

**Interim condensed consolidated
financial statements for the period
ended 31 March 2023**

Bigbank AS

Interim condensed consolidated financial statements for the period ended 31 March 2023

Business name	Bigbank AS
Registry	Commercial Register of the Republic of Estonia
Registration number	10183757
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Financial year	1 January 2023 – 31 December 2023
Reporting period	1 January 2023 – 31 March 2023
Chairman of the management board	Martin Lääts
Core business line	Provision of loans and acceptance of deposits
Auditor	KPMG Baltics OÜ
Reporting currency	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.

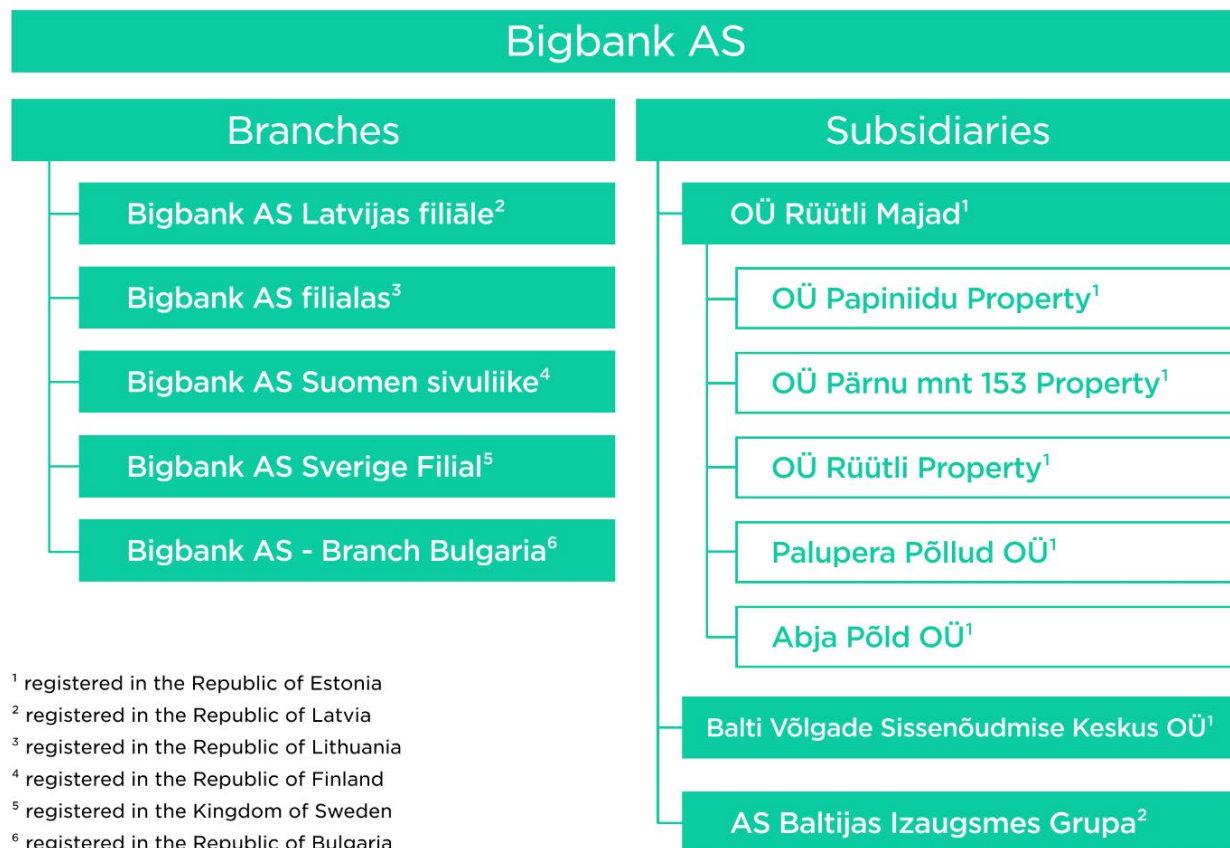
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Bigbank Group structure

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:



The branches in Latvia, Lithuania and Finland offer lending services similar to those of the parent, the Swedish and the Bulgarian branches suspended the issuance of new loans in 2022. The parent and its Latvian, Finnish, Swedish and Bulgarian branches also offer deposit services. In addition, Bigbank AS provides cross-border deposit services in Germany, the Netherlands and Austria.

