



**Interim condensed consolidated  
financial statements for the period  
ended 30 June 2020**

# Bigbank AS

## Interim condensed consolidated financial statements for the period ended 30 June 2020

<b>Business name</b>	Bigbank AS
<b>Registry</b>	Commercial Register of the Republic of Estonia
<b>Registration number</b>	10183757
<b>Date of entry</b>	30 January 1997
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<b>Financial year</b>	1 January 2020 – 31 December 2020
<b>Reporting period</b>	1 January 2020 – 30 June 2020
<b>Chairman of the management board</b>	Martin Lääts
<b>Core business line</b>	Provision of consumer loans and acceptance of deposits
<b>Auditor</b>	KPMG Baltics OÜ
<b>Reporting currency</b>	The reporting currency is the euro and numerical financial data is presented in thousands of euros.

Interim report is available on the website of Bigbank AS at [www.bigbank.ee](http://www.bigbank.ee).  
The version in English is located at [www.bigbank.eu](http://www.bigbank.eu).

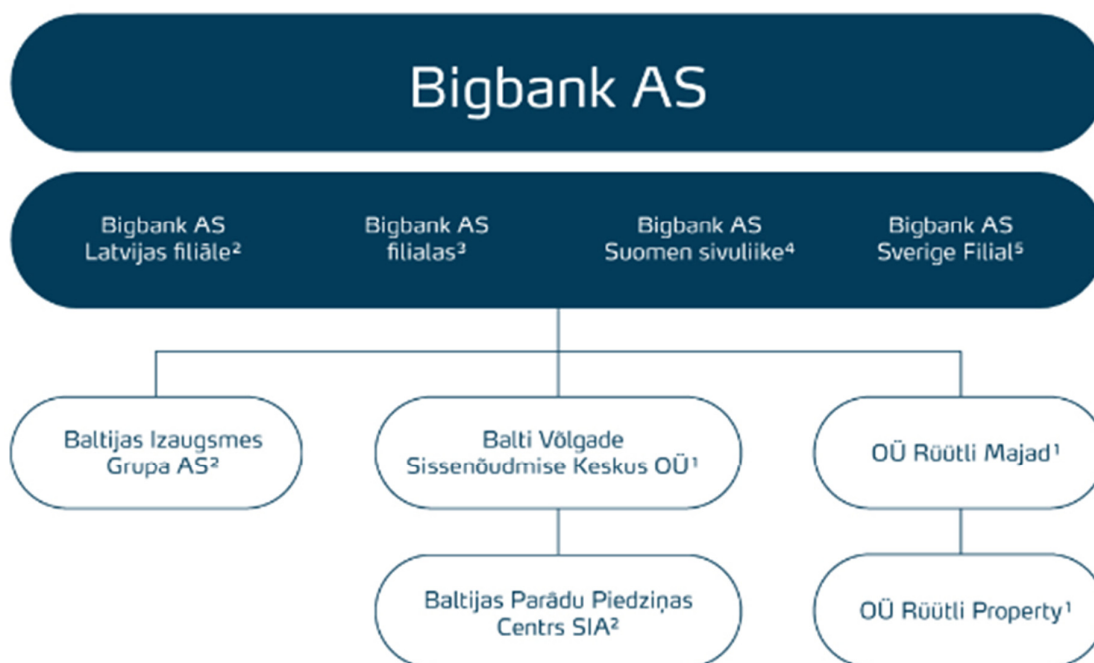
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# Bigbank Group structure

Bigbank AS 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 consumer loans and deposits.

The Group's structure at the reporting date:



<sup>1</sup> registered in the Republic of Estonia

<sup>2</sup> registered in the Republic of Latvia

<sup>3</sup> registered in the Republic of Lithuania

<sup>4</sup> registered in the Republic of Finland

<sup>5</sup> registered in the Kingdom of Sweden

The branches in Latvia, Lithuania, Finland and Sweden offer lending services similar to those of the parent. In addition, the parent and its Latvian, Finnish and Swedish branches offer deposit services. In addition, Bigbank AS provides cross-border deposit services in Germany, the Netherlands and Austria. Spanish branch is under liquidation and remaining customers are served cross-border from parent bank.

The core business of OÜ Rūütli Majad is managing the real estate and its subsidiary OÜ Rūütli Property is mainly managing agricultural land. Balti Völgade Sissenõudmise Keskus OÜ and its subsidiary support the parent and its branches in debt collection.

# Review of operations

## Significant economic events

The health crisis, which began in the first quarter and had a drastical impact on the global economy, reached its deepest level at the beginning of the second quarter. This has had a strong impact on the results of Bigbank AS (hereinafter also "Bigbank" and the "Group") in all domestic markets, but it can be said that the impact of the crisis on the Group's financial results has been softer than expected.

While the main activities at the end of the first quarter were switching employees to remote working and preparing new financial and operational plans, the keywords in the second quarter were to restore our growth ambitions and offer customers the best personal solutions for serving existing loan obligations.

Now that the deepest bottom of the first wave of the pandemic has passed in Bigbank's domestic markets, it can be said that actively focusing on new products and at the same time focusing on the existing past due loan portfolio has been the right choice. This is confirmed by both the Group's growth and profit figures for the second quarter, which were very close to the pre-crisis forecasts.

In the second quarter, Bigbank started offering leasing to corporate customers in Estonia and Lithuania. In addition, good work has been done on new products, which would be launched in the third quarter of this year.

