



**Interim condensed consolidated
financial statements for the period
ended 30 September 2021**

Bigbank AS

Interim condensed consolidated financial statements for the period ended 30 September 2021

Business name	Bigbank AS
Registry	Commercial Register of the Republic of Estonia
Registration number	10183757
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Financial year	1 January 2021 – 31 December 2021
Reporting period	1 January 2021 – 30 September 2021
Chairman of the management board	Martin Lääts
Core business line	Provision of loans and acceptance of deposits
Auditor	KPMG Baltics OÜ
Reporting currency	The reporting currency is the euro.

Interim report is available on the website of Bigbank AS at www.bigbank.ee.
The version in English is located at www.bigbank.eu.

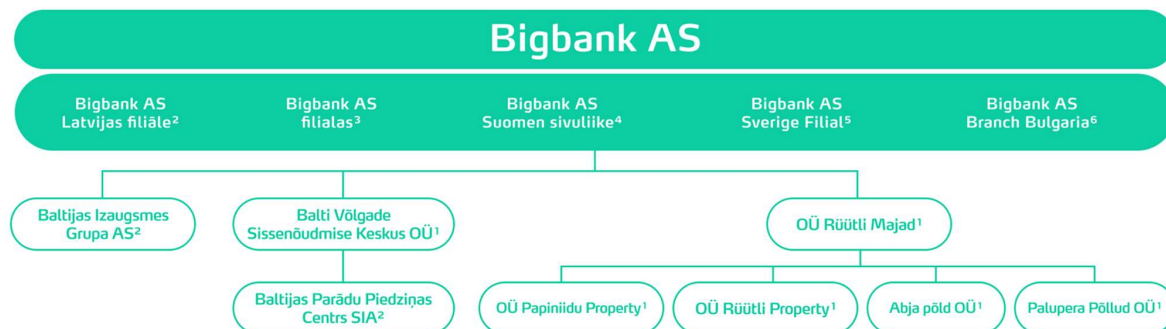
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Bigbank Group structure

Bigbank AS (hereinafter also “Bigbank” and “Group”) was founded on 22 September 1992. A licence for operating as a credit institution was issued to Bigbank AS on 27 September 2005. Bigbank is specialised on loans and deposits.

The Group’s structure at the reporting date:



¹ registered in the Republic of Estonia

² registered in the Republic of Latvia

³ registered in the Republic of Lithuania

⁴ registered in the Republic of Finland

⁵ registered in the Kingdom of Sweden

⁶ registered in the Republic of Bulgaria

The branches in Latvia, Lithuania, Finland, Sweden and Bulgaria offer lending services similar to those of the parent. The parent and its Latvian, Finnish and Swedish branches offer also deposit services. In addition, Bigbank AS provides cross-border deposit services in Germany, the Netherlands and Austria. The Bulgarian branch started offering lending services in May this year.

The core business of OÜ Rūütli Majad and its subsidiary OÜ Papiniidu Property - established in the second quarter

this year - is managing real estate, and the subsidiary OÜ Rūütli Property and Baltijas Izaugsmes Grupa AS manage agricultural land. The subsidiaries Abja Põld OÜ and Palupera Põllud OÜ acquired in the third quarter of this year are agricultural enterprises engaged in grain growing, milk production and dairy farming. Balti Völgade Sissenõudmise Keskus along with its subsidiary are not engaged in active business operations.

Review of operations

Significant economic events

Bigbank's loan portfolio grew by 30.8% during the first nine months of the year, reaching 773.6 million euros by the end of the quarter, and the portfolio grew by 8.7% in the third quarter. Both the corporate loan portfolio and the housing loan portfolio will continue to grow, increasing by 28.5% and 47.1% in the third quarter, respectively. The volumes of corporate loans grew in all sectors of the economy in Estonia, Latvia and Lithuania. The volumes of long-term commercial real estate and investment loans in the agricultural sector increased the most, accounting for almost half of sales. The loan portfolio of private customers grew by 5.4% in the third quarter compared to the end of the previous quarter and by 27.7% compared to the previous year.

Customers continue to be very interested in savings deposits, their share in total deposits has grown rapidly, reaching 37.7% by the end of the quarter.

At the end of the third quarter, the Group's performing loan portfolio amounted to 750.2 million euros, exceeding the figure at the same time last year by 216.3 million euros (40.5%) and the figure at the previous year-end by 177.6 million euros (31.0%). The share of loans over 90 days past due accounted for 3.0% of the total portfolio at the reporting date.

The Group's real estate investment portfolio - both agricultural and commercial - increased by 20.8 million euros in the third quarter, reaching 58.7 million euros.

In the third quarter, Bigbank acquired the agricultural companies Abja Põld OÜ and Palupera Põllud OÜ, which are engaged in grain growing, milk production and dairy farming.

Bigbank earned a net profit of 12.2 million euros in the third quarter of 2021, which is 94.8% more than in the same period last year. Profit before allowances amounted to 13.6 million euros in the third quarter. The main drivers of profit growth were lower credit loss allowances charges, income from the revaluation of investment properties and gains on the acquisition of agricultural businesses. Third-quarter expenses on credit loss allowances amounted to 1.5 million euros, which is 0.9 million euros lower than in the third quarter of 2020 (-36.7%). Interest income for the third quarter amounted to 20.5 million euros, having increased by 2.7 million euros (14.9%) compared to the same period last year.

The supervisory board of Bigbank AS has five members: the chairman of the supervisory board Parvel Pruunsild and the members Vahur Voll, Juhani Jaeger, Raul Eamets and Andres Koern.

The management board has four members: the chairman of the management board Martin Lääts and the members Sven Raba, Mart Veskimägi and Argo Kiltsmann.

Bigbank had 451 employees at the end of the third quarter of 2021: 270 in Estonia, 82 in Lithuania, 67 in Latvia, 16 in Finland, 10 in Sweden and 6 in Bulgaria.

