pillar 2 capital requirement decreased by 1.29 percentage points.

The EFSA decided to keep the Pillar 2 guidance (P2G), applicable to the Company on consolidated basis, on the same level compared to last year, which is 1.5% from the TREA.

The table below shows an overview of the capital requirements applicable to the Group and actual capital ratio levels as of 31 March 2024 calculated as a percentage of total risk exposure amount (TREA).

	CET1	Tier 1	Total
	<i>(per cent.)</i>	<i>(per cent.)</i>	<i>(per cent.)</i>
Pillar 1 requirement ¹	4.50	6.00	8.00
Pillar 2 requirement	<u>2.40</u>	<u>1.80</u>	<u>3.20</u>
Total SREP capital requirement²	6.90	7.80	11.20
Capital conservation buffer ³	2.50	2.50	2.50
Systemic risk buffer ⁴	0.05	0.05	0.05
Countercyclical buffer ⁵	1.02	1.02	1.02
Total combined buffer ⁶	3.57	3.57	3.57
Total minimum regulatory requirement (OCR)⁷	10.47	11.37	14.77
Pillar 2 Guidance (P2G)	1.50	1.50	1.50

¹ The minimum own funds requirements established by Article 92(1) of the CRR.

² The sum of minimum capital requirements and Pillar 2 capital requirement.

³ According to Credit Institutions Act (in Estonian: *krediitiasutuste seadus*), capital conservation buffer is 2.5% of the TREA.

⁴ Eesti Pank can set the systemic risk buffer requirement for all the risk exposures of banks, for sectoral risk exposures, or for subsets of them, based on subsection 86⁴⁹ of the Credit Institutions Act. Currently Eesti Pank has established systemic risk buffer requirement on all retail exposures to natural persons resident in Lithuania that are secured by residential property in accordance with ESRB/2022/1.

⁵ Amount of TREA multiplied by the weighted average of the countercyclical buffer rates applicable in the country of location of exposures.

⁶ Common Equity Tier 1 funds held for the purposes of capital conservation buffer plus counter-cyclical buffer and systemic risk buffer.

⁷ Total SREP requirement plus total combined buffer.

OCR and P2G combined	11.97	12.87	16.27
Additional internal targets⁸	-	-	0.75
Total minimum capital requirements and targets⁹	11.97	12.87	17.02
Actual capital ratios as of 31 March 2024	14.0	15.0	18.9

⁸ Additional own funds target established by the Group internally.

⁹ The sum of the OCR, P2G and Group's internal targets.