The core business of OÜ Rütli Majad and its subsidiaries OÜ Papiniidu Property and OÜ Pärnu mnt 153 Property is property management, and the subsidiaries OÜ Rütli Property and Baltijas Izaugsmes Grupa AS are involved in agricultural land management. Balti Völgade Sissenõudmise Keskus OÜ is not engaged in active business operations. The agricultural enterprises Abja Põld OÜ and Palupera Põllud OÜ were in liquidation at the reporting date.

Review of operations

Significant economic events

Bigbank earned a net profit of 9.6 million euros in the first quarter of 2023. The net profit for the first quarter of 2022 was 6.4 million euros. Compared to the results of the first quarter of 2022, net profit grew by 51%.

In the economic environment, the factor with the strongest impact was the continuing rise in Euribor, which has both a negative and a positive effect since it increases both interest expense and interest income. On the whole, the overall rise in interest rates has had a favourable impact on the bank's performance. Due to a combination of a rising Euribor and a growing loan portfolio, first-quarter net interest income grew by 3.4 million euros (18%) year on year, amounting to 22.5 million euros.

A slight improvement in consumer confidence, a continuously strong labour market and the easing of inflation from extremely high levels have lowered the risk that the quality of the loan portfolio may significantly deteriorate. The loan portfolio remained strong in the first quarter, with just 1.4% of loan receivables over 90 days past due as at the end of the quarter. Credit loss allowances for loans amounted to 3.9 million euros, increasing by only 0.1 million euros, i.e. 4%, compared to the first quarter of 2022, while the loan portfolio showed significant growth.

The total gross loan portfolio increased by 73 million euros to a record-high 1.4 billion euros (+5%) compared to the end of 2022. The home loan portfolio grew by 22 million euros during the quarter (+10%) to 246 million euros. The corporate loan portfolio increased by 40 million euros (+9%) quarter on quarter, to 513 million euros, and the consumer loan portfolio grew by 12 million euros (+2%) to 674 million euros. Compared to the first quarter of 2022, the gross loan portfolio increased by 413 million euros (+41%).

The deposit portfolio grew even faster than the loan portfolio, expanding by 130 million euros (+10%) to 1.5 billion euros during the quarter. Bigbank offers two deposit products: term and savings deposits. Savings deposits, which can be withdrawn at a couple of days' notice, are offered on a cross-border basis in Germany, Austria and the Netherlands. In the first quarter of 2023, customers' interest in term deposits increased visibly and the term deposit portfolio grew by 99 million euros (+13%) to 840 million euros. The savings deposit portfolio increased by 31 million euros (+5%) to 658 million euros. Compared to the first quarter of 2022, the deposit portfolio grew by 482 million euros (+47%).

The Group's investment property portfolio, which includes both agricultural land and commercial real estate, stood at 46.5 million euros at the end of the quarter. There were no changes in the investment property portfolio during the quarter.

The first quarter of 2023 was also a record quarter for the Group in terms of capital raised. In February, Bigbank successfully completed its unsecured subordinated bond programme that was launched in 2022. Baltic retail investors once again showed high interest in Bigbank's bonds, and the base volume of the public offering, which was 5 million euros, was oversubscribed more than fivefold. The total value of the offering increased to 15 million euros. Bigbank issued 15 thousand bonds with the nominal value of 1,000 each, with a fixed annual coupon rate of 8% and a maturity of 10 years. The total volume of the bond programme thus increased to 35 million euros. The bonds qualify as Tier 2 capital.

In March, Bigbank issued for the first time AT1 bonds: 77 bonds with a nominal value of 100,000 euros, qualifying as Tier 1 capital. The total value of the issue was 7.7 million euros.

The raised capital will help Bigbank implement its growth plans in the home and corporate loan segments, and meet the additional capital requirements resulting from the challenging macroeconomic situation.

