



Bigbank AS
Up to EUR 35,000,000 subordinated bond issuance programme

This public offering, listing and admission to trading base prospectus (the **Prospectus**) has been drawn up and published by Bigbank AS (an Estonian public limited company, registered in the Estonian Commercial Register under register code 10183757, having its registered address at Riia 2, 51004 Tartu, Estonia; the **Company**) in connection with the public offering, listing and the admission to trading of the Bonds (as defined below) to be issued by the Company from time to time under the Programme (as defined below).

Under this EUR 35,000,000 subordinated bond issuance programme (the **Programme**), the Company may from time to time publicly offer and issue up to 35,000 bonds with the nominal value of EUR 1,000 each (the **Bonds**) to retail and institutional investors in any or all of Estonia, Latvia and Lithuania (the **Offering**). The Company may also offer the Bonds non-publicly to investors in any Member State of the European Economic Area (the **EEA**) in circumstances described in Article 1(4) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC (the **Prospectus Regulation**).

The function of this Prospectus is to give information about the Company, the Programme and the Bonds. Each issue and offering of the Bonds will be decided and announced separately.

The Company has applied for the listing and the admission to trading of all the Bonds that may be from time to time issued under the Programme on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange. Each series of Bonds to be issued under the Programme will be listed and admitted to trading on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange upon submission of the relevant Final Terms (as defined below) of the Bonds and other required information to Nasdaq Tallinn Stock Exchange.

This Prospectus has been approved by the Estonian Financial Supervision and Resolution Authority (the **EFSA**), as competent authority under the Prospectus Regulation on 5 September 2022 under registration number 4.3-4.9/4301. The EFSA only approves this Prospectus 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 the subject of this 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 Latvian Financial and Capital Market Commission) and the competent authority of Lithuania (the Bank of Lithuania) of approval of the Prospectus in accordance with Article 25 of Prospectus Regulation, respectively.

Investing into Bonds involves risks and may not be suitable for all investors. Each prospective investor in the Bonds must determine, based on its own independent review and, if appropriate, professional advice that the investment in the Bonds is suitable in light of its financial circumstances and objectives. While every care has been taken to ensure that this Prospectus presents a fair and complete overview of the material risks related to the Company, the operations of the Company and its subsidiaries (the Group) and to the Bonds, the value of any investment in the Bonds may be adversely affected by circumstances that are either not evident at the date hereof or not reflected in this Prospectus. Each decision to invest in the Bonds must

be based on the Prospectus in its entirety. Therefore, we suggest you familiarise yourselves with the Prospectus thoroughly.

NOTICE TO ALL INVESTORS

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire the Bonds offered by any person in any jurisdiction in which such an offer or solicitation is unlawful, in particular in or into the Restricted Territories (as defined in Section 11 “Glossary”) or the Excluded Territories (as defined in Section 11 “Glossary”). The Bonds have not been and will not be registered under the relevant laws of any state, province or territory other than Estonia, Latvia and Lithuania and may not be offered, sold, transferred or delivered, directly or indirectly, within any other jurisdiction than Estonia, Latvia and Lithuania, except pursuant to an applicable exemption. Notwithstanding anything to the contrary contained in this Prospectus, the Bonds shall not be offered, sold, transferred or delivered, directly or indirectly, to any Russian or Belarusian national or natural person residing in Russia or Belarus, or any legal person, entity or body established in Russia or Belarus, and regardless of nationality, residence or establishment, to any person to whom such offering, sale, transfer or delivery of the Bonds is restricted or prohibited by international sanctions, national transaction restrictions or other similar measures established by an international organisation or any country (including the European Union, the United Nations or the United States).

Distribution of copies of the Prospectus or any related documents are not allowed in those countries where such distribution or participation in the Offering of the Bonds requires any extra measures or is in conflict with the laws and regulations of these countries. Persons who receive this Prospectus or any related document should inform themselves about any restrictions and limitations on distribution of the information contained in this Prospectus and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Such documents should not be distributed, forwarded to or transmitted in or into the Restricted Territories or the Excluded Territories. No action has been taken by the Company in relation to the Bonds or rights thereto or possession or distribution of this Prospectus in any jurisdiction where action is required, other than in Estonia, Latvia and Lithuania. The Company is not liable in cases where persons or entities take measures that are in contradiction with the restrictions mentioned in this paragraph.

INFORMATION FOR UNITED STATES INVESTORS

The Bonds have not been approved or disapproved by any United States’ regulatory authority. The Bonds will not be, and are not required to be, registered with the SEC under the US Securities Act of 1933, as amended (the Securities Act) or on a United States securities exchange. The Company does not intend to take any action to facilitate a market for the Bonds in the United States. The Bonds may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

The Prospectus is valid for 12 months after the date of its approval provided that the Prospectus is supplemented in case new factors, material mistakes or material inaccuracies occur, and such an obligation does not apply after the end of the validity period of the Prospectus.

The date of this Prospectus is 5 September 2022

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1. INTRODUCTORY INFORMATION

1.1. Applicable Law

The Prospectus has been drawn up in accordance with the Prospectus Regulation and in accordance with the Delegated Regulation¹. The Prospectus comprises of a registration document of the Company drawn up in accordance with Annex 6 of the Delegated Regulation and of a securities note of the Bonds drawn up in accordance with Annex 14 of the Delegated Regulation.

This Prospectus is governed by Estonian law. Any disputes arising in connection with the Prospectus shall be settled by Harju County Court (*Harju Maakohus*) in Estonia unless the exclusive jurisdiction of any other court is provided for by the provisions of law, which cannot be derogated from by an agreement of the parties. The investor may be required under national law to bear the costs of translating the Prospectus before being able to bring a claim to the court in relation to this Prospectus.

Before reading this Prospectus, please take notice of the following important introductory information.

1.2. Persons Responsible

The person responsible for the information given in this Prospectus is the Company. The Company accepts responsibility for the fullness and correctness of the information contained in this Prospectus 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 Prospectus is, to the best of the Company's knowledge, in accordance with the facts, and contains no omission likely to affect its import.

<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 this Prospectus 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, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in Bonds.

1.3. Presentation of Information

Final Terms and Reading the Prospectus. The Bonds are issued in series and both the conditions and information in this Prospectus and the Final Terms of each series drawn up specifically for the respective series (the **Final Terms**) are applicable to the Bonds in each such series. The Prospectus should be read together with all supplements and in respect of each series of Bonds with the Final Terms of such series. The Final Terms of each series will be published together with the summary drawn up for such

¹ Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Commission Regulation (EC) No 809/2004 (the **Delegated Regulation**).

series on the website of the Company at <https://investor.bigbank.eu>. The Final Terms and summary of the separate series are not approved by the EFSA or any other supervisory authority but will be filed with the EFSA.

Approximation of Numbers. Numerical and quantitative values in this Prospectus (e.g., monetary values, percentage values, etc.) are presented with such precision which is deemed by the Company to be sufficient in order to convey adequate and appropriate information on the relevant matter. From time to time, quantitative values have been rounded up to the nearest reasonable decimal or whole value in order to avoid excessive level of detail. As a result, certain values presented as percentages do not necessarily add up to 100% due to the effects of approximation. Exact numbers may be derived from the Financial Statements to the extent that the relevant information is reflected therein.

Currencies. In this Prospectus, financial information is presented in euro (EUR), the official currency of the European Union Member States in the Eurozone.

Date of Information. This Prospectus is drawn up based on information which was valid as of the date of the Prospectus. Where not expressly indicated otherwise, all information presented in this Prospectus (including the consolidated financial information of the Company, the facts concerning its operations and any information on the markets in which it operates) must be understood to refer to the state of affairs as of the aforementioned date. Where information is presented as of a date other than the date of the Prospectus, this is identified by specifying the relevant date.

Third Party Information and Market Information. For portions of this Prospectus, certain information may have been sourced from third parties. Such information is accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where information has been sourced from third parties, a reference to the respective source has been provided together with such information where presented in this Prospectus. Certain information with respect to the markets in which the Company and its Subsidiaries operate is based on the best assessment made by the Management (as defined in Section 11 "Glossary"). Nevertheless, investors should take into consideration that the Company has not verified the information published by third parties and while every reasonable care was taken to provide best possible assessments of the relevant market situation and the information on the relevant industry, such information may not be relied upon as final and conclusive. Therefore, the Company does not guarantee the accuracy of such data, estimates or other information sourced from third parties. Investors are encouraged to conduct their own investigation of the relevant markets or employ a professional consultant.

Updates. The Company will update the information contained in this Prospectus only to such extent and at such intervals and by such means as required by the applicable law or considered necessary and appropriate by the Management. The Company is under no obligation to update or modify forward-looking statements included in this Prospectus (please see Section 1.6 "Forward-Looking Statements" below).

Definitions of Terms. In this Prospectus, capitalised terms have the meaning ascribed to them in Section 11 "Glossary", with the exception of such cases where the context evidently requires the contrary, whereas the singular shall include plural and *vice versa*. Other terms may be defined elsewhere in the Prospectus.

Hyperlinks to Websites. This Prospectus contains hyperlinks to websites. The information on the websites does not form part of the Prospectus and has not been scrutinised or approved by the EFSA, except for hyperlinks to information that is incorporated by reference.

1.4. Documents Available

In addition to this Prospectus, certain additional documents and information on the Group, such as the up-to-date Articles of Association and historical financial data of the Company may be obtained from the website of the Company at <https://investor.bigbank.eu>. All information presented on the Company's

website which has not been incorporated by reference into this Prospectus does not form part of the Prospectus.

1.5. Historical Financial Information and Accounting Standards

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

- (i) 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) the audited consolidated financial statements of and for the year ended 31 December 2020 on pages 48–51, together with notes to the financial statements on pages 52–137, key performance indicators of the Group on pages 18 – 19 and the auditor’s report on pages 139–142 (available at https://static.bigbank.eu/assets/2021/03/09105029/Bigbank_annual_report_2020.pdf) ((i) and (ii) together referred to as the **Audited Financial Statements**),
- (iii) the unaudited consolidated interim financial statements for 6 months of 2022 ended on 30 June 2022 on pages 10–13, together with notes to the financial statements on pages 14–29 and key performance indicators of the Group on page 6 (available at https://static.bigbank.eu/assets/2022/06/Bigbank_interim_report_Q2_2022.pdf) (the **Unaudited Interim Financial Statements**, together with the Audited Financial Statements, the **Financial Statements**).

There has been no significant change in the financial position of the Group since the date of the Unaudited Interim Financial Statements, i.e., since 30 June 2022.

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 Audited Financial Statements are audited by KPMG Baltics OÜ (address Narva mnt 5, 10117 Tallinn, Estonia). KPMG Baltics OÜ is a member of the Estonian Auditors’ Association.

The financial year starts on 1 January and ends on 31 December, the amounts are presented in thousand 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.

1.6. Forward-Looking Statements

This Prospectus includes forward-looking statements (notably under Section 3 “Risk Factors”, Section 9 “Business Overview” and Section 5 “Reasons for Offering and Use of Proceeds”). Such forward-looking statements are based on current expectations and projections about future events, which are in turn made on the basis of the best judgment of the Management. Certain statements are based on the beliefs of the Management as well as assumptions made by and information currently available to the Management. Any forward-looking statements included in this Prospectus are subject to risks, uncertainties and assumptions about the future operations of the Group, the macro-economic environment and other similar factors.

In particular, such forward-looking statements may be identified by use of words such as “strategy”, “expect”, “plan”, “anticipate”, “believe”, “will”, “continue”, “estimate”, “intend”, “project”, “goals”, “targets” and other words and expressions of similar meaning. Forward-looking statements can also be identified by the fact that they do not relate strictly to historical or current facts. As with any projection or forecast,

they are inherently susceptible to uncertainty and changes in circumstances, and the Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements contained in this Prospectus whether as a result of such changes, new information, subsequent events or otherwise.

The validity and accuracy of any forward-looking statements is affected by the fact that the Group operates in a highly competitive business. This business is affected by changes in domestic and foreign laws and regulations (including those of the European Union), taxes, developments in competition, economic, strategic, political and social conditions, consumer response to new and existing products and technological developments and other factors. The Group's actual results may differ materially from the Management's expectations because of the changes in such factors. Other factors and risks could adversely affect the operations, business or financial results of the Group (please see Section 3 "Risk Factors" for a discussion of the risks which are identifiable and deemed material at the date hereof).

1.7. Use of Prospectus

This Prospectus is prepared solely for the purposes of the offering of the Bonds and listing and the admission to trading of the Bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange. The Prospectus is not published in any jurisdiction other than Estonia, Latvia and Lithuania and consequently the dissemination of this Prospectus in other countries may be restricted or prohibited by law. This Prospectus may not be used for any other purpose than for making the decision of participating in the offering or investing into the Bonds. You may not copy, reproduce (other than for private and non-commercial use) or disseminate this Prospectus without express written permission from the Company.

1.8. Approval of Prospectus

This Prospectus has been approved by the EFSA, as competent authority under the Prospectus Regulation, on 5 September 2022 under registration number 4.3-4.9/4301. The EFSA only approves this Prospectus 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 the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

1.9. Availability of the Prospectus

This Prospectus will be published by means of a stock exchange release through the information system of Nasdaq Tallinn Stock Exchange (<https://www.nasdaqbaltic.com/>). The Prospectus is available as of 6 September 2022 in an electronic format on the website of the Company (<https://investor.bigbank.eu>). The Prospectus is also available on the website of the EFSA (<https://www.fi.ee>). Any interested party may request delivery of an electronic copy of the Prospectus, the Terms and Conditions of the Bonds and the financial reports of the Company from the Company without charge. Paper copy of the Prospectus can be obtained at the premises of the Company (address Tartu rd 18, 1.st floor, Tallinn 10145 on business days between 10:00 – 15:00) by any interested party upon request.

2. A GENERAL DESCRIPTION OF THE OFFERING PROGRAMME

2.1. Type and Class of Bonds

The Bonds are subordinated bonds with the nominal value of EUR 1,000. The Bonds represent an unsecured debt obligation of the Company before the bondholder.

2.2. Volume of Programme

The Volume of the Programme is up to 35,000,000 euros, i.e., up to 35,000 Bonds can be issued under the Programme. The Bonds will be issued in series whereas the amount of Bonds issued, their final terms and the timing of the issue will be decided by the Company at its discretion and published separately through the information system of Nasdaq Tallinn Stock Exchange and the website of the Company (<https://investor.bigbank.eu>). The Programme has been approved by a decision of the Supervisory Board of the Company on 30 August 2022. The Final Terms of the Bonds issued under the Programme will be decided by the Management Board of the Company separately for each series.

2.3. Form and Registration

The Bonds are in dematerialised book-entry form and are not numbered. The Bonds are registered in Nasdaq CSD.

2.4. Ranking and Subordination

The Bonds have not been rated by any credit rating agencies.

The Bonds are subordinated to all unsubordinated claims against the Company. For the avoidance of doubt, the Bonds are not subordinated to the claims, which are subordinated to the Bonds or which rank *pari passu* with the Bonds. The subordination of the Bonds means that upon the liquidation or bankruptcy of the Company, all the claims arising from the Bonds shall fall due in accordance with the Terms of the Bonds 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 of the Bonds are not entitled to any payments due under the Terms of the Bonds until the full and due satisfaction of all the unsubordinated claims against the Company.

Furthermore, any liability arising under the Bonds may be subject to the exercise of Bail-In Powers by the Resolution Authority in cases where the Company or any Group company meets the conditions for the initiation of resolution proceedings (i.e., fails or is likely to fail and certain other conditions are met). Exercising the Bail-in Powers is subject to numerous preconditions and will only be used as a last resort; however, if the powers are exercised, it is possible that: (a) the amount outstanding of the Bonds is reduced, including to zero; (b) the Bonds are converted into shares, other securities or other instruments of the Company or another person; (c) the Bonds or the outstanding amounts of the Bonds are cancelled; and/or (d) the Terms of the Bonds are altered (e.g. the maturity date or interest rate of the Bonds could be changed). Therefore, if a Group company meets the conditions for the initiation of resolution proceedings, the exercising of the Bail-in Powers by the Resolution Authority may result in material losses for the bondholders, including could result in the bondholders losing some or all of their investment in the Bonds. Financial public support will only be used as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool. Consent of the bondholders is not necessary for affecting bail-in measures by the Resolution Authority.

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 the Terms of the Bonds and the applicable law.

2.5. Currency

The Bonds are denominated in euros.