Key performance indicators and ratios

Financial position indicators (in thousands of euros)	30 Sep 2021	31 Dec 2020	Change
Total assets	1,019,321	757,789	34.5%
Loans to customers	760,725	577,712	31.7%
of which loan portfolio	773,590	591,559	30.8%
of which interest receivable	15,957	13,504	18.2%
of which loss allowances	-28,822	-27,351	5.4%
Deposits from customers	789,993	547,549	44.3%
Equity	173,217	156,238	10.9%

Financial performance indicators (in thousands of euros)	Q3 2021	Q3 2020	Change	9M 2021	9M 2020	Change
Interest income	20,472	17,811	14.9%	57,014	52,030	9.6%
Interest expense	1,979	1,856	6.6%	5,853	5,098	14.8%
Salaries and associated charges	4,308	3,476	23.9%	12,616	10,373	21.6%
Other operating expenses	3,780	2,903	30.2%	10,221	7,988	28.0%
Net loss allowances on loans and financial investments	1,488	2,350	-36.7%	7,988	11,456	-30.3%
Profit before impairment loss	13,640	8,589	58.8%	31,041	27,271	13.8%
Net profit	12,152	6,239	94.8%	23,053	15,815	45.8%

Ratios	Q3 2021	Q3 2020	9M 2021	9M 2020
Return on equity (ROE)	29.3%	16.9%	18.7%	14.5%
Equity multiplier (EM)	5.8	4.7	5.4	4.4
Profit margin (PM)	52.4%	31.2%	36.2%	27.8%
Asset utilization ratio (AU)	9.6%	11.2%	9.5%	11.7%
Return on assets (ROA)	5.0%	3.6%	3.5%	3.3%
Price difference (SPREAD)	8.1%	9.2%	8.1%	9.7%
Cost to income ratio (CIR)	48.8%	45.3%	49.5%	44.7%

Ratios are presented on an annual basis (i.e. annualised).

Explanations of ratios:

Return on equity (ROE, %) – net profit for the period / quarter / average equity*100

Return on assets (ROA, %) – net profit for the period / average assets * 100

Equity multiplier (EM) – average assets / average equity

Price difference (SPREAD) – ratio of interest income to interest-bearing assets less ratio of interest expense to interest-bearing liabilities

Profit margin (PM, %) – profit for the period / total income * 100

Cost to income ratio (CIR) – total operating costs to net income

Asset utilisation (AU) – total income (incl. interest income, fee income, dividend income and other operating income) to total assets

Financial review

Financial position

As at 30 September 2021, the consolidated assets of Bigbank AS Group totalled 1,019.3 million euros, having increased by 96.3 million euros (10.4%) during the third quarter.

As at 30 September 2021, loans to customers accounted for 74.6% of total assets, amounting to 760.7 million euros. At the end of the third quarter, the proportion of liquid assets (amounts due from banks and financial debt instruments) was 15.4 %, totalling 156.6 million euros. Part of the bank's liquidity buffer has been placed in a portfolio of debt securities which are highly liquid, hold investment grade credit ratings, and can be sold at any time, except for debt securities that have been pledged. Debt instruments totalled 47.1 million euros as at 30 September 2021, of which 39.5 million euros was pledged as collateral for a loan from the central bank and 7.6 million euros was part of the liquidity buffer.

At the end of the third quarter, the Group had 119 thousand loan agreements, 40 thousand of them in Lithuania, 33 thousand in Latvia, 21 thousand in Estonia, 14 thousand in Finland and 11 thousand in Sweden.

Geographical distribution of loans to customers:

- 30.6% Lithuania,
- 27.7% Estonia,
- 19.0% Latvia,
- 13.1% Finland,
- 9.6% Sweden.

At 30 September 2021, loans to customers totalled 760.7 million euros, comprising of:

- the loan portfolio of 773.6 million euros. Loans to individuals accounted for 83.3% of the total;
- interest receivable on loans of 16.0 million euros;
- loss allowances for loans and interest receivables of 28.8 million euros (consisting of a loss allowance for loans of 26.9 million euros and a loss allowance for interest receivables of 1.9 million euros).

Bigbank's loan portfolio is diversified – at the reporting date the average loan was 6,459 euros and as at 30 September 2021, 100 largest loans accounted for 16.0% of the loan portfolio.

To mitigate the risks arising from customers' payment behaviour and to cover potential credit losses, the Group makes loss allowances. Bank follows in impairment calculations conservative line. Where debt recovery proceedings do not yield expected results, the underlying receivable is written off the statement of financial position.

At the end of the third quarter of 2021, the Group's liabilities totalled 846.1 million euros. Most of the debt raised by the Group, i.e. 790.0 million euros (93.4%) consisted of deposits. The liability of the financing received under ECB's third series of targeted longer-term refinancing operations (TLTRO-III) and secured by debt securities reached as at 30 September 2021 36.1 million euros.

At the end of the third quarter of 2021, the Group's equity was 173.2 million euros. The equity to assets ratio amounted to 17.0%.

Financial performance

Interest income for the third quarter of 2021 reached 20.5 million euros, increasing by 2.7 million euros (14.9%) compared to the same period in 2020. Compared to the previous quarter of this year, interest income increased by 1.6 million euros. The third quarter's ratio of interest income (annualised) to average interest-earning assets was 9.1% and (annualised) return on the loan portfolio accounted for 10.7% of the average loan portfolio.

Interest expense for the third quarter of 2021 was 2.0 million euros, having grown by 0.1 million euros (6.6%) year on year. The ratio of interest expense to interest income was 9.7% in the third quarter. The ratio of interest expense to average interest-bearing liabilities (annualised) was 1.0%.

Salaries and associated charges for the third quarter of 2021 totalled 4.3 million euros. As at the end of the period, the Group had 451 employees.

Other operating expenses for the third quarter amounted to 3.8 million euros, being higher by 0.9 million euros than in the year-earlier period.

In the third quarter, impairment losses were 1.5 million euros, consisting of:

- impairment losses on loan receivables of 1.0 million euros;
- impairment losses on interest receivables and other receivables of 0.5 million euros.

The Group's net profit for the third quarter of 2021 amounted to 12.2 million euros. In comparison to the third quarter of 2020, net profit has increased by 6.2 million euros. The main drivers of profit growth were lower credit loss allowances charges, income from the revaluation of investment properties and gains on the acquisition of agricultural businesses.

Capital ratios

Own funds

The methods used by the Group for calculating own funds are stipulated in regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms

(CRR) and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD 4) as transposed into Estonian law.

As at	30 Sep 2021	31 Dec 2020
Paid-in share capital	8,000	8,000
Capital reserve	800	800
Prior years retained earnings	140,363	125,021
Other accumulated comprehensive income	1,001	1,075
Other intangible assets	-16,151	-12,495
Profit eligible*	-	9,815
Adjustments to CET1 due to prudential filters	-422	-45
Common equity Tier 1 capital	133,591	132,171
Tier 1 capital	133,591	132,171
Tier 2 capital	5,000	5,000
Total own funds	138,591	137,171

* Own funds as at 31 December 2020 include nine months net profit that has been verified by an independent external auditor in the review of the financial information, less foreseeable dividends and following the permit of the Estonian Financial Supervision and Resolution Authority.

