

# DESCRIPTION OF CERTAIN RISK FACTORS ATTRIBUTABLE TO THE BIGBANK AS ADDITIONAL TIER 1 TEMPORARY WRITE-DOWN NOTES

28 AUGUST 2025

## 1. INTRODUCTION

Investing into the Additional Tier 1 Temporary Write-Down Notes (the “**Notes**”) issued by Bigbank AS (the “**Issuer**”) entails various risks. Each prospective investor in the Notes should thoroughly consider all the information available to them about the Issuer and the Notes, including the risk factors described below. This document has been drawn up with emphasis on the risk factors related to the Notes and does not purport to be a description of the risks related to the Issuer or the subsidiaries of the Issuer (the “**Group**”).

Any of the below risk factors, or additional risks not currently known to the Issuer or not considered significant by the Issuer, could have a material adverse effect on the value of the Notes. Further, any deterioration of the business, financial condition, operations or prospects of the Issuer and the Group may result in the decline in the value of the Notes, cancellation of interest payments, write-down of the nominal value of the Notes or the inability of the Issuer to redeem the Notes after giving notice of redemption pursuant to the terms of the Notes and all relevant regulatory norms. This document must be read together with the Terms and Conditions of the Bigbank AS Additional Tier 1 Temporary Write-Down Notes dated 28 August 2025 (the “**Conditions**”) and the Final Terms of the Notes (the “**Final Terms**”; jointly with the Conditions the “**Terms and Conditions of the Notes**”). The Terms and Conditions of the Notes set out the full contractual and detailed framework of the Notes. Capitalised terms used in this document and not otherwise defined herein have the meanings set out in the Terms and Conditions of the Notes.

The risk factors are not listed in any order of priority with regard to significance or probability.

**This description of risk factors is not, and does not purport to be, investment advice or an investment recommendation to acquire the Notes. Each prospective investor in the Notes 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 Notes 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. The information contained therein are provided as at the date of this document and are subject to change without notice.**

## 2. RISKS RELATED TO THE NOTES

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes, no matter if considering the investment at the time of issuance of the Notes or intending to make the purchase at a later stage, must determine the suitability of that investment in light of such investor's own circumstances. In particular, each potential investor should:

- i. have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information provided to them about the Notes (including but not limited to the Terms and Conditions of the Notes);
- ii. have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment

will have on its overall investment portfolio;

- iii. have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- iv. understand thoroughly the terms of the relevant Notes; and
- v. be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments, and such instruments may be purchased as a way to manage risk or enhance yield with an understood, measured, appropriate addition of risk to the investor's overall portfolio. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Credit Risk. An investment into the Notes is subject to credit risk, which means that the Issuer may fail to meet its obligations arising from the Notes in a due and timely manner. The Issuer's ability to meet its obligations arising from the Notes (including not to cancel payments) and the ability of the holders of the Notes to receive payments arising from the Notes depend on the financial position and the results of operations of the Issuer and the Group. The Notes are not bank deposits in the Issuer and are not guaranteed by the Guarantee Fund (in Estonian: *Tagatisfond*).

Subordination Risk. The Notes are subordinated to most of the Issuer's obligations. The Notes are subordinated to all unsubordinated claims and all senior subordinated claims (e.g., claims under the subordinated "Tier 2 Capital" notes of the Issuer) against the Issuer; however, not to the claims, which are subordinated to the Notes (e.g., claims under the Issuer's share capital) or which rank *pari passu* with the Notes (e.g., claims under other Additional Tier 1 instrument of the Issuer). The subordination of the Notes means that upon the liquidation or bankruptcy of the Issuer, all the claims arising from the Notes shall fall due in accordance with the Terms of the Notes and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims and senior subordinated recognised claims against the Issuer in accordance with the applicable law. Therefore, upon the liquidation or bankruptcy of the Issuer, the holders of the Notes are not entitled to any payments due under the Terms and Conditions of the Notes until the full and due satisfaction of all the unsubordinated and senior subordinated claims against the Issuer. The subordination may have an adverse effect on the Issuer's ability to meet all its obligations arising from the Notes.

The Issuer is not prohibited from issuing further debt, which may rank *pari passu* with or senior to the Notes. There is no restriction on the amount of debt that the Issuer may issue that ranks senior to the Notes or on the amount of securities that it may issue that rank *pari passu* with the Notes. The issue of any such debt or securities may reduce the amount recoverable by holders of the Notes in the event of voluntary or involuntary liquidation or bankruptcy of the Issuer.