At the end of the second quarter of 2020, the Group's performing loan portfolio amounted to 503.1 million euros, exceeding the performing loan portfolio at the end of the first quarter by 23.9 million euros (5%). An important factor influencing further growth is the implementation of the new banking software Nest by the end of 2019, which enables Bigbank to offer products to customers more conveniently and efficiently than before.

The crisis has affected the over 90 days past due loan portfolio to some extent. While at the end of the first quarter of 2020 loans more than 90 days in default accounted to 3.8% of the total loan portfolio, by the end of the second quarter it had grown up to 4.5%. The main factor was not

the poorer payment behavior of customers, but the fact that the Group has stopped selling loans that are past due in several of its domestic markets and is working with customers whose loans are past due itself, as this is the most effective solution in the changed market conditions. Bigbank's long-term goal is still to keep the share of its over 90 days past due portfolio as small as possible.

Bigbank's net profit for the second quarter of 2020 was 4.6 million euros, which is only 0.3 million euros lower (-6%) compared to the very strong first quarter. In essence, the only reason for the decrease in profitability is the increase in allowances to cover possible future loan losses. Compared to the first quarter of 2020, the impairment losses increased by 3.9 million euros, reaching 6.5 million euros.

A positive development is that due to a successful growth strategy interest income continues to grow: interest income for the second quarter of 2020 was by 0.4 million euros (2%) higher compared to the same period in 2019. Also, thanks to the new banking software Nest, cost efficiency continued to improve – both personnel expenses and other operating expenses remained lower than a year ago.

The Group's capitalisation continues to be strong. Equity grew by 12% to 143.7 million euros compared to the end of second quarter in 2019.

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 372 employees at the end of the second quarter of 2020: 218 in Estonia, 65 in Latvia, 67 in Lithuania, 14 in Finland and 8 in Sweden.

## Key performance indicators and ratios

Financial position indicators (in thousands of euros)	30 June 2020	31 Dec 2019	Change
Total assets	673,496	574,193	17.3%
Loans to customers	508,406	459,656	10.6%
of which loan portfolio	526,741	473,455	11.3%
of which interest receivable	12,527	10,494	19.4%
of which loss allowances	-30,862	-24,293	27.0%
Deposits from customers	477,352	392,838	21.5%
Equity	143,702	141,053	1.9%

Financial performance indicators (in thousands of euros)	Q2 2020	Q2 2019	Change	6M 2020	6M 2019	Change
Interest income	16,960	16,551	2.5%	34,219	32,849	4.2%
Interest expense	1,684	1,642	2.6%	3,242	3,291	-1.5%
Salaries and associated charges	3,411	3,789	-10.0%	6,897	7,384	-6.6%
Other operating expenses	2,301	3,042	-24.4%	5,085	5,835	-12.9%
Net loss allowances on loans and financial investments	6,526	87	7401.1%	9,106	2,336	289.8%
Profit before impairment loss	11,159	6,229	79.1%	18,682	14,300	30.6%
Net profit	4,633	6,142	-24.6%	9,576	11,964	-20.0%

Ratios	Q2 2020	Q2 2019	6M 2020	6M 2019
Return on equity (ROE)	13.2%	19.2%	13.5%	19.2%
Equity multiplier (EM)	4.5	4.4	4.4	4.4
Profit margin (PM)	25.1%	32.7%	25.6%	32.7%
Asset utilization ratio (AU)	11.6%	13.2%	12.0%	13.2%
Return on assets (ROA)	2.9%	4.3%	3.1%	4.3%
Price difference (SPREAD)	9.5%	11.0%	10.2%	11.0%
Cost to income ratio (CIR)	42.4%	51.4%	44.5%	50.5%

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 30 June 2020, the consolidated assets of Bigbank AS Group totalled 673.5 million euros, having increased by 65.0 million euros (10.7%) during the second quarter.

As at 30 June 2020, loans to customers accounted for 75.5% of total assets, the proportion of liquid assets (amounts due from banks and financial debt instruments) was 19.0%. At the end of the second quarter, liquid assets totalled 128.1 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 46.2 million euros as at 30 June 2020, of which 39.8 million euros was pledged as collateral for a loan from the central bank and 6.4 million euros was part of the liquidity buffer.

At the end of the second quarter, the Group had 112 thousand loan agreements, 33 thousand of them in Latvia, 33 thousand in Lithuania, 27 thousand in Estonia, 11 thousand in Finland and 8 thousand in Sweden.

Geographical distribution of loans to customers:

- 32.2% Lithuania,
- 23.5% Latvia,
- 22.0% Estonia,
- 13.3% Finland,
- 9.0% Sweden.

At 30 June 2020, loans to customers totalled 508.4 million euros, comprising of:

- the loan portfolio of 526.7 million euros. Loans to individuals accounted for 90.2% of the total;
- interest receivable on loans of 12.5 million euros;
- loss allowances for loans and interest receivables of 30.9 million euros (consisting of a loss allowance for

loans of 28.6 million euros and a loss allowance for interest receivables of 2.3 million euros).

Bigbank's loan portfolio is diversified – at the reporting date the average loan was 4,698 euros and as at 30 June 2020, 40 largest loans accounted for 9.3% of the loan portfolio.

Bigbank AS focuses on the provision of consumer loans. In line with the corporate strategy, as at 30 June 2020 loans against income accounted for 88.8%, loans against surety for 1.3% and loans secured with real estate for 9.9% of the total loan portfolio.