Article 26(2) of Regulation (EU) No 575/2013 of the European Parliament and of the Council (2) has introduced a procedure whereby the permission of the competent

authority is required for the inclusion of interim profits or year-end profits in Common Equity Tier 1 (CET1) capital before an institution has taken a formal decision confirming the final profit or loss of the institution for the year. Such permission is granted where the following two conditions are met: profits have been verified by persons independent of the institution that are responsible for the auditing of the accounts of that institution; and the institution has demonstrated that any foreseeable charge or dividend has been deducted from the amount of those profits.

Total risk exposure amount

	30 Sep 2021	31 Dec 2020
Risk weighted exposure amounts for credit and counterparty credit (standardized approach)		
Central governments or central banks	115	-
Institutions	13,634	12,865
Corporates	128,581	52,950
Retail	434,249	375,796
Secured by mortgages on immovable property	29,446	17,525
Exposures in default	15,970	12,835
Claims on institutions and corporates with a short-term credit assessment	506	2,499
Equity	1,553	-
Other items	74,833	46,327
Total risk weighted exposure amounts for credit and counterparty credit (standardised approach)	698,887	520,797
Total risk exposure amount for operational risk (standardised approach)	103,721	104,404
Total risk exposure amount for credit valuation adjustment (standardised approach)	-	-
Total risk exposure amount	802,608	625,201

Capital ratios

	30 Sep 2021	31 Dec 2020
T1 Capital ratio	16.6%	21.1%
Total capital ratio	17.3%	21.9%
Leverage ratio	12.9%	17.2%
Minimum requirement for eligible liabilities (MREL)	14.2%	18.7%

Condensed consolidated interim financial statements

Consolidated statement of financial position

As at (in thousands of euros)	Note	30 Sep 2021	31 Dec 2020
Assets			
Cash balances at central banks	2	79,798	48,336
Due from other banks	2	29,737	27,074
Debt instruments at fair value through other comprehensive income	3	47,066	45,845
Loans to customers	4, 5, 6, 7, 8	760,725	577,712
Inventories and other receivables	9	2,116	1,105
Prepayments	10	1,261	1,249
Property and equipment	11	13,734	4,424
Investment property	12	58,730	27,181
Intangible assets	13	26,143	24,213
Assets classified as held for sale		11	650
Total assets		1,019,321	757,789
Liabilities			
Loans from central banks	14	36,071	36,500
Deposits from customers	15	789,993	547,549
Subordinated notes		5,055	4,970
Lease liability		2,085	2,099
Provisions		1,387	1,516
Deferred income and tax liabilities		1,913	1,023
Other liabilities	16	9,600	7,894
Total liabilities		846,104	601,551
Equity			
Paid-in share capital		8,000	8,000
Capital reserve		800	800
Other reserves	17	1,001	1,075
Retained earnings		163,416	146,363
Total equity		173,217	156,238
Total liabilities and equity		1,019,321	757,789

Consolidated statement of comprehensive income

<i>(in thousands of euros)</i>	Note	Q3 2021 <i>not reviewed</i>	Q3 2020 <i>not reviewed</i>	9M 2021	9M 2020
Interest income	21	20,472	17,811	57,014	52,030
Interest expense	22	-1,979	-1,856	-5,853	-5,098
Net interest income		18,493	15,955	51,161	46,932
Fee and commission income		1,737	1,375	4,836	3,786
Fee and commission expense		-61	-57	-184	-176
Net fee and commission income		1,676	1,318	4,652	3,610
Losses on derecognition of debt instruments at FVOCI		-18	-	-75	-
Net profit/loss on exchange differences		-41	-50	-96	-85
Net profit/loss on derecognition of non-financial assets		2	-1	3	-33
Other income	23	914	346	1,739	1,106
Total income		21,026	17,568	57,384	51,530
Salaries and associated charges		-4,308	-3,476	-12,616	-10,373
Other operating expenses	24	-3,780	-2,903	-10,221	-7,988
Depreciation and amortisation expense		-842	-864	-2,531	-2,590
Provision expenses		-33	-29	328	696
Net impairment losses on loans and financial investments		-1,488	-2,350	-7,988	-11,456
Profit resulting from changes in the fair value of investment properties	12	3,317	-	3,317	-
Loss on impairment of goodwill	26	-930	-	-930	-
Profit on negative goodwill	26	1,519	-	1,519	-
Other expenses	25	-1,340	-716	-3,041	-2,106
Total expenses		-7,885	-10,338	-32,163	-33,817
Profit before income tax		13,141	7,230	25,221	17,713
Income tax expense		-989	-991	-2,168	-1,898
Profit for the period		12,152	6,239	23,053	15,815
Other comprehensive income/expense					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations		35	31	86	56
Changes in the fair value of debt instruments at FVOCI		-101	530	-160	-422
Net other comprehensive income to be reclassified to profit or loss		-66	561	-74	-366
Other comprehensive income for the period		-66	561	-74	-366
Total comprehensive income for the period		12,086	6,800	22,979	15,449

Consolidated statement of cash flows

<i>(in thousands of euros)</i>	Note	9M 2021	9M 2020
Cash flows from operating activities			
Interest received		54,089	48,659
Interest paid		-5,161	-3,592
Salary and other operating expenses paid		-29,501	-23,005
Other income and fees received		6,614	5,485
Recoveries of receivables previously written off and received for sold portfolios		3,186	8,026
Received for other assets		757	-
Loans provided		-404,330	-259,434
Repayment of loans provided		215,029	164,832
Change in mandatory reserves with central banks	2	-1,574	-402
Proceeds from customer deposits		477,179	248,677
Paid on redemption of deposits		-234,305	-125,155
Income tax paid/received		-1,616	-1,428
Effect of movements in exchange rates		-1	-193
Net cash from operating activities		80,366	62,470
Cash flows from investing activities			
Acquisition of property and equipment and intangible assets	11, 13	-9,678	-5,426
Proceeds from sale of property and equipment		10	-
Acquisition of investment properties	12	-28,353	-8,340
Proceeds from sale of investment properties		125	141
Net cash from acquisition of subsidiary	26	-550	38
Acquisition of financial instruments	3	-3,023	-15,673
Proceeds from redemption of financial instruments	3	1,929	329
Net cash used in investing activities		-39,540	-28,931
Cash flows from financing activities			
Paid on redemption of subordinated bonds		-	-165
Proceeds from loans from central bank	14	-	13,516
Repayment of loan from shareholders		-	-2,000
Repayment of other loan		-1,700	-
Payment of principal portion of lease liabilities		-454	-517
Dividends paid		-6,000	-6,000
Net cash used in / from financing activities		-8,154	4,834
Effect of exchange rate fluctuations		-122	-19
Increase in cash and cash equivalents		32,550	38,354
Cash and cash equivalents at beginning of period		73,650	52,980
Cash and cash equivalents at end of period	2	106,200	91,334