2.6. Interest and Yield

The Bonds carry an annual coupon interest at the rate provided in the Final Terms, calculated from the date of issue of the Bonds until the date of redemption. The frequency of the interest payments has been provided in the Final Terms. The interest on the Bonds is calculated based on the 30-day calendar month and 360-day calendar year (30/360).

2.7. Maturity of Bonds

The Bonds are issued with a maturity of 10 years.

According to the Terms of the Bonds, the Company is entitled to redeem the Bonds prematurely at any time after the lapse of 5 years as from the date of issue by notifying the bondholders at least 30 days in advance. The Company is further entitled to redeem the Bonds prematurely before the lapse of the 5-year term if there is a change in the regulative classification of the Bonds resulting in the Bonds being, in the opinion of the Company, excluded from the classification as own funds of a credit institution or if there is a significant change in the taxation regime applicable in respect of the Bonds, provided that the Company was not in a position to foresee such changes upon the issue of the Bonds.

The Bonds may be redeemed prematurely by the Company on the above-described grounds only if the EFSA has granted its consent to the early redemption. The EFSA may grant its consent for the early redemption of the Bonds as from the date when 5 years have passed from their issuance only if the conditions of Article 78(1) of the CRR², as amended by CRR II³ are met. The EFSA may grant its consent for the early redemption of the Bonds before the date when 5 years have passed from their issuance only if the conditions of Article 78(4) of the CRR, as amended by CRR II are met.⁴

The bondholders are not entitled to claim early redemption of the Bonds under any circumstances.

2.8. Rights Attached to Bonds

The rights attached to the Bonds have been established by the Terms of the Bonds, which are included in this Prospectus as Schedule 1. The main rights of bondholders arising from the Bonds and the Terms of the Bonds are the right to the redemption of the Bonds and the right to receive payment of interest.

In addition to the right to the redemption of the Bonds and the right to receive payment of interest, upon a delay in making any payments due under the Terms of the Bonds, the bondholders are entitled to a delay interest at the rate of 0.025% per each day in delay.

The rights arising from the Bonds can be exercised by the bondholders in accordance with the Terms of the Bonds and the applicable law. According to the Terms of the Bonds any dispute between the Company and a bondholder shall be solved by amicable negotiations and if the amicable negotiations have no outcome during a reasonable period of time, the dispute shall be settled by Estonian courts,

² 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 and amending Regulation (EU) No 648/2012 (the **CRR**).

³ Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (the **CRR II**).

⁴ Article 78 of the CRR, as amended by CRR II regulates the conditions of granting supervisory permission for reducing own funds, whereas the aim of the regulation as a whole is to ensure due compliance with the capital adequacy requirements applicable in respect of credit institutions and investment firms.

whereas Harju County Court shall be the court of first instance. Claims arising from the Bonds shall expire in accordance with the statutory terms arising from applicable law.

After the contemplated listing of the Bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange, information will be disclosed via the information system of the Nasdaq Tallinn Stock Exchange.

2.9. Transferability

The Bonds are freely transferable; however, any bondholder wishing to transfer the Bonds must ensure that any offering related to such a transfer would not be qualified as requiring the publication of a prospectus in accordance with the applicable law. According to the Terms of the Bonds, ensuring that any offering of the Bonds does require the publication of a prospectus in accordance with the applicable law is the obligation and liability of the bondholder.

2.10. Applicable Law

The Bonds will be issued in accordance with and are governed by the laws of the Republic of Estonia unless the exclusive jurisdiction of any other court is provided for by the provisions of law, which cannot be derogated from by an agreement of the parties.

2.11. Listing and Admission to Trading

The Company intends to apply for the listing and admission to trading of the Bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange. The expected date of listing and the admission to trading of the Bonds is specified in the Final Terms of the Bonds. While every effort will be made and due care will be taken in order to ensure the listing and the admission to trading of the Bonds by the Company, the Company cannot ensure that the Bonds are listed and admitted to trading on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange. Should the Bonds not be listed and admitted to trading on the Nasdaq Tallinn Stock Exchange, it is likely that a secondary market for the Bonds will not develop, there will not be a public and independent market price for the Bonds, and an investor may not be able to follow their investment thesis as envisaged, including in particular in respect of sale of the Bonds.

2.12. Form of Final Terms

FINAL TERMS OF THE BONDS

[Date]

Bigbank AS

Issue of EUR [*Aggregate Nominal Amount of the Series*] Tier 2 Subordinated Bonds

under the EUR 35,000,000 Bond Programme

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Tier 2 Subordinated Bonds. This document constitutes the Final Terms for the Bonds described herein and must be read in conjunction with such Terms and with the base prospectus drawn up by the Company, dated 5 September 2022 (the "**Prospectus**"). Full information on the Company and the offer of the Bonds is only available on the basis of the combination of these Final Terms, the Terms and the Prospectus. The Prospectus is available for viewing through the Company's website (<https://investor.bigbank.eu>).

A summary of this series has been appended to these Final Terms. The Final Terms have been approved by a decision of the Company's Management Board of [*date*]. The Final Terms have been filed with the EFSA but are not subject to approval proceedings.

1.	Issuer	Bigbank AS
2.	Number of series	[]
3.	Aggregate Nominal Amount of the Series	EUR [<i>amount</i>]. [The Aggregate Nominal Amount of the series may be increased by the Company up to EUR [<i>amount</i>] until the Issue Date]
4.	Issue currency	EUR
5.	Nominal Amount	EUR 1,000
6.	Issue Price	100% of the original Nominal Amount
7.	Issue Date and Interest Commencement Date	[date]
8.	Maturity Date	[date]
9.	Redemption/Payment Basis	Redemption at par
10.	Interest	
11.	i. Calculation basis	Fixed interest
12.	ii. Interest Payment Dates	[description]
	iii. Interest Rate	[number]% <i>per annum</i>
	iv. Interest calculation method	30/360
	v. Rate of delay interest	0.025% per day
13.	Yield	[number]% <i>per annum</i> . Yield is calculated based on the Nominal Amount and on the Issue Date. Actual yield may differ depending on the price paid for a specific bond by an investor
14.	Offering jurisdictions	[any or all of Estonia, Latvia, Lithuania]
15.	Subscription Period	[beginning and end times of period]
16.	ISIN code	[code]
17.	Listing and admission to trading	Application will be made to the Nasdaq Tallinn Stock Exchange for the Bonds to be admitted to the Baltic Bond List of the Nasdaq Tallinn Stock Exchange
18.	Placing and underwriting:	[Not applicable/description of entities agreeing to underwrite the issue on a firm commitment basis and/or agreeing to place the issue without a firm commitment or on a "best efforts" basis and respective arrangements]

Signed on behalf of Bigbank AS

Date:

3. RISK FACTORS

3.1. Introduction

Investing into the Bonds issued by the Company entails various risks. Each prospective investor in the Bonds should thoroughly consider all the information in this Prospectus, including the risk factors described below. Any of the risk factors described below, or additional risks not currently known to the Management or not considered significant by the Management, could have a material adverse effect on the business, financial condition, operations or prospects of the Company and its Group and result in a corresponding decline in the value of the Bonds or the ability of the Company to redeem the Bonds. As a result, investors could lose a part or all of the value of their investments. The Management believes that the factors described below present the principal risks inherent in investing into the Bonds. The risk factors are presented in categories and where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor. The most material risk factor in a category is presented first under that category, but subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence.

This Prospectus is not, and does not purport to be, investment advice or an investment recommendation to acquire the Bonds. Each prospective investor must determine, based on its own independent review and analysis and such professional advice as it deems necessary and appropriate, whether an investment into the Bonds is consistent with its financial needs and investment objectives and whether such investment is consistent with any rules, requirements and restrictions as may be applicable to that investor, such as investment policies and guidelines, laws and regulations of the relevant authorities, etc.

3.2. Risks Related to the Business of the Group

Credit Risk. Credit risk is the risk of potential loss which may arise from counterparty's inability to meet its obligations to the Group companies resulting in a credit loss for the Group. Credit risk arises in connection with Group's cash, debt instruments and other receivables of the Group, however most significantly from the core business line of the Group – lending to retail and corporate customers – which inherently involves credit risk.

The Group assesses and makes allowances for expected credit losses in accordance with the applicable requirements, including the IFRS requirements; however, such provisions are made based on the available information, estimates and assumptions, which by definition are subject to certain amount of uncertainty. Therefore, there can be no assurance that provisions are sufficient to cover potential losses. The credit quality of the Group's loan portfolio is impacted by various factors beyond the Group's control and may deteriorate for example due to adverse changes in economic conditions in the countries the Group operates or the global macroeconomic conditions. The currently prevailing macroeconomic uncertainty, elevated inflation, rise in interest rate levels (in particular, the euro interbank offered rate; **EURIBOR**) and costs of living may negatively affect the ability of the Group's loan customers to fulfil their payment obligations to the Group and thus result in further credit losses and deterioration of the Group's financial situation. The Group's loss allowances are based on current assessments and expectations and may be insufficient to cover actual losses. As of 30 June 2022, the Group's gross loan portfolio was EUR 1,122.5 million, whereas impairment allowances constituted EUR 26.2 million (as of 31 December 2021, EUR 906.7 million and EUR 26.7 million, respectively). The Group has historically focused providing unsecured consumer loans which by nature have a higher risk profile. As of 30 June 2022, unsecured consumer loans accounted for EUR 602.5 million representing 54% of the Group's loan portfolio (as of 31 December 2021, EUR 585 million and 64% respectively).

Within the credit risk, the Group is also exposed to the following sub-risks.

Concentration risk. Concentration risk is the risk resulting from large exposures to one counterparty or connected counterparties or multiple counterparties that are impacted by a common risk factor. The Group determines concentration risk considering exposures to a single counterparty, related counterparties, credit products and countries of operation. In Estonia, Latvia and Lithuania, the maximum limit for a single customer and for a group of customers is set at EUR 30 million. Large exposure is defined as an exposure to a single customer or related customers that equals or exceeds 10% of the Group's Tier 1 capital. At 30 June 2022, the Group had 9 such customer groups with a total exposure amount EUR 185.2 million (at 31 December 2021, four customer groups with a total exposure of EUR 82.7 million). The Group is using various risk management techniques, including monitoring and limits to concentration of large exposures, however the materialisation of concentration risk may have a material adverse effect on the Group's operations, financial condition, and results of operations.

Furthermore, under applicable regulatory requirements, the Group is not allowed to incur an exposure to a client or a group of connected clients the value of which exceeds 25% of its Tier 1 capital, whereas exposures to subsidiaries of the Group which are considered ancillary undertakings (in Estonian: *abiettevõtja*) of the Group may be deducted from the exposure amount. The largest exposures of the Group are loan and equity exposures vis-à-vis Group's subsidiaries (including to the subsidiaries engaged in real estate investments), however there has been a certain degree of uncertainty which activities qualify as ancillary activities of a credit institution and whether such activity can include real estate investments. Before 30 June 2022, without deducting Group's exposures vis-à-vis its subsidiaries engaged in real estate investments from the exposure amount, the Group's exposure towards its subsidiaries exceeded the above risk concentration limit. By 30 June 2022, the Group took measures to reduce the exposure and avoid exceeding the limitation in a similar manner in the future. Nevertheless, as exceeding the above risk concentration limit may be caused not only by an increase of the loan exposure vis-à-vis Group's subsidiaries for which the Group has control but also from circumstances over which the Group may not always have control (such as an increase in equity exposure which may in turn result from an increase in the value of real estate properties of the Group's subsidiaries, or from a decrease of the Group's Tier 1 capital), it is not excluded that the measures taken by the Group will prove to be insufficient to avoid similar breaches in the future. Inability to remedy the breach or repeated breaches may result in regulatory action (including sanctions) from the EFSA, which may have a material adverse effect on the Group's business, financial condition, and results of operations.

Collateral risk. Collateral risk arises mainly from a potential fall in the market value of the collateral but also from changes in legislation or in collateral realisation procedures. In recent years, the Group has expanded its product offering to corporate loans and housing loans which are largely secured by real estate collaterals (as of 30 June 2022, 474.8 million and 42.5% of the loan portfolio) and consequently, Group's credit risk is also impacted by the collateral provided to the relevant Group member and the market value thereof. In case the market value of the collateral falls below the loan balance it is securing, the Group could face credit loss when customer defaults with the loan repayments. Further, the Group may be negatively impacted by changes in legislation or in collateral realisation procedures.

Materialisation of the credit risk (including any of the above sub-risks) may have a material adverse effect on the Group's business, financial condition, and results of operations and consequently on the Company's ability to make the payments in accordance with the Bond Terms.

Liquidity Risk and Funding Risk. Liquidity risk is the risk that the Group is unable to fulfil its obligations in a timely manner or to the full extent without incurring significant costs. As part of liquidity risk, the Group is also exposed to funding risk which is the risk that the Group is unable to raise resources without negatively affecting its daily business activities or financial position.

As Group's business operations are specialised to traditional banking activities, the maturity of the assets of the Group (i.e., loans to customers), tends to be longer than the maturity of the liabilities of the

Group (i.e., deposits from customers). As of 30 June 2022, the maturity gap of financial assets and liabilities with a term of less than 1 month was EUR –307 million and for financial assets and liabilities with a term of 3-12 months was EUR –72 million. This means that the Group has more liabilities with such term than assets with the same term. The main reason for the negative maturity gap is the mismatch of the maturities of loans issued by the Group and the deposits raised by the Group.

Deposits are the main source of funding for the Group. As of 30 June 2022, deposits from private customers amounted to EUR 1,145.2 million (as of 31 December 2021, EUR 881.1 million) of which EUR 490.1 million are on-demand deposits and EUR 655.1 million are term deposits. Deposits from corporate customers amounted to EUR 23.4 million (as of 31 December 2021, EUR 17.2 million) and are all term deposits. As of 30 June 2022, the largest portion of the Group's deposits were from the German market with 47.8%, followed by the Dutch market with 33.2% and Swedish market by 7.2%. For its funding, the Group also relies on a loan from the ECB's targeted long term refinancing operations program (TLTRO-III) (as of 30 June 2022, EUR 36.3 million) and has issued Tier 2 subordinated notes in three separate issuances in the total volume of EUR 20 million, with maturities on 28 December 2027, 30 December 2031 and 16 May 2032.

Group's liquidity and funding management is based on risk policies, resulting in various liquidity risk measures, limits and internal procedures. The Group is fully compliant with the Basel III metrics – the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). The aim of the LCR standard is to ensure that the Group has an adequate amount of unencumbered assets of high quality and liquidity that could be monetised without incurring material losses to meet a liquidity requirement in a 30-day stress scenario while NSFR ensures adequate stable funding sources to finance longer-term assets. The Group's LCR and NSFR as of 30 June 2022 were respectively 594.2% and 133.5% while the regulatory minimum requirement for both metrics is set at 100%. In line with the target risk profile approved by the Group's Supervisory Board, the Group applies a conservative strategy to liquidity risk, including having in place liquidity buffers for the purposes of covering a significant outflow of deposits. Nevertheless, such risk policies and liquidity buffers may not be adequate or sufficient in order to ensure the Group's access to funding resources when needed, to the extent needed or on favourable terms in order to ensure sufficient liquidity. Further, the volume of deposits is impacted by factors which are beyond the control of the Group, including changes in saving levels or habits of households, changes in tax regulations applicable to deposits or deterioration of the geopolitical situation. Further, the behavioural analysis and scenarios used by the Group to project the needed liquidity levels may not be adequate in exceptional or critical situations.

In its business operations, in particular in issuing loans and maintaining the required capital adequacy levels, the Group is highly dependent on access to financing and capital and without sufficient capital, the Group will need to limit its lending operations. Furthermore, the Group's access to financing could be also negatively impacted by the deterioration of the general macroeconomic and geopolitical situation, resulting in the increase of interest rates and therefore increasing the financing cost for the Group. As the Group is largely dependent on the cross-border deposits from the German and Dutch retail customers, the increase in geopolitical risks, especially risks related to Russia and the ongoing war in Ukraine, might negatively affect the behaviour of the depositors and make obtaining further financing more challenging. Fast deterioration of the geopolitical situation could also result in fast outflow of cross-border deposits, putting the liquidity of the Group under pressure or even threaten the ability of the Group to meet its financial obligations on time. Difficulties in financing its liquidity and capital needs and/or increased financing costs may hinder or prevent the realisation of the strategic plans of the Group and have a material adverse effect on the Group's competitive position.