As regards past due receivables, it is important to note that the collection of non-performing consumer loans differs significantly from the recovery of loans that have physical collateral (for example, mortgage-backed loans). Due to their nature (as a rule, consumer loans are backed with the customer's regular income), claims related to terminated consumer loans are satisfied in smaller instalments over an extended period rather than in a lump sum raised through the sale of the collateral.

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 second quarter of 2020, the Group's liabilities totalled 529.8 million euros. Most of the debt raised by the Group, i.e. 477.4 million euros (90.1%) consisted of deposits. In 2019, the Group obtained from ECB's third series of targeted longer-term refinancing operations (TLTRO-III) financing of 23.0 million euros, in the first and second quarters of 2020, the Group received additional 13.5 million euros of financing. The liability secured by debt securities reached as at 30 June 2020 36.5 million euros.

As at the end of the second quarter of 2020, the Group's equity was 143.7 million euros. The equity to assets ratio amounted to 21.3%.

## Financial performance

Interest income for the second quarter reached 17.0 million euros, increasing by 0.4 million euros (2.5%) compared to the same period in 2019.

The period's ratio of interest income (annualised) to average interest-earning assets was 10.9% and (annualised) return on the loan portfolio accounted for 13.1% of the average loan portfolio.

Interest expense for the second quarter of 2020 was 1.7 million euros.

The ratio of interest expense to interest income was 9.9%. The ratio of interest expense to average interest-bearing liabilities (annualised) was 1.4%.

Salaries and associated charges for the second quarter of 2020 amounted to 3.4 million euros. As at the end of the period, the Group had 372 employees.

Other operating expenses for the second quarter were 2.3 million euros, decreasing by 0.7 million euros compared to year-earlier period.

In the second quarter, impairment losses were 6.5 million euros, consisting of:

- impairment losses on loan receivables of 6.2 million euros;
- impairment losses on interest receivables of 0.3 million euros.

The Group's net profit for the second quarter of 2020 amounted to 4.6 million euros. In comparison to the second quarter of 2019, net profit has decreased by 1.5 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	30 June 2020	31 Dec 2019
Paid-in share capital	8,000	8,000
Capital reserve	800	800
Prior years retained earnings	125,021	106,568
Other accumulated comprehensive income	305	1,231
Other intangible assets	-22,131	-19,254
Profit eligible	-	11,537
Adjustments to CET1 due to prudential filters	-46	-31
<b>Common equity Tier 1 capital</b>	<b>111,949</b>	<b>108,851</b>
<b>Tier 1 capital</b>	<b>111,949</b>	<b>108,851</b>
<b>Tier 2 capital</b>	<b>5,000</b>	<b>5,000</b>
<b>Deductions</b>	<b>-</b>	<b>-</b>
<b>Total own funds</b>	<b>116,949</b>	<b>113,851</b>

\* Own funds as at 31 December 2019 include nine months net profit included that has been verified by an independent external auditor in the review of the financial information (2019: nine months), less foreseeable dividends proportionally 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 June 2020	31 Dec 2019
<b>Risk weighted exposure amounts for credit and counterparty credit (standardized approach)</b>		
Institutions	7,292	3,260
Corporates	44,457	22,886
Retail	333,027	312,757
Secured by mortgages on immovable property	5,657	4,586
Exposures in default	19,189	14,926
Claims on institutions and corporates with a short-term credit assessment	2,389	2,393
Other items	14,878	9,910
<b>Total risk weighted exposure amounts for credit and counterparty credit (standardised approach)</b>	<b>426,889</b>	<b>370,718</b>
<b>Total risk exposure amount for position, foreign exchange and commodities risks</b>	<b>-</b>	<b>-</b>
<b>Total risk exposure amount for foreign exchange risk (standardised approach)</b>	<b>25,112</b>	<b>18,821</b>
<b>Total risk exposure amount for operational risk (standardised approach)</b>	<b>104,404</b>	<b>101,632</b>
<b>Total risk exposure amount for credit valuation adjustment (standardised approach)</b>	<b>-</b>	<b>-</b>
<b>Total risk exposure amount</b>	<b>556,405</b>	<b>491,171</b>

**Capital ratios**

	30 June 2020	31 Dec 2019
CET1 Capital ratio	20.1%	22.2%
T1 Capital ratio	20.1%	22.2%
Total capital ratio	21.0%	23.2%
Leverage ratio	19.2%	19.3%
Minimum requirement for eligible liabilities (MREL)	18.2%	20.9%

# Condensed consolidated interim financial statements

## Consolidated statement of financial position

As at	Note	30 June 2020	31 Dec 2019
<b>Assets</b>			
Cash balances at central banks	2	40,639	32,855
Cash balances at banks	2	41,258	21,085
Debt instruments at fair value through other comprehensive income	3	46,183	31,390
Loans to customers	4,5,6,7,8	508,406	459,656
Other receivables	9	988	1,738
Prepayments	10	1,731	1,265
Property and equipment	11	4,722	5,157
Investment property	12	7,425	1,781
Intangible assets	13	22,132	19,254
Assets classified as held for sale		12	12
<b>Total assets</b>		<b>673,496</b>	<b>574,193</b>
<b>Liabilities</b>			
Loans from central banks	14	36,500	23,000
Deposits from customers	15	477,352	392,838
Subordinated notes		4,966	4,965
Lease liability		2,086	2,096
Provisions		1,411	2,137
Deferred income and tax liabilities		1,019	986
Other liabilities	16	6,460	7,118
<b>Total liabilities</b>		<b>529,794</b>	<b>433,140</b>
<b>Equity</b>			
Paid-in share capital		8,000	8,000
Capital reserve		800	800
Other reserves	17	305	1,232
Retained earnings		134,597	131,021
<b>Total equity</b>		<b>143,702</b>	<b>141,053</b>
<b>Total liabilities and equity</b>		<b>673,496</b>	<b>574,193</b>

