



**Interim condensed consolidated
financial statements for the period
ended 31 March 2021**

Bigbank AS

Interim condensed consolidated financial statements for the period ended 31 March 2021

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|---|---|
| Business name | Bigbank AS |
| Registry | Commercial Register of the Republic of Estonia |
| Registration number | 10183757 |
| Date of entry | 30 January 1997 |
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| Corporate website | www.bigbank.ee |
| Financial year | 1 January 2021 – 31 December 2021 |
| Reporting period | 1 January 2021 – 31 March 2021 |
| Chairman of the management board | Martin Länts |
| 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.

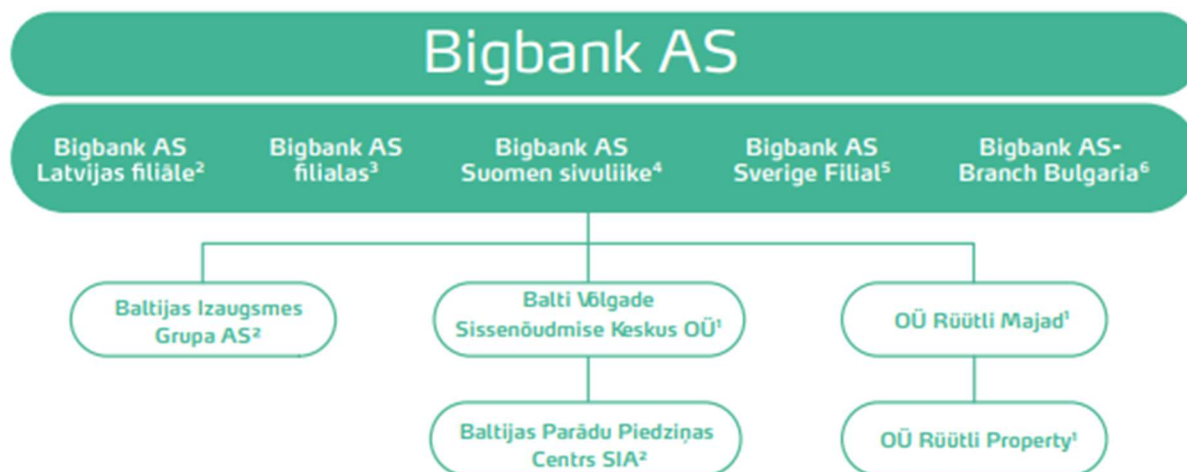
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Bigbank Group structure

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 and Sweden 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 had not started operating by the reporting date, lending services were opened to customers in May this year.

The core business of OÜ Rūütli Majad is managing real estate and its subsidiary OÜ Rūütli Property manages agricultural land. Baltijas Izaugsmes Grupa AS and 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 6.7% during the first three months of the year, reaching 631.0 million euros by the end of the quarter. Bigbank has been active in extending its services to corporate customers, as a result of which the total corporate loan portfolio increased by 16.1% during the first three months of the year and 63.9% year on year. Long-term investment loans and working capital loans for enterprises made up almost a quarter of total sales in the first quarter, with the main customers being companies operating in the real estate, agricultural, forestry and industrial sectors. In the first quarter, the private customers portfolio increased by 5.7% compared to the end of 2020 and by 23.3% year on year. Demand was strong in all operating countries, Estonia was leading the growth, where the high demand for housing loans, launched by Bigbank last autumn, was behind the significant growth in Estonia. In addition to the ordinary housing loans with an annuity schedule, Bigbank is offering housing loans with a special schedule that is unique in Estonia, which means that at the beginning of the repayment period - for example, during the first ten years - only interest payments will be made and the settlement of loan principal can be deferred for a later stage. In this way, customers will have significantly more available cash during the first half of the schedule, and it can be expected that inflation will also make further payments more affordable. The volume of leasing services increased in the first quarter where the growth was achieved on account of entry into new sectors and equipment lease. Leasing results were also positively influenced by car lease for individuals in Lithuania, which was launched at the beginning of this year, in addition to lease for corporate customers.

Customers continue to be very interested in demand deposits, their share in total deposits has grown rapidly, rising to 22.6% by the end of the first quarter.

At the end of the first quarter, the Group's performing loan portfolio amounted to 608.5 million euros, exceeding the figure at the same time last year by 129.3 million euros (27.0%) and the figure at the previous year-end by 35.9 million euros (6.3%). The share of loans over 90 days past due accounted for 3.6% of the total portfolio at the reporting date. The share of loans past due has decreased due to effective dealing with customers in default and arrears. Bigbank's long-term goal is still to keep the share of its over 90 days past due portfolio as small as possible.