Interest payments in the Notes are not certain. Making of interest payments on the Notes is generally subject to the Issuer's discretion. The Issuer may elect not to make interest payments of which the holders of the Notes may, but do not necessarily have to be notified in advance. Further, subject to regulatory restrictions as provided in section 5(2)(b) of Terms and Conditions of the Notes, the Issuer may not be permitted to make interest payments. In addition, interest payments that are not made, do not accumulate and will not be made at a later date. Holders of the Notes will not receive any compensation for and will not have any claims deriving from interest payments that are not made on the foreseen interest payment dates. Further, if the principal (nominal value) of the Notes has been reduced (written-down), the Notes

only carry interest on the then outstanding nominal value of the Notes. Therefore, the income receivable under the Notes by the holders of the Notes is unpredictable and cannot be determined at the time of making the investment.

Notes have fixed interest rate and are subject to interest rate risks. Investment in Notes with a fixed interest rate involves the risk that subsequent changes in market interest rates may adversely affect the value of such Notes.

The principal of the Notes may be reduced (written down). The Notes constitute temporary write-down notes belonging to the additional tier 1 capital of the Issuer. As such, the principal (nominal value) of the Notes will be written down if the CET1 Ratio (as defined in the Terms and Conditions of the Notes) of the Group on a consolidated basis and/or the CET1 Ratio of the Issuer on an individual basis falls below Trigger Levels as set out in the relevant Final Terms. The write-down may be full or partial, depending on the capital situation of the Group. Several write-downs may occur in respect of the Notes until they are fully written-down. The temporality of the write-down, i.e., the occurrence of a write-up of the principal of the Notes is subject to the discretion and financial and capital situation of the Issuer. The risk exists that the principal of the Notes is never written up following a write-down. Upon liquidation or bankruptcy, the holders of the Notes only have a claim in the amount of the then outstanding (i.e., following a write-down) nominal value of the Notes and will have no recourse to the Issuer for the original (i.e., pre-write-down) nominal value of the Notes. Therefore, there is no certainty that the holders of the Notes will receive the full original nominal value. In addition, the Notes may only be redeemed early at the discretion of the Issuer if the principal value of the Notes has not been written-off or has been fully written-up after any write-down.

Remedies in case of default on the Notes are severely limited. The Notes will become immediately due and payable at their outstanding nominal value only in the event of bankruptcy or liquidation of the Issuer. Cancellation of interest payments or write-down of the nominal value of the Notes under the Conditions would not qualify as a default by the Issuer and the Holders will have no claims for remedy against the Issuer in such situations. However, in each case, the holder of such Note may claim payment in respect of such Note only in the bankruptcy or liquidation of the Issuer.

Early Redemption Risk. According to the Conditions, the Notes may be redeemed early on the initiative of the Issuer, any time after the lapse of five years from the issue of the Notes. Further, in case of adverse changes in the tax or capital treatment of the Notes (see “Tax Event” and “Capital Event” in the Conditions), the Notes may be redeemed on the initiative of the Issuer also before five years have passed from their issue. If this early redemption right is exercised by the Issuer, the rate of return from an investment into the Notes may be lower than initially anticipated for the perpetual instrument. Also, the investors might not have an option to invest in financial instruments offering the similar risk/return characteristics at the time of the early redemption or could face additional costs in selecting a new investment. The Notes may, however, be redeemed by the Issuer only subject to the Conditions and subject to certain regulatory conditions and if the Estonian Financial Supervision and Resolution Authority (the “EFSA”) has granted its consent to the early redemption. The decision on granting the consent involves certain amount of discretion by the competent authority and the early redemption is therefore beyond the control of the Issuer. In the extraordinary situation where in the regulatory review process it is determined that the Notes do not qualify as Additional Tier 1 capital of the Issuer from the beginning (and not due to changes in the capital treatment), the Issuer may redeem the Notes without EFSA approval.

No fixed redemption date (perpetual). The Notes have no fixed final redemption date and holders have no rights to call for the redemption of such Notes. Although the Issuer may redeem such Notes in certain circumstances, there are limitations on its ability to do so. Therefore, holders of the Notes should be aware

that they may be required to bear the financial risks of an investment in such Notes for an indefinite period of time.

The Conditions contain very limited covenants. There is no negative pledge in respect of the Notes and the Conditions place no restrictions on the amount or type of securities it may issue that rank senior to or *pari passu* with the Notes. In addition, the Notes do not require the Issuer or its Group to comply with financial ratios or otherwise limit its ability or that of its subsidiaries to incur additional debt, nor do they limit the Issuer's ability to use cash to make investments or acquisitions, or the ability of the Issuer or its subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect the Issuer's ability to service its debt obligations, including those under the Notes.

No Ownership Rights. An investment into the Notes is an investment into debt instruments, which does not confer any legal or beneficial interest in the equity of the Issuer 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 Notes represent an unsecured debt obligation of the Issuer, granting the holders of the Notes only such rights as set out in the Terms and Conditions of the Notes. The value of the Notes might be affected by the actions of the shareholder of the Issuer over which the investors do not have control.