Consolidated statement of changes in equity

<i>(in thousands of euros)</i>	Attributable to equity holders of the parent				Total
	Share capital	Statutory capital reserve	Other reserves	Retained earnings	
Balance at 1 January 2020	8,000	800	1,232	131,021	141,053
Profit for the period	-	-	-	15,815	15,815
Other comprehensive income					
Exchange differences on translation of foreign operations	-	-	56	-	56
Net change in fair value of debt instrument at FVOCI	-	-	-422	-	-422
Total other comprehensive income	-	-	-366	-	-366
Total comprehensive income for the period	-	-	-366	15,815	15,449
Dividend distribution	-	-	-	-6,000	-6,000
Total transactions with owners	-	-	-	-6,000	-6,000
Balance at 30 Sep 2020	8,000	800	866	140,836	150,502
Balance at 1 January 2021	8,000	800	1,075	146,363	156,238
Profit for the period	-	-	-	23,053	23,053
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	86	-	86
Net change in fair value of debt instrument at FVOCI	-	-	-160	-	-160
Total other comprehensive income	-	-	-74	-	-74
Total comprehensive income for the period	-	-	-74	23,053	22,979
Dividend distribution	-	-	-	-6,000	-6,000
Total transactions with owners	-	-	-	-6,000	-6,000
Balance at 30 Sep 2021	8,000	800	1,001	163,416	173,217

Notes to the condensed consolidated interim financial statements

Note 1. Basis of preparation, significant accounting policies, estimates and assumptions and risk management

Basis of preparation

The condensed consolidated interim financial statements of Bigbank AS at and for the nine months ended 30 September 2021 have been prepared in accordance with the international financial reporting standard IAS 34 *Interim Financial Reporting* as adopted by the European Union. The interim financial statements do not include all the information required for full annual financial statements and they should be read in conjunction with the Group's latest published annual financial statements as at and for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS EU).

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards and interpretations effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

This interim report has been reviewed by auditors, except for the third quarter separate numbers of the statement of comprehensive income, and only includes the condensed consolidated financial statements of the Group. The financial statements are presented in thousands of euros, unless otherwise indicated.

New standards and amendments

A number of amended standards (*Amendments to IFRS 16 – COVID-19-Related Rent Concessions* and *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2*) became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Significant accounting estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making estimates about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The impact of management's estimates is most critical regarding loss allowances for loans and interest receivables. The measurement of expected credit loss (ECL) allowance for financial assets measured at

amortised cost and FVOCI is a significant estimate that involves determination of methodology, models and data inputs. The loss allowances are disclosed in notes 4, 6 and 8. The following components have a major impact on credit loss allowance: definition of default, determining criteria for significant increase in credit risk, probability of default (PD), exposure at default (EAD), and loss given default (LGD), establishing groups of similar financial assets for the purpose of measuring ECL, as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience. The Group used supportable forward-looking information for measurement of ECL, primarily an outcome of its own macro-economic forecasting model. There have been no significant changes in either methodology or models during the current reporting period.

Risk management

The primary objectives of risk management are to protect the Group's financial strength and limit the impact of potential adverse events on the Group's capital, liquidity and financial results, and to ensure that the outcomes of risk-taking activities are consistent with the Group's strategies and risk appetite, and that there is an appropriate balance between risk and reward. Effective risk and capital management is an essential component of the Group's management. It has a crucial impact on the long-term results and sustainability of the business model.

Risk taking is an unavoidable part of the Group's business activities and risk management supports business activities and decision making, ensuring that there is as clear information as possible about the risk and reward of different choices. Risk management is an integral part of the strategic decision making and daily business decision making process.

The following principles are followed in risk and capital management:

- Well-balanced portfolio. The Group maintains a well-diversified credit portfolio and takes limited risk in financial markets. Since uncertain changes in any individual position may seriously affect Group's overall risk position, over-reliance on single counterparties and concentrations of risk are avoided.
- Risk profile by significant countries of operation and significant product groups. The credit portfolio is reasonably balanced between different countries of operation and products. The management board determines at least annually the maximum exposure limits for individual countries of operation and significant product groups. Any target risk profile change must take into account established limits and potential effects. The actual risk profile is regularly measured against such limits.

- Quality of assets. Any changes in the target risk profile that may significantly affect the quality of assets are properly analysed and assessed before the changes are made.
- Strong liquidity position. The Group maintains a conservative liquidity risk profile and a sufficient portfolio of liquid assets at all times. Concentrations of funding and liquid assets are avoided.
- Adequate capital. The Group maintains a strong and rather conservative capitalisation level (capital adequacy). The Group makes sure that it has adequate capital to cover its risks and comply with regulatory (Pillar 1) and internal capital requirements (Pillar 2) as well as the minimum capital requirement.
- Reasonable risk level. The Group does not accept unreasonably high risk even when there is potential for exceptionally high profit as a result of risk taking. Risks which the Group cannot assess or manage adequately or for which it does not have sufficient experience or knowledge are avoided.
- Low tolerance to specified types of risks. The Group has low tolerance to certain risk types as specified in the policies for individual risks.
- Reliable structure of the statement of financial position. The Group is not required to maintain a specific structure of the statement of financial position but risk appetite that may have a significant impact on the structure of the statement of financial position is carefully assessed (the impacts of the changes in the structure of the statement of financial position are analysed) and changed, where necessary, before it is approved.

The main risk the Group has identified in its operations is credit risk, which arises in lending to customers. Other material risks are market risk (including IRRBB, i.e. interest rate risk in the banking book), liquidity risk, operational risk, reputational risk, business and strategic risk. In order to cover these risks Group holds a capital buffer and liquidity reserves for unforeseen events. Risks are assessed and identified regularly, as a part of its internal capital adequacy assessment process (ICAAP) and internal liquidity assessment process (ILAAP).

Risk and capital management principles for the Group are established in the risk and capital management policy approved by the supervisory board of Bigbank AS.