Bigbank earned a net profit of 5.8 million euros in the first quarter of 2021, which is 16.8% more than in the same period last year. First-quarter expenses on credit loss allowances amounted to 2.6 million euros. Interest income for the first quarter was by 0.4 million euros (2.4%) higher 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 Länts and the members Sven Raba, Mart Veskimägi and Argo Kiltsmann.

Bigbank had 398 employees at the end of the first quarter of 2021: 232 in Estonia, 72 in Lithuania, 64 in Latvia, 15 in Finland, 9 in Sweden and 6 in Bulgaria.

Key performance indicators and ratios

| Financial position indicators (in thousands of euros) | 31 Mar 2021 | 31 Dec 2020 | Change |
|---|-------------|-------------|--------|
| Total assets | 823,778 | 757,789 | 8.7% |
| Loans to customers | 616,544 | 577,712 | 6.7% |
| of which loan portfolio | 630,956 | 591,559 | 6.7% |
| of which interest receivable | 14,352 | 13,504 | 6.3% |
| of which loss allowances | -28,764 | -27,351 | 5.2% |
| Deposits from customers | 613,434 | 547,549 | 12.0% |
| Equity | 156,113 | 156,238 | -0.1% |

| Financial performance indicators (in thousands of euros) | 3M 2021 | 3M 2020 | Change |
|--|---------|---------|--------|
| Interest income | 17,679 | 17,259 | 2.4% |
| Interest expense | 1,886 | 1,558 | 21.1% |
| Salaries and associated charges | 3,927 | 3,486 | 12.7% |
| Other operating expenses | 2,962 | 2,786 | 6.3% |
| Net loss allowances on loans and financial investments | 2,626 | 2,580 | 1.8% |
| Profit before impairment loss | 8,399 | 7,521 | 11.7% |
| Net profit | 5,773 | 4,941 | 16.8% |

| Ratios | 3M 2021 | 3M 2020 |
|------------------------------|---------|---------|
| Return on equity (ROE) | 14.8% | 14.1% |
| Equity multiplier (EM) | 5.1 | 4.2 |
| Profit margin (PM) | 29.5% | 26.1% |
| Asset utilization ratio (AU) | 9.9% | 12.8% |
| Return on assets (ROA) | 2.9% | 3.4% |
| Price difference (SPREAD) | 9.8% | 10.8% |
| Cost to income ratio (CIR) | 48.6% | 46.5% |

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 31 March 2021, the consolidated assets of Bigbank AS Group totalled 823.8 million euros, having increased by 66.0 million euros (8.7%) during the first quarter.

As at 31 March 2021, loans to customers accounted for 74.8% of total assets, amounting to 616.5 million euros. At the end of the first quarter, the proportion of liquid assets (amounts due from banks and financial debt instruments) was 18.1 %, totalling 148.7 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 48.1 million euros as at 31 March 2021, of which 39.8 million euros was pledged as collateral for a loan from the central bank and 8.3 million euros was part of the liquidity buffer.

At the end of the first quarter, the Group had 116 thousand loan agreements, 38 thousand of them in Lithuania, 33 thousand in Latvia, 23 thousand in Estonia, 12 thousand in Finland and 10 thousand in Sweden.

Geographical distribution of loans to customers:

- 31.6% Lithuania,
- 23.0% Estonia,
- 21.4% Latvia,
- 13.7% Finland,
- 10.3% Sweden.

At 31 March 2021, loans to customers totalled 616.5 million euros, comprising of:

- the loan portfolio of 631.0 million euros. Loans to individuals accounted for 89.5% of the total;
- interest receivable on loans of 14.3 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 5,443 euros and as at 31 March 2021, 100 largest loans accounted for 10.9% 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 first quarter of 2021, the Group's liabilities totalled 667.7 million euros. Most of the debt raised by the Group, i.e. 613.4 million euros (91.9%) 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 31 March 2021 36.5 million euros.

At the end of the first quarter of 2021, the Group's equity was 156.1 million euros. The equity to assets ratio amounted to 19.0%.

Financial performance

Interest income for the first quarter of 2021 reached 17.7 million euros, increasing by 0.4 million euros (2.4%) compared to the same period in 2020.

The first quarter's ratio of interest income (annualised) to average interest-earning assets was 9.5% and (annualised) return on the loan portfolio accounted for 11.5% of the average loan portfolio.