Rights and obligations of holders of the Notes may be amended at meetings of holders of the Notes. The Conditions contain provisions for calling meetings of holders of the Notes to consider matters affecting their interests generally. These provisions permit a two thirds majority to make decisions that modify the Terms and Conditions of the Notes and may affect the holders of the Notes' rights and obligations under the Notes, and that bind all holders of the Notes including holders of the Notes who did not attend and vote at the relevant meeting and holders of the Notes who voted in a manner contrary to the majority. At the meeting of holders of the Notes, the holders of the Notes also have authority to elect and give instructions to a representative to act on their behalf.

There is no gross-up obligation in relation to the Notes. The Issuer shall withhold and deduct taxes on payments made under the Notes in accordance with the applicable Estonian tax laws. In situations where the tax should not be withheld by the Issuer under the applicable tax law, but the respective circumstances are not known or available to the Issuer, the holders of the Notes are expected to provide any relevant information and certificates for lowering or avoiding the withholding rates in advance of any payments by the Issuer. The Issuer shall not compensate any amounts it has withheld or deducted under the applicable tax law. Under no circumstances is the Issuer required to pay any additional amounts under the Conditions to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under any Notes, holders of the Notes may receive less than the full amount of principal due under such Notes upon redemption.

Tax Regime Risks. Adverse changes in the tax regime applicable in respect of transacting with the Notes or receiving interest or principal payments based on the Notes may result in an increased tax burden of the holders of the Notes and may therefore have adverse effect on the rate of return from the investment into the Notes. Due to the specific semi-equity character of the Notes, each potential investor is encouraged to obtain personal tax advice on the treatment of payments under the Notes in their tax jurisdiction, especially if the referred jurisdiction is not Estonia.

Changes in laws, regulations or administrative practice or the interpretation thereof may affect the Notes. Changes in laws, regulations or administrative practice, or the interpretation thereof, after the date of this document may affect the Notes in general, the rights of holders of the Notes as well as the market value of

the Notes. The Notes and all non-contractual obligations arising out of or in connection with the Notes are governed by Estonian law. There can be no assurances as to the impact of the law of Estonia, regulations or administrative practice after the date of issue of the relevant Notes or the interpretation thereof. Such changes in law may impact statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on the Notes. Such legislative and regulatory uncertainty could also affect an investor's ability to accurately value the Notes and, therefore, affect the trading price of the Notes given the extent and impact on the Notes that one or more regulatory or legislative changes, including those described above, could have on the Notes.

Furthermore, the financial services industry continues to be the focus of significant regulatory change and scrutiny which may adversely affect the Issuer's and its Group's business, financial performance, capital and risk management strategies. Such regulatory changes, and the resulting actions taken to address such regulatory changes, may have an adverse impact on the Issuer and its Group, including the Group's performance and financial condition, which could in turn affect the levels of CET1 Capital and Risk Weighted Assets and, therefore, the resulting CET1 Ratio and the levels of capital, leverage and additional loss absorbing capacity resources more generally. As the Trigger Events are directly related to the CET1 Ratios, which can be affected by the above circumstances, the occurrence of Trigger Events is unpredictable and depends on factors which may be outside the Issuer's control.

There are no rights of set-off or counterclaim. Holders of the Notes shall not be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes. Therefore, holders of the Notes will not be entitled (subject to applicable law) to set-off the Issuer's obligations under such Notes against obligations owed by them to the Issuer.

Cancellation of the placement. Although best efforts will be made by the Issuer to ensure that the placement of the Notes is successful, the Issuer cannot provide any assurance that the placement will be successful and that the investors will receive the Notes they subscribed for. The Issuer is entitled to cancel the placement.

Highly Volatile and Illiquid Market. The Notes will not be admitted to trading on any trading venue. The Notes will be new securities which will not be widely distributed and for which there is currently no active trading market. Further, the Conditions set out certain limitations to their sale on the secondary market (see section 3(b) of the Conditions). If the Notes are traded after their initial issuance, they may trade at a discount to their initial issue price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Therefore, even where the Notes are transferable, the investor may not be able to sell or purchase the Notes, or to sell or purchase the Notes at the expected price or in the expected amount.

Bail-In Risk. The Notes may be subject to write-down or conversion powers in accordance with the Financial Crisis Prevention and Resolution Act (in Estonian: *finantskriisi ennetamise ja lahendamise seadus*, implementing the Bank Recovery and Resolution Directive<sup>1</sup>. In the event that write-down or conversion powers are exercised by the EFSA as the competent resolution authority („bail-in“), it is possible that: (a) the amount outstanding of the Notes is reduced, including to zero; (b) the Notes are converted into ordinary

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<sup>1</sup> 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, as amended (including notably by Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC).

shares or other instruments of ownership; (c) the terms of the Notes are varied (e.g. the maturity of the Notes is changed);

(d) the Notes or payments under the Notes are cancelled. 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 holders of the Notes is not necessary for effecting bail-in measures by the resolution authority.