There have been no significant changes in risk management during the current reporting period.

Note 2. Cash and bank balances and cash equivalents

As at	30 Sep 2021	31 Dec 2020
Cash balances at central banks	79,798	48,336
Of which mandatory reserve deposits	3,346	1,767
Of which surplus on mandatory reserves*	76,463	46,576
Of which interest receivable from central banks	-11	-7
Cash balances at banks	29,737	27,074
Of which cash demand and overnight deposits*	29,737	23,074
Of which term deposits with maturity of less than 3 months*	-	4,000
Total cash and balances at banks	109,535	75,410
of which cash and cash equivalents	106,200	73,650

* Cash equivalents

Note 3. Debt instruments at fair value through other comprehensive income

As at	30 Sep 2021	31 Dec 2020
Debt instruments	47,066	45,845
Debt instruments by issuer		
General government bonds	3,418	4,197
Bonds issued by credit institutions	15,595	16,432
Other financial corporations' bonds	2,039	2,065
Non-financial corporations' bonds	26,014	23,151
Debt instruments by currency		
EUR (euro)	44,494	43,181
SEK (Swedish krona)	2,572	2,664
Debt instruments by rating		
Aaa-Aa3	7,432	7,589
A1-A3	25,714	23,729
Baa1-Baa3	11,901	10,518
Ba1-Ba3	2,019	4,009

Debt securities in amount of 39,524 thousand euros were pledged as collateral at 30 September 2021 (see note 14).

Note 4. Loans to customers**Loans to customers as at 30 September 2021**

	Estonia	Latvia	Lithuania	Finland	Sweden	Bulgaria	Total
Loan receivables from customers	214,556	149,194	226,471	105,874	77,431	64	773,590
Loss allowances for loans	-4,972	-5,953	-3,884	-7,134	-4,945	-1	-26,889
Interest receivable from customers	2,002	1,807	10,369	1,135	644	-	15,957
Loss allowances for interest receivables	-645	-581	-181	-297	-229	-	-1,933
Total loans to customers, incl. interest and allowances	210,941	144,467	232,775	99,578	72,901	63	760,725
Share of region	27.7%	19.0%	30.6%	13.1%	9.6%	0.0%	100.0%

Loans to customers as at 31 December 2020

	Estonia	Latvia	Lithuania	Finland	Sweden	Total
Loan receivables from customers	135,985	133,097	179,507	79,850	63,120	591,559
Loss allowances for loans	-5,968	-7,065	-3,735	-5,176	-3,634	-25,578
Interest receivable from customers	2,367	1,986	8,045	788	318	13,504
Loss allowances for interest receivables	-784	-643	-121	-141	-84	-1,773
Total loans to customers, incl. interest and allowances	131,600	127,375	183,696	75,321	59,720	577,712
Share of region	22.8%	22.1%	31.8%	13.0%	10.3%	100.0%

Note 5. Loan receivables from customers by due dates

As at	30 Sep 2021	31 Dec 2020
Past due loan payments	20,535	16,196
Contractual principal payments cash flows of loans		
Less than 1 month	13,381	9,450
1-12 months	128,444	122,372
1-2 years	142,818	120,016
2-5 years	282,720	216,562
More than 5 years	185,692	106,963
Total	773,590	591,559

Note 6. Ageing analysis on loan receivables**Ageing analysis as at 30 September 2021**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Unsecured loans						
Loan portfolio	524,737	25,702	5,832	3,231	22,906	582,408
Loss allowance	-9,558	-2,166	-1,945	-1,327	-11,633	-26,629
Surety loans						
Loan portfolio	908	52	8	-	98	1,066
Loss allowance	-15	-3	-2	-	-93	-113
Loans secured with real estate						
Loan portfolio	171,751	495	89	107	252	172,694
Loss allowance	-5	-5	-	-3	-40	-53
Loans against other collaterals						
Loan portfolio	15,618	1,253	168	234	149	17,422
Loss allowance	-32	-34	-7	-12	-9	-94
Total loan portfolio	713,014	27,502	6,097	3,572	23,405	773,590
Total loss allowance	-9,610	-2,208	-1,954	-1,342	-11,775	-26,889

Ageing analysis as at 31 December 2020

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Unsecured loans						
Loan portfolio	463,463	24,808	6,161	3,265	17,696	515,393
Loss allowance	-10,935	-1,695	-1,870	-1,305	-8,908	-24,713
Surety loans						
Loan portfolio	2,619	76	36	2	284	3,017
Loss allowance	-253	-4	-2	-1	-195	-456
Loans secured with real estate						
Loan portfolio	66,300	3,951	61	133	967	71,412
Loss allowance	-7	-3	-3	-	-395	-408
Loans against other collaterals						
Loan portfolio	1,680	57	-	-	-	1,737
Loss allowance	-2	-	-	-	-	-2
Total loan portfolio	534,062	28,892	6,258	3,400	18,947	591,559
Total loss allowance	-11,197	-1,702	-1,875	-1,306	-9,498	-25,578

Note 7. Loan receivables from customers by contractual currency

As at	30 Sep 2021	31 Dec 2020
EUR (euro)	696,095	528,439
SEK (Swedish krona)	77,431	63,120
BGN (Bulgarian lev)	64	-
Total loan receivables from customers	773,590	591,559

Note 8. Loss allowances for loan receivables from customers**Loss allowances as at 30 September 2021**

	Loan receivables	Interest receivables	Total receivables subject to impairment	Total loss allowances
Stage 1	719,088	11,805	730,893	-8,145
Stage 2	25,790	582	26,372	-4,622
Stage 3	28,712	3,570	32,282	-16,055
Total	773,590	15,957	789,547	-28,822

Loss allowances as at 31 December 2020

	Loan receivables	Interest receivables	Total receivables subject to impairment	Total loss allowances
Stage 1	545,266	9,666	554,932	-10,397
Stage 2	23,667	642	24,309	-3,965
Stage 3	22,626	3,196	25,822	-12,989
Total	591,559	13,504	605,063	-27,351

Development of allowances for 9 months 2021

	Opening balance as at 1 Jan 2021	Increases due to origination	Decrease due to derecognition repayments and disposals	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Closing balance
Stage 1	-10,397	-3,362	1,367	4,215	32	-8,145
Stage 2	-3,965	-1,024	248	-173	292	-4,622
Stage 3	-12,989	-692	861	-7,660	4,425	-16,055
Total	-27,351	-5,078	2,476	-3,618	4,749	-28,822