**Consolidated statement of comprehensive income**

	Note	Q2 2020	Q2 2019	6M 2020	6M 2019
Interest income	21	16,960	16,551	34,219	32,849
Interest expense	22	-1,684	-1,642	-3,242	-3,291
<b>Net interest income</b>		<b>15,276</b>	<b>14,909</b>	<b>30,977</b>	<b>29,558</b>
Fee and commission income		1,229	1,054	2,411	2,064
Fee and commission expense		-53	-58	-119	-151
<b>Net fee and commission income</b>		<b>1,176</b>	<b>996</b>	<b>2,292</b>	<b>1,913</b>
Net profit/loss on exchange differences		349	-143	-35	-255
Net profit/loss on derecognition of non-financial assets		3	15	-32	-10
Other income	23	287	130	760	632
<b>Total income</b>		<b>17,091</b>	<b>15,907</b>	<b>33,962</b>	<b>31,838</b>
Salaries and associated charges		-3,411	-3,789	-6,897	-7,384
Other operating expenses	24	-2,301	-3,042	-5,085	-5,835
Depreciation and amortisation expense		-866	-806	-1,726	-1,583
Provision expenses		1,666	-1,208	725	-923
Impairment losses on loans and financial investments		-6,526	-87	-9,106	-2,336
Other expenses	25	-669	-537	-1,390	-1,267
Profit/loss from assets classified as held for sale		-	4	-	5
<b>Total expenses</b>		<b>-12,107</b>	<b>-9,465</b>	<b>-23,479</b>	<b>-19,323</b>
<b>Profit before income tax</b>		<b>4,984</b>	<b>6,442</b>	<b>10,483</b>	<b>12,515</b>
Income tax expense		-351	-300	-907	-551
<b>Profit for the period</b>		<b>4,633</b>	<b>6,142</b>	<b>9,576</b>	<b>11,964</b>
<b>Other comprehensive income/expense</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations		-319	129	25	244
Changes in the fair value of debt instruments at FVOCI		1,048	80	-952	182
<b>Net other comprehensive income to be reclassified to profit or loss</b>		<b>729</b>	<b>209</b>	<b>-927</b>	<b>426</b>
<b>Other comprehensive income for the period</b>		<b>729</b>	<b>209</b>	<b>-927</b>	<b>426</b>
<b>Total comprehensive income for the period</b>		<b>5,362</b>	<b>6,351</b>	<b>8,649</b>	<b>12,390</b>
Basic earnings per share (EUR)		58	77	120	150
Diluted earnings per share (EUR)		58	77	120	150

**Consolidated statement of cash flows**

	Note	6M 2020	6M 2019
<b>Cash flows from operating activities</b>			
Interest received		31,968	29,895
Interest paid		-2,206	-2,610
Salary and other operating expenses paid		-15,391	-16,857
Other income and fees received		3,299	3,542
Recoveries of receivables previously written off and received for sold portfolios		6,222	14,919
Loans provided		-160,084	-125,898
Repayment of loans provided		99,546	102,140
Change in mandatory reserves with central banks	2	-59	-4
Proceeds from customer deposits		155,963	47,017
Paid on redemption of deposits		-72,304	-38,149
Income tax paid/received		-849	-1,220
Effect of movements in exchange rates		-104	-99
<b>Net cash used in / from operating activities</b>		<b>46,001</b>	<b>12,676</b>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment and intangible assets	11,13	-4,105	-4,258
Proceeds from sale of property and equipment	11	-	68
Acquisition of investment properties	12	-3,738	-
Proceeds from sale of investment properties	12	92	138
Net cash from acquisition of subsidiary*	26	38	-
Acquisition of financial instruments	3	-15,673	-699
Proceeds from redemption of financial instruments	3	200	1,263
<b>Net cash used in investing activities</b>		<b>-23,186</b>	<b>-3,488</b>
<b>Cash flows from financing activities</b>			
Paid on redemption of subordinated bonds		-165	-
Proceeds from loans from central bank	14	13,516	-
Repayment of loan from shareholders	26	-2,000	-
Payment of principal portion of lease liabilities		-358	-359
Dividends paid		-6,000	-5,000
<b>Net cash from / used in financing activities</b>		<b>4,993</b>	<b>-5,359</b>
Effect of exchange rate fluctuations		89	-125
<b>Decrease in cash and cash equivalents</b>		<b>27,897</b>	<b>3,704</b>
Cash and cash equivalents at beginning of period		52,980	64,621
<b>Cash and cash equivalents at end of period</b>	2	<b>80,877</b>	<b>68,325</b>

\* The outflow of cash to acquire subsidiary was 3 thousand euros, the cash balances at banks of the subsidiary were 41 thousand euros and total cash inflow was 38 thousand euros.

