Bigbank

SUMMARY

Introduction and warnings
This Summary (the **Summary**) is a brief overview of the information disclosed in the base prospectus, dated 5 September 2022, including as supplemented with Supplement No. 1, dated 30 January 2023 (jointly, the **Prospectus**), in connection with the public offering, listing and admission to trading (the **Offering**) of up to 35,000 subordinated bonds with the nominal value of EUR 1,000 each (the **Bonds**) of Bigbank AS (the **Company**) during the period of up to 12 months in separate series (the **Programme**), listed on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange (**Nasdaq Tallinn**). The Summary has been appended to the final terms applicable to the Bonds issued in the second series (the **Final Terms**) and is, therefore, specific to the Bonds in the second series. Information given in this Summary has been presented by the Company as at the registration of the Prospectus, unless otherwise stipulated. This Summary should be read as an introduction to the Prospectus and any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by the investor. Civil liability in relation to this Summary attaches only to those persons who have tabled the Summary, including any translation thereof, and only where the 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 the Bonds. Investment into the Bonds involves risks, and the investor may lose all or part of the investment. The investor must consider that in the event the investor wants to bring a claim to the court in relation to the information contained in the Prospectus, they may be required to bear the costs of translating the Prospectus. *Name and international securities identification number (ISIN) of the securities.* EUR 8.00 Bigbank subordinated bond 23-2033, ISIN code EE3300003052. *The identity and contact details of the issuer, including its legal entity identifier (LEI)*. The business name of the Company is Bigbank AS. The Company was registered in the Estonian Commercial Register under registry code 10183757 and its legal entity identifier (LEI) code is 5493007SWCCN9S3J2748. 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. *The identity and contact details of the competent authority approving the prospectus, date of approval of the prospectus*. The Prospectus has been approved by the Estonian Financial Supervision Authority (the **EFSA**) under registration number 4.3-4.9/4301 on 5 September 2022. The Supplement No 1 has been approved by the EFSA under registration number 4.3-4.9/4301-18 on 30 January 2023. The contact details of the EFSA are the following: address Sakala 4, Tallinn 15030, Estonia; phone: +372 668 0500; e-mail: info@fi.ee.
Key information on the issuer
“Who is the issuer of the securities?” The issuer is Bigbank AS (the **Company**). 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 principal and permanent activity of the Company is to act as a credit institution. 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 September 2022, the Group’s client portfolio comprised of 67% of retail clients and 33% 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. The Company’s group includes the following consolidated subsidiaries (the **Group**): OÜ Rüütli Majad, Balti Võlgade Sissenõudmise Keskus OÜ, AS Baltijas Izaugsmes Grupa. Furthermore, the Company has branches in Latvia, Lithuania, and Finland via which it offers lending services mostly similar to those provided by the Company in Estonia. Through branches in Latvia, Finland, Sweden[1] and Bulgaria[2] the Company also offers 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 lending activities in those markets.

[1] The Group decided to stop issuing new loans via its Swedish branch from 1 September 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.

[2] The Group decided to stop issuing new loans via its Bulgarian branch from 1 November 2022 for the same reasons as described above with regard to the Swedish branch. The Group continues to service its existing consumer loan customers and offer deposit products via the branch.

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

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). As of the date of this Prospectus, the Company is not aware of any arrangements or circumstances, which may at a subsequent date result in a change in control over the Company.

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 of the Company. 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.

As of the date of this Prospectus, the management board of the Company has five members – Mr Martin Länts (Chairman of the management board, his authorities remain valid until 14 March 2025), Mr Argo Kiltsmann (his authorities remain valid until 30 June 2025), Mr Ingo Põder (his authorities remain valid until 14 March 2025), Mr Ken Kanarik (his authorities remain valid until 14 March 2025) and Mr Mart Veskimägi (his authorities remain valid until 5 February 2023).

The statutory auditor of the Group for the financial years 2020–2022 is KPMG Baltics OÜ (registry code 10096082; having its registered address at Narva mnt 5, 10117 Tallinn, Estonia). KPMG Baltics OÜ is a member of the Estonian Auditors' Association. The Company's supervisory board has elected KPMG Baltics OÜ as the statutory auditor also for the financial year 2023.

"What is the key financial information regarding the issuer?"

The Group's consolidated audited financial statements of and for the years ended on 31 December 2021 and 31 December 2020 (**Audited Financial Statements**), and the Group's unaudited interim condensed consolidated financial statements for the third quarter 2022 and 9-months ended on 30 September 2022 (the **Q3 2022 Financial Statements**, together with the Audited Financial Statements, the **Financial Statements**) have been incorporated to the Prospectus by reference. The Audited Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Q3 2022 Financial Statements have been prepared in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting. Below information has been presented in accordance with Annex III of European Commission Delegated Regulation (EU) 2019/979 as deemed most appropriate in relation to the Bonds by the Company.