Development of allowances for 12 months 2020

	Opening balance as at 1 Jan 2020	Increases due to origination	Decrease due to derecognition repayments and disposals	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Closing balance
Stage 1	-7,721	-5,793	1,340	1,594	183	-10,397
Stage 2	-5,070	-1,142	497	310	1,440	-3,965
Stage 3	-11,502	-1,500	747	-7,475	6,741	-12,989
Total	-24,293	-8,435	2,584	-5,571	8,364	-27,351

Note 9. Other receivables

As at	30 Sep 2021	31 Dec 2020
Customer receivables and other miscellaneous receivables	930	849
Inventories	874	-
Collection, recovery and other charges receivable	581	468
Loss allowance for other receivables	-269	-212
Total	2,116	1,105

Note 10. Prepayments

As at	30 Sep 2021	31 Dec 2020
Tax receivables	438	439
Prepaid other taxes	118	16
Prepayments to suppliers and prepaid expenses	705	794
Total	1,261	1,249

Note 11. Tangible assets

As at	30 Sep 2021	31 Dec 2020
Land and buildings	9,197	1,582
Right-of-use assets: commercial premises	1,647	2,084
Right-of-use assets: agricultural equipment and machinery	652	-
Other items	1,195	758
Biological assets	1,043	-
Total	13,734	4,424

Other items comprise computers, office equipment and furniture and other fixtures and fittings. Leased agricultural machinery and leased office premises are recognized as

right-of-use assets. Biological assets include dairy herds and grasslands.

Land and buildings, other items and biological assets

	Land and buildings	Other items	Biological assets	Total
Cost				
Balance at 1 January 2020	1,590	4,230	-	5,820
Purchases	-	83	-	83
Sales	-	-49	-	-49
Write-off	-	-54	-	-54
Revaluation recognised in other comprehensive income	-8	-	-	-8
Effect of movements in exchange rates	-	1	-	1
Balance at 31 December 2020	1,582	4,211	-	5,793
Balance at 1 January 2021	1,582	4,211	-	5,793
Purchases	-	258	67	325
Sales	-	-38	-	-38
Write-off	-	-12	-	-12
Additions from acquisitions of business combinations	7,700	938	976	9,614
Balance at 30 September 2021	9,282	5,357	1,043	15,682

	Land and buildings	Other items	Biological assets	Total
Depreciation				
Balance at 1 January 2020	-10	-2,740	-	-2,750
Depreciation charge for the year	-62	-796	-	-858
Sales	-	31	-	31
Write-off	-	53	-	53
Transfer	72	-	-	72
Effect of movements in exchange rates	-	-1	-	-1
Balance at 31 December 2020	-	-3,453	-	-3,453
Balance at 1 January 2021	-	-3,453	-	-3,453
Depreciation charge for the period	-46	-371	-	-417
Sales	-	31	-	31
Write-off	-	12	-	12
Additions from acquisitions of business combinations	-39	-381	-	-420
Balance at 30 September 2021	-85	-4,162	-	-4,247
Carrying amount				
Balance at 1 January 2020	1,580	1,490	-	3,070
Balance at 31 December 2020	1,582	758	-	2,340
Balance at 30 September 2021	9,197	1,195	1,043	11,435

Right-of-use assets

As at	30 Sep 2021	31 Dec 2020
Carrying amount at 1 January	2,084	2,087
Additions	33	213
Termination of lease	-	-46
Depreciation charge	-485	-689
Price adjustment	10	519
Additions from acquisitions of business combinations	657	-
Carrying amount at end of period	2,299	2,084

Note 12. Investment properties

	30 Sep 2021	31 Dec 2020
Opening balance at 1 January	27,181	1,781
Additions	28,357	25,849
Sales	-125	-85
Net profit/loss from fair value adjustment	3,317	-364*
Closing balance at end of period	58,730	27,181

* Net loss from fair value adjustment for the period ended 30 September 2020 was 0 euros and for the period from 1 October till 31 December 364 thousand euros.

Investment properties include buildings in Tallinn and Tartu and agricultural land.

Note 13. Intangible assets

	30 Sep 2021	31 Dec 2020
Cost at beginning of year	29,948	23,268
Purchased and developed software*	3,559	6,926
Of which purchases	1,274	3,846
Of which capitalised payroll costs	2,285	3,080
Write-off	-	-246
Cost at end of period	33,507	29,948
Amortisation at beginning of year	-5,735	-4,014
Amortisation charge for the period	-1,629	-1,909
Write-off	-	188
Amortisation at end of period	-7,364	-5,735
Carrying amount at beginning of year	24,213	19,254
Carrying amount at end of period	26,143	24,213

* The Group's intangible assets comprise various software.

The Group continues its investments in the information and banking technology solution called Nest, the first stage of which was implemented in 2017 in Finland and which has been deployed in all branches by the end of 2019. The

purchases also include the capitalised payroll and payroll-related costs for employees who were directly associated with the Nest development.

Note 14. Loans from central banks

In 2019 and 2020, the Group had obtained from ECB's third series of targeted longer-term refinancing operations (TLTRO-III) financing of total 36,500 thousand euros. The initial maturity of the liability was 3 years with an early repayment option starting on 29 September 2021. Basic interest rate on TLTRO-III borrowing has been -0.5%. The interest rate is linked to a reference rate which may change in the future. For banks meeting the ECB's specified lending criteria, which Group met for the first reference period, the interest rate can be as low as -1.0% and is applicable retrospectively. In the reporting period, the negative interests of 429 thousand euros were recognised within interest income. ECB's financing is secured by debt securities. As at 30 September 2021, loans from central

banks amounted to 36,071 thousand euros, including a loan liability of 36,500 thousand euros and a negative interest liability of 429 thousand euros.

The targeted longer-term refinancing operations (TLTROs) are Eurosystem operations that provide financing to credit institutions. By offering banks long-term funding on attractive terms they preserve favourable borrowing conditions for banks and stimulate bank lending to the real economy. Borrowing rates in these operations can be as low as the average interest rate on the deposit facility prevailing over the life of the operation.