Interest expense for the first quarter of 2021 was 1.9 million euros, having grown by 0.3 million euros (21.1%) year on year. The ratio of interest expense to interest income was 10.7% in the first quarter. The ratio of interest expense to average interest-bearing liabilities (annualised) was 1.2%.

Salaries and associated charges for the first quarter of 2021 totalled 3.9 million euros. As at the end of the period, the Group had 398 employees.

Other operating expenses for the first quarter amounted to 3.0 million euros, being higher by 0.2 million euros than in the year-earlier period.

In the first quarter, impairment losses were 2.6 million euros, consisting of:

- impairment losses on loan receivables of 2.4 million euros;
- impairment losses on interest receivables and other receivables of 0.42 million euros.

The Group's net profit for the first quarter of 2021 amounted to 5.8 million euros. In comparison to the first quarter of 2020, net profit has increased by 0.8 million euros.

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 (in thousands of euros) | 31 Mar 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 | 1,177 | 1,075 |
| Other intangible assets | -13,786 | -12,495 |
| Profit eligible | - | 9,815 |
| Adjustments to CET1 due to prudential filters | -48 | -45 |
| Common equity Tier 1 capital | 136,506 | 132,171 |
| Tier 1 capital | 136,506 | 132,171 |
| Tier 2 capital | 5,000 | 5,000 |
| Total own funds | 141,506 | 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

| As at <i>(in thousands of euros)</i> | 31 Mar 2021 | 31 Dec 2020 |
|--|--------------------|--------------------|
| Risk weighted exposure amounts for credit and counterparty credit (standardized approach) | | |
| Institutions | 14,510 | 12,865 |
| Corporates | 68,695 | 52,950 |
| Retail | 388,658 | 375,796 |
| Secured by mortgages on immovable property | 22,421 | 17,525 |
| Exposures in default | 16,405 | 12,835 |
| Claims on institutions and corporates with a short-term credit assessment | 498 | 2,499 |
| Other items | 44,737 | 46,327 |
| Total risk weighted exposure amounts for credit and counterparty credit (standardised approach) | 555,924 | 520,797 |
| Total risk exposure amount for operational risk (standardised approach) | 103,721 | 104,404 |
| Total risk exposure amount | 659,645 | 625,201 |

Capital ratios

| | 31 Mar 2021 | 31 Dec 2020 |
|---|--------------------|--------------------|
| T1 Capital ratio | 20.7% | 21.1% |
| Total capital ratio | 21.5% | 21.9% |
| Leverage ratio | 16.2% | 17.2% |
| Minimum requirement for eligible liabilities (MREL) | 17.6% | 18.7% |

Condensed consolidated interim financial statements

Consolidated statement of financial position

| As at (in thousands of euros) | Note | 31 Mar 2021 | 31 Dec 2020 |
|---|---------------|----------------|----------------|
| Assets | | | |
| Cash balances at central banks | 2 | 69,347 | 48,336 |
| Due from other banks | 2 | 31,253 | 27,074 |
| Debt instruments at fair value through other comprehensive income | 3 | 48,110 | 45,845 |
| Loans to customers | 4, 5, 6, 7, 8 | 616,544 | 577,712 |
| Other receivables | 9 | 597 | 1,105 |
| Prepayments | 10 | 1,359 | 1,249 |
| Property and equipment | 11 | 4,145 | 4,424 |
| Investment property | 12 | 27,209 | 27,181 |
| Intangible assets | 13 | 24,809 | 24,213 |
| Assets classified as held for sale | | 405 | 650 |
| Total assets | | 823,778 | 757,789 |
| Liabilities | | | |
| Loans from central banks | 14 | 36,500 | 36,500 |
| Deposits from customers | 15 | 613,434 | 547,549 |
| Subordinated notes | | 5,052 | 4,970 |
| Lease liability | | 1,942 | 2,099 |
| Provisions | | 1,485 | 1,516 |
| Deferred income and tax liabilities | | 1,655 | 1,023 |
| Other liabilities | 16 | 7,597 | 7,894 |
| Total liabilities | | 667,665 | 601,551 |
| Equity | | | |
| Paid-in share capital | | 8,000 | 8,000 |
| Capital reserve | | 800 | 800 |
| Other reserves | 17 | 1,177 | 1,075 |
| Retained earnings | | 146,136 | 146,363 |
| Total equity | | 156,113 | 156,238 |
| Total liabilities and equity | | 823,778 | 757,789 |