Table 1. Consolidated income statement (in millions of euros)

Year	2021[1] (restated)	2021 (audited)	2020 (audited)	2022 9 months (unaudited)	2021 9-months (unaudited)
Net interest income	66.9	69.7	62.8	61.0	51.2
Net fee and commission income	6.5	6.5	5.0	5.5	4.7
Net loss allowances on loans and financial investments	-11.4	-11.4	-14.0	-10.7	-8.0
Net income (loss) on financial assets	-0.3	-0.3	0.1	-0.3	-0.2
Profit for the period	33.1	35.9	21.5	21.3	23.1
Net profit attributable to owners	33.1	35.9	21.5	21.3	23.1

[1] As a result of discussions with the auditors in preparation for the audit of the financial results of 2022, the Group has determined that certain adjustments are required in the consolidated income statement of the 12-months period ended 31 December 2021. These adjustments are related to the accounting treatment of contract conclusion income and expenses. Therefore, the net interest income, profit for the period and net profit attributable to owners will be restated and are different from the financial information described in Group's Audited Financial Statements for the financial year ended on 31 December 2021.

Table 2. Consolidated balance sheet (in millions of euros)

Year	31.12.2021[1] (restated)	31.12.2021 (audited)	31.12.2020 (audited)	30.09.2022 (unaudited)
Total assets	1 148.4	1 151.1	757.8	1 537.9
Loans from central banks	36.5	36.5	36.5	36.3
Subordinated debt	15.0	15.0	5.0	40.0
Loans to customers	893.5	896.2	577.7	1 248.2

Deposits from customers	898.3	898.3	547.5	1 244.8
Total equity	183.3	186.1	156.3	199.2
Key ratios (unaudited)				
Common equity tier 1 (CET1) ratio	16.4%	16.6%	21.1%	14.2%
Total capital ratio	18.0%	18.3%	21.9%	17.6%
Leverage ratio	12.5%	12.7%	17.2%	10.8%

[1] As a result of discussions with the auditors in preparation for the audit of the financial results of 2022, the Group determined that certain adjustments are required in the consolidated statement of financial position of the 12-months period ended 31 December 2021. These adjustments are related to the accounting treatment of contract conclusion income and expenses. Therefore, the total assets, loans to customers and total equity have been restated and are different from the financial information described in Group's Audited Financial Statements for the financial year ended on 31 December 2021.

"What are the key risks that are specific to the issuer?"

Credit Risk. Credit risk arises most significantly from the core business line of the Group – lending to retail and corporate customers. The Group assesses and makes provisions for expected credit losses in accordance with the applicable 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.

Unfavourable developments in global and Estonian economy may reduce the demand for banking services and increase the credit risk. Each of the Group's operating segments is affected by general economic and geopolitical conditions. Although the financial markets have to some extent recovered from the impacts of the COVID-19 pandemic, the general economic environment is currently negatively impacted by high uncertainty and volatility in the global markets, supply constraints and high inflation and the war started by the Russian Federation against Ukraine, which is adding to inflationary pressure across the EU through rising commodity prices. The general economic environment 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. Although the Group constantly monitors developments on both domestic and international markets, it is not possible to forecast the timing or extent of changes in the economic environment.

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. 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. The volume of deposits is impacted by factors which are beyond the control of the Group.

Interest Rate Risk. 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.

Operational Risk. Operational risk is a risk of potential loss caused by inadequate or failed internal processes or systems, people or external events, it 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. Similar 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. 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.

Strategic Risk. For reasons of corporate growth, the Group's strategic risk is estimated to exceed the strategic risk of a bank positioned in a stable stage, which may result in losses arising from the pursuit of wrong strategic decisions.

Maintaining Capital Adequacy Ratios. The Company and the Group must adhere to strict capital adequacy requirements subject to frequent reforms and changes, which may result in the need to increase capital, reduce leverage and risk weighted assets, modify the Group's legal structure or even change the Group's business model.

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. Any determination by the authorities regarding the incompliance with all the applicable regulations may have a material adverse effect on the Company's business, financial condition, and results of operations.

Risk of Money Laundering and Terrorist Financing. 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.

The Revenue from Real Estate Properties. The Group earns revenue from its real estate investments by renting out the properties to tenants and 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. It may in turn have a material adverse effect on the Group's business, financial condition, and results of operations.

Key information on the securities

"What are the main features of the securities?"

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. The Bonds are in dematerialised book-entry form and are not numbered. The second series of the Bonds are registered in Estonian Register of Securities under ISIN code EE3300003052.

The rights attached to the Bonds have been established by the Terms of the Bonds. 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. Bondholders can exercise their rights in accordance with the Terms of the Bonds and applicable law.

Interest and yield. 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).

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

Ranking and subordination. 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. 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.

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 not require the publication of a prospectus in accordance with the applicable law is the obligation and liability of the bondholder.

“Where will the securities be traded?”