Bigbank's subsidiary SIA Baltijas Parādu Piedziņas Centrs. was liquidated on 8 March 2023. As the liquidated company was dormant, the liquidation did not have a significant effect on Bigbank's performance. The purpose of the transaction was to streamline the Group's structure.

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

The management board has five members: the chairman Martin Lānts and the members Mart Veskimägi, Argo Kiltmann, Ingo Pöder and Ken Kanarik.

At the end of the first quarter of 2023, Bigbank had 479 employees: 289 in Estonia, 83 in Lithuania, 76 in Latvia, 15 in Finland, 8 in Sweden and 8 in Bulgaria.

Key performance indicators and ratios

Financial position indicators (in millions of euros)	31 March 2023	31 March 2022	Change
Total assets	1,804.7	1,646.4	9.6%
Loans to customers	1,422.7	1,349.8	5.4%
of which loan portfolio	1,428.4	1,355.8	5.4%
of which interest receivable	22.4	21.0	6.7%
of which loss allowances	-28.1	-27.0	4.1%
Deposits from customers	1,498.0	1,367.8	9.5%
Equity	217.2	213.4	1.8%

Financial performance indicators (in millions of euros)	3M 2023	3M 2022	Change
Interest income	29.3	21.5	36.2%
Interest expense	6.8	2.4	181.4%
Salaries and associated charges	5.7	4.9	14.7%
Other operating expenses	3.5	3.9	-9.3%
Net loss allowances on loans and financial investments	3.9	3.8	3.9%
Profit before impairment losses and income tax	14.8	11.0	34.3%
Net profit	9.6	6.4	50.7%

Ratios	3M 2023	3M 2022
Return on equity (ROE)	18.0%	13.7%
Equity multiplier (EM)	8.0	6.5
Profit margin (PM)	29.4%	25.3%
Asset utilization ratio (AU)	7.6%	8.4%
Return on assets (ROA)	2.2%	2.1%
Price difference (SPREAD)	5.4%	6.7%
Cost to income ratio (CIR)	40.8%	46.8%
Liquidity coverage ratio (LCR)	435.2%	471.0%
Net stable funding ratio (NSFR)	141.2%	128.6%

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

Equity multiplier (EM) = average assets / average equity

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

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

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

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

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

Liquidity coverage ratio (LCR) = high quality liquid asset amount (HQLA) / net liquidity outflow over a 30 days stress period * 100

Net stable funding ratio (NSFR, %) = available stable funding / required stable funding * 100

Financial review

Financial position

At 31 March 2023, the Group's total assets amounted to 1.8 billion euros, having increased by 158.3 million euros (9.6%) during the quarter. Loans to customers accounted for 78.8% of total assets at 31 March 2023, amounting to 1.4 billion euros. The proportion of liquid assets (amounts due from banks and financial debt instruments) was 15.4%, extending to 277.5 million euros. Part of the bank's liquidity buffer has been placed in a portfolio of debt securities which are highly liquid, have investment grade credit ratings, and can be sold at any time. Debt instruments totalled 18.5 million euros at 31 March 2023.

At the end of the first quarter, the Group had 122 thousand loan agreements: 42 thousand in Lithuania, 32 thousand in Latvia, 25 thousand in Estonia, 15 thousand in Finland, 7 thousand in Sweden and 1 thousand in Bulgaria.

Geographical distribution of loans to customers:

- 40.0% Estonia;
- 33.9% Lithuania;
- 15.4% Latvia;
- 7.2% Finland;
- 3.1% Sweden;
- 0.4% Bulgaria.

Financial performance

Interest income for the first quarter of 2023 was 29.3 million euros, 7.8 million euros (36.2%) higher than in the same period in 2022. The first-quarter ratio of interest income (annualised) to average interest-earning assets was 7.2% and (annualised) interest income on the loan portfolio accounted for 8.1% of the average loan portfolio.