Consolidated statement of comprehensive income

| <i>(in thousands of euros)</i> | Note | 3M 2021 | 3M 2020 |
|--|------|----------------|----------------|
| Interest income | 21 | 17,679 | 17,259 |
| Interest expense | 22 | -1,886 | -1,558 |
| Net interest income | | 15,793 | 15,701 |
| Fee and commission income | | 1,495 | 1,182 |
| Fee and commission expense | | -57 | -66 |
| Net fee and commission income | | 1,438 | 1,116 |
| Losses on derecognition of debt instruments at FVOCI | | -57 | - |
| Net profit/loss on exchange differences | | -143 | -384 |
| Net profit/loss on derecognition of non-financial assets | | 35 | -35 |
| Other income | 23 | 400 | 473 |
| Total income | | 17,466 | 16,871 |
| Salaries and associated charges | | -3,927 | -3,486 |
| Other operating expenses | 24 | -2,962 | -2,786 |
| Depreciation and amortisation expense | | -864 | -860 |
| Provision expenses | | 30 | -941 |
| Net impairment losses on loans and financial investments | | -2,626 | -2,580 |
| Losses resulting from changes in the fair value of investment properties | | - | - |
| Other expenses | 25 | -729 | -721 |
| Profit/loss from assets classified as held for sale | | - | - |
| Total expenses | | -11,078 | -11,374 |
| Profit before income tax | | 6,388 | 5,497 |
| Income tax expense | | -615 | -556 |
| Profit for the period | | 5,773 | 4,941 |
| Other comprehensive income/expense | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on translation of foreign operations | | 124 | 344 |
| Changes in the fair value of debt instruments at FVOCI | | -22 | -2,000 |
| Net other comprehensive income to be reclassified to profit or loss | | 102 | -1,656 |
| Total comprehensive income for the period | | 5,875 | 3,285 |
| Basic earnings per share (EUR) | | 72 | 62 |
| Diluted earnings per share (EUR) | | 72 | 62 |

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Consolidated statement of cash flows

| <i>(in thousands of euros)</i> | Note | 3M 2021 | 3M 2020 |
|---|--------|---------------|----------------|
| Cash flows from operating activities | | | |
| Interest received | | 17,292 | 15,874 |
| Interest paid | | -1,351 | -1,158 |
| Salary and other operating expenses paid | | -9,229 | -8,173 |
| Other income and fees received | | 1,806 | 1,726 |
| Recoveries of receivables previously written off and received for sold portfolios | | 998 | 3,739 |
| Received for other assets | | 210 | - |
| Loans provided | | -109,307 | -82,176 |
| Repayment of loans provided | | 67,984 | 51,542 |
| Change in mandatory reserves with central banks | 2 | -156 | 65 |
| Proceeds from customer deposits | | 123,024 | 63,077 |
| Paid on redemption of deposits | | -56,189 | -38,401 |
| Income tax paid/received | | -382 | -535 |
| Effect of movements in exchange rates | | 2 | -86 |
| Net cash from operating activities | | 34,702 | 5,494 |
| Cash flows from investing activities | | | |
| Acquisition of property and equipment and intangible assets | 11, 13 | -1,118 | -2,256 |
| Proceeds from sale of property and equipment | | 8 | - |
| Acquisition of investment properties | 12 | -28 | - |
| Proceeds from sale of investment properties | | - | 80 |
| Net cash from acquisition of subsidiary | | - | 38 |
| Acquisition of financial instruments | 3 | -3,023 | -15,673 |
| Proceeds from redemption of financial instruments | 3 | 761 | - |
| Net cash used in investing activities | | -3,400 | -17,811 |
| Cash flows from financing activities | | | |
| Proceeds from loans from central bank | 14 | - | 12,000 |
| Payment of principal portion of lease liabilities | | -158 | -187 |
| Dividends paid | | -6,000 | -6,000 |
| Net cash used in / from financing activities | | -6,158 | 5,813 |
| Effect of exchange rate fluctuations | | -111 | -581 |
| Increase / decrease in cash and cash equivalents | | 25,033 | -7,085 |
| Cash and cash equivalents at beginning of period | | 73,650 | 52,980 |
| Cash and cash equivalents at end of period | 2 | 98,683 | 45,895 |