Note 15. Deposits from customers

As at	30 Sep 2021	31 Dec 2020
Deposits from customers	789,993	547,549
Deposits by customer type		
Individuals	783,653	540,592
Legal persons	6,340	6,957
Deposits by currency		
EUR (euro)	710,920	476,789
SEK (Swedish krona)	79,073	70,760
Deposits by maturity		
Savings deposits (on demand)	297,510	68,643
Maturing within 1 months	19,823	16,078
Maturing between 1 and 6 months	83,150	96,084
Maturing between 6 and 12 months	104,468	108,713
Maturing between 12 and 18 months	50,552	54,047
Maturing between 18 and 24 months	63,529	48,689
Maturing between 24 and 36 months	61,277	63,196
Maturing between 36 and 48 months	38,080	27,365
Maturing between 48 and 60 months	30,830	24,178
Maturing in over 60 months	40,774	40,556

The median amount of customer deposits was 42 thousand euros.

Note 16. Other liabilities

As at	30 Sep 2021	31 Dec 2020
Received surplus payments	5,066	4,785
Payables to employees	1,583	1,709
Supplier payables	973	405
Other payables	1,978	995
Total	9,600	7,894

Received surplus payments include surplus repayments of loans by customers that are paid prematurely and not yet matched to particular loan contracts due to uncertainty of nature of these payments.

Note 17. Other reserves

As at	30 Sep 2021	Change	31 Dec 2020
Exchange differences on translation of foreign operations	688	86	602
Asset revaluation reserve	609	-	609
Fair value changes of debt instruments measured at FVOCI	-296	-160	-136
Total other reserves	1,001	-74	1,075

Note 18. Net currency positions**Net currency positions as at 30 September 2021**

	Assets bearing currency risk	Liabilities bearing currency risk	Net position
SEK (Swedish krona)	81,737	79,731	2,006
BGN (Bulgarian lev)	132	10	122

Net currency positions as at 31 December 2020

	Assets bearing currency risk	Liabilities bearing currency risk	Net position
SEK (Swedish krona)	71,995	73,179	-1,184
BGN (Bulgarian lev)	-	10	-10
USD (American dollar)	-	19	-19

The loans provided by the Group are denominated in the currency of the corresponding region or in euros.

Note 19. Fair values of assets and liabilities

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

The fair values of the assets and liabilities reported in the consolidated statement of financial position at 30 September 2021 do not differ significantly from their carrying amounts.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Fair value hierarchy as at 30 September 2021

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Debt instruments at fair value through other comprehensive income (note 3)	47,066	-	-	47,066
Land and buildings (note 11)	-	-	9,197	9,197
Investment properties (note 12)	-	-	58,730	58,730
Assets for which fair values are disclosed				
Loans to customers (note 4-8)	-	-	760,725	760,725
Other financial receivables (note 9)	-	-	2,116	2,116
Total assets	47,066	-	830,768	877,834
Liabilities for which fair values are disclosed				
Loans from central banks (note 14)	-	-	36,071	36,071
Deposits from customers (note 15)	-	-	789,993	789,993
Subordinated notes	-	-	5,055	5,055
Lease liability	-	-	2,085	2,085
Other financial liabilities (note 16)	-	-	9,600	9,600
Total liabilities	-	-	842,804	842,804

Fair value hierarchy as at 31 December 2020

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Debt instruments at fair value through other comprehensive income (note 3)	45,845	-	-	45,845
Land and buildings (note 11)	-	-	1,582	1,582
Investment properties (note 12)	-	-	27,181	27,181
Assets for which fair values are disclosed				
Loans to customers (note 4-8)	-	-	577,712	577,712
Other financial receivables (note 9)	-	-	1,105	1,105
Total assets	45,845	-	607,580	653,425
Liabilities for which fair values are disclosed				
Loans from central banks (note 14)	-	-	36,500	36,500
Deposits from customers (note 15)	-	-	547,549	547,549
Subordinated notes	-	-	4,970	4,970
Lease liability	-	-	2,099	2,099
Other financial liabilities (note 16)	-	-	7,894	7,894
Total liabilities	-	-	599,012	599,012

There have been no transfers between Level 1 and Level 2 during 9 months of 2021 and 12 months of 2020.

The Level 3 *loans to customers* that amounts to 760,725 thousand euros are measured at amortised cost using the effective interest rate method less any loss allowances. For fair valuation purpose the estimated cash-flows have been discounted at the prevailing market interest rates, the result being not materially different from that recognised under the amortised cost method using effective interest rate.

The Level 3 *land and buildings* that amounts to 9,197 thousand euros consists of real estate used by the Group in Tallinn and agricultural land. The properties in Tallinn are revalued using the income approach and market approach. The market approach means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property. The valuer based the valuation of the property in Tallinn on the prices per square metre of residential space in Tallinn that were in the range of 2,995 – 3,147 euros.

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The estimated rental value per square meter per month is 11 euros, the rent growth 1%, long-term vacancy rate 5%, and vacancy rate for the first year 40% and discount rate 8% for commercial property in Tallinn.

Valuations are performed with sufficient frequency to ensure that the fair value of an asset does not differ materially from its carrying amount.

Agricultural land recognized under land and buildings, which was acquired in the third quarter and based on the fact that the assets were exchanged in an arm's length transaction between independent parties, is recognised according to the opinion of the management at fair value at the reporting date.

The Level 3 *investment properties* that amount to 58,730 thousand euros consist of office buildings in Tartu, Tallinn and Pärnu as well as land plots, houses, apartments and agricultural land originally pledged by customers as loan collateral and later acquired by the Group through auctions. Investment properties are measured at the fair value in the financial statements and valuations are performed by the management using market approach.

The investment property in Tartu is valued using the cost model (residual value method) based on the highest and best use of the property. The residual value method takes into account the profit that can be achieved on a development if the existing property would be developed and sold as private flats. Following inputs were used for prior year valuation of the properties in Tartu: price per square metre of flats in Tartu old town 2,761 euros and development costs per square metre 906 euros.

The values of commercial buildings acquired as investment property before the current reporting period and real estate used by the Group have not been revalued during the reporting period. The value of the investment properties which were acquired during the last 12 months, based on the fact that the asset was exchanged in an arm's length transaction between independent parties, is recorded according to the opinion of the management at fair value at the reporting date.

Valuations of agricultural land are performed using the market comparison approach. Based on valuation reports, the best use of the land is the existing use for agricultural

purposes. The valuer based the valuation on the weighted average prices per hectare of agricultural land that were in the range of 3,445 – 6,735 euros.

Valuations of investment property are performed at each reporting date to make sure that the assets are measured at fair value at the reporting date.

Note 20. Contingent liabilities

At 30 September 2021, the unused portions of the credit lines and loans totalled 73,067 thousand euros (31 December 2020: 44,717 thousand euros), guarantees

issued totalled 5 thousand euros (31 December 2020: 5 thousand euros).