Interest expense for the first quarter of 2023 was 6.8 million euros, 4.4 million euros (181.4%) up year on year. The increase in interest expense is attributable to growth in deposits raised, the issue of new subordinated bonds and a rise in deposit rates. The ratio of interest expense to interest income was 23.3% in the first quarter. The ratio of interest expense to average interest-bearing liabilities (annualised) was 1.8%.

At 31 March 2023, loans to customers totalled 1.4 billion euros, comprising of:

- the loan portfolio of 1.4 billion euros with loans to individuals accounting for 64.4% of the total;
- interest receivable on loans of 22.4 million euros;
- loss allowances for loans and interest receivables of 28.1 million euros.

Bigbank's loan portfolio is diversified – at the reporting date the average loan balance was 12 thousand euros.

To mitigate the risks arising from customers' payment behaviour and to cover potential credit losses, the Group makes loss allowances. Impairment calculations are made conservatively. 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 2023, the Group's liabilities totalled 1.6 billion euros. Most of the debt raised by the Group, i.e. 1.5 billion euros (94.4%) consisted of deposits. Subordinated bonds totalled 62.9 million euros at 31 March 2023.

At the end of the first quarter of 2023, the Group's equity amounted to 217.2 million euros. The equity to assets ratio was 12.0%.

Salaries and associated charges for the first quarter of 2023 were 5.7 million euros. At the end of the period, the Group had 479 employees.

Administrative expenses for the first quarter amounted to 3.5 million euros, 0.4 million euros down year on year.

Impairment losses for the first quarter were 3.9 million euros, consisting of:

- impairment losses on loan receivables of 3.4 million euros;
- impairment losses on interest and other receivables of 0.5 million euros.

The Group's net profit for the first quarter of 2023 was 9.6 million euros. Compared to the first quarter of 2022, net profit increased by 3.3 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.

Total own funds, capital ratios and total risk exposure are presented at the supervisory reporting group level: the companies Palupera Põllud OÜ and Abja Põld OÜ have been accounted for using the equity method based on the CRR scope of consolidation, not using consolidation according to the IFRS accounting treatment.

At (in millions of euros)	31 March 2023	31 Dec 2022
Paid-in share capital	8.0	8.0
Capital reserve	0.8	0.8
Prior years retained earnings	195.2	167.5
Other accumulated comprehensive income	3.6	3.4
Other intangible assets	-22.2	-22.4
Profit eligible	-	15.9
Adjustments to CET1	-0.4	-0.3
Common equity Tier 1 capital	185.0	172.9
Tier 1 capital	192.7	172.9
Tier 2 capital	54.8	40.0
Total own funds	247.5	212.9

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.

Own funds as at the end of the first quarter of 2023 exclude net profit for the three months of this year.

Total risk exposure amount

At (in millions of euros)	31 March 2023	31 Dec 2022
Risk weighted exposure amounts for credit and counterparty credit (standardised approach)		
Receivables from central governments and central banks	1.1	0.8
Receivables from credit institutions and investment firms	8.5	4.2
Receivables from corporates	33.2	33.0
Retail	491.7	480.8
Secured by mortgages on immovable property	313.1	273.9
Exposures in default	16.6	14.1
Items associated with particular high risk	286.4	302.8
Claims on institutions and corporates with a short-term credit assessment	1.1	1.1
Equity	20.1	20.2
Other items	31.1	29.8
Total risk weighted exposure amounts for credit and counterparty credit (standardised approach)	1,202.9	1,160.7
Total risk exposure amount for foreign exchange risk (standardised approach)	4.9	5.1
Total risk exposure amount for operational risk (standardised approach)	126.3	110.1
Total risk exposure amount	1,334.1	1,275.9

Capital ratios

At	31 March 2023	31 Dec 2022
CET1 Capital ratio	13.9%	13.6%
T1 Capital ratio	14.4%	13.6%
Total capital ratio	18.6%	16.7%
Leverage ratio	10.7%	10.5%
Own funds and eligible liabilities to total risk exposure amount (TREA)	18.6%	16.7%
Own funds and eligible liabilities to total leverage ratio exposure (LRE)	13.7%	12.9%