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 | - | - | - | 4,941 | 4,941 |
| Other comprehensive income | | | | | |
| Exchange differences on translation of foreign operations | - | - | 344 | - | 344 |
| Net change in fair value of debt instrument at FVOCI | - | - | -2,000 | - | -2,000 |
| Total other comprehensive income | - | - | -1,656 | - | -1,656 |
| Total comprehensive income for the period | - | - | -1,656 | 4,941 | 3,285 |
| Dividend distribution | - | - | - | -6,000 | -6,000 |
| Total transactions with owners | - | - | - | -6,000 | -6,000 |
| Balance at 31 March 2020 | 8,000 | 800 | -424 | 129,962 | 138,338 |
| Balance at 1 January 2021 | 8,000 | 800 | 1,075 | 146,363 | 156,238 |
| Profit for the period | - | - | - | 5,773 | 5,773 |
| Other comprehensive income | | | | | |
| Exchange differences on translating foreign operations | - | - | 124 | - | 124 |
| Net change in fair value of debt instrument at FVOCI | - | - | -22 | - | -22 |
| Total other comprehensive income | - | - | 102 | - | 102 |
| Total comprehensive income for the period | - | - | 102 | 5,773 | 5,875 |
| Dividend distribution | - | - | - | -6,000 | -6,000 |
| Total transactions with owners | - | - | - | -6,000 | -6,000 |
| Balance at 31 March 2021 | 8,000 | 800 | 1,177 | 146,136 | 156,113 |

Notes to the condensed consolidated interim financial statements

Note 1. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

The condensed consolidated interim financial statements of Bigbank AS at and for the three months ended 31 March 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 not been audited or otherwise reviewed by auditors and only includes the condensed consolidated financial statements of the Group. The financial statements are presented in thousands of euros, unless otherwise indicated.

Note 2. Cash and bank balances and cash equivalents

| As at | 31 Mar 2021 | 31 Dec 2020 |
|---|----------------|---------------|
| Cash balances at central banks | 69,347 | 48,336 |
| Of which mandatory reserve deposits | 1,928 | 1,767 |
| Of which surplus on mandatory reserves* | 67,430 | 46,576 |
| Of which interest receivable from central banks | -11 | -7 |
| Cash balances at banks | 31,253 | 27,074 |
| Of which cash demand and overnight deposits* | 31,253 | 23,074 |
| Of which term deposits with maturity of less than 3 months* | - | 4,000 |
| Total cash and balances at banks | 100,600 | 75,410 |
| of which cash and cash equivalents | 98,683 | 73,650 |

* Cash equivalents

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

| As at | 31 Mar 2021 | 31 Dec 2020 |
|-------------------------------------|---------------|---------------|
| Debt instruments | 48,110 | 45,845 |
| Debt instruments by issuer | | |
| General government bonds | 3,468 | 4,197 |
| Bonds issued by credit institutions | 16,483 | 16,432 |
| Other financial corporations' bonds | 2,032 | 2,065 |
| Non-financial corporations' bonds | 26,127 | 23,151 |
| Debt instruments by currency | | |
| EUR (euro) | 45,530 | 43,181 |
| SEK (Swedish krona) | 2,580 | 2,664 |
| Debt instruments by rating | | |
| Aaa-Aa3 | 7,490 | 7,589 |
| A1-A3 | 26,041 | 23,729 |
| Baa1-Baa3 | 10,530 | 10,518 |
| Ba1-Ba3 | 4,049 | 4,009 |

Debt securities in amount of 39,805 thousand euros were pledged as collateral at 31 March 2021 (see note 14).

Note 4. Loans to customers**Loans to customers as at 31 March 2021**

| | Estonia | Latvia | Lithuania | Finland | Sweden | Total |
|--|----------------|----------------|------------------|----------------|---------------|----------------|
| Loan receivables from customers | 147,035 | 137,425 | 189,715 | 89,611 | 67,170 | 630,956 |
| Loss allowances for loans | -6,885 | -6,729 | -3,593 | -6,077 | -3,570 | -26,854 |
| Interest receivable from customers | 2,411 | 1,971 | 8,712 | 933 | 325 | 14,352 |
| Loss allowances for interest receivables | -833 | -650 | -140 | -197 | -90 | -1,910 |
| Total loans to customers, incl. interest and allowances | 141,728 | 132,017 | 194,694 | 84,270 | 63,835 | 616,544 |
| Share of region | 23.0% | 21.4% | 31.6% | 13.7% | 10.3% | 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 | 31 Mar 2021 | 31 Dec 2020 |
|---------------------------------|--------------------|--------------------|
| Past due loan payments | 19,587 | 16,196 |
| Contractual cash flows of loans | | |
| Less than 1 month | 9,747 | 9,450 |
| 1-12 months | 121,651 | 122,372 |
| 1-2 years | 122,631 | 120,016 |
| 2-5 years | 232,762 | 216,562 |
| More than 5 years | 124,578 | 106,963 |
| Total | 630,956 | 591,559 |