Materialisation of liquidity risk, including significant outflow of deposits and failure to obtain sufficient funding for operations or the increased costs or unfavourable terms of financing or refinancing may have material adverse effect on the Group's business, financial condition and results of operations and prospects.

Market Risk. Market risk is the risk of potential loss which may arise from unfavourable changes in interest rates or foreign exchange rates. Within the market risk, the Group is exposed to foreign currency risk, interest rate risk and real estate risk that arise from the Group's activity in the financial markets, from the majority of the Group's products (loans deposits) as well as Group's investment properties respectively. The Group is naturally exposed to the interest rate risk due to differences in the maturities and interest rates of loans and/or deposits. The Group does not take speculative trading positions nor provide customer-focused trading activities. As of 30 June 2022, market risk contributes 0.2% to the Group's total risk-weighted exposure amount, whereas as of 31 December 2021, the same indicator was 0%. Further, the war in Ukraine and end of zero interest rate policies by central banks is contributing to the volatility in asset prices which may have a negative impact on the bond and real-estate exposures of the Group. The Group manages market risk by setting limits on bond portfolio risk exposures, net open foreign currency exposures, interest rate sensitivity of economic value of equity and net interest income of the Group; however, despite the measures taken by the Group, the market risk may have a material adverse effect on the Group's business, financial condition, and results of operations.

Foreign Currency Risk. Foreign currency risk is the risk of loss due to changes in spot or forward prices and the volatility of foreign exchange rates. The Group issues loans and accepts deposits mainly in EUR, but to a smaller extent also in Swedish krona (SEK) and Bulgarian lev (BGN). The Group's foreign currency position in SEK arises from services provided to customers at the Swedish branch, the currency position in BGN results from the operations of the Bulgarian branch. While as of the date of this Prospectus, the Swedish branch's loan operations in SEK are fully financed by deposits also raised in SEK, the same is not the case for the Bulgarian branch, exposing the Group to foreign currency risk. The Group measures foreign currency risk, *inter alia*, by using a sensitivity analysis, according to which a 10% strengthening/weakening of the exchange rate of either of these currencies against the euro would not have a significant effect. However, material changes in the exchange rates against the euro may have an adverse effect on the Group's business, financial condition, and results of operations.

Interest Rate Risk. The operations of the Group and foremost the operations of the Company are inherently exposed to interest rate risk. Interest rate risk arises due to the fluctuations of market interest rates (including, but not limited to the fluctuations of EURIBOR) over time, while the Group's business involves intermediation activity that produces exposures to both maturity mismatch (e.g., long-maturity assets funded by short-maturity liabilities) and rate mismatch (e.g., variable rate loans funded by fixed rate deposits). The profitability of the Group depends on the difference between the interest it charges from its debtors and the interest it pays to its creditors (net interest). The amount of net interest income earned by the Group companies materially affects the revenues and the profitability of the operations of the Group. Interest rates are affected by numerous factors beyond the control of the Group companies, which may not be estimated adequately. Such factors include the changes in the overall economic environment, level of inflation, monetary policies of the central banks, etc. Considerable increases in interest rates (including EURIBOR) at which funding is available to the Group may negatively impact the profitability of the Group. Further, the ongoing war in Ukraine together with the possible recurrence of the COVID-19 pandemic may also further increase the inflationary pressure and market volatility and therefore also contribute to rising interest rate levels. Therefore, interest rate risk may have a material adverse effect on the Group's business, financial condition, and results of operations.

The Group uses different sensitivity analyses to assess the potential interest rate risk to its operations. As of 30 June 2022, the impact of the supervisory shock scenario (200 bps parallel increase) on 12-month net interest income was EUR 0.9 million (as of 31 December 2021, EUR -0.3 million). As of 30 June 2022, the sensitivity of the economic value of equity to the interest rate increase by 200 bps was EUR 4.3 million (as of 31 December 2021 EUR 0.7 million).

Operational Risk. Operational risk is a risk of potential loss caused by inadequate or failed internal processes or systems, people or external events. The sub-risks of operational risk are legal risk, compliance risk (including money laundering and terrorist financing and sanctions risk), information security risk and information and communication technology risk. Operational risk is present across all

the Group's activities, for example, operational risk and losses can result from fraud, errors by employees or failures by the Group's counterparties. The Group also relies on certain outsourcing partners and third parties in carrying out its business and is therefore dependent on the continuous availability of services by such partners as well as their compliance with all applicable laws, regulations, and standards.

As of June 2022, operational risk exposure amounted to 10.2% of the Group's total risk weighed exposure amount, whereas as of 31 December 2021 the same indicator was 11.6%. During 2021, the actual losses due to operational risk amounted to EUR 140 thousand and were related to external fraud.

Moreover, similarly to other financial institutions, the Group's operations are subject to cyber-threats as the Group's operations are highly dependent on a variety of outsourced information technology solutions as well as custom made solutions the Group is using for its internal processes and for providing its services to customers. Notably, the Group relies on information technology solutions in maintaining customer information, processing loan applications, and conducting its business in general. Failures of or significant disruptions to the Group's information technology solutions could impair its ability to provide services. Although as of the date of this Prospectus, the Group has not suffered material losses due to cyber-attacks, it is not excluded that such losses will be suffered by the Group in the future, in particular as according to the assessment by the European Banking Authority (the **EBA**), the information and telecommunication technology, including cyber risks, remain elevated due to ongoing war in Ukraine.⁵

For the Group, the realisation of operational risks could lead to a disruption in provision of services, security breaches, non-compliance with applicable legal requirements and financial losses. Furthermore, any materialisation of operational risk may have a negative impact on the reputation of the Group. The Group manages operational risk based on an established operational risk policy; however, the Group may fail to identify, control and mitigate all risks and the operational risk may have a material adverse effect on the Group's business, financial condition and results of business operations.

Reputational Risk. Reputational risk is the risk that the Group's results of business operations, own funds or liquidity are negatively impacted by damage to the Group's reputation. In the banking sector, where the Group and the Company operates, a good reputation is paramount. Reputational risk may, in particular realise due to the materialisation of other risks, such as operational, strategic, compliance risks or exposure to civil liability. While the Group seeks to avoid situations that could potentially have a negative impact on its reputation and has put in place measures to manage reputational risks, including regular monitoring and reporting, these measures may prove to be ineffective or insufficient. In addition, Group's reputation is impacted by circumstances beyond the control of the Group, such as the conduct of its business partners or the media. Any deterioration of the Group's reputation in the eyes of customers, business partners, owners, employees, investors or supervisory authorities may have a material adverse effect on the Group's operations, financial condition and results of operations, including the Company's ability to attract deposits and secure funding on favourable terms.

Strategic Risk. Strategic risk is the risk resulting from an inadequate strategy or inadequate implementation of the strategy. The Group is in the stage of rapid growth and entering into new markets, such as the Bulgarian market, and releasing new products, such as commencement of offering housing and corporate loans and thus its strategic risk is estimated to exceed the strategic risk of a bank positioned in a stable stage. For example, in 2021, the Group's gross corporate loan and lease portfolio grew by 269% year-on-year. The Group aims to mitigate the strategic risk through comprehensive planning process and responding to changes adequately in a timely manner. However, despite the measures taken by the Group, the materialisation of strategic risk may have a material adverse effect on the Group's business, financial condition, and results of operations. The Group is using its capitalised net profit to finance further growth of the Group's assets and thus deviations from the projected net profit

⁵ EBA Risk Dashboard Q1 2022, p 8. Available at: <https://www.eba.europa.eu/risk-analysis-and-data/risk-dashboard>.

might negatively affect the ability to achieve the Group's strategic goals. Further growth and achievement of the strategic goals may also be affected by the Group's access to external financing on favourable terms.

COVID-19 related Risks. The break-out of the COVID-19 (also known as SARS-CoV-2) pandemic and the global health and economic crisis that followed has had and is continuously having a material adverse effect on the global economy. Although the impact of the pandemic on economic activity has weakened considerably, it remains unclear whether COVID-19 has been defeated and recovery is heavily dependent on its evolution. A possible worsening of the COVID-19 situation remains a risk as it could lead to new state measures intended to control the outbreak, including lockdowns, restriction of human movement and social distancing, mandatory closures of businesses, quarantines and travel bans, in particular in countries where vaccination levels remain low. Although in 2021, the COVID-19 crisis did not have a significant negative impact on the Group's financial performance, re-establishment of such measures in the future may reduce economic activity and cause an adverse impact on economic conditions and on business and consumer confidence and spending, both in Estonia and throughout the world which could materially adversely affect demand for the Group's products. Therefore, the COVID-19 pandemic could adversely affect the Group's business, financial condition, and results of operations in the future. Such future effects may be material, and include, but are not limited to, temporarily amending terms and conditions of the products of the Group to avoid defaults by the customers of the Group.

Risks associated with the Company's rating. The Company received an investment-grade rating from rating agency Moody's in 2022, however there is no assurance that the rating is not suspended, lowered or withdrawn at any time by the rating agency. Suspension, lowering or withdrawal of an assigned rating may have a negative impact on the market price of the Bonds as well as restrict the availability of external financing to the Group which may have a material adverse effect on the Group's business, financial condition and results of business operations.

Dependency on Qualified Staff. The results of operations of the Group and the ability of the Group to develop its business and compete effectively are highly dependent on the ability to attract and retain skilled and experienced staff. Competition for qualified employees is intense and the Group's inability to attract talent or a loss of a significant number of key personnel may have a material adverse effect on the business of the Company and the Group as a whole.

3.3. Legal and Regulatory Risks

Maintaining Capital Adequacy Ratios. Credit institutions, including the Group, must adhere to strict capital adequacy requirements subject to frequent reforms and changes. Currently, the capital of banks in the EU is subject to the legal framework of CRR & CRR II/CRD IV & CRD V. These requirements are largely based on the Basel III framework that was agreed in the Basel Committee on Banking Supervision with the objective to strengthen the resilience of the financial sector to economic shocks and thereby ensure the adequate and sustainable financing of the economy and are still subject to transitional arrangements (phase-in of deductions and capital buffers and phase-out of capital elements). In addition, the European Union has still to adopt, among others, reforms for both the CRR II and CRD V to finalise implementation of the Basel III framework and certain changes foreseen under the CRR II and CRD V are still to be implemented as the relevant implementation deadlines were postponed in order to help the banks deal with the impacts of COVID-19. In addition to common capital requirements, the Group must maintain the capital conservation buffer at the level of 2.5%. Further, on certain markets, the Group has recently become subject to additional local capital buffers and considering the current macroeconomic uncertainty, such additional buffers may be also introduced in markets that have not yet done so. For example, as of 1 July 2022, all retail exposures to Lithuanian residents secured by residential property are subject to a systemic risk buffer of 2% and as of 7 December 2022, credit institutions in Estonia will be subject to a countercyclical capital buffer of 1%.

To date, the Group has complied with all applicable capital requirements. However, the capital requirements adopted in Estonia and the European Union may change, whether as a result of further changes of the EU or Estonian legislation, global standards, or interpretation thereof. Such changes, either individually or in combination, may lead to unexpected increased requirements and have a material adverse effect on the business of the Company and the Group as a whole. Further, maintaining the required minimum capital buffers may be more challenging during adverse market conditions, either on a global level or on the markets where the Group operates. Breaches of capital adequacy requirements may also result in from a loss of a reporting period exceeding the amount of additionally available capital. Any material or systemic deviations by the Group from the above regulations are likely to result in supervisory action, including sanctions from the EFSA that may have a material adverse effect on the Group's business, financial condition, and result of operations.

Legal and Compliance Risks. Legal risk is the risk that the Group is not in compliance with or misinterprets the applicable laws, agreements, best practices or ethical standards. Compliance risk is the risk that the Group fails to fully meet the requirements of laws, regulations and internal rules or obligations to customers, employees and other stakeholders. The banking sector is a highly regulated field of business and Group's operations are subject to numerous laws, regulations, policies, guidance and voluntary codes of practice or ethical standards. In particular, the Group provides services in nine markets and its operations are subject to different laws in each market (notably, different consumer protection requirements (such as responsible lending practices and similar) and personal data processing regulations apply).

Furthermore, the regulatory framework that was introduced after the global financial and economic crisis of 2007-2009 (CRR, CRR II, CRD IV, CRD V, BRRD⁶, BRRD II⁷, SRMR⁸, SRMR II⁹) is under constant revision. In connection with achieving the climate related goals agreed in the 2015 Paris Agreement adopted under the United Nations Framework Convention on Climate Change, there are already known upcoming regulatory changes (for example, the Taxonomy Regulation¹⁰) applicable to the Group, however further changes may be made with respect to capital adequacy and liquidity requirements of credit institutions as well as requirements applicable to the management of operations and risks of the Group. Increased requirements, additional supervisory standards and uncertainty with regard to further changes may result in limitations on operating flexibility and certain lines of business, additional costs and liabilities, a necessity to change legal, capital or funding structures, and decisions to exit or not to engage in certain business activities.

Within the legal and compliance risk, the Group is also exposed to the following sub-risks.

Exposure to Anti-Money Laundering and Terrorist Financing (“AML”) risks. AML risk is the risk that the Group is used for money laundering or terrorist financing due to weaknesses or non-compliances in its internal processes. The recent discoveries of the vulnerability of banks with regard to AML, the regulatory environment as well as the supervisory approach have become very strict and focused on AML risks. Failure to comply would most likely lead to implementation of strict supervisory measures, reputational damage and could result in business disruption. Although the Group does not offer products

⁶ Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (the **BRRD**).

⁷ Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the Bank Recovery and Resolution Directive as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (the **BRRD II**).

⁸ Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (the **SRMR**).

⁹ Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the **SRMR II**).

¹⁰ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

or services that are generally considered to entail high money laundering and terrorist financing risks, the recent and ongoing developments in this area are likely to place additional strain on the operating processes of the Group.

Tax Regime Risks. Tax regimes of the geographical markets where the Group operates are from time to time subject to change, some of which may be dictated by short-term political needs and may therefore be unexpected and unpredictable. Any changes in the tax regimes in the jurisdictions where the Group companies operate or in the interpretation of such tax laws, regulations or treaties may have a material adverse effect on the Group's business, financial condition, and results of operations.

Changes in any applicable laws or regulatory expectations as well as any failures or shortcomings to comply with such requirements may have a material effect on the Group's operations, financial condition, and result of business operations.

Exposure to Regulatory Actions and Investigations. The Group offers financial services and products and is therefore subject to extensive and comprehensive regulations imposed both through local and through European legal acts. Such risk arises mostly due to the sector in which the Company operates. Several local and European authorities, including financial supervision, consumer protection, data protection, tax and other authorities regularly perform investigations, examinations, inspections and audits of companies acting in the same sector as the Group. Such proceedings include, but are not limited to topics like capital requirements, standards of consumer lending, AML, anti-bribery, payments, reporting, corporate governance, data protection, etc. Any determination by the authorities that the Company or any Group entities have not acted in compliance with all the applicable laws and regulations could have serious legal and reputational consequences for the Group, including exposure to fines, criminal and civil penalties and other damages, increased prudential requirements or even lead to business disruption in the respective fields. Any of these consequences may have a material adverse effect on the Company's business, financial condition, and results of operations.

Contractual Risk. The operations of the Group are materially dependent on the validity and enforceability of the transactions and agreements entered into by it. These transactions and agreements may be subject to the laws of Estonia or foreign laws. While due care is taken to ensure that the terms of these transactions and agreements are fully enforceable under the laws applicable to them, occasional contradictions and variations of interpretation may occur. Consequently, the Group may not be able to always enforce their contractual rights. Moreover, the legal environment where such transactions are affected and agreements are entered into is subject to changes, both through the enactment of new laws and regulations and through changes in interpretation by the competent authorities and courts. Therefore, it cannot be fully excluded that certain terms of the transactions and agreements entered into by the Group may turn out to be unenforceable, which in turn may have a material adverse effect on the Group's operations, financial condition, and results of operations. Risk is magnified by the fact that most of the agreements the Group concludes with its customers are based on standard terms and conditions. Hence, any change in law or interpretation could affect a large number of agreements concluded with the customers.

Exposure to Civil Liability. The Group operates in a legal and regulatory environment that exposes it to significant risk of claims, disputes and legal proceedings. Due to the nature of its business use of the courts for enforcing claims in arrears is a part of the day-to-day activity of the Group. The results of such disputes are inherently difficult to predict and even the disputes themselves, not only unfavourable outcomes, may result in the Group incurring significant expenses and damages, and have negative effects on the Group's reputation, which in turn may have material adverse effect on the Group's business, financial condition, and results of operations.