Condensed consolidated interim financial statements

Consolidated statement of financial position

At (in millions of euros)	Note	31 March 2023	31 Dec 2022
Assets			
Cash balances at central banks	3	214.1	151.1
Due from other banks	3	44.9	22.3
Debt instruments at FVOCI	4	18.5	19.2
Loans to customers	5-9	1,422.7	1,349.8
Other receivables	10	1.8	2.4
Prepayments	11	1.9	2.9
Property, plant and equipment	12	20.0	18.3
Investment properties	13	46.5	46.5
Intangible assets	14	30.5	30.0
Assets held for sale	15	3.7	3.9
Total assets	2	1,804.6	1,646.4
Liabilities			
Loans from banks	16	9.1	9.2
Deposits from customers	17	1,498.0	1,367.8
Subordinated bonds	18	62.9	40.1
Lease liabilities		2.2	1.2
Provisions		0.4	0.4
Deferred income and tax liabilities		3.1	1.7
Other liabilities	19	11.4	11.6
Liabilities related to assets held for sale	15	0.3	1.0
Total liabilities	2	1,587.4	1,433.0
Equity			
Paid-in share capital		8.0	8.0
Capital reserve		0.8	0.8
Other reserves	20	3.6	3.4
Retained earnings		204.8	201.2
Total equity		217.2	213.4
Total liabilities and equity		1,804.6	1,646.4

Consolidated statement of comprehensive income

<i>(in millions of euros)</i>	Note	3M 2023	3M 2022
Continuing operations			
Interest income	24	29.3	21.5
Interest expense	25	-6.8	-2.4
Net interest income		22.5	19.1
Fee and commission income		2.1	1.9
Fee and commission expense		-0.1	-0.1
Net fee and commission income		2.0	1.8
Loss on sale of debt instruments at FVOCI		-	-0.1
Net gain on financial assets at FVTPL	5	0.6	-
Net loss on foreign exchange differences		-0.1	-
Net income on financial assets		0.5	-0.1
Other operating income	26	1.1	1.1
Other operating expenses	27	-1.2	-1.2
Total net operating income		24.9	20.7
Salaries and associated charges		-5.7	-4.9
Administrative expenses	28	-3.5	-3.9
Depreciation, amortisation and impairment		-1.0	-0.9
Total expenses		-10.2	-9.7
Profit before loss allowances		14.7	11.0
Net loss allowances on loans and financial investments		-3.9	-3.8
Profit before income tax		10.8	7.2
Income tax		-1.1	-0.7
Profit for the period from continuing operations		9.7	6.5
Loss from discontinued operations	15	-0.1	-0.1
Profit for the period		9.6	6.4
Other comprehensive income			
Other comprehensive income that may be reclassified subsequently to profit or loss:		0.2	-0.6
<i>Exchange differences on translating foreign operations</i>		<i>0.1</i>	<i>-</i>
<i>Changes in the fair value of debt instruments at FVOCI</i>		<i>0.1</i>	<i>-0.6</i>
Total comprehensive income for the period		9.8	5.8
Basic earnings per share (EUR)	29	120	80
Diluted earnings per share (EUR)	29	120	80

Consolidated statement of cash flows

<i>(in millions of euros)</i>	Note	3M 2023	3M 2022
Cash flows from operating activities			
Interest received		28.6	20.1
Interest paid		-2.2	-2.1
Salary, administrative and other expenses paid		-12.1	-12.1
Other income and fees received		4.2	5.0
Recoveries of receivables previously written off and proceeds from the sale of portfolio items		3.3	1.1
Received for other assets		0.2	-
Loans provided		-174.1	-195.3
Repayment of loans provided		95.8	83.1
Change in mandatory reserves with central banks and related interest receivables	3	-1.6	-1.5
Proceeds from customer deposits		407.3	310.1
Paid on redemption of deposits		-280.8	-192.1
Income tax paid		-	-0.6
Net cash from operating activities		68.6	15.7
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	12, 14	-1.6	-1.3
Acquisition of investment properties	13	-	-3.4
Proceeds from redemption of financial instruments	4	0.8	2.1
Net cash from/used in investing activities		-0.8	-2.6
Cash flows from financing activities			
Proceeds from issue of bonds		22.7	-
Repayments of loans from credit institutions	16	-0.1	-
Payments of principal lease liabilities		-0.4	-0.2
Dividends paid		-6.0	-6.0
Net cash used in/from financing activities		16.2	-6.2
Effect of movements in foreign exchange rates		-0.1	0.1
Increase in cash and cash equivalents		83.9	7.0
Cash and cash equivalents at beginning of period		164.7	111.8
Cash and cash equivalents at end of period	3	248.6	118.8