**Consolidated statement of changes in equity**

	Attributable to equity holders of the parent				Total
	Share capital	Statutory capital reserve	Other reserves	Retained earnings	
<b>Balance at 1 January 2019</b>	<b>8,000</b>	<b>800</b>	<b>806</b>	<b>111,568</b>	<b>121,174</b>
Profit for the period	-	-	-	11,964	11,964
<b>Other comprehensive income</b>					
Exchange differences on translation of foreign operations	-	-	244	-	244
Net change in fair value of debt instrument at FVOCI	-	-	182	-	182
<b>Total other comprehensive income</b>	-	-	<b>426</b>	-	<b>426</b>
<b>Total comprehensive income for the period</b>	-	-	<b>426</b>	<b>11,964</b>	<b>12,390</b>
Dividend distribution	-	-	-	-5,000	-5,000
<b>Total transactions with owners</b>	-	-	-	<b>-5,000</b>	<b>-5,000</b>
<b>Balance at 30 June 2019</b>	<b>8,000</b>	<b>800</b>	<b>1,232</b>	<b>118,532</b>	<b>128,564</b>
<b>Balance at 1 January 2020</b>	<b>8,000</b>	<b>800</b>	<b>1,232</b>	<b>131,021</b>	<b>141,053</b>
Profit for the period	-	-	-	9,576	9,576
<b>Other comprehensive income</b>					
Exchange differences on translating foreign operations	-	-	25	-	25
Net change in fair value of debt instrument at FVOCI	-	-	-952	-	-952
<b>Total other comprehensive income</b>	-	-	<b>-927</b>	-	<b>-927</b>
<b>Total comprehensive income for the period</b>	-	-	<b>-927</b>	<b>9,576</b>	<b>8,649</b>
Dividend distribution	-	-	-	-6,000	-6,000
<b>Total transactions with owners</b>	-	-	-	<b>-6,000</b>	<b>-6,000</b>
<b>Balance at 30 June 2020</b>	<b>8,000</b>	<b>800</b>	<b>305</b>	<b>134,597</b>	<b>143,702</b>

## 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 as at and for the six months ended 30 June 2020 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 2019, 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 2019, except for the adoption of new standards and interpretations effective as of 1 January 2020. 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	30 June 2020	31 Dec 2019
<b>Cash balances at central banks</b>	<b>40,639</b>	<b>32,855</b>
Of which mandatory reserve deposits	1,018	959
Of which surplus on mandatory reserves*	39,621	31,896
<b>Cash balances at banks</b>	<b>41,258</b>	<b>21,085</b>
Of which cash demand and overnight deposits*	33,806	18,384
Of which term deposits with maturity of less than 3 months*	7,450	2,700
Of which interest receivable	2	1
<b>Total cash and balances at banks</b>	<b>81,897</b>	<b>53,940</b>
<b>of which cash and cash equivalents</b>	<b>80,877</b>	<b>52,980</b>

\* Cash equivalents

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

As at	30 June 2020	31 Dec 2019
<b>Debt instruments</b>	<b>46,183</b>	<b>31,390</b>
<b>Debt instruments by issuer</b>		
General government bonds	4,729	4,759
Bonds issued by credit institutions	16,127	6,583
Other financial corporations' bonds	2,011	2,083
Non-financial corporations' bonds	23,316	17,965
<b>Debt instruments by currency</b>		
EUR (euro)	43,643	28,841
SEK (Swedish krona)	2,540	2,549
<b>Debt instruments by rating</b>		
Aaa-Aa3	7,471	5,754
A1-A3	23,881	11,966
Baa1-Baa3	10,986	13,670
Ba1-Ba3	3,845	-

Debt securities in amount of 39,818 thousand euros were pledged as collateral at 30 June 2020 (see note 14).

#### Note 4. Loans to customers

##### Loans to customers as at 30 June 2020

	Estonia	Latvia	Lithuania	Finland	Sweden	Total
Loan receivables from customers	116,888	125,975	161,658	72,972	49,248	526,741
Loss allowances for loans	-6,438	-8,115	-4,409	-6,124	-3,502	-28,588
Interest receivable from customers	2,285	2,534	6,611	866	231	12,527
Loss allowances for interest receivables	-876	-981	-142	-206	-69	-2,274
<b>Total</b>	<b>111,859</b>	<b>119,413</b>	<b>163,718</b>	<b>67,508</b>	<b>45,908</b>	<b>508,406</b>
Share of region	22.0%	23.5%	32.2%	13.3%	9.0%	100.0%

##### Loans to customers as at 31 December 2019

	Estonia	Latvia	Lithuania	Finland	Sweden	Total
Loan receivables from customers	102,257	115,495	135,956	76,076	43,671	473,455
Loss allowances for loans	-5,181	-6,419	-2,802	-5,169	-2,729	-22,300
Interest receivable from customers	2,215	2,417	4,789	824	249	10,494
Loss allowances for interest receivables	-901	-865	-43	-139	-45	-1,993
<b>Total</b>	<b>98,390</b>	<b>110,628</b>	<b>137,900</b>	<b>71,592</b>	<b>41,146</b>	<b>459,656</b>
Share of region	21.4%	24.1%	30.0%	15.6%	8.9%	100.0%

#### Note 5. Loan receivables from customers by due dates

As at	30 June 2020	31 Dec 2019
Past due	20,581	11,409
Less than 1 month	8,855	10,886
1-12 months	114,294	111,248
1-2 years	117,112	99,079
2-5 years	190,137	179,130
More than 5 years	75,762	61,703
<b>Total</b>	<b>526,741</b>	<b>473,455</b>