3.4. Risks related to Macroeconomic and Political Environment

Changes in Macroeconomic Environment. The performance of the Group is subject to risks related to the performance of the global, and in particular European, markets and economy. Severe market disruptions have occurred in the recent past (such as the 2008 financial crisis, the 2011 European sovereign debt crisis or the COVID-19 pandemic) and may occur again in the future. Although as of the date of this Prospectus, the financial markets have to some extent recovered from the impacts of the COVID-19 pandemic, the general economic environment remains negatively impacted by supply chain issues, market volatility and high inflation and the ongoing Russian invasion in Ukraine, which is adding to inflationary pressure across the EU through rising commodity prices. The general economic outlook on the one hand affects the demand for the services of the Group, but on the other hand negative trends in the economy increase the credit risks of the Group. In particular, a number of factors, including the increases in cost of living as a result of rising energy costs, interest rate rises, inflation as well as other factors, may negatively impact the ability of the customers of the Group to repay their loans in the coming months or years. Similarly, adverse changes in the economic environment, especially of countries where the Group operates, could negatively affect the operations of the Group in several ways, including significantly increasing the default rates stemming from the Group's loan portfolio and decreasing the demand for the Group's services as well as increasing the financing costs of the Group. Although the Group constantly monitors developments on both domestic and international markets, it is not possible to forecast the exact timing or extent of changes in the economic environment. Any deterioration in the economic environment of the countries where the Group operates, or the markets globally, could have a direct negative impact on the operations, financial condition, and results of operations of the Group.

The Group is subject to political (including geopolitical) risks. The Group operates in nine countries by offering loans in Estonia, Latvia, Lithuania, Finland, Sweden¹¹ and Bulgaria, and accepting deposits from Estonia, Latvia, Finland, Sweden, Bulgaria, the Netherlands, Germany and Austria. Therefore, the Group is subject to the risk that economic, financial, political or social conditions in the countries it operates negatively affect its operations, financial condition, and results of operations. As of 30 June 2022, the largest share of the Group's loan receivables was from the Estonian market with 36.9%, followed by the Lithuanian market with 32.9%, the Latvian market with 15.2%, the Finnish market with 8.5% and the Swedish market with 5.9%. The Group entered the Bulgarian market only in 2021 and as of 30 June 2022 its share in the Group loan portfolio was 0.6%. As the Group is largely dependent on the cross-border deposits from the German and Dutch retail customers, an increase in geopolitical risks, especially risks related to Russian and the ongoing war in Ukraine, may negatively affect the behaviour of the depositors and make it difficult for the Group to obtain further financing. Fast deterioration of the geopolitical situation could also result in fast outflow of cross-border deposits, putting the liquidity of the Group under pressure or even make it difficult for the Group to meet its financial obligations on time.

The recoverability of the loans provided to customers may be adversely affected by negative changes in the overall macroeconomic, political, social or regulatory environment in the country where the counterparty is located and other circumstances beyond the control of the Group, including collective debtor risk, i.e., the probability of an event that may cause a large group of debtors become insolvent at the same time. In particular, since a large proportion of the Group's loan portfolio consists of unsecured consumer loans, the Group is subject to changes in the solvency of the private persons in the markets it operates (such as unemployment rate, level of wages and similar). The Group is managing country risk through limits to single country exposures, new sales per country and credit requirements of single country portfolios, however such measures may not be sufficient to prevent a materialisation of country risk. Adverse events or developments in the countries where the Group operates may have a material adverse effect on the Group's business, financial condition, and results of operations.

The Group's business operations may be also negatively impacted by adverse political changes or geopolitical events such as geopolitical tensions, societal unrest, military conflicts and threats as well as

¹¹ The Group has decided to stop issuing new loans via its Swedish branch in the second half of 2022. See Section 9.2 ("Group Structure, Group Companies and Affiliated Companies of the Company").

natural disasters in the countries where the Group operates. As of the date of this Prospectus, the degree to which the ongoing war in Ukraine and other geopolitical factors, including the possibility that the war will spill over to new territories, may affect the Group remains uncertain and difficult to predict. Nevertheless, such events may have a material adverse effect on the Group's access to financing and funding costs and consequently also to its business, financial conditions and results of operations.

3.5. Risks related to Group's Real Estate Properties

Introductory remarks. The Group has invested in certain real estate properties, including agricultural land through its Subsidiaries OÜ Rütli Majad (through OÜ Papiniidu Property and OÜ Pärnu mnt 153 Property and OÜ Rütli Property) and Baltijas Izaugsmes Grupa AS. As a result, the Group is also exposed to risks arising from real estate. In addition, through Subsidiaries Abja Põld OÜ and Palupera Põllud OÜ, the Group also engages in grain growing, milk production and dairy farming, however the volumes of agricultural operations remain negligible in comparison to the lending operations of the Group.

Fluctuations in Value of Real Estate Properties. The Group has invested in certain real estate properties that are recognised at fair value on the balance sheet of the Group while changes in this value are recorded on the income statement of the Group. As of 30 June 2022, the fair value of the properties was EUR 46.5 million. Therefore, the results of operations of the Group may be impacted by factors taken into consideration in the fair value assessment of properties (such as rent, costs of operations and vacancies). Further, there may be certain time periods during which there is no active market (for example, in case of rapid changes in the economic environment and decline in the volume of real estate transactions) and it may be difficult to determine the fair value of each property.

The Revenue from Real Estate Properties. The Group earns revenue from its real estate investments by renting out the properties to tenants and as such, the Group's revenues are dependent on the solvency of the tenants which is not guaranteed. Rental income from agricultural land may be also impacted by factors such as prices of agricultural products, weather, and support measures from the state. Further, in certain cases (such as termination of the rent agreement), the amount of Group's rental income may depend on the Group's ability to substitute the tenant as any prolonged vacancy period would result in decreased revenues to the Group. Also, it may require the Group to make further investments into the real estate property. Any of the above may in turn have a material adverse effect on the Group's business, financial condition, and results of operations.

Real estate investments are relatively illiquid. Investments in real estate property can be relatively illiquid which may affect the Group's ability to dispose of properties when needed or with a satisfactory price. This may in turn have a material adverse effect on the Group's business, financial condition, and results of operations.

Property owner's liability risk. As the owner of the real estate properties, the Group is subject to statutory obligations, including paying the expenses, taxes, maintaining and improving the property and compensating for any environmental damages caused by operations carried out in such property in violation of applicable requirements. Although the Group has contractually placed such risks on the tenants, it is not excluded that in certain cases, the Group could be still held liable for the obligations (such as in case of insolvency of the tenants) which may have a material adverse effect on the Group's business, financial condition, and results of operations.

3.6. Risks Related to Bonds

Credit Risk. An investment into the Bonds is subject to credit risk, which means that the Company may fail to meet its obligations arising from the Bonds in a duly and timely manner. The Company's ability to meet its obligations arising from the Bonds and the ability of the bondholders to receive payments arising from the Bonds depend on the financial position and the results of operations of the Company and the

Group, which are subject to other risks described in this Prospectus. The Bonds are not bank deposits in the Company and are not guaranteed by the Guarantee Fund (in Estonian: *Tagatistfond*).

Insolvency Risk. The Bonds are subordinated to all unsubordinated claims against the Company; however, not to the claims, which are subordinated to the Bonds, or which rank *pari passu* with the Bonds. The subordination of the Bonds means that upon the liquidation or bankruptcy of the Company, all the claims arising from the Bonds shall fall due in accordance with the Terms of the Bonds 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 holders of the Bonds are not entitled to any payments due under the Terms of the Bonds until the full and due satisfaction of all the unsubordinated claims against the Company. The subordination may have adverse effect on the Company's ability to meet all its obligations arising from the Bonds and therefore, in the event of insolvency of the Company, a bondholder may lose all or some of its investment.

Bail-In Risk. The BRRD and the Financial Crisis Prevention and Resolution Act (each as may be amended from time to time) grants the Resolution Authority the power to commence resolution proceedings with respect to a credit institution, such as the Company, with the view of ensuring the continuity of critical functions, avoiding risk contagion and restoring the viability of the credit institution. Any liability arising under the Bonds may be subject to the exercise of Bail-In Powers by the Resolution Authority in cases where the Company meets the conditions for the initiation of resolution proceedings (i.e., fails or is likely to fail and certain other conditions are met). Exercising the Bail-In Powers is subject to numerous preconditions and will only be used as a last resort; however, if the powers are exercised, it is possible that: (a) the amount outstanding of the Bonds is reduced, including to zero; (b) the Bonds are converted into shares, other securities or other instruments of the Company or another person; (c) the Bonds are cancelled; and/or (d) the Terms of the Bonds are altered (e.g. the maturity date or interest rate of the Bonds could be changed). Furthermore, the use of these tools with respect to the Company of any Group company may result in significant structural changes to the Company (e.g., due to asset sales or creation of bridge institutions). Therefore, if the Company meets the conditions for the initiation of resolution proceedings, the exercising of the Bail-In Powers by the Resolution Authority may result in material losses for the bondholders, including losing part or in certain cases, all of its investment in the Bonds. Financial public support will only be used as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool. Consent of the bondholders is not necessary for affecting bail-in measures by the Resolution Authority.

Early Redemption Risk. According to the Terms of the Bonds, the Bonds may be redeemed prematurely on the initiative of the Company, at any time after the lapse of 5 years as from the date of issue of the Bonds as described in Section 2.7 "Maturity of Bonds". Further, according to the Terms of the Bonds, the Bonds may be redeemed by the Company even earlier than after the lapse of 5 years as from the date of issue of the Bonds as described in Section 2.7 "Maturity of Bonds" if amendments are made to the tax regulation that cause the Company to bear increased tax liability in regards of the Bonds, or if the Bonds seize or are likely to seize to be included in the Company's Tier 2 capital. If any of these early redemption rights is exercised by the Company, the rate of return from an investment into the Bonds may be lower than initially anticipated. Also, the investors might not have an option to invest in financial instruments offering similar risk/return characteristics at the time of the early redemption or could face additional costs in selecting a new investment. The Bonds may, however, be redeemed prematurely by the Company only if the EFSA (or the European Central Bank if it is in the competence thereof) has granted its consent to the early redemption. The decision on granting the consent involves a certain amount of discretion by the competent authority and the early redemption is therefore beyond the control of the Company.

No restriction on the amount of further debt instruments or indebtedness that the Company or the Group may issue or incur. Subject to complying with applicable regulatory requirements, the Terms of the Bonds do not establish restrictions on the amount of debt instruments or other indebtedness that the

Company or the Group may issue or incur after the issuance of the Notes. Such further debts instruments or indebtedness may rank *pari passu* or senior to the Bonds and may consequently reduce the amount recoverable by the bondholders in case of insolvency of the Company.

No Ownership Rights in Company's Share Capital. An investment into the Bonds is an investment into debt instruments, which does not confer any legal or beneficial interest in the equity of the Company or any of the Subsidiaries thereof or any voting rights or rights to receive dividends or other rights which may arise from equity instruments. The Bonds represent an unsecured debt obligation of the Company, granting the bondholders only such rights as set forth in the Terms of the Bonds. The value of the Bonds might be affected by the actions of the shareholder of the Company over which the investors do not have control.

Tax Regime Risks. Adverse changes in the tax regime applicable in respect of transacting with the Bonds or receiving interest or principal payments based on the Bonds may result in an increased tax burden of the bondholders and may therefore have adverse effect on the rate of return from the investment into the Bonds.

Cancellation of Offering. Although best efforts will be made by the Company to ensure that any Offering is successful, the Company cannot provide any assurance that the Offering will be successful and that the investors will receive the Bonds they subscribed for. The Company is entitled to cancel the Offering on the terms and conditions described in the Section 4.10 "Cancellation of Offering".

3.7. Risks Related to Offering, Listing and Admission to Trading

Bond Price and Limited Liquidity of Bonds. The Company will apply for the listing of the Bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange; however, although every effort will be made by the Company to ensure the listing of the Bonds as anticipated by the Company, no assurance can be provided that the Bonds will be listed and admitted to trading. Further, the Nasdaq Tallinn Stock Exchange is substantially less liquid and more volatile than established markets in other jurisdictions. During the first 6-months of 2022, the turnover of bonds admitted to trading on the Baltic Bonds List of Nasdaq Tallinn Stock Exchange was EUR 14.91 million with 35 170 trades in total. The relatively small market capitalisation and low liquidity of the Nasdaq Tallinn Stock Exchange may impair the ability of the bondholders to sell their Bonds on the open market, use them as a collateral for other obligations or engage in other transactions requiring the existence of an active market, or could increase the volatility of the price of the Bonds. As the Bonds of each series will bear a different ISIN code, the respective Bonds will also be traded separately which will affect their liquidity on the market. For instance, if at any point a person holding a large block of Bonds decided to sell such Bonds, the demand on the Nasdaq Tallinn Stock Exchange may not be sufficient to accommodate such a sale or issue and any sale may take longer than originally expected or a sale may take place at a lower price than expected.

The value of the Bonds can fluctuate (including the Bonds may trade at a discount to the Offer Price) on the securities market due to events and the materialisation of risks related to the Group, but also because of events beyond the Group's control, such as economic, financial, or political events, changes of interest rate levels or currency exchange rates, level of inflation, policy of central banks, changes in the demand or supply of securities of the same type in general or of the Bonds.

Negative or Insufficient Analyst Coverage. There is no guarantee of continued (or any) analyst research coverage for the Company. Over time, the amount of third-party research available in respect of the Company may increase or decrease with little or no correlation with the actual results of its operations, as the Company has no influence on the analysts who prepare such reports. Negative or insufficient third-party reports would be likely to have an adverse effect on the market price and the trading volume of the Bonds.

4. TERMS AND CONDITIONS OF OFFERING

4.1. Offering

In the course of the Offering, up to 35,000 Bonds of the Programme may be publicly offered to retail and institutional investors in any or all of Estonia, Latvia and Lithuania. The Company may also choose to offer the Bonds non-publicly to investors in any Member State of the EEA in circumstances described in Article 1(4) of the Prospectus Regulation.

4.2. Right to Participate in Offering

The Offering will be directed to all retail and institutional investors in any or all of Estonia, Latvia and Lithuania, as determined in the Final Terms of the respective series of the Bonds.

For the purposes of the Offering, a person is considered to be in Estonia, Latvia or Lithuania and has a right to participate in the Offering if such person has an operational securities account with Nasdaq CSD or a securities account with a financial institution who is a member of the Nasdaq Tallinn Stock Exchange, and such person submits a Subscription Undertaking in relation to the Bonds via that securities account.

4.3. Offer Price

The Offer Price will be determined in the Final Terms of the Bonds.

4.4. Offering Period

The Offering Period is the period during which the persons who have the right to participate in the Offering may submit Subscription Undertakings (please see Section 4.5 “Subscription Undertakings” for further details) for the Bonds. The Offering Period for each series of Bonds will be separately published through the information system of Nasdaq Tallinn Stock Exchange and the website of the Company (<https://investor.bigbank.eu>).

4.5. Subscription Undertakings

Submitting Subscription Undertakings

The Subscription Undertakings may be submitted only during the Offering Period. An investor participating in the Offering may apply to subscribe for the Bonds only for the Offer Price. Multiple Subscription Undertakings by one investor, if submitted, shall be merged for the purposes of allocation. All investors participating in the Offering can submit Subscription Undertakings denominated only in euros. An investor shall bear all costs and fees charged by the respective custodian accepting the Subscription Undertaking in connection with the submission, cancellation or amendment of a Subscription Undertaking.

In order to subscribe for the Bonds, an investor must have a securities account with a Nasdaq CSD account operator or a financial institution who is a member of the Nasdaq Tallinn Stock Exchange. Such securities account may be opened through any custodian. The list of banks and investment firms operating as Nasdaq CSD account operators is available on the website of Nasdaq CSD at <https://nasdaqcsd.com/list-of-account-operators/>. The list of financial institutions which are members of the Nasdaq Tallinn Stock Exchange is available on the website of Nasdaq Tallinn Stock Exchange at <https://nasdaqbaltic.com/statistics/et/members> (in order to review the list of members of the Nasdaq Tallinn Stock Exchange, selection “Tallinn” should be made).