Consolidated statement of changes in equity

<i>(in millions of euros)</i>	Attributable to equity holders of the parent				Total
	Share capital	Statutory capital reserve	Other reserves	Retained earnings	
Balance at 1 January 2022	8.0	0.8	1.1	173.5	183.4
Profit for the period	-	-	-	6.4	6.4
Other comprehensive income					
Changes in the fair value of debt instruments at FVOCI	-	-	-0.6	-	-0.6
Total other comprehensive income	-	-	-0.6	-	-0.6
Total comprehensive income for the period	-	-	-0.6	6.4	5.8
Dividend distribution	-	-	-	-6.0	-6.0
Total transactions with owners	-	-	-	-6.0	-6.0
Balance at 31 March 2022	8.0	0.8	0.5	173.9	183.2
Profit for the period 1 April - 31 December 2022	-	-	-	27.3	27.3
Other comprehensive income for the period 1 April - 31 December 2022	-	-	2.9	-	2.9
Balance at 31 December 2022	8.0	1.0	3.4	201.2	213.4
Balance at 1 January 2023	8.0	0.8	3.4	201.2	213.4
Profit for the period	-	-	-	9.6	9.6
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	0.1	-	0.1
Changes in the fair value of debt instruments at FVOCI	-	-	0.1	-	0.1
Total other comprehensive income	-	-	0.2	-	0.2
Total comprehensive income for the period	-	-	0.2	9.6	9.8
Dividend distribution	-	-	-	-6.0	-6.0
Total transactions with owners	-	-	-	-6.0	-6.0
Balance at 31 March 2023	8.0	0.8	3.6	204.8	217.2

Notes to the condensed consolidated interim financial statements

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

Basis of preparation

The condensed consolidated interim financial statements of Bigbank AS at and for the three months ended 31 March 2023 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 2022, 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 2022, except for the adoption of new standards and interpretations effective as of 1 January 2023. 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 millions of euros, unless otherwise indicated.

New standards and amendments

A number of amended standards (IAS 1, IAS 8, IAS 12) became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Significant accounting estimates and assumptions

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

The impact of management's estimates is most critical regarding loss allowances for loans and interest receivables. The measurement of expected credit loss

(ECL) allowance for financial assets measured at amortised cost and FVOCI is a significant estimate that involves determination of methodology, models and data inputs. The loss allowances are disclosed in notes 5, 7 and 9. The following components have a major impact on credit loss allowance: definition of default, determining criteria for significant increase in credit risk, probability of default (PD), exposure at default (EAD), and loss given default (LGD), establishing groups of similar financial assets for the purpose of measuring ECL, as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience. The Group used supportable forward-looking information for measurement of ECL, primarily an outcome of its own macro-economic forecasting model. There have been no significant changes in either methodology or models during the current reporting period.

Risk management

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

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

The following principles are followed in risk and capital management:

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

significant product groups. Any target risk profile change must take into account established limits and potential effects. The actual risk profile is regularly measured against such limits.

- Quality of assets. Any changes in the target risk profile that may significantly affect the quality of assets are properly analysed and assessed before the changes are made.
- Strong liquidity position. The Group maintains a conservative liquidity risk profile and a sufficient portfolio of liquid assets at all times. Concentrations of funding and liquid assets are avoided.
- Adequate capital. The Group maintains a strong and rather conservative capitalisation level (capital adequacy). The Group makes sure that it has adequate capital to cover its risks and comply with regulatory and internal capital requirements.
- Reasonable risk level. The Group does not accept unreasonably high risk even when there is potential for exceptionally high profit as a result of risk taking. Risks which the Group cannot assess or manage adequately or for which it does not have sufficient experience or knowledge are avoided.
- Low risk appetite to specified types of risks. The Group has low risk appetite to certain risk types as specified in the policies for individual risks.