The Company has applied for listing and admission to trading of all the Bonds that may be from time to time issued under the Programme on the Baltic Bond List of Nasdaq Tallinn which has been conditionally approved by Nasdaq Tallinn on 6 September 2022. Each series of the Bonds to be issued under the Programme will be listed and admitted to trading on the Baltic Bonds List of Nasdaq Tallinn upon submission of the relevant Final Terms of the Bonds and other required information to Nasdaq Tallinn. While every effort will be made and due care will be taken in order to ensure the listing and the admission to trading of all 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. Listing and trading with the second series of Bonds to be issued under the Programme is expected to commence on 17 February 2023.

“What are the key risks that are specific to the securities?”

- 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.
- In case of premature redemption of the Bonds, the investor’s net proceeds from the investment will be smaller than in case of redemption at maturity.
- An investment into Bonds does not confer any rights that may arise from equity instruments (voting, dividends etc). 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.
- Any liability arising under the Bonds may be subject to the exercise of bail-in powers by the relevant Resolution Authority, which may result in material losses for the bondholders.
- While every effort is made by the Company to ensure a successful Offering, the Company is not able to guarantee the success of the Offering or that the investors will receive their subscribed Bonds.

Key information on the offer of securities to the public and admission to trading on a regulated market

“Under which conditions and timetable can I invest in this security?”

In the course of the Offering, the Company offers up to 5,000 Bonds to be issued as of the second series under the Programme (the **Offer Bonds**). In case of over-subscription, the Company has the right to increase the Offering by up to 10,000 Bonds. The Offering may also be decreased by the amount unsubscribed.

Right to participate in the Offering. The Offer Bonds are publicly offered to retail and institutional investors in Estonia, Latvia and Lithuania. The Company may also offer the Offer 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 Prospectus Regulation.

Offer Price. The Bonds are offered for the price of EUR 1,000 per one Offer Bond (the **Offer Price**).

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 for the Offer Bonds. The Offering Period commences on 31 January 2023 at 10:00 a.m. (Eastern European Time – Estonian time) and terminates on 10 February 2023 at 15:30 p.m. (Eastern European Time – Estonian time) (the **Offering Period**), unless the Offering is cancelled.

Participation in the Offering. In order to participate in the Offering, an investor must submit an undertaking to subscribe for the Offer Bonds (the **Subscription Undertaking**) during the Offering Period.

Submission of Subscription Undertakings. An investor participating in the Offering may apply to subscribe for the Offer 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 Offer Bonds, an Estonian investor must have a securities account with a Nasdaq CSD account operator. In order to subscribe for the Offer Bonds, a Latvian and Lithuanian investor must have a securities account with a financial institution who is a member of the Nasdaq Tallinn Stock Exchange.

An Estonian investor wishing to subscribe for the Bonds should contact a custodian that operates such investor’s Nasdaq CSD securities account and submit a Subscription Undertaking in a form set out below, 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).

Owner of the securities account:	Name of the investor
Securities account:	number of the investor's securities account

Account operator:	name of the investor's account operator
Security:	EUR 8.00 Bigbank subordinated bond 23-2033
ISIN code:	EE3300003052
Amount of securities:	the nominal value of Bonds for which the investor wishes to subscribe (the number of Bonds multiplied by the Offer Price)
Price (per one offer Bond):	EUR 1,000
Transaction amount:	the number of Bonds for which the investor wishes to subscribe multiplied by the Offer Price
Counterparty:	Bigbank AS
Securities account of counterparty:	99000870377
Custodian of the counterparty:	AS SEB Pank
Value date of the transaction:	16 February 2023
Type of transaction:	"subscription" or "purchase"

A Latvian and/or Lithuanian 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 subscription of the Offer Bonds in a form accepted by the financial institution and in conformity with the terms and conditions of the Prospectus.

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, Nasdaq CSD and Nasdaq Tallinn Stock Exchange. 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.

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 number of Offer Bonds which the investor wishes to acquire. 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.

Distribution and Allocation. The Company will decide on the allocation of the Offer Bonds after the expiry of the Offering Period. The Offer 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 give preference to the employees, management and supervisory board members of companies belonging to the Group.

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 at https://investor.bigbank.eu. The Company plans to announce the results of allocation of the Offer Bonds on or about 13 February 2023, but in any case, before the Bonds are transferred to the investors' securities accounts. The Bonds allocated to investors are expected to be transferred to their securities accounts on or about 16 February 2023 through the "delivery versus payment" method simultaneously with the transfer of payment for such Bonds.

Return of funds. If the Offering or a part thereof is cancelled in accordance with the terms and conditions described in the Prospectus, if the investor's subscription undertaking is rejected or if the allocation is less than the amount of Offer Bonds applied for, the funds blocked on the investor's cash account, or the excess part thereof, will be released by the respective custodian or financial institution.

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. 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.

"Why is this Prospectus being produced?"

Reasons for the Offering. 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.

Use of Proceeds. 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 credit risk arising from the Group's corporate and housing loans portfolio in Estonia, Latvia and Lithuania, as well as for the purposes of satisfying additional own funds requirements applicable to the Group and 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.

Underwriting arrangements. The Offering is not subject to any underwriting on a firm commitment basis.

Material conflicts of interests. To the knowledge of the management board, there are no conflicting interests which are material to the Offering.