**Note 6. Ageing analysis on loan receivables****Ageing analysis as at 30 June 2020**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
<b>Income-based loans</b>						
Loan portfolio	408,921	27,163	6,060	4,602	21,068	467,814
Loss allowance	-10,104	-1,742	-1,493	-1,759	-12,220	-27,318
<b>Surety loans</b>						
Loan portfolio	6,319	76	2	63	199	6,659
Loss allowance	-248	-3	0	-10	-157	-418
<b>Loans secured with real estate</b>						
Loan portfolio	48,586	797	259	232	2,387	52,261
Loss allowance	-517	-4	-3	-	-328	-852
<b>Loans against other collaterals</b>						
Loan portfolio	7	-	-	-	-	7
<b>Total loan portfolio</b>	<b>463,833</b>	<b>28,036</b>	<b>6,321</b>	<b>4,897</b>	<b>23,654</b>	<b>526,741</b>
Total loss allowance	-10,869	-1,749	-1,496	-1,769	-12,705	-28,588

**Ageing analysis as at 31 December 2019**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
<b>Income-based loans</b>						
Loan portfolio	365,629	42,818	9,038	4,219	14,584	436,288
Loss allowance	-7,928	-1,640	-2,034	-1,334	-8,687	-21,623
<b>Surety loans</b>						
Loan portfolio	1,854	188	109	2	225	2,378
Loss allowance	-8	-3	-10	-1	-160	-182
<b>Loans secured with real estate</b>						
Loan portfolio	30,964	2,648	366	235	565	34,778
Loss allowance	-269	-87	-10	-	-129	-495
<b>Loans against other collaterals</b>						
Loan portfolio	10	1	-	-	-	11
<b>Total loan portfolio</b>	<b>398,457</b>	<b>45,655</b>	<b>9,513</b>	<b>4,456</b>	<b>15,374</b>	<b>473,455</b>
Total loss allowance	-8,205	-1,730	-2,054	-1,335	-8,976	-22,300

**Note 7. Loan receivables from customers by contractual currency**

As at	30 June 2020	31 Dec 2019
EUR (euro)	477,493	429,784
SEK (Swedish krona)	49,248	43,671
<b>Total loan receivables from customers</b>	<b>526,741</b>	<b>473,455</b>



**Note 8. Loss allowances for loan receivables from customers****Loss allowances as at 30 June 2020**

	Loan receivables	Interest receivables	Total receivables subject to impairment	Total loss allowances
Stage 1	470,423	7,690	478,113	-9,595
Stage 2	29,238	833	30,071	-5,260
Stage 3	27,080	4,004	31,084	-16,007
<b>Total</b>	<b>526,741</b>	<b>12,527</b>	<b>539,268</b>	<b>-30,862</b>

**Loss allowances as at 31 December 2019**

	Loan receivables	Interest receivables	Total receivables subject to impairment	Total loss allowances
Stage 1	417,390	6,215	423,605	-7,721
Stage 2	34,363	1,073	35,436	-5,070
Stage 3	21,702	3,206	24,908	-11,502
<b>Total</b>	<b>473,455</b>	<b>10,494</b>	<b>483,949</b>	<b>-24,293</b>

**Development of allowances for 6 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	-3,002	710	366	52	-9,595
Stage 2	-5,070	-329	223	-855	771	-5,260
Stage 3	-11,503	-274	332	-6,409	1,847	-16,007
<b>Total</b>	<b>-24,294</b>	<b>-3,605</b>	<b>1,265</b>	<b>-6,898</b>	<b>2,670</b>	<b>-30,862</b>

**Development of allowances for 12 months 2019**

	Opening balance as at 1 Jan 2019	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	-8,514	-3,892	1,826	2,544	315	-7,721
Stage 2	-5,639	-1,274	581	-815	2,077	-5,070
Stage 3	-9,684	-1,514	1,412	-5,694	3,978	-11,502
<b>Total</b>	<b>-23,837</b>	<b>-6,680</b>	<b>3,819</b>	<b>-3,965</b>	<b>6,370</b>	<b>-24,293</b>

**Note 9. Other receivables**

As at	30 June 2020	31 Dec 2019
Customer receivables and other miscellaneous receivables	511	1,625
Collection, recovery and other charges receivable	788	358
Loss allowance for other receivables	-311	-245
<b>Total</b>	<b>988</b>	<b>1,738</b>

**Note 10. Prepayments**

As at	30 June 2020	31 Dec 2019
Tax receivables	634	620
Prepaid other taxes	309	5
Prepayments to suppliers and prepaid expenses	788	640
<b>Total</b>	<b>1,731</b>	<b>1,265</b>

**Note 11. Tangible assets**

	Land and buildings	Right-of-use assets: commercial premises	Other items	Total
<b>Cost</b>				
IFRS 16 initial adoption	-	2,776	-	2,776
Balance at 1 January 2019	1,514	2,776	4,426	8,716
Purchases	-	-	430	430
Sales	-	-	-271	-271
Write-off	-	-	-354	-354
Revaluation and price adjustment	-	46	-	46
Revaluation recognised in other comprehensive income	76	-	-	76
Effect of movements in exchange rates	-	-2	-1	-3
<b>Balance at 31 December 2019</b>	<b>1,590</b>	<b>2,820</b>	<b>4,230</b>	<b>8,640</b>
Balance at 1 January 2020	1,590	2,820	4,230	8,640
Purchases and additions to the right-of-use assets	-	349	41	390
Sales	-	-	-32	-32
Write-off	-	-186	-23	-209
Revaluation and price adjustment	-	25	-	25
Effect of movements in exchange rates	-	-	-1	-1
<b>Balance at 30 June 2020</b>	<b>1,590</b>	<b>3,008</b>	<b>4,215</b>	<b>8,813</b>
<b>Depreciation</b>				
Balance at 1 January 2019	-117	-	-2,198	-2,315
Depreciation charge for the year	-59	-733	-1,091	-1,883
Sales	-	-	214	214
Write-off	-	-	335	335
Transfer	166	-	-	166
<b>Balance at 31 December 2019</b>	<b>-10</b>	<b>-733</b>	<b>-2,740</b>	<b>-3,483</b>