- Reliable structure of the statement of financial position and leverage. The Group is required to maintain the structure of the statement of financial position and leverage that supports the strong liquidity position, adequate capitalisation and avoids excessive leverage. All changes in the risk appetite that might have significant effect to the structure of the statement of financial position and leverage shall be properly assessed.

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

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

There have been no significant changes in risk management neither risk profile during the current reporting period.

Note 2. Operating segments

Operating segments are components of the Group for which separate financial information is available, which enables the management board and the supervisory board to regularly review their operating results. The Group's banking operations are divided into two main segments: retail banking and corporate banking. In addition, there is the segment of other activities.

Segment reporting is based on internal reports to the Group's executive management. The Group's chief operating decision maker is the management board of Bigbank AS, which regularly reviews the Group's internally generated financial information to assess operating results, including the performance of operating segments, and to allocate resources efficiently. The Group's banking operations are divided into two operating segments based on the categories of customers served: retail banking and corporate banking. The retail banking segment covers all countries where Bigbank operates and the corporate banking segment covers the Baltic countries. Both segments offer loan products to customers and raise deposits. Group entities that are involved in investment property management and agriculture and units that support banking operations (including the treasury) form

the segment of other activities. Intersegment loans and services as well as receivables and liabilities are presented as eliminations in the table below.

The result of an operating segment is the segment's net profit, which comprises financial items directly attributable to the segment. The retail and corporate banking segments also include financial items (other income and expenses, operating expenses and income tax expense), which are allocated to segments consistent with their nature based on the size of the loan portfolio, the number of loans or the number of staff associated with the segment. The allocation is based on internal transfer prices. The prices applied in intersegment transactions (including the provision of loans and services to Group companies) do not differ significantly from market prices. Segment assets and liabilities comprise assets and liabilities which are directly attributable to the segment as well as assets and liabilities allocated to the segment on the basis of the size of the loan portfolio.

Segment profit for 3 months 2022

	Retail banking	Corporate banking	Other activities	Elimination	Total
Interest income	20.4	8.8	0.6	-0.5	29.3
Interest expense	-5.3	-1.5	-0.5	0.5	-6.8
Net interest income	15.1	7.3	0.1	-	22.5
Fee and commission income	2.1	-	-	-	2.1
Fee and commission expense	-0.1	-	-	-	-0.1
Net fee and commission income/expense	2.0	-	-	-	2.0
Net gain on financial assets and loss on derecognition of non-financial assets	-	-	0.5	-	0.5
Other income	1.3	-	-	-0.2	1.1
Other expenses	-0.8	-	-0.4	-	-1.2
Net operating income	17.6	7.3	0.2	-0.2	24.9
Operating expenses and expenses on provisions	-7.6	-2.7	-0.1	0.2	-10.2
Profit before loss allowances	10.0	4.6	0.1	-	14.7
Net loss allowances for loans and financial investments	-3.7	-0.2	-	-	-3.9
Profit before income tax	6.3	4.4	0.1	-	10.8
Income tax	-0.9	-0.2	-	-	-1.1
Profit for the period from continuing operations	5.4	4.2	0.1	-	9.7

Assets and liabilities of segments at 31 March 2023

	Retail banking	Corporate banking	Other activities	Elimination	Total
Total assets	1,126.3	628.0	93.6	-43.2	1,804.7
Total liabilities	1,536.7	33.8	57.4	-40.4	1,587.5