Note 6. Ageing analysis on loan receivables**Ageing analysis as at 31 March 2021**

| | Not past due | 30 days or less | 31-60 days | 61-90 days | Over 90 days | Total |
|--|----------------|-----------------|--------------|--------------|---------------|----------------|
| Unsecured loans | | | | | | |
| Loan portfolio | 483,100 | 24,257 | 5,122 | 3,104 | 21,198 | 536,781 |
| Loss allowance | -10,593 | -1,996 | -1,619 | -1,287 | -10,473 | -25,968 |
| Surety loans | | | | | | |
| Loan portfolio | 3,442 | 591 | 15 | 3 | 163 | 4,214 |
| Loss allowance | -29 | -228 | - | -1 | -140 | -398 |
| Loans secured with real estate | | | | | | |
| Loan portfolio | 83,854 | 521 | 162 | 39 | 1,103 | 85,679 |
| Loss allowance | -5 | -2 | -4 | - | -469 | -480 |
| Loans against other collaterals | | | | | | |
| Loan portfolio | 4,025 | 221 | 36 | - | - | 4,282 |
| Loss allowance | -7 | - | -1 | - | - | -8 |
| Total loan portfolio | 574,421 | 25,590 | 5,335 | 3,146 | 22,464 | 630,956 |
| Total loss allowance | -10,634 | -2,226 | -1,624 | -1,288 | -11,082 | -26,854 |

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 | 31 Mar 2021 | 31 Dec 2020 |
|--|----------------|----------------|
| EUR (euro) | 563,786 | 528,439 |
| SEK (Swedish krona) | 67,170 | 63,120 |
| Total loan receivables from customers | 630,956 | 591,559 |

Note 8. Loss allowances for loan receivables from customers**Loss allowances as at 31 March 2021**

| | Loan receivables | Interest receivables | Total receivables subject to impairment | Total loss allowances |
|--------------|------------------|----------------------|---|-----------------------|
| Stage 1 | 581,716 | 10,218 | 591,934 | -9,756 |
| Stage 2 | 22,047 | 560 | 22,607 | -3,901 |
| Stage 3 | 27,193 | 3,574 | 30,767 | -15,107 |
| Total | 630,956 | 14,352 | 645,308 | -28,764 |

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 3 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 | -1,570 | 417 | 1,791 | 3 | -9,756 |
| Stage 2 | -3,965 | -68 | 84 | 19 | 29 | -3,901 |
| Stage 3 | -12,989 | - | 202 | -3,243 | 923 | -15,107 |
| Total | -27,351 | -1,638 | 703 | -1,433 | 955 | -28,764 |

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 | 31 Mar 2021 | 31 Dec 2020 |
|--|-------------|--------------|
| Customer receivables and other miscellaneous receivables | 312 | 849 |
| Collection, recovery and other charges receivable | 524 | 468 |
| Loss allowance for other receivables | -239 | -212 |
| Total | 597 | 1,105 |

Note 10. Prepayments

| As at | 31 Mar 2021 | 31 Dec 2020 |
|---|--------------|--------------|
| Tax receivables | 444 | 439 |
| Prepaid other taxes | 77 | 16 |
| Prepayments to suppliers and prepaid expenses | 838 | 794 |
| Total | 1,359 | 1,249 |

Note 11. Tangible assets

| | Land and buildings | Right-of-use assets: commercial premises | Other items* | Total |
|--|--------------------|--|---------------|---------------|
| Cost | | | | |
| Balance at 1 January 2020 | 1,590 | 2,820 | 4,230 | 8,640 |
| Purchases | - | 213 | 83 | 296 |
| Sales | - | - | -49 | -49 |
| Write-off | - | -306 | -54 | -360 |
| Revaluation and price adjustment | - | 519 | - | 519 |
| Revaluation recognised in other comprehensive income | -8 | - | - | -8 |
| Effect of movements in exchange rates | - | - | 1 | 1 |
| Balance at 31 December 2020 | 1,582 | 3,246 | 4,211 | 9,039 |
| Balance at 1 January 2021 | 1,582 | 3,246 | 4,211 | 9,039 |
| Purchases and additions to the right-of-use assets | - | - | 67 | 67 |
| Sales | - | - | -18 | -18 |
| Write-off | - | - | -1 | -1 |
| Revaluation and price adjustment | - | 1 | - | 1 |
| Balance at 31 March 2021 | 1,582 | 3,247 | 4,259 | 9,088 |
| Depreciation | | | | |
| Balance at 1 January 2020 | -10 | -733 | -2,740 | -3,483 |
| Depreciation charge for the year | -62 | -689 | -796 | -1,547 |
| Sales | - | - | 31 | 31 |
| Write-off | - | 260 | 53 | 313 |
| Transfer | 72 | - | - | 72 |
| Effect of movements in exchange rates | - | - | -1 | -1 |
| Balance at 31 December 2020 | - | -1,162 | -3,453 | -4,615 |
| Balance at 1 January 2020 | - | -1,162 | -3,453 | -4,615 |
| Depreciation charge for the period | -15 | -159 | -164 | -338 |
| Sales | - | - | 10 | 10 |
| Balance at 31 March 2021 | -15 | -1,321 | -3,607 | -4,943 |
| Carrying amount | | | | |
| Balance at 1 January 2019 | 1,580 | - | 1,490 | 3,070 |
| Balance at 31 March 2020 | 1,582 | 2,084 | 758 | 4,424 |
| Balance at 31 March 2021 | 1,567 | 1,926 | 652 | 4,145 |