Submission of Subscription Undertakings by Estonian Investors

If and to the extent that the Offering takes place in Estonia, an investor wishing to subscribe for the Bonds should contact a custodian that operates such investor's ERS securities account and submit a Subscription Undertaking in a form accepted by the custodian and in conformity with the terms and conditions of the Prospectus. The Subscription Undertaking must be submitted to the custodian by the end of the Offer Period. The investor may use any method that such investor's custodian offers to submit the Subscription Undertaking (e.g., physically at the client service venue of the custodian, over the internet or by other means).

Submission of Subscription Undertakings by Latvian and Lithuanian Investors

If and to the extent that the Offering takes place in Latvian and/or Lithuania, an investor wishing to subscribe for the Bonds must contact the financial institution, which is a member of the Nasdaq Tallinn Stock Exchange and manages such investor's securities account and submit a Subscription Undertaking for the purchase or subscription of the Bonds in a form accepted by the financial institution and in conformity with the terms and conditions of the Prospectus. The Subscription Undertaking must be submitted to the custodian by the end of the Offer Period. The investor may use any method that such investor's custodian offers to submit the Subscription Undertaking (e.g., physically at the client service venue of the account operator, via the Internet Bank or by other means).

Terms and Conditions for Submission of Subscription Undertakings

A Subscription Undertaking is deemed submitted from the moment Nasdaq CSD in case of Estonia and Nasdaq Tallinn Stock Exchange in case of Latvia and Lithuania receives a duly completed transaction instruction from the custodian of the respective Estonian investor or the financial institution managing the securities account of the respective Latvian or Lithuanian investor.

An investor may submit a Subscription Undertaking through a nominee account only if such an investor authorises the owner of the nominee account to disclose the investor's identity, personal ID number or registration number, and address to the Company and Nasdaq CSD. Subscription Undertakings submitted through nominee accounts without the disclosure of the above information will be disregarded.

An investor must ensure that all information contained in the Subscription Undertaking is correct, complete and legible. The Company reserves the right to reject any Subscription Undertakings, which are incomplete, incorrect, unclear or illegible, or which have not been completed and submitted during the Offering Period in accordance with all requirements set out in these terms and conditions.

By submitting a Subscription Undertaking, every investor:

- (i) accepts the terms and conditions of the Offering set out in this Section and elsewhere in this Prospectus and agrees with the Company that such terms will be applicable to the investor's acquisition of any Bonds;
- (ii) confirms that they have read the Terms of the Bonds and that the Terms of the Bonds are fully understandable and acceptable to them;
- (iii) accepts that the number of the Bonds indicated by the investor in the Subscription Undertaking will be regarded as the maximum number of the Bonds which the investor wishes to acquire (the **Maximum Amount**) and that the investor may receive less (but not more) Bonds than the Maximum Amount subscribed for (please see Section 4.7 "Distribution and Allocation");
- (iv) undertakes to acquire and pay for any number of Bonds allocated to them in accordance with these terms and conditions, up to the Maximum Amount;
- (v) authorises and instructs the account operator through which the Subscription Undertaking is submitted to arrange the settlement of the transaction on their behalf (taking such steps

as are legally required to do so) and to forward the necessary information to the extent necessary for the completion of the transaction;

- (vi) authorises the account operator through which the Subscription Undertaking is submitted, and Nasdaq CSD, to amend the information contained in the Subscription Undertaking to (a) specify the value date of the transaction, (b) specify the number of Bonds to be purchased by the investor and the total amount of the transaction, up to the Maximum Amount times the Offer Price; (c) correct or clarify obvious mistakes or irregularities in the Subscription Undertakings, if any;
- (vii) authorises the Nasdaq CSD and the Company together with any service provider(s) engaged by the Company for such purpose to process, forward and exchange its personal data and information in the Subscription Undertaking during the Subscription Period and/or after the Subscription Period where necessary to participate in the Offering, to accept or reject the Subscription Undertaking and to fulfil the Terms and Conditions of the Bonds and the Company's obligations under the Terms and Conditions of the Bonds;
- (viii) acknowledges that the Offering does not constitute an offer (in Estonian: *pakkumus*) of the Bonds by the Company in legal terms or otherwise, and that the submission of a Subscription Undertaking does not constitute the acceptance of an offer, and therefore does not in itself entitle the investor to acquire the Bonds, nor result in a contract for the sale of the Bonds between the Company and the investor;
- (ix) confirms, that they are not subject to any laws (incl. laws of any other jurisdiction) which would prohibit the placing of the Subscription Undertaking or allocation and delivery of the Bonds to them and represents that they are authorised to place a Subscription Undertaking in accordance with the Prospectus.

Investors have the right to amend or cancel their Subscription Undertakings at any time until the end of the Offering Period. To do so, the investor must contact its/his/her custodian through whom the Subscription Undertaking in question has been made and carry out the procedures required by the respective custodian for amending or cancelling a Subscription Undertaking (such procedures may differ between different custodians). This may result in costs and fees charged by the custodian through which the Subscription Undertaking is submitted.

4.6. Payment

By submitting a Subscription Undertaking, an investor authorises and instructs the institution operating the investor's cash account connected to its/his/her securities account (which may or may not also be the investor's custodian) to immediately block the whole transaction amount on the investor's cash account until the settlement is completed or funds are released in accordance with these terms and conditions. The transaction amount to be blocked will be equal to the Offer Price multiplied by the Maximum Amount. An investor may submit a Subscription Undertaking only when there are sufficient funds on the cash account connected to its/his/her Nasdaq CSD securities account or securities account opened with a financial institution which is a member of the Nasdaq Tallinn Stock Exchange to cover the whole transaction amount for that particular Subscription Undertaking.

4.7. Distribution and Allocation

The Company will decide on the allocation of the Bonds after the expiry of the Offering Period of the respective series of Bonds. The Bonds will be allocated to the investors participating in the Offering in accordance with the following principles:

- (i) under the same circumstances, all investors shall be treated equally, whereas dependent on the number of investors and interest towards the Offering, the Company may set minimum and maximum number of the Bonds allocated to one investor;
- (ii) the Company shall be entitled to use different allocation principles between the groups of retail investors and institutional investors;
- (iii) the Company shall be entitled to use different allocation principles in groups of investors tiered based on the size of the Subscription Undertaking;
- (iv) the allocation shall be aimed to create a solid and reliable investor base for the Company;
- (v) the Company shall be entitled to prefer the clients of the Company to other investors whereas preference may be given only to certain groups of clients;
- (vi) the Company shall be entitled to give preference to the employees, management and supervisory board members of companies belonging to the Group whereas such persons may use their investment vehicles in subscribing for the Bonds and shall in such case inform the Company of the usage of an investment vehicle and its name.

The list of clients of the Company shall be fixed as at the end of the business day immediately preceding the day of announcement of the public offering of the relevant series of Bonds.

The results of the allocation process of the Offering will be announced through the information system of the Nasdaq Tallinn Stock Exchange and through the Company's website <https://investor.bigbank.eu>. The Company plans to announce the results of allocation of each series of the Bonds within three business days after the end of the Offering Period, but in any case, before the Bonds are transferred to the investors' securities accounts. Therefore, dealing with the Bonds on Nasdaq Tallinn Stock Exchange shall not begin before the results of the allocation have been announced.

4.8. Settlement and Trading

The Bonds allocated to investors will be transferred to their securities accounts on or about the settlement date provided in the Final Terms of the Bonds through the "delivery versus payment" method simultaneously with the transfer of payment for such Bonds. The title to the Bonds will pass to the relevant investors when the Bonds are transferred to their securities accounts. If an investor has submitted several Subscription Undertakings through several securities accounts, the Bonds allocated to such investor will be transferred to all such securities accounts proportionally to the number of the Bonds indicated in the Subscription Undertakings submitted for each account, rounded up or down as necessary. Trading with the Bonds is expected to commence on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange on or about the date noted as such in the Final Terms of the Bonds.

4.9. Return of Funds

If the Offering or a part thereof is cancelled in accordance with the terms and conditions described in this Prospectus, if the investor's Subscription Undertaking is rejected or if the allocation is less than the amount of Bonds applied for, the funds blocked on the investor's cash account, or the excess part thereof (the amount in excess of payment for the allocated Bonds), will be released by the respective financial institution. Regardless of the reason for which funds are released, the Company shall never be liable for the release of the respective funds and for the payment of interest on the released funds for the time they were blocked (if any).

4.10. Cancellation of Offering

The Company has the right to cancel the Offering in full or in part in its sole discretion, at any time until the end of the Offering Period. In particular, the Company may decide to cancel the Offering in the part

not subscribed for. Any cancellation of the Offering will be announced through the information system of the Nasdaq Tallinn Stock Exchange and through the Company's website <https://investor.bigbank.eu>. All rights and obligations of the parties in relation to the cancelled part of the Offering will be considered terminated as of the moment when such announcement is made public.

4.11. Conflicts of Interests

According to the knowledge of the Management, there are no personal interests of the persons involved in the Offering material to the Offering. The Management is unaware of any conflicts of interests related to the Offering.

4.12. Notice to Investors in the European Economic Area

In relation to each Member State (other than Estonia, Latvia and Lithuania) no offer to the public of the Bonds which are the subject of the Offering contemplated by this Prospectus has been, or will be, made in that Member State other than:

- (i) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (ii) to fewer than 150 natural or legal persons (other than qualified Investors as defined in the Prospectus Regulation); or
- (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Bonds shall require the Company or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Bonds to the public" means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered to enable an investor to decide whether to purchase or subscribe for any Bonds.

5. REASONS FOR OFFERING AND USE OF PROCEEDS

The overall purpose of the Programme and the Offering is to strengthen the capital structure of the Group and ensure stable access to additional capital to finance the Group's budget and growth in accordance with the strategic plan.

Provided that all the Bonds under the Programme are subscribed for and issued by the Company, the expected amount of gross proceeds would be up to EUR 35 million. The total amount of costs and expenses related to the Programme are estimated to amount to up to EUR 500,000–600,000. The net proceeds to the Company from the Programme, after deducting estimated costs and expenses would therefore be approximately EUR 34.4–34.5 million.

The Company plans to use the proceeds from the Bonds issued under the Programme for the purposes of covering the additional credit risk arising from the growth of the Group's corporate and housing loans portfolio in Estonia, Latvia and Lithuania, as well as for the purposes of satisfying the additional Tier 2 capital requirements required under applicable regulatory rules.

The proceeds from each issue of Bonds under the Programme may also be used for the premature redemption of the existing unsecured subordinated bonds issued by the Company, provided that the Company is entitled to redeem such bonds prematurely in accordance with the applicable bond terms.

6. GENERAL CORPORATE INFORMATION AND ARTICLES OF ASSOCIATION

6.1. General Corporate Information

The business name of the Company is Bigbank AS. The Company was registered in the Estonian Commercial Register on 30 January 1997 under the register code 10183757 and its legal entity identifier (LEI) code is 5493007SWCCN9S3J2748. The Company has been established and is currently operating under the laws of the Republic of Estonia in the form of a public limited company (in Estonian: *aktsiaselts* or AS) and is established for an indefinite term.

The contact details of the Company are the following:

Address: Riia tn 2, 51004 Tartu, Estonia

Phone: +372 731 1333

E-mail: info@bigbank.ee

Website: <https://www.bigbank.ee>

The information on the website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.

According to the latest available annual report of the Company, i.e., the annual report for the financial year ended on 31 December 2021, the field of activity of the Company was "credit institutions (banks)" (EMTAK¹² 64191).

¹² EMTAK (the Estonian Classification of Economic Activities) is the basis for determining the fields of activity of Estonian companies. EMTAK is the national version of the international harmonised NACE classification. As of 1 January 2007, the Estonian companies are, instead of providing their fields of activity in the Articles of Association, required to report them in their annual reports using EMTAK classification.

7. SHARE CAPITAL, SHARES AND OWNERSHIP STRUCTURE

7.1. Share Capital and Shares

The current registered and fully paid-in share capital of the Company is EUR 8,000,000, which is divided into 80,000 ordinary shares of the Company (the **Shares**) with the nominal value of EUR 100. The Shares are registered in the Estonian securities register (the **ERS**) under ISIN code EE3100016015. The Shares are not admitted to trading on any regulated market. The Company does not have any shares that have not been fully paid up.

Under the Estonian Commercial Code, the main rights afforded to holders of ordinary shares are the right to participate in the general meeting of shareholders and in the distribution of profits and, upon dissolution, of the remaining assets of the public limited company, as well as other rights provided by law or prescribed by the articles of association.

7.2. Shareholders of Company

As at the date of this Prospectus, the Shareholders holding directly over 5% of all Shares in the Company are the following:

Name of Shareholder	Number of Shares	Proportion
Parvel Pruunsild	40,000	50%
Vahur Voll	40,000	50%

There are no persons who have an indirect qualifying holding in the Company. The Company is jointly controlled by the above shareholders (Parvel Pruunsild and Vahur Voll). The Company is as at the date of this Prospectus not aware of any arrangements or circumstances, which may at a subsequent date result in a change in control over the Company.

There are no Shareholders' Agreements between the shareholders of the Company.

8. MANAGEMENT

8.1. Management Structure

The Company has a three-layer management. The Management Board is responsible for the day-to-day management of the Company and each of its members is eligible to represent the Company in keeping with the law and the Articles of Association. The Supervisory Board of the Company is responsible for the strategic planning of the activities of the Company and for supervising the activities of the Management Board. The highest governing body of the Company is the general meeting of shareholders.

The address of operations of the Management Board and the Supervisory Board is Riia tn 2, 51004 Tartu, Estonia (the registered address of the Company).

8.2. Management Board

Role. The Management Board of the Company is responsible for the day-to-day management of the Company's operations, representing the Company and for organising its accounting. Further, according to the Estonian Commercial Code, it is the obligation of the Management Board to draft the annual reports and submit the reports to the Supervisory Board for review and to the General Meeting for approval. The Management Board is accountable to the Supervisory Board and must adhere to its lawful instructions.

Duties. The Management Board must present an overview of the economic activities and economic situation of the Company to the Supervisory Board at least once every three months and is under the obligation to give immediate notice of any material deterioration of the economic condition of the Company or of any other material circumstances related to its operations. If the Company is insolvent and the insolvency, due to the Company's financial situation, is not temporary, the Management Board must immediately submit a voluntary bankruptcy petition in respect of the Company.

The Management Board may only enter into transactions that lie outside the Company's ordinary scope of business with the consent of the Supervisory Board.

Further, according to the Commercial Code, it is the obligation of the Management Board to coordinate preparation of the annual reports and submit the reports to the Supervisory Board for review and to the General Meeting of shareholders for approval. The Management Board is accountable to the Supervisory Board and must adhere to its lawful instructions and to the strategy of the Company approved by the Supervisory Board.

Members of the Management Board. According to the Articles of Association, the Management Board consists of three to five members who are appointed by the Supervisory Board for a period of three years. The Supervisory Board has appointed five members to the Management Board – Mr Martin Länts (Chairman of the Management Board, the authorities remain valid until 14 March 2025), Mr Argo Kiltsmann (the authorities remain valid until 30 June 2025), Mr Ingo Pöder (the authorities remain valid until 14 March 2025), Mr Ken Kanarik (the authorities remain valid until 14 March 2025) and Mr Mart Veskimägi (the authorities remain valid until 5 February 2023).

Mr Martin Länts. Mr Länts is the Chairman of the Management Board of the Company. He is responsible for the management of the Company's branches and cross-border services and Business Development, Customer Relationship Management and Marketing and Support Services Area. His main functions within the Company include also external and internal governance, and strategic planning. Mr Länts is additionally a member of the management board of Eesti Pangaliit.

Mr Mart Veskimägi. Mr Veskimägi is the Head of Risk Management of the Company and is, as a Management Board Member, responsible for Compliance, Credit Risk, Risk Management and Data and

Analytics. His main functions within the Company include risk governance, risk reporting and capital planning. Mr Veskimägi is additionally a member of the management board of MTÜ Männivälja.

Mr Ingo Pöder. Mr Pöder is the Head of Corporate Banking of the Company, responsible for Corporate Banking and Legal. His main functions within the Company include development of areas under his responsibility and long-term strategic planning. Mr Pöder is additionally a member of the management board of Eesti Liisinguühingute Liit, MTÜ Eesti Naginata Föderatsioon and Naginataklubi Shirei.

Mr Ken Kanarik. Mr Kanarik is the Head of Product Management of the Company, responsible for Product Management and Technology. His main functions within the Company include development of areas under his responsibility and long-term strategic planning. He does not hold any other managerial positions in other entities.