Note 21. Interest income

	Q3 2021 <i>not reviewed</i>	Q3 2020 <i>not reviewed</i>	9M 2021	9M 2020
Interest income on loans to customers	19,899	17,648	56,155	51,553
Interest income on debt instruments	144	160	429	453
Interest income on deposits	-	3	1	7
Interest income on liabilities	429	-	429	17
Total interest income	20,472	17,811	57,014	52,030

Note 22. Interest expense

	Q3 2021 <i>not reviewed</i>	Q3 2020 <i>not reviewed</i>	9M 2021	9M 2020
Interest expense on deposits	1,818	1,722	5,381	4,742
Interest expense on bonds	84	84	250	251
Interest expense on lease liabilities	6	7	17	20
Other interest expense	71	43	205	85
Total interest expense	1,979	1,856	5,853	5,098

Note 23. Other income

	Q3 2021 <i>not reviewed</i>	Q3 2020 <i>not reviewed</i>	9M 2021	9M 2020
Income from debt recovery proceedings	120	156	395	437
Rental income	517	156	954	289
Revenue from sales of agricultural products	169	-	169	-
Miscellaneous income	108	34	221	380
Total other income	914	346	1,739	1,106

Note 24. Other operating expenses

	Q3 2021 <i>not reviewed</i>	Q3 2020 <i>not reviewed</i>	9M 2021	9M 2020
Marketing expenses	2,578	1,995	7,162	5,090
Short-term leases	29	17	84	24
Office and other similar administrative expenses	92	94	292	272
Other personnel-related expenses	290	69	501	391
Software licensing and other information technology costs	366	356	1,075	1,019
Other services	185	97	378	357
Postal supplies and charges	48	95	160	302
Telephone and other communications expenses	147	130	415	343
Miscellaneous operating expenses	45	50	154	190
Total other operating expenses	3,780	2,903	10,221	7,988

Note 25. Other expenses

	Q3 2021 <i>not reviewed</i>	Q3 2020 <i>not reviewed</i>	9M 2021	9M 2020
Expenses related to registry inquires	292	252	871	836
Expenses related to enforcement proceedings	219	151	511	422
Legal regulation charges	164	173	492	480
Expenses from investment properties	467	29	739	67
Costs of sold agricultural products	80	-	80	-
Miscellaneous expenses	118	111	348	301
Total other expenses	1,340	716	3,041	2,106

Note 26. Business combinations

In 2021, Rüütli Majad OÜ – the subsidiary of Bigbank AS – acquired 100% of the shares of agricultural companies Abja Põld OÜ and Palupera Põllud OÜ, which in turn acquired business of Abja Farmid OÜ. The total purchase consideration was 7,767 thousand euros, of which 500 thousand euros is payable after 18-month closing period.

The enterprises acquired are engaged in grain growing, milk production and dairy farming.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration

	Palupera Põllud OÜ	Business of Abja Farmid	Abja Põld OÜ	Total
<i>Acquisition date</i>	09.07.2021	15.09.2021	15.09.2021	
Cash paid	9	6,400	858	7,267
Cash to be paid after closing	-	500	-	500
Total purchase consideration	9	6,900	858	7,767

The preliminary fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	Palupera Põllud OÜ	Business of Abja Farmid	Abja Põld OÜ	Total
Cash and cash equivalents	3	-	315	318
Property and equipment	-	7,700	1,175	8,875
Biological assets	-	887	89	976
Inventories and other receivables	-	84	860	944
Lease liability	-	-	-421	-421
Borrowings	-	-	-1,700	-1,700
Other liabilities	-	-52	-384	-436
Provisions	-	-200	-	-200
Net identifiable assets acquired	3	8,419	-66	8,356
Goodwill	6	-	924	930
Gain from bargain purchase	-	-1,519	-	-1,519
Total	9	6,900	858	7,767

The goodwill resulting from the acquisitions were tested for impairment at the end of the reporting period and as a result, an impairment loss of 930 thousand euros was recognised in profit or loss. Gain on a bargain purchase of 1,519 thousand euros was recognised as a profit on

negative goodwill in profit or loss. Acquisition-related costs are included in administrative expenses in profit or loss.

The acquired businesses contributed other operating income of 355 thousand euros and net loss (excluding gain

on bargain purchase and impairment losses on goodwill) of 79 thousand euros to the Group for the period from 09 July 2021 to 30 September 2021.

Note 27. Related parties

For the purposes of these financial statements, parties are related if one controls the other or exerts significant influence on the other's business decisions. Related parties include:

- shareholders of Bigbank AS;
- members of Group companies' management and supervisory boards;
- close family members of the above;
- companies connected with the above persons, except where the persons cannot exert significant influence on the company's business decisions.

As at 30 September 2021, the Group had a claim to related parties of 3,082 thousand euros (*Loans to customer*) (31 December 2020: 39 thousand euros), the interest income on that claim amounted to 66 thousand euros for 9 months of 2021 (for 9 months of 2020: 1 thousand euros). Loans granted to related parties are issued at market conditions.

A plot of land was sold to the company related to the owner at the acquisition price, the sale price was 100 thousand euros.

Statement by the Management Board

According to the knowledge and belief of the Management Board of Bigbank AS, as at the date of publication:

- the figures and additional information presented in the condensed consolidated interim report for the nine months of 2021 are true and complete; and
- the condensed consolidated financial statements provide a true and fair view of the Group's financial position, financial performance and cash flows.
- The condensed consolidated interim report as at 30 September 2021 has been prepared in accordance with the international financial reporting standard IAS 34 *Interim Financial Reporting* as adopted by the European Union and with the information disclosure requirements established by the Bank of Estonia.
- Financial statements have been prepared on a going concern basis.

Martin Länts

Chairman of the Management Board

30 November 2021

[digitally signed]

Sven Raba

Member of the Management Board

30 November 2021

[digitally signed]

Mart Veskimägi

Member of the Management Board

30 November 2021

[digitally signed]

Argo Kiltsmann

Member of the Management Board

30 November 2021

[digitally signed]



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Independent Auditors' Report on Review of Interim Financial Statements

To the shareholders of AS Bigbank

We have reviewed the accompanying condensed consolidated statement of financial position of Bigbank AS as at 30 September 2021, the condensed consolidated statement of comprehensive income, changes in equity and cash flows for the 9 month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 September 2021 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Baltics OÜ
Licence No 17

(digitally signed)

Eero Kaup

Certified Public Accountant, Licence No 459

Tallinn, 30 November 2021