* Other items of property and equipment comprise computers, office equipment and furniture and other fixtures and fittings.

Note 12. Investment properties

| | 31 Mar 2021 | 31 Dec 2020 |
|--|---------------|---------------|
| Opening balance at 1 January | 27,181 | 1,781 |
| Additions | 28 | 25,849 |
| Sales | - | -85 |
| Net profit/loss from fair value adjustment | - | -364 |
| Closing balance at end of period | 27,209 | 27,181 |

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

Note 13. Intangible assets

| | 31 Mar 2021 | 31 Dec 2020 |
|--|---------------|---------------|
| Cost at beginning of year | 29,948 | 23,268 |
| Purchased and developed software* | 1,122 | 6,926 |
| Of which purchases | 344 | 3,846 |
| Of which capitalised payroll costs | 778 | 3,080 |
| Write-off | - | -246 |
| Cost at end of period | 31,070 | 29,948 |
| Amortisation at beginning of year | -5,735 | -4,014 |
| Amortisation charge for the period | -526 | -1,909 |
| Write-off | - | 188 |
| Amortisation at end of period | -6,261 | -5,735 |
| Carrying amount at beginning of year | 24,213 | 19,254 |
| Carrying amount at end of period | 24,809 | 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 36,500 thousand euros. The initial maturity of the liability was 3 years. ECB's financing is secured by debt securities. As at 31 March 2021, loans from central banks amounted to 36,500 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 | 31 Mar 2021 | 31 Dec 2020 |
|-----------------------------------|----------------|----------------|
| Deposits from customers | 613,434 | 547,549 |
| Deposits by customer type | | |
| Individuals | 606,109 | 540,592 |
| Legal persons | 7,325 | 6,957 |
| Deposits by currency | | |
| EUR (euro) | 546,327 | 476,789 |
| SEK (Swedish krona) | 67,107 | 70,760 |
| Deposits by maturity | | |
| Save deposits (on demand) | 138,474 | 68,643 |
| Maturing within 1 months | 21,922 | 16,078 |
| Maturing between 1 and 6 months | 108,087 | 96,084 |
| Maturing between 6 and 12 months | 92,214 | 108,713 |
| Maturing between 12 and 18 months | 47,491 | 54,047 |
| Maturing between 18 and 24 months | 50,485 | 48,689 |
| Maturing between 24 and 36 months | 61,328 | 63,196 |
| Maturing between 36 and 48 months | 27,992 | 27,365 |
| Maturing between 48 and 60 months | 24,656 | 24,178 |
| Maturing in over 60 months | 40,785 | 40,556 |

The median amount of customer deposits was 40 thousand euros.

Note 16. Other liabilities

| As at | 31 Mar 2021 | 31 Dec 2020 |
|---------------------------|--------------|--------------|
| Received surplus payments | 4,576 | 4,785 |
| Payables to employees | 1,389 | 1,709 |
| Supplier payables | 331 | 405 |
| Other payables | 1,301 | 995 |
| Total | 7,597 | 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 | 31 Mar 2021 | Change | 31 Dec 2020 |
|---|--------------|------------|--------------|
| Exchange differences on translation of foreign operations | 726 | 124 | 602 |
| Asset revaluation reserve | 609 | - | 609 |
| Fair value changes of debt instruments measured at FVOCI | -158 | -22 | -136 |
| Total other reserves | 1,177 | 102 | 1,075 |

Note 18. Net currency positions**Net currency positions as at 31 March 2021**

| | Assets bearing currency risk | Liabilities bearing currency risk | Net position |
|---------------------|------------------------------------|---|-----------------|
| SEK (Swedish krona) | 69,260 | 67,989 | 1,271 |
| BGN (Bulgarian lev) | 43 | 12 | 31 |
| GBP (British pound) | - | 1 | -1 |