Mr Argo Kiltsmann. Mr Kiltsmann is the Head of Finance, responsible for budgeting and planning, ensuring funding of the Group's activities and correct accounting. He does not hold any other managerial positions in other entities.

8.3. Supervisory Board

Role. In accordance with the Commercial Code, the Supervisory Board is responsible for the strategic planning of the business activities of the Company and supervising the activities of the Management Board. The Supervisory Board is elected by and accountable to the shareholders of the Company (acting in the form of the General Meeting).

Duties. In accordance with the Commercial Code, before the ordinary General Meeting of shareholders is held, the Supervisory Board must review the annual report and provide the General Meeting of shareholders with a written report on the annual report, indicating whether the Supervisory Board approves the report and also provide information on how the Supervisory Board has organised the supervision of the activities of the Company during the year. The tasks and responsibilities of the Supervisory Board are further regulated in the Articles of Association of the Company.

Members of the Supervisory Board. According to the Articles of Association, the Supervisory Board consists of five to seven members who are appointed by the General Meeting of shareholders for a period of two years. The members of the Supervisory Board elect among themselves a Chairman of the Supervisory Board who is responsible for organising the activities of the Supervisory Board. The roles of each member of the Supervisory Board are not specified within the Company and the Supervisory Board members perform their duties as Supervisory Board members in accordance with the Articles of Association and applicable legislation. According to the Articles of Association, meetings of the Supervisory Board are held according to the actual necessity, but at least once per three months. A meeting of the Supervisory Board has a quorum if more than one half of the members of the Supervisory Board participate, and a resolution of the Supervisory Board is adopted if more than one half of the members of the Supervisory Board who participate in the meeting vote in favour. A member of the Supervisory Board may participate via electronic means. As at the date of this Prospectus there are five members in the Supervisory Board – Mr Parvel Pruunsild (the Chairman of the Supervisory Board), Mr Andres Koern, Mr Juhani Jaeger, Mr Raul Eamets and Mr Vahur Voll. The authorities of all the above-mentioned persons as members of the Supervisory Board will remain valid until 25 February 2023.

Mr Parvel Pruunsild. Mr Pruunsild is the Chairman of the Supervisory Board. Mr Pruunsild is additionally a member of the supervisory board of Sihtasutus Korp! Sakala Stipendiumifond, Tartu Ülikooli Kliinikumi Lastefond and Foundation "Pere Sihtkapital". He is also the founder of Foundation "Lasterikkad Isad" and member of management board of Jodler Invest OÜ.

Mr Andres Koern. Mr Koern is additionally a member of the supervisory board of Tartu Ülikooli Kliinikumi Lastefond, AS Birdeye Capital, TK-Team Baltic AS (Chairman) and Eesti Üliõpilaste Seltsi Sihtasutus.

Mr Juhani Jaeger. Mr Jaeger is additionally a member of the management board of Autorfest OÜ, Isamaalised MTÜ, political party "ISAMAA Erakond", MTÜ "Tartu Jaani Kiriku Kultuuriprojekt", Tower Music MTÜ and a representative of Eesti Evangeelse Luterliku Kiriku Tartu Ülikooli-Jaani Kogudus.

Mr Raul Eamets. Mr Eamets is additionally a member of the supervisory board of Foundation "Pere Sihtkapital", a Chairman of Fiscal Council of Estonia, a Professor of Macroeconomics in the University of Tartu and the Dean of Social Sciences in the University of Tartu.

Mr Vahur Voll. Mr Voll is additionally a member of the management board of Pähklimäe Talu OÜ.

8.4. Audit Committee

Role and Duties. The Audit Committee is an advisory body to the Supervisory Board. The Audit Committee has been established to supervise the activities of the Management Board. The functions of the Audit Committee are as follows: (i) Audit Committee oversees the establishment of accounting policies by the Company; (ii) Audit Committee monitors the processing of financial information and submits recommendations aimed at ensuring its integrity; (iii) Audit Committee monitors and reviews the independence of an audit firm and statutory auditor; (iv) Audit Committee monitors the process of statutory audit, in particular, its performance, taking into account any findings and conclusions from quality assurance by the competent authority; (v) Audit Committee is responsible for the procedure for the selection of statutory auditor(s) or audit firm(s) and recommend the statutory auditor(s) or audit firm(s) to be appointed and recalled; (vi) Audit Committee monitors the effectiveness and efficiency of the Company's internal control and risk management systems by receiving and taking into account internal audit reports; (vii) Audit Committee reviews the observations and proposals received from the auditors, among others, proposals concerning risk management and control systems.

Members of the Audit Committee. The Audit Committee of the Company currently has two members. Currently, the Audit Committee consists of Mr Raul Eamets (chairman) and Mr Parvel Pruunsild.

8.5. Remuneration Committee

Role and Duties. The Remuneration Committee is a corporate governance body formed by the Supervisory Board. The Remuneration Committee is formed for the purpose of assessing the principles of remuneration applied within the Company, developing a remuneration strategy for the members of the Management Board as well as for exercising supervision over the compliance with the applicable legal requirements in respect of risk management and capital adequacy.

Members of the Remuneration Committee. The Supervisory Board members fulfil the duties of Remuneration Committee.

8.6. Group Credit Committee

Role and Duties. The Group Credit Committee is the highest level decision-making body in the Group's system of credit committees (consisting of Group Credit Committee, country credit committees and their sub-committees), which is responsible for supervising country credit committees, ensuring that all credit decisions are in line with the Group's credit risk policy, Group-level credit risk limits and key risk indicators, risk appetite and credit strategy, and adopting lending decisions exceeding EUR 1 million. The Group Credit Committee is formed by and reports to the Supervisory Board.

Members of the Group Credit Committee. The Group Credit Committee consists of at least five members, which must include the Chairman of the Management Board of the Company, at least one representative from the area responsible for risk management and at least two members of the Supervisory Board of the Company. Currently the members of the Group Credit Committee are Mr Mart Veskimägi (Chairman), Mr Raul Seppa (Vice-Chairman), Mr Vahur Voll, Mr Parvel Pruunsild, Mr Martin Länts, Mr Ingo Pöder and Mr Argo Kiltsmann.

Mr Raul Seppa. Mr Seppa is the Head of Credit Risk of the Group. Mr Seppa is additionally a member of the management board of Creditum Consultum OÜ.

8.7. Risk Committee

Role and Duties. The Risk Committee supports the Management Board in fulfilling its risk management responsibilities. In particular, the Risk Committee discusses strategic issues related to operational risks (including information security and compliance risks), coordinates and agrees on strategic issues impacting operational risk. The Risk Committee is established and nominated by the Management Board of the Company. The Risk Committee does not constitute and does not have all the competences/responsibilities of a risk committee within the meaning of § 62(4) of the Credit Institutions Act.

Members of the Risk Committee. The Risk Committee comprises of six members. Currently the members of the Risk Committee are Mr Mart Veskimägi (Chairman), Mr Rasmus Keskküla, Mr Jaan Anvelt, Ms Kairi Tuulmägi, Mr Ken Kanarik, Ms Mirjam Peetsmann.

Mr Rasmus Keskküla. Mr Keskküla is the Head of Operational Risk Control of the Group. Mr Keskküla is additionally a member of the management board of RK Investments OÜ and a volunteer deputy police officer.

Mr Jaan Anvelt. Mr Anvelt is the Chief Information Security Officer of the Company. He does not hold any other managerial positions in other entities.

Ms Kairi Tuulmägi. Ms Tuulmägi is the Chief Compliance Officer of the Company. Ms Tuulmägi is additionally a member of the management board and shareholder of OÜ Linnuse Siidritehas and Andob OÜ.

Ms Mirjam Peetsmann. Ms Peetsmann is the Head of Customer Experience of the Group. She does not hold any other managerial positions in other entities.

8.8. Conflicts of Interests

According to the knowledge of the Management, there are no known actual or potential conflicts of interest between the duties of any of the members of the Management Board, the Supervisory Board and any Committee to the Company or to any Group company, and their private interests or other duties.

8.9. Statement of Compliance with Corporate Governance

The Company complies with the corporate governance regime of the Republic of Estonia. The Company adheres to the Good Corporate Governance Code as approved by the EFSA. The Good Corporate Governance Code is intended mostly for publicly listed companies and is designed for companies with a wide ownership. The Company has thus adapted the Good Corporate Governance Code to its own specifics.

The Good Corporate Governance Code is binding on the basis of "comply or explain principle". The requirements, which are currently not fully followed by the Company have been described in the latest Good Corporate Governance Report made available in the audited consolidated financial statements of the Group for the year ended on 31 December 2021.

8.10. Statutory Auditors

According to the Articles of Association, the General Meeting of shareholders appoint an external auditor for up to five years. The General Meeting of shareholders 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. KPMG Baltics OÜ is a member of the Estonian Auditors' Association.

The Audited Financial Statements have also been audited by sworn auditor Eero Kaup (sworn auditor number 459) from the audit company KPMG Baltics OÜ.

9. BUSINESS OVERVIEW

9.1. History and Development of Group

The Group's history dates back to 1992, when Mr Parvel Pruunsild and Mr Vahur Voll together with another founder established aktsiaselts LIIVIMAA LOMBARD (now Bigbank AS). Both Mr Pruunsild and Mr Voll continue contributing to the management of the Company as Chairman of the Supervisory Board and member of the Supervisory Board respectively.

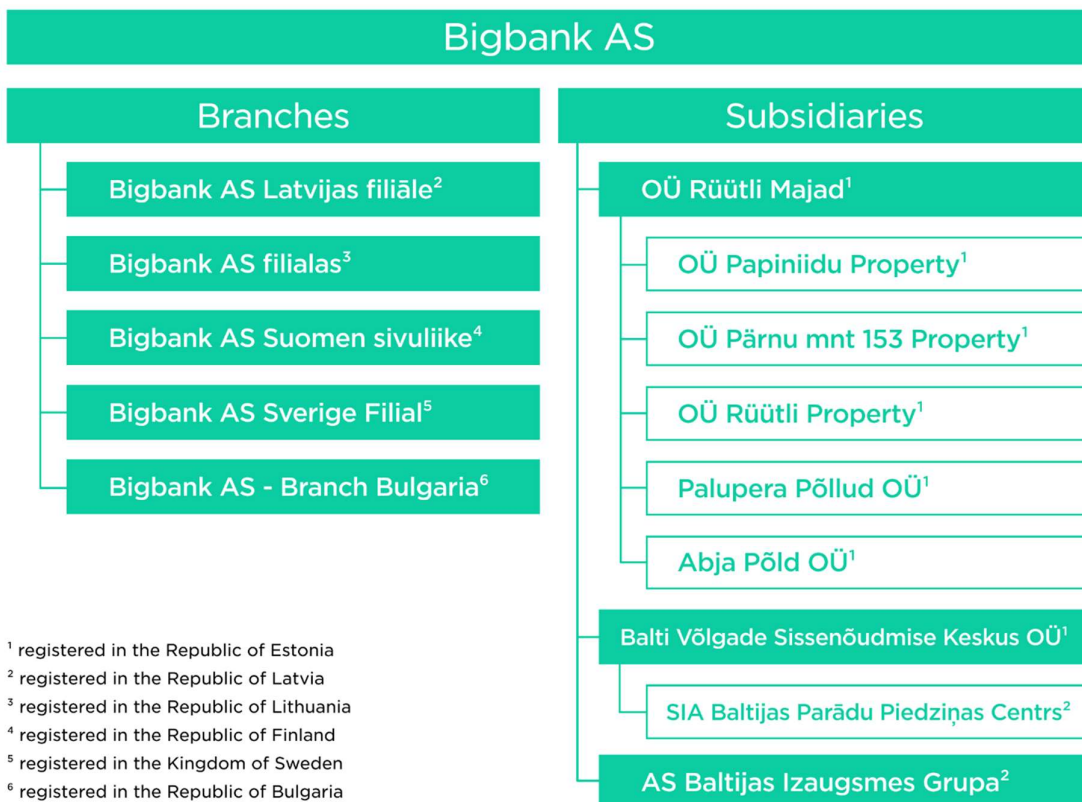
- 1992 – The Company launches operations, opening its first office in Tartu, Estonia.
- 1993 – Tallinn office is opened.
- 1996 – The Company founds a subsidiary in Latvia.
- 1997 – The Group adopts the trademark BIG, which is an acronym from its then business name AS Balti Investeeringute Grupp.
- 2004 – The Company submits an application for a credit institution's activity license. The Company lists its bonds on the Tallinn Stock Exchange for the first time.
- 2005 – The Company receives the licence to operate as a credit institution and starts carrying out its activities under the new licence with a new business name Balti Investeeringute Grupi Pank AS.
- 2006 – The Company begins offering term deposits on the Estonian market.
- 2007 – The Company opens a Lithuanian branch, the first to operate under the BIGBANK trademark. The international rating agency Moody's Investor Services issued the Company with a credit rating for the first time. The Company conducts its first international issue of debt instruments and lists the bonds on Stockholm Stock Exchange. The number of active credit contracts reaches 100,000.
- 2008 – The Group, which had been operating under the trademark BIG in Estonia and Latvia, also starts using the unified international trademark BIGBANK in Estonia and Latvia. In addition to a subsidiary, the Company opens a branch in Latvia. The Company begins offering term deposits on a cross-border basis in Finland.
- 2009 – The business name of the Company is changed to Bigbank AS. The Company begins offering term deposits on a cross-border basis in Germany. The Company opens a branch in Finland. The Company redeems bonds listed on Tallinn Stock Exchange.
- 2010 – The Company begins offering deposits on a cross-border basis in Austria and starts issuing loans in Finland.
- 2011 – The Company opens a branch (now liquidated) and starts issuing loans in Spain. The Company redeems bonds listed on Stockholm Stock Exchange.
- 2012 – The Company opens a branch and starts issuing loans in Sweden. The Company begins offering deposits as a cross-border services in the Netherlands.
- 2015 – The Group's international trademark is changed together with launch of new branding from BIGBANK (with capital letters) to Bigbank (with only first capital letter).
- 2017 – Banking platform Nest launched in Finland.

- 2018 – Banking platform Nest launched in Sweden.
- 2019 – Banking platform Nest launched in Lithuania, Latvia and Estonia.
- 2020 – The Company obtains the permits for establishing and operating a branch in Bulgaria. The Company launches digital customer identification and contract signature in Latvia and Lithuania, corporate car and equipment lease in Estonia and Lithuania, savings deposits in Germany, Austria and the Netherlands, digital revolving loans in Sweden, refinancing loans and collateralised car loans in Finland and housing loans in Estonia.
- 2021 – The Company commences issuing housing loans in Latvia and Lithuania. Also, services offered to private customers are expanded with car leasing in Lithuania and consumer loans in Bulgaria. In corporate customer segment, the Company starts providing agricultural and forest land loans in Estonia and Latvia. The volume of the Company's assets exceeds first time of its history over EUR 1 billion.
- 2022 – The Company launches deposit product in Bulgaria and starts providing customer video identification in Estonia. The Company's deposits portfolio exceeds EUR 1 billion. The Company receives an investment-grade rating from rating agency Moody's. The Group decides to stop issuing new loans in Sweden in the second half of 2022.

9.2. Group Structure, Group Companies and Affiliated Companies of the Company

Group Structure:

As at the date of this Prospectus, the Group structure is the following:



Group Companies and branches:

Bigbank AS. Bigbank AS (the Company) is the holding company of the Group. The Company holds a credit institution's license and offers both deposit services and lending services in Estonia. On a cross-border basis, the Company also accepts deposits in Germany, the Netherlands and Austria. The Company operates mainly through digital channels. Historically, the Company has been focused on unsecured consumer loans but within the last few years the scope of products has been enlarged to cover also residential and corporate loans. The Company is not dependent upon other entities in the Group.

Bigbank AS Latvian branch. Bigbank AS Latvian branch was established in 2008. The main products of Bigbank AS Latvian branch are consumer loans, residential loans, corporate loans and deposits.

Bigbank AS Lithuanian branch. Bigbank AS Lithuanian branch was established in 2007. The main products of Bigbank AS Lithuanian branch are consumer loans, residential loans and corporate loans.

Bigbank AS Finnish branch. Bigbank AS Finnish branch was established in 2009. The main products of Bigbank AS Finnish branch are consumer loans and deposits.

Bigbank AS Swedish branch. Bigbank AS Swedish branch was established in 2012. The main products of Bigbank AS Swedish branch are consumer loans, residential loans, corporate loans and deposits. On 16 August 2022, the Group made a strategic decision to stop issuing new loans via Bigbank AS Swedish branch in the second half of 2022 to ensure efficient allocation of capital and improve the Group's long-term ability to generate strategically targeted return on equity to shareholders. The Group continues to service its existing consumer loan customers and offer deposit products via the branch.