	Land and buildings	Right-of-use assets: commercial premises	Other items	Total
Balance at 1 January 2020	-10	-733	-2,740	-3,483
Depreciation charge for the period	-31	-362	-422	-815
Sales	-	-	23	23
Write-off	-	161	23	184
<b>Balance at 30 June 2020</b>	<b>-41</b>	<b>-934</b>	<b>-3,116</b>	<b>-4,091</b>
<b>Carrying amount</b>				
Balance at 1 January 2019	1,397	-	2,228	3,625
Balance at 31 December 2019	1,580	2,087	1,490	5,157
<b>Balance at 30 June 2020</b>	<b>1,549</b>	<b>2,074</b>	<b>1,099</b>	<b>4,722</b>

### Note 12. Investment properties

	30 June 2020	31 Dec 2019
Opening balance at 1 January	1,781	1,866
Additions	5,680	-
Sales	-36	-185
Net profit/loss from fair value adjustment (note 29)	-	100
<b>Closing balance at end of period</b>	<b>7,425</b>	<b>1,781</b>

### Note 13. Intangible assets

	30 June 2020	31 Dec 2019
<b>Cost at beginning of year</b>	<b>23,268</b>	<b>15,002</b>
Purchases	3,847	8,288
Of which purchased intangible assets	1,907	4,113
Of which capitalised payroll	1,940	4,175
Write-off	-242	-22
<b>Cost at end of period</b>	<b>26,873</b>	<b>23,268</b>
<b>Amortisation at beginning of year</b>	<b>-4,014</b>	<b>-2,621</b>
Amortisation charge for the period	-911	-1,415
Write-off	184	22
<b>Amortisation at end of period</b>	<b>-4,741</b>	<b>-4,014</b>
Carrying amount at beginning of year	19,254	12,381
<b>Carrying amount at end of period</b>	<b>22,132</b>	<b>19,254</b>

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 the first and second quarters of 2020, the Group received 12,000 thousand and 1,500 thousand euros of financing under TLTRO-III, respectively. Previously, in December 2019, the Group had obtained from ECB's third series of targeted longer-term refinancing operations (TLTRO-III) financing of 23,000 thousand euros. The initial maturity of the liability was 3 years. ECB's financing is secured by debt securities.

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. The third TLTRO programme consists of a series of seven targeted longer-term refinancing operations, each with a maturity of three years, starting in September 2019 at a quarterly frequency. 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. In the second quarter of 2020, the Group earned interest income of 14 thousand euros from financing received from the central bank.

**Note 15. Deposits from customers**

As at	30 June 2020	31 Dec 2019
<b>Deposits from customers</b>	<b>477,352</b>	<b>392,838</b>
<b>Deposits by customer type</b>		
Individuals	465,011	380,321
Legal persons	12,341	12,517
<b>Deposits by currency</b>		
EUR (euro)	410,434	339,857
SEK (Swedish krona)	66,918	52,981
<b>Deposits by maturity</b>		
On demand	10,907	-
Maturing within 1 months	24,649	20,658
Maturing between 1 and 6 months	83,109	58,158
Maturing between 6 and 12 months	100,006	92,137
Maturing between 12 and 18 months	60,345	34,535
Maturing between 18 and 24 months	52,633	59,481
Maturing between 24 and 36 months	60,975	57,909
Maturing between 36 and 48 months	29,016	27,319
Maturing between 48 and 60 months	19,823	12,278
Maturing in over 60 months	35,889	30,363
Average deposit amount	24	24
Weighted average interest rate	1.4%	1.5%
Weighted average duration until maturity (months)	23.1	21.2
Weighted average total contract term (months)	38.6	40.7

**Note 16. Other liabilities**

As at	30 June 2020	31 Dec 2019
Received surplus payments	3,892	4,188
Payables to employees	1,158	1,619
Supplier payables	287	778
Other payables	1,123	533
<b>Total</b>	<b>6,460</b>	<b>7,118</b>

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 June 2020	Change	31 Dec 2019
Exchange differences on translation of foreign operations	899	25	874
Asset revaluation reserve	545	-	545
Fair value changes of debt instruments measured at FVOCI	-1,139	-952	-187
<b>Total other reserves</b>	<b>305</b>	<b>-927</b>	<b>1,232</b>

**Note 18. Net currency positions****Net currency positions as at 30 June 2020**

	Position in the statement of financial position		Off-balance sheet position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	605,952	462,311	-	35,113	108,528
SEK (Swedish krona)	67,543	67,483	-	-	61

**Net currency positions as at 31 December 2019**

	Position in the statement of financial position		Off-balance sheet position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	500,771	379,646	-	21,001	100,124
SEK (Swedish krona)	54,168	53,494	-	-	674

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 June 2020 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 June 2020**

	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Debt instruments at fair value through other comprehensive income (note 3)	46,183	-	-	46,183
Land and buildings (note 11)	-	-	1,549	1,549
Investment properties (note 12)	-	-	7,425	7,425
<b>Assets for which fair values are disclosed</b>				
Loans to customers (note 4-8)	-	-	508,406	508,406
Other financial receivables (note 9)	-	-	988	988
<b>Total assets</b>	<b>46,183</b>	<b>-</b>	<b>518,368</b>	<b>564,551</b>