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 31 March 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 31 March 2021

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------------|----------|----------------|----------------|
| Assets measured at fair value | | | | |
| Debt instruments at fair value through other comprehensive income (note 3) | 48,110 | - | - | 48,110 |
| Land and buildings (note 11) | - | - | 1,567 | 1,567 |
| Investment properties (note 12) | - | - | 27,209 | 27,209 |
| Assets for which fair values are disclosed | | | | |
| Loans to customers (note 4-8) | - | - | 616,544 | 616,544 |
| Other financial receivables (note 9) | - | - | 597 | 597 |
| Total assets | 48,110 | - | 645,917 | 694,027 |
| Liabilities for which fair values are disclosed | | | | |
| Loans from central banks (note 14) | - | - | 36,500 | 36,500 |
| Deposits from customers (note 15) | - | - | 613,434 | 613,434 |
| Subordinated notes | - | - | 5,052 | 5,052 |
| Lease liability | - | - | 1,942 | 1,942 |
| Other financial liabilities (note 16) | - | - | 7,597 | 7,597 |
| Total liabilities | - | - | 664,525 | 664,525 |

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 3 months of 2020 and 12 months of 2020.

The Level 3 *loans to customers* that amounts to 616,544 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 1,567 thousand euros consists of real estate used by the Group in Tallinn. 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. Management assessed, based on an expert's opinion, that fair value had

changed and therefore a new valuation was performed in the fourth quarter of 2020.

The Level 3 *investment properties* that amount to 27,209 thousand euros consist of office buildings in Tartu and Tallinn 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 value of the investment property which was acquired in Tallinn in last quarter of 2020, 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 3,015 – 4,555 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 31 March 2021, the unused portions of the credit lines and loans totalled 61,741 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

| | 3M 2021 | 3M 2020 |
|---------------------------------------|---------------|---------------|
| Interest income on loans to customers | 17,536 | 17,120 |
| Interest income on debt instruments | 142 | 135 |
| Interest income on deposits | 1 | 2 |
| Other interest income | - | 2 |
| Total interest income | 17,679 | 17,259 |

Note 22. Interest expense

| | 3M 2021 | 3M 2020 |
|---------------------------------------|--------------|--------------|
| Interest expense on deposits | 1,746 | 1,448 |
| Interest expense on bonds | 83 | 83 |
| Interest expense on lease liabilities | 6 | 7 |
| Other interest expense | 51 | 20 |
| Total interest expense | 1,886 | 1,558 |

Note 23. Other income

| | 3M 2021 | 3M 2020 |
|---------------------------------------|------------|------------|
| Income from debt recovery proceedings | 142 | 130 |
| Rental income | 179 | 106 |
| Miscellaneous income | 79 | 237 |
| Total other income | 400 | 473 |

Note 24. Other operating expenses

| | 3M 2021 | 3M 2020 |
|---|--------------|--------------|
| Marketing expenses | 2,043 | 1,632 |
| Short-term leases | 45 | 3 |
| Office and other similar administrative expenses | 109 | 117 |
| Other personnel-related expenses | 113 | 281 |
| Software licensing and other information technology costs | 341 | 322 |
| Other services | 94 | 127 |
| Postal supplies and charges | 65 | 105 |
| Telephone and other communications expenses | 123 | 107 |
| Miscellaneous operating expenses | 29 | 92 |
| Total other operating expenses | 2,962 | 2,786 |

Note 25. Other expenses

| | 3M 2021 | 3M 2020 |
|---|------------|------------|
| Expenses related to registry inquires | 252 | 311 |
| Expenses related to enforcement proceedings | 131 | 154 |
| Legal regulation charges | 160 | 148 |
| Expenses from investment properties | 81 | 19 |
| Miscellaneous expenses | 105 | 89 |
| Total other expenses | 729 | 721 |

Note 26. 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 31 March 2021, the Group had a claim to related parties of 39 thousand euros (*Loans to customer*) (31 December 2020: 39 thousand euros), the interest income on that claim amounted to 0.5 thousand euros for 3 months of 2021 (for 3 months of 2020: 0.4 thousand euros). Loans granted to related parties are issued at market conditions.

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 three 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 31 March 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

28 May 2021

[digitally signed]

Sven Raba

Member of the Management Board

28 May 2021

[digitally signed]

Mart Veskimägi

Member of the Management Board

28 May 2021

[digitally signed]

Argo Kiltsmann

Member of the Management Board

28 May 2021

[digitally signed]