Bigbank AS Bulgarian branch. Bigbank AS Bulgarian branch was established in 2020 and started operations in 2021. The main products of Bigbank AS Bulgarian branch are consumer loans and deposits.

OÜ Rütli Majad. The core business of OÜ Rütli Majad is property management.

OÜ Papiniidu Property. OÜ Papiniidu Property core business is property management.

OÜ Pärnu mnt 153 Property. OÜ Pärnu mnt 153 Property is involved in property management.

OÜ Rütli Property. OÜ Rütli Property is involved in agricultural land management.

Palupera Põllud OÜ. Palupera Põllud OÜ was acquired by the Group in 2021 and is an agricultural enterprise engaged in milk production and dairy farming.

Abja Põld OÜ. Abja Põld OÜ was acquired by the Group in 2021 and is an agricultural enterprise engaged in grain growing.

Balti Võlgade Sissenõudmise Keskus OÜ. Balti Võlgade Sissenõudmise Keskus OÜ was established for management of debt portfolio but is currently not engaged in active business operations.

SIA Baltijas Parādu Piedziņas Centrs. SIA Baltijas Parādu Piedziņas Centrs was established for management of debt portfolio but is currently not engaged in active business operations.

AS Baltijas Izaugsmes Grupa. AS Baltijas Izaugsmes Grupa is involved in agricultural land management.

9.3. Business Segments

The Group's banking operations are divided into two operating segments, identified by reference to customer categories: retail banking and corporate banking. Both segments offer loan products to customers and raise deposits. As of 30 June 2022, the Group's client portfolio comprised of 69.5% of retail clients and 30.5% of corporate clients. Group entities that are involved in investment property and agriculture and units that support banking operations (incl. the treasury) form the segment of other operations.

9.4. Geographical Markets

As at the date of this Prospectus, the Group is operating in nine geographical markets. In Estonia, the Company is engaged in providing consumer and corporate financing and accepting public deposits. The branches in Latvia, Lithuania, Finland, Sweden¹³ and Bulgaria offer lending services mostly similar to those of the Company. The branches in Latvia, Finland, Sweden and Bulgaria also offer deposit services. In addition, the Company provides deposit services on a cross-border basis in Germany, the Netherlands and Austria but does not conduct any financing activities in those markets.

As of 30 June 2022, the largest share of the Group's loan receivables was from the Estonian market with 36.9%, followed by the Lithuanian market with 32.9%, the Latvian market with 15.2% and the Finnish market with 8.5% and the Swedish market with 5.9%. The Group entered the Bulgarian market only in 2021 and as of 30 June 2022 its share in the Group loan portfolio was 0.6%. As of 30 June 2022, the largest portion of the Group's deposits were from the German market with 47.8%, followed by the Dutch market with 33.2% and Swedish market by 7.2%.

9.5. Financing of Activities

The Group finances its activities mainly through deposits, which as of the date of this Prospectus are collected in eight geographical markets – in Estonia, through branches in Latvia, Finland, Sweden and Bulgaria, and on a cross-border basis in Germany, the Netherlands and Austria. Term deposits are provided in all of the above geographical markets whereas demand deposits are offered only in Germany, the Netherlands and Austria.

In addition to deposits, the Group has engaged capital by issuing subordinated bonds in the total amount of EUR 20 million (ISIN codes EE3300111400, EE3300002526 and EE3300002583).

9.6. Competitive Position and Competitive Strengths

The Group positions itself as an international bank with local expertise, offering services across nine geographical markets by offering loans in Estonia, Latvia, Lithuania, Finland, Sweden and Bulgaria, and accepting deposits from Estonia, Latvia, Finland, Sweden, Bulgaria, the Netherlands, Germany and Austria. In accordance with the Group's strategy for years 2022–2026, the Group has set the strategic target of achieving 20% return on equity to shareholders.

The Group considers the year 2021 as a breakthrough for the Group in corporate banking, in which year the Group started to put more focus on corporate banking, which translated into rapid growth. The Group's gross corporate loan and lease portfolio grew by 269% year on year.

In Management's view, the Group's success lies in an attractive and market-defining product offering, while offering competitive terms for customer in all markets will sustain a healthy growth in the loan portfolio. The Management considers the main strengths of the Group compared to key competitors as:

¹³ The Group has decided to stop issuing new loans via its Swedish branch in the second half of 2022. See Section 9.2 ("Group Structure, Group Companies and Affiliated Companies of the Company").

- focused product offering – loans, leasing and deposits only;
- competitive product offering – regular monitoring of competition and consumer need in order to provide attractive products with competitive conditions;
- low cost-base and effective operations – no physical office and ATM network, the Company is fully digital bank;
- own full-scale IT system (Nest), which oldest parts are from year 2016 – no complex legacy systems;
- well diversified loan portfolio; and
- well diversified deposit portfolio, including cross-border operations (Germany, Austria, the Netherlands), where customers are served through the Company's own channels with lower funding cost, not through platforms (e.g., Raisin, etc.).

The Company's main priority is the wellbeing of its customers, and the goal is to always offer the customers a little bit of extra (e.g., a better product, more enjoyable service than expected etc.). For example, in relation to housing loans, in addition to the usual annuity schedule-based loans, customers can also apply for a unique housing loan product that allows deferring payments of principal loan amount for up to 20 years.

Estonia. The financial sector is highly competitive in Estonia – in addition to banks there are several other credit providers and credit intermediaries offering their services. At the end of the first half of 2021, there were 46 non-bank creditors, 11 creditors associated with banks, and 10 credit intermediaries operating in the market.¹⁴ In the consumer loan turnover market Bigbank has 16% market share in Estonia (as of the end of 2021) and has been increasing the market share furthermore in 2022 – totalling 23% in Q1 in 2022).¹⁵ This change illustrates the market trend in consumer loans in general where market leader (Swedbank) and other big universal banks have lost market share while smaller and specialised banks have been growing.¹⁶ The Company entered the housing loan market in August 2020 and in March 2022 reached already 7,5% of the new housing loan monthly turnover in Estonia.¹⁷ The Company's market share in new sales of loans to non-financial corporations was 4,6% in the first quarter of 2022 and 10,7% in April 2022.¹⁸ The Company increased its corporate loans portfolio from EUR 32.3 million as of December 2020 to EUR 161.2 million as of April 2022.

Latvia. The Company has a significant history and market share in consumer lending in Latvia. The Company's expertise in consumer sector has led to a 22,5% market share in consumer loan turnover in the banking sector (as of February 2022). One of the indicators of a high competitiveness level in the Latvian consumer loan market is the annual percentage rate of charge (APRC) for consumer credit to resident households in euro that has decreased in March 2022 to the lowest level since March 2021, being 15%. In 2021, the Company launched a new product for private consumers in Latvia, a housing loan. Despite the high level of competition between universal banks using mostly price discounts as their unique selling proposition, the market share curve of the Company's housing loan turnover has demonstrated a slow increase from month to month. As of February 2022, the Company had reached a 2,1% market share.¹⁹

¹⁴ Source: https://fi.ee/sites/default/files/fi_eft_6_2021_eng_korr2.pdf.

¹⁵ Source: <https://statistika.eestipank.ee/#/et/p/650/r/1054/903>.

¹⁶ Source: https://fi.ee/sites/default/files/fi_eft_6_2021_eng_korr2.pdf.

¹⁷ Source: <https://statistika.eestipank.ee/#/et/p/650/r/1054/903>.

¹⁸ Source: <https://statistika.eestipank.ee/#/en/p/650/r/1059/908>.

¹⁹ Source: Information provided by JSC "Credit Information Bureau" (KIB).

Lithuania. Lithuanian consumer loans' market is highly competitive. With constant overnight deposits portfolio increases (according to Bank of Lithuania in 5 years overnight deposits portfolio grew from EUR 6,5 to EUR 17 billion) and consumer loans' price being the third highest in Euro area (bypassed only by Latvia and Estonia). Banks operating in Lithuania are promoting consumer loans heavily. For consumer loans' clients, the Company is mainly competing with specialised banks and branches of foreign banks, like Inbank or Citadele. Credit unions are active only in smaller cities and universal banks are not so flexible in evaluating clients. Latest data available (as of April 2022) shows that the Company's market share by new sales is also approx. 20%, which makes the Company one of the best performing consumer loan banks in Lithuania.²⁰ The history of the Company's corporate loans is much shorter but latest years have shown impressive growth in corporate loans sales and portfolio increase. The Company increased its portfolio from EUR 14.3 million to EUR 100 million from 2020 to 2022 while the market's total portfolio stayed on similar level. Housing loan as a product was launched in the middle of 2021. During the first year, the Company has been able to constantly grow its market share by both sales and portfolio size. According to data from Bank of Lithuania in Q1 2022, the Company had approx. 3% of all new sales in housing loans.²¹

Finland. In Finland, competition has increased significantly in the financial sector from year 2021 as the ban on direct marketing and interest rate cap – applied due to COVID-19 spread - ended in September 2021. Many of the competitors started significant marketing actions in the beginning of the year 2022 and it has affected the Company's market share in Finland. The Company's consumer credit market share by new sales was 1.13% in 2021.²² As of Q1 2022 the market share decreased to 0.76%.²³ By portfolio, the market share has decreased a little as well but not that remarkably – in 2021 it was 0.61% and as of Q1 2022 it was 0.60%.²⁴

Sweden. The Swedish consumer loan market has nearly doubled in size during the last 10 years totaling EUR 27.3 billion in December 2021, during the time the 'main home banks' have seen their market share shrink from almost 50% to less than 30%, while niche and smaller banks have gone the opposite direction and now stand for almost 50% of the market.²⁵ The target audience is the approximately 2 million Swedes that have at least one consumer loan which translates into 30% of the public between 20-75 year.²⁶ The Company's consumer credit market share by portfolio was 0.3% in 2021.²⁷ However, the Company has decided that in the second half of 2022 issuing new loans in the Swedish branch will be terminated. Existing customers in the consumer loan portfolio will be served also in the future and deposits will be still offered.

Bulgaria. In Bulgaria, the consumer credit market is growing rather slowly. The Company's biggest competitors in the market are other specialised banks like BNP Paribas and TBI and also Unicredit's Consumer Financing company. BACB are the first of the traditional banks that launched a fully digital loan, and Postbank is the most active from sales perspective in the retail segment (different distribution channels, etc.). The Company offers consumers loans in Bulgaria since May 2021. During Q1 2022 sales doubled in comparison with Q4 2021. As a newcomer to the market, the Company has gained a 0.34% market share of new sales (as of Q1 2022).²⁸

²⁰ Source: https://www.lb.lt/en/volumes-of-and-interest-rates-on-pure-new-loans?ff=1&PNS_DUOM_TIPAS=B.

²¹ Source: https://www.lb.lt/en/volumes-of-and-interest-rates-on-pure-new-loans?ff=1&PNS_DUOM_TIPAS=B.

²² Source: <https://www.suomenpankki.fi/fi/Tilastot/rahalaitosten-tase-lainat-ja-talletukset-ja-korot/taulukot/rati-taulukot-fi/pt-uuDET-ja-nostetut-lainat-fi/>.

²³ Source: <https://www.suomenpankki.fi/fi/Tilastot/rahalaitosten-tase-lainat-ja-talletukset-ja-korot/taulukot/rati-taulukot-fi/pt-uuDET-ja-nostetut-lainat-fi/>.

²⁴ Source: <https://www.suomenpankki.fi/fi/Tilastot/rahalaitosten-tase-lainat-ja-talletukset-ja-korot/taulukot/rati-taulukot-fi/pt-kotitalouksien-lainat-ja-talletukset-fi/>.

²⁵ Source: <https://www.scb.se/hitta-statistik/redaktionellt/hushall-valjer-andra-aktorer-nar-de-lanar-till-konsumtion/#:~:text=Mellan%202010%20och%202021%20%C3%B6kade,miljarder%20kronor%20i%20december%202021>.

²⁶ Source: <https://www.scb.se/hitta-statistik/redaktionellt/konsumtionslanen-okar-under-pandemin/>.

²⁷ Source: <https://www.scb.se/hitta-statistik/redaktionellt/hushall-valjer-andra-aktorer-nar-de-lanar-till-konsumtion/>.

²⁸ Source: Bulgarian National Bank.

Germany. Germany is the biggest market for savings' products in Europe, with total deposits of EUR 2,64 trillion.²⁹ The Company's market share is 0.01% for overnight deposits and 0.10% for term deposits. The Company is competing in the segment of foreign banks offering deposits to German clients at higher interest rates than domestic banks offer. This part of the market is dominated by savings portals such as Weltsparen and Zinspilot (Raisin) or Check24. These portals are populated mostly by banks from Eastern and Southern Europe, but also from Scandinavia. The Company's main customer acquisition channels are affiliate comparison pages that advise customers where to get the best interest rates.

The Netherlands. Compared to the total market size, the Company's market share is 0.13% for overnight deposits and 0.31% for term deposits.³⁰ Like in Germany, in the Netherlands we compete with other foreign banks offering higher interest rates than domestic ones. In the Netherlands, Raisin.nl is the only savings portal that remains after the merger with Savedo and is the main player on the market, although there are a few other banks offering deposits directly (e.g., Lloyds Bank, Openbank). The Company mostly acquires customers through comparison pages which are part of its affiliate program.

Austria. In Austria, the Company's market share is even smaller than for the other cross-border countries in which the Company operates – 0.003% for overnight deposits and 0.02% for term deposits.³¹ Even though the Company usually has one of the highest interest rates on the Austrian market for savings deposits and term deposits of all periods, the Company has not been able to attract many customers as it does not have any affiliate pages in the country yet.

9.7. Material Agreements

The Group companies are not parties to any material agreements outside of their ordinary course of business, which may result in the Group companies being under an obligation or entitlement that is material to the Group company's ability to meet its obligations to bondholders in respect of the Bonds.

9.8. Trend Information

There has been no material adverse change in the prospects of the Group since 31 December 2021.

There has been no significant change in the financial performance of the Group since 30 June 2022 to the date of the Prospectus.

There have been no material changes to the Group's borrowing and funding structure since 31 December 2021.

There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least during the current financial year, save for the ongoing uncertainty related to the COVID-19 crisis and the Ukraine war.

9.9. Legal Proceedings

In the course of its everyday business operations, the Group companies are customarily parties to legal and administrative proceedings either as part of debt recovery or ordinary financial supervision.

As of the date of this Prospectus, none of the legal or administrative proceedings to which a Group company is a party to (including any such proceedings which are pending or threatened of which the Management is aware) are considered likely to have any significant effects on the Group's financial position and there are no governmental, legal or administrative proceedings to which a Group company has been party to (including any such proceedings which are pending or threatened of which the

²⁹ Source: <https://www.euro-area-statistics.org/banks-balance-sheet-deposits?cr=eur&lg=en>.

³⁰ Source: <https://www.euro-area-statistics.org/banks-balance-sheet-deposits?cr=eur&lg=en>.

³¹ Source: <https://www.euro-area-statistics.org/banks-balance-sheet-deposits?cr=eur&lg=en>.

Management is aware) during the 12 months preceding the date of this Prospectus which may have, or have had, significant effects on the Group's financial position or profitability.

10. TAXATION

Introductory Remarks. The purpose of this section is to give an overview of the tax regime applicable to the bondholders and the Company. The below summary is in no way exhaustive and is not meant to constitute professional advice to any person. Tax legislation of the investor's member state and of the Company's country of incorporation may have an impact on the income received from the Bonds. In order to establish particular tax consequences of the Offering or the ownership of the Bonds, each individual investor is advised and strongly encouraged to seek specialist assistance.

10.1. Estonian Tax Considerations

The following is a general overview of the Estonian tax regime applicable to interest received and capital gains realised in Estonia as well as to acquisition and transfer of Bonds.

Capital Gains from Sale or Exchange of Bonds. Gains realised by an Estonian resident individual are taxable on a cash-basis. Upon the sale or exchange of securities (including the Bonds) gains are subject to income tax at the rate of 20%. Since all earnings of resident legal persons, including capital gains, are taxed only upon distribution of profits, capital gains realised by resident legal persons are not subject to immediate taxation. As a rule, capital gains received by non-residents from the sale or exchange of securities are not taxed in Estonia (except for certain securities related to Estonian real estate). The non-resident bondholders receiving capital gains from the sale or exchange of the Bonds may be subject to declaring and paying income tax in their respective countries of residence. For the purposes of capital gains taxation, the gain derived from the sale of securities (including the Bonds) is the difference between the acquisition cost and the sales price of such securities. The gain derived from the exchange of securities is the difference between the acquisition cost of securities subject to exchange and the market price of the property received as the result of the exchange. The expenses directly related to the sale or exchange of shares may be deducted from the gains but are generally rather limited.