	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair values are disclosed</b>				
Loans from central banks	-	-	36,500	36,500
Deposits from customers (note 15)	-	-	477,352	477,352
Subordinated notes	-	-	4,966	4,966
Lease liability	-	-	2,086	2,086
Other financial liabilities	-	-	6,460	6,460
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>527,364</b>	<b>527,364</b>

### Fair value hierarchy as at 31 December 2019

	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Debt instruments at fair value through other comprehensive income (note 3)	31,390	-	-	31,390
Land and buildings (note 11)	-	-	1,580	1,580
Investment properties (note 12)	-	-	1,781	1,781
<b>Assets for which fair values are disclosed</b>				
Loans to customers (note 4-8)	-	-	459,656	459,656
Other financial receivables (note 9)	-	-	1,738	1,738
<b>Total assets</b>	<b>31,390</b>	<b>-</b>	<b>464,755</b>	<b>496,145</b>
<b>Liabilities for which fair values are disclosed</b>				
Loans from central banks	-	-	23,000	23,000
Deposits from customers (note 15)	-	-	392,838	392,838
Subordinated notes	-	-	4,965	4,965
Lease liability	-	-	2,096	2,096
Other financial liabilities	-	-	7,118	7,118
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>430,017</b>	<b>430,017</b>

There have been no transfers between Level 1 and Level 2 during 6 months of 2020 and during 12 months of 2019.

The Level 3 *loans to customers* that amounts to 508,406 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 1,549 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. For valuation of property in Tallinn, for prior year the valuer has taken as basis the prices per square metre of residential space in Tallinn city that were in the range of 3,020 – 3,102 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 2%, long-term vacancy rate 5%, and vacancy rate for the first year 30% and discount rate 9% for commercial property in Tallinn.

The Level 3 *investment properties* that amount to 7,425 thousand euros consist of real estate in Tartu, agricultural land and also plots, houses and apartments originally pledged by customers as loan collateral and later bought by the Group through auctions 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 2,500 euros and development costs per square metre 865 euros.

### Note 20. Contingent liabilities

At 30 June 2020, the unused portions of the Group's credit lines totalled 35,113 thousand euros (31 December 2019: 21,001 thousand euros).

### Note 21. Interest income

	Q2 2020	Q2 2019	6M 2020	6M 2019
Interest income on loans to customers	16,785	16,464	33,905	32,679
Interest income on debt instruments	158	66	293	133
Interest income on deposits	2	2	4	6
Other interest income	15	19	17	31
<b>Total interest income</b>	<b>16,960</b>	<b>16,551</b>	<b>34,219</b>	<b>32,849</b>

### Note 22. Interest expense

	Q2 2020	Q2 2019	6M 2020	6M 2019
Interest expense on deposits	1,572	1,543	3,020	3,081
Interest expense on bonds	84	84	167	166
Interest expense on lease liabilities	6	8	13	16
Other interest expense	22	7	42	28
<b>Total interest expense</b>	<b>1,684</b>	<b>1,642</b>	<b>3,242</b>	<b>3,291</b>

### Note 23. Other income

	Q2 2020	Q2 2019	6M 2020	6M 2019
Income from debt recovery proceedings	151	137	281	414
Miscellaneous income	136	-7	479	218
<b>Total other income</b>	<b>287</b>	<b>130</b>	<b>760</b>	<b>632</b>

### Note 24. Other operating expenses

	Q2 2020	Q2 2019	6M 2020	6M 2019
Marketing expenses	1,463	1,728	3,095	3,323
Short-term leases	4	39	7	78
Office and other similar administrative expenses	61	111	178	241
Other personnel-related expenses	41	207	322	543
Software licensing and other information technology costs	341	346	663	677
Other services	133	127	260	219
Postal supplies and charges	102	118	207	210
Telephone and other communications expenses	106	122	213	261
Miscellaneous operating expenses	50	244	140	283
<b>Total other operating expenses</b>	<b>2,301</b>	<b>3,042</b>	<b>5,085</b>	<b>5,835</b>

**Note 25. Other expenses**

	Q2 2020	Q2 2019	6M 2020	6M 2019
Expenses related to registry inquires	273	246	584	516
Expenses related to enforcement proceedings	117	109	271	229
Legal regulation charges	159	134	307	306
Expenses from investment properties	19	11	38	24
Miscellaneous expenses	101	37	190	192
<b>Total other expenses</b>	<b>669</b>	<b>537</b>	<b>1,390</b>	<b>1,267</b>

**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.

On 26 March 2020, the Group acquired from the shareholders of Bigbank a subsidiary, OÜ Rütli Property, which invests in agricultural land. The Group paid the shareholders 3 thousand euros for the acquisition of the subsidiary. As a result of the acquisition, the Group's assets increased by 1,988 thousand euros and liabilities increased by 2,029 thousand euros.

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

**Assets**

- Cash balances at banks 38
- Prepayments 8
- Investment property 1,942

**Liabilities**

- Liabilities to shareholders 2,000
- Deferred income and tax liabilities 29

As at 30 June 2020, the Group had a claim to related parties of 40 thousand euros (*Loans to customer*) (31 December 2019: 44 thousand euros), the interest income on that claim amounted to 0.8 thousand euros in 6 months of 2020 (in 12 months of 2019: 2 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 six months of 2020 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 June 2020 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

31 August 2020

[digitally signed]

## Sven Raba

Member of the Management Board

31 August 2020

[digitally signed]

## Mart Veskimägi

Member of the Management Board

31 August 2020

[digitally signed]

## Argo Kiltsmann

Member of the Management Board

31 August 2020

[digitally signed]