Taxation of Interest. Estonian resident individuals are subject to paying income tax (20%) on the interest received from loans, securities (including the Bonds) and other debt obligations. Therefore, interest (coupon payments) received by Estonian resident individuals from the Bonds is subject to income tax in Estonia. Income tax is withheld by the payor unless the resident individual notifies the Company that Bonds were acquired from funds held in the Investment Account. Since all earnings of resident legal persons are taxed only upon distribution (as described below), interest received by Estonian resident legal persons is not subject to immediate taxation. As a rule, interest payments received by non-residents are exempt in Estonia (i.e., no withholdings are made). Note, however, that non-resident bondholders receiving interest from the Bonds may be subject to declaring and paying income tax in their respective countries of residence.

Investment Account. Resident individuals may defer the taxation of their investment income by using an investment account (in Estonian: *investeerimiskonto*) for the purposes of making transactions with financial assets (including the Bonds). An investment account is a monetary account opened with an European Economic Area or the OECD member state credit institution, through which the transactions with the financial assets, taxation of income from which (e.g. capital gains, interest, etc.) a person wants to defer, shall be made. The moment of taxation of the financial income held on an investment account is postponed until such income is withdrawn from the investment account (i.e. the amount withdrawn from the account exceeds the amount which had been previously paid into the account). Therefore, financial income held at the investment account may be reinvested tax-free until it is withdrawn from the account.

Pension Investment Account. Individuals who have decided to grow their Estonian mandatory funded pension (II Pillar) via pension investment account (PIA, in Estonian: *pensionii investeerimiskonto*), can also acquire the Bonds through PIA. Pension investment account is a separate bank account opened with an Estonian credit institution, which, on the one hand, is part of the mandatory funded pension

system (incl. relevant benefits, such as additional contributions from the state), but on the other hand allows the person to make their own investment decisions. Like the ordinary investment account, PIA allows making of transactions with financial assets, whereas taxation of income from such assets (e.g., capital gain or interest from the Bonds) is deferred until income is withdrawn from PIA. Monetary means withdrawn from PIA are, generally, taxed at a 20% income tax rate, unless withdrawn after reaching the retirement age, in which case a 10% income tax rate or a tax exemption (depending on the method of payment) applies.

10.2. Latvian Tax Considerations

The following is a general overview of the Latvian tax regime applicable to interest received and capital gains realised in Latvia as well as to acquisition and transfer of Bonds.

Capital Gains from Sale or Exchange of Bonds. According to the Latvian Law On Personal Income Tax (PIT), capital gains (i.e., the difference between Bonds' sale price and acquisition costs) on alienation of the Bonds received by Latvian resident individuals will be subject to Latvian PIT at a rate of 20%. The respective resident individuals are liable for paying the applicable Latvian PIT. Income tax paid from the capital gains in a foreign state may be deducted from income tax payable in the Republic of Latvia only if the taxpayer submits a certificate issued by the foreign tax administrator or withholding agent certifying the payment of income tax or another tax equivalent to income tax. According to the Latvian Law on Corporate Income Tax (CIT), capital gains (i.e., the difference between Bonds' sale price and acquisition costs) earned in the Republic of Latvia and foreign states (i.e., sourced inside and outside of the Republic of Latvia) on alienation of the Bonds received by resident entities will not be included in resident entity's taxable profit, yet profit distributions will be subject to Latvian CIT at a rate of 20% (effective CIT rate – 25%).

Taxation of Interest. According to the Latvian Law on PIT, payments of Bond interest received by a resident individual will be subject to Latvian PIT at the rate of 20%, to be withheld by the Issuer. PIT paid on interest in a foreign state may be deducted from income tax payable in the Republic of Latvia only if the taxpayer submits a certificate issued by the foreign tax administrator or withholding agent certifying the payment of income tax or another tax equivalent to income tax. Bond interest income of a non-resident individual earned in the Republic of Latvia is not subject to Latvian PIT where the Bonds are publicly traded on a regulated market.

According to the Latvian Law on CIT, payments of Bond interest received by:

- a resident entity is not subject to the Latvian CIT, yet profit distributions are subject to Latvian CIT at a rate of 20% (effective CIT rate – 25%);
- a non-resident entity is not subject to Latvian CIT;
- a non-resident entity operating in Latvia through a PE is not subject to Latvian CIT, yet in general profit distributions of PE are subject to Latvian CIT at a rate of 20% (effective CIT rate – 25%).

Corporate profits are not taxed until they are distributed. Latvian CIT is imposed at the level of the company making the distributions at the time when such profit distributions are made. Profit distributions are taxed at the rate of 20% of the gross amount of the distribution (tax base is divided by 0.8 and then tax applied at the rate of 20% resulting in the effective rate of 25%). The Republic of Latvia further does not levy any withholding tax on dividends, interest or royalties, except where payable to persons resident in a statutory low or no tax country.

Investment Account. According to the Latvian Law on PIT an individual may use an investment account (in Latvian: leguldījumu konts). An individual may carry out the transactions with the funds (including the Bonds) of the investment account and accounts associated with it within the framework of the investment account and accounts associated with it. The investment account has to be opened in a credit institution,

its branch or a branch of a foreign credit institution, or a merchant which is in conformity with the Financial Instrument Market Law or regulation of the country of residence of the service provider equal thereto has obtained a licence for the provision of the investment services, of Latvia or another Member State of the European Union, European Economic Area state or Member State of the OECD, or the resident of such country with which Latvia has entered into a convention regarding the prevention of double taxation and fiscal evasion. According to the Latvian Law on PIT, payments of income, which is withdrawn from the investment account (i.e., the amount withdrawn from the account exceeds the amount which had been previously paid into the account) will be subject to Latvian PIT at the rate of 20%, to be withheld by the credit institution. Therefore, financial income held at the investment account may be reinvested tax-free until it is withdrawn from the account.

10.3. Lithuanian Tax Considerations

The following is a general overview of the Lithuanian tax regime applicable to interest received and capital gains realised in Lithuania as well as to acquisition and transfer of Bonds.

Capital Gains from Sale or Exchange of Bonds. Gains realised by a Lithuanian resident individual are taxable on a cash-basis. Upon the sale or exchange of securities (including the Bonds) capital gains are subject to the following progressive personal income tax rates of:

- 15%, if the total amount of income (except for employment, self-employment income, remuneration of board members and dividends) received by an individual during a calendar year does not exceed the sum of 120 Lithuanian gross average salaries, which is determined on the basis of quarterly gross average salaries as published by the Lithuanian Department of Statistics (this figure in 2022 is EUR 180,492), and
- 20%, which applies to income of an individual received during a calendar year exceeding the above-mentioned threshold.

Capital gains up to EUR 500 received by resident individuals from the sale or exchange of Bonds (including other securities) during a calendar year are tax exempt. However, such tax relief is not applicable if the capital gains are received from entities established or individuals permanently residing in a tax haven included in the List of Target Territories approved by the Minister of Finance of the Republic of Lithuania.

Capital gains realised by a Lithuanian resident legal entity are included in its taxable profit and are subject to 15% corporate income tax rate or in certain cases a reduced tax rate may apply (banks and credit unions, including branches of foreign banks in Lithuania shall pay additional 5% corporate income tax on profits, subject to special calculation rules, exceeding EUR 2 million).

For the purposes of capital gains taxation, the gain derived from the sale of securities (including the Bonds) is the difference between the acquisition cost and the sales price of such securities. The gain derived from the exchange of securities is the difference between the acquisition cost of securities subject to exchange and the market price of the property received as the result of the exchange. The expenses directly related to the sale or exchange of securities may be deducted from the gains but are generally rather limited.

Taxation of Interest. Lithuanian resident individuals are subject to paying the progressive personal income tax (15%/20%, as in case of taxation of capital gains) on the interest received from loans, securities (including the Bonds) and other debt obligations. Therefore, interest (coupon payments) received by Lithuanian resident individuals from the Bonds is subject to personal income tax in Lithuania. Tax is paid by a resident individual himself/herself, however the total amount of interest received by resident individuals during a calendar year not exceeding EUR 500 will be tax exempt.

The Bond interest received by a Lithuanian resident legal entity are included in its taxable profit and are subject to 15% corporate income tax rate or in certain cases a reduced tax rate may apply (banks and credit unions, including branches of foreign banks in Lithuania shall pay additional 5% corporate income tax on profits, subject to special calculation rules, exceeding EUR 2 million).

11. GLOSSARY

Term	Definition
Abja Põld OÜ	shall mean Abja Põld OÜ, an Estonian private limited company, registered in the Estonian Commercial Register under register code 12340928, having its registered address at Kamara, Viljandi maakond 69304, Estonia.
Audited Financial Statements	shall mean the audited consolidated financial statements of and for the year ended 31 December 2020, and the audited consolidated financial statements of and for the year ended 31 December 2021 of the Company.
Articles of Association	shall mean the Articles of Association of the Company effective as at the date of this Prospectus.
AS Baltijas Izaugsmes Grupa	shall mean AS Baltijas Izaugsmes Grupa, a Latvian public limited company, registered in the Latvian Commercial Register under registration number 40003291179, having its registered address at Gustava Zemgala gatve 78-1, Riga LV1039, Latvia.
Bail-in Powers	shall mean 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 (<i>finantskriisi ennetamise ja lahendamise seadus</i>) 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).
Balti Völgade Sissenöudmise Keskus OÜ	shall mean Balti Völgade Sissenöudmise Keskus OÜ, an Estonian private limited company, registered in the Estonian Commercial Register under register code 11652332, having its registered address at Tartu mnt 18, Tallinn 10145, Estonia.
Bonds	shall mean any and all the Company's subordinated bonds offered in accordance with this Prospectus.
Company	shall mean Bigbank AS, an Estonian public limited company, registered in the Estonian Commercial Register under register code 10183757, having its registered address at Riia tn 2, 51004 Tartu, Estonia.
COVID-19	shall mean the infectious disease caused by the SARS-CoV-2 virus.
EEA	shall mean the European Economic Area.
ERS	shall mean the Estonian Register of Securities, operated by Nasdaq CSD SE Estonia branch, registered in the Estonian Commercial Register under register code 14306553, having its registered address at Maakri tn 19/1, 10145 Tallinn, Estonia.

EUR	shall mean the official currency of Eurozone countries, including Estonia, Latvia and Lithuania, the euro.
EURIBOR	shall mean euro interbank offered rate.
Eurozone	shall mean the economic and monetary union (EMU) of the European Union member states, which have adopted euro as their single official currency.
Excluded Territories	shall mean Australia, Canada, Hong Kong, Japan, South Africa and any other jurisdiction where the distribution of this Prospectus and/or the transfer of the Bonds would breach applicable law.
Financial Statements	shall mean the Audited Financial Statements and the Interim Financial Statements.
EFSA	shall mean the Estonian Financial Supervision and Resolution Authority, a financial supervision institution with autonomous competence and a separate budget which conducts supervision over credit institutions, insurance companies, insurance intermediaries, investment firms, management companies, investment and pension funds as well as the payment service providers, e-money institutions and the securities markets that have been authorised by the Financial Supervision and Resolution Authority in the name of the state and which is independent in its activities and decisions.
General Meeting	shall mean the General Meeting of shareholders of the Company, the highest governing body of the Company.
Group	shall mean the Company and all its Subsidiaries.
IFRS	shall mean the International Financial Reporting Standards as adopted by the European Union.
Interim Financial Statements	shall mean the unaudited consolidated interim financial statements as of and for the six months ended 30 June 2022, including the comparative financial information as of and for the six months ended on 30 June 2021 of the Company.
Management	shall mean the Management Board and the Supervisory Board of the Company.
Management Board	shall mean the Management Board of the Company.
Nasdaq CSD	shall mean Nasdaq CSD SE Estonian branch, registered in the Estonian Commercial register under register code 14306553, having its registered address at Maakri 19/1, 10145 Tallinn, Estonia, acting as the operator of the ERS.
Nasdaq Tallinn Stock Exchange	shall mean the only regulated market operated by Nasdaq Tallinn AS (registry code 10359206).
OECD	shall mean the Organisation for Economic Co-operation and Development.
Offer Price	shall mean the final price per each Bond, which shall be a fixed price of

	EUR 1,000.
Offering	shall mean the offering of the Bonds to institutional and retail investors in any or all of Estonia, Latvia and Lithuania (as applicable), which is a public offering of securities within the meaning of the Estonian Securities Market Act and the Prospectus Regulation.
Offering Period	shall mean the period within which investors will have the opportunity to submit Subscription Undertakings starting and ending at times provided in the Final Terms of each series.
OÜ Papiniidu Property	shall mean OÜ Papiniidu Property, an Estonian private limited company, registered in the Estonian Commercial Register under register code 16247926, having its registered address at Riia tn 2, Tartu 51004, Estonia.
OÜ Pärnu mnt 153 Property	shall mean OÜ Pärnu mnt 153 Property, an Estonian private limited company, registered in the Estonian Commercial Register under register code 16452827, having its registered address at Riia tn 2, Tartu 51004, Estonia.
OÜ Rüütli Majad	shall mean OÜ Rüütli Majad, an Estonian private limited company, registered in the Estonian Commercial Register under register code 10321320, having its registered address at Rüütli tn 23, Tartu 51006, Estonia.
OÜ Rüütli Property	shall mean OÜ Rüütli Property, an Estonian private limited company, registered in the Estonian Commercial Register under register code 10340174, having its registered address at Riia tn 2, Tartu 51004, Estonia.
Palupera Põllud OÜ	shall mean Palupera Põllud OÜ, an Estonian private limited company, registered in the Estonian Commercial Register under register code 10817127, having its registered address at Riia tn 2, Tartu 51004, Estonia.
Prospectus	shall mean this document, including the registration document of the Company and the securities notes of the Bonds.
Prospectus Regulation	shall mean Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
Restricted Territories	shall mean member states of the European Economic Area (excluding Estonia, Latvia and Lithuania).
Resolution Authority	shall mean the EFSA, the resolution authority with the ability to exercise any Bail-in Powers in relation to the Company and/or the Group.
Section	shall mean a section of this Prospectus.
SIA Baltijas Parādu Piedziņas Centrs	shall mean SIA Baltijas Parādu Piedziņas Centrs, a Latvian private limited company, registered in the Latvian Commercial Register under registration number 40103305206, having its registered address at Gustava Zemgale gatve 78-1, Riga LV1039, Latvia.
Subscription	shall mean the order submitted by an investor for the purchase of the Bonds

Undertaking	in accordance with the terms and conditions of the Offering.
Subsidiaries	shall mean OÜ Rütli Majad, OÜ Papiniidu Property, OÜ Pärnu mnt 153 Property, OÜ Rütli Property, Palupera Põllud OÜ, Abja Põld OÜ, Balti Völgade Sissenõudmise Keskus OÜ, SIA Baltijas Parādu Piedziņas Centrs and AS Baltijas Izaugsmes Grupa.
Supervisory Board	shall mean the Supervisory Board of the Company.
Terms	shall mean the Terms and Conditions of the Bonds.
Tier 2	shall mean items that are classified in Tier 2 within the meaning of Regulation (EU) No 575/2013 (as amended by Regulation (EU) 2019/876) in accordance with Article 62 of that Regulation.

12. INDEX OF SCHEDULES

Schedule 1: Terms and Conditions of Tier 2 Subordinated Bonds

COMPANY

Bigbank AS

(Riia tn 2, Tartu linn, Tartu maakond, 51004, Estonia)



LEGAL COUNSEL TO COMPANY

Ellex Raidla Advokaadibüroo OÜ

(Roosikrantsi 2 / Kaarli pst 1, Tallinn, Harju maakond, 10119, Estonia)



AUDITORS

KPMG Baltics OÜ

(Narva mnt 5, Tallinn, Harju maakond, 10117, Estonia)





BIGBANK AS

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

TERMS AND CONDITIONS OF TIER 2 SUBORDINATED BONDS

TERMS AND CONDITIONS OF TIER 2 SUBORDINATED BONDS

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 Valņņu 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.