Segment profit for 3 months 2022

	Retail banking	Corporate banking	Other activities	Elimination	Total
Interest income	17.0	3.9	0.9	-0.3	21.5
Interest expense	-2.4	-0.5	-0.3	0.8	-2.4
Net interest income	14.6	3.4	0.6	0.5	19.1
Fee and commission income	1.9	-	-	-	1.9
Fee and commission expense	-0.1	-	-	-	-0.1
Net fee and commission income/expense	1.8	-	-	-	1.8
Net gain on financial assets and loss on derecognition of non-financial assets	-	-	-0.1	-	-0.1
Other income	0.5	-	0.6	-	1.1
Other expenses	-0.2	-	-1.0	-	-1.2
Net operating income	16.7	3.4	0.1	0.5	20.7
Operating expenses and expenses on provisions	-7.8	-1.8	-0.3	0.2	-9.7
Profit before loss allowances	8.9	1.6	-0.2	0.7	11.0
Net loss allowances for loans and financial investments	-3.7	-0.1	-	-	-3.8
Profit before income tax	5.2	1.5	-0.2	0.7	7.2
Income tax	-0.6	-0.2	-	-	-0.8
Profit for the period from continuing operations	4.6	1.3	-0.2	0.7	6.4

Assets and liabilities of segments at 31 March 2022

	Retail banking	Corporate banking	Other activities	Elimination	Total
Total assets	871.5	341.6	114.9	-58.2	1,269.8
Total liabilities	1,024.6	23.0	92.5	-56.2	1,083.9

Note 3. Cash and bank balances

	31 March 2023	31 Dec 2022
Cash balances at central banks	213.4	151.1
Of which mandatory reserve deposits	10.3	8.6
Of which surplus on mandatory reserves*	1.8	1.0
Of which overnight deposits	201.3	141.5
Cash balances at banks	45.6	22.3
Of which cash demand and overnight deposits*	45.5	22.2
Of which term deposits	0.1	0.1
Total	259.0	173.4
Of which cash and cash equivalents	248.6	164.7

* Cash equivalents

Note 4. Debt instruments

At	31 March 2023	31 Dec 2022
Debt instruments	18.5	19.2
Debt instruments by issuer		
Government bonds	9.6	9.6
Credit institutions' bonds	1.6	1.5
Non-financial corporations' bonds	7.3	8.1
Debt instruments by currency		
EUR (euro)	15.3	16.0
SEK (Swedish krona)	3.2	3.2
Debt instruments by rating		
Aaa-Aa3	5.2	5.2
A1-A3	10.4	11.1
Baa1-Baa3	2.9	2.9

Note 5. Loans to customers

At	31 March 2023	31 Dec 2022
Measured at amortised cost	1,383.1	1,310.4
Measured at FVTPL*	39.6	39.4
Loans to customers	1,422.7	1,349.8

* Loans to customers designated at FVTPL include the revaluation of the underlying assets of investment loans with special conditions in the amount of 1.5 million euros (31 December 2022: 0.9 million euros). The gain from the revaluation of the underlying asset is recognised in the income statement line *Net gain on financial assets at FVTPL*.

Loans to customers at 31 March 2023

	Estonia	Lithuania	Latvia	Finland	Sweden	Bulgaria	Total
Loans at amortised cost							
Loan receivables from customers	532.9	472.7	223.7	107.1	47.7	6.5	1,390.6
Loss allowances for loan receivables	-6.2	-4.7	-5.4	-5.5	-3.5	-1.1	-26.4
Interest receivable from customers	3.2	14.4	1.7	0.9	0.2	0.2	20.6
Loss allowances for interest receivables	-0.7	-0.5	-0.3	-0.1	-	-0.1	-1.7
Total	529.2	481.9	219.7	102.4	44.4	5.5	1,383.1
Loans at FVTPL							
Loan receivables from customers	37.8						37.8
Increase in value of underlying assets	1.5						1.5
Interest receivable from customers	0.3						0.3
Total	39.6						39.6
Total loans to customers	568.8	481.9	219.7	102.4	44.4	5.5	1,422.7
Share of region	40.0%	33.9%	15.4%	7.2%	3.1%	0.4%	100.0%

Loans to customers at 31 December 2022

	Estonia	Lithuania	Latvia	Finland	Sweden	Bulgaria	Total
Loans at amortised cost							
Loan receivables from customers	502.6	441.0	208.5	103.9	55.0	7.0	1,318.0
Loss allowances for loan receivables	-5.8	-4.3	-4.8	-5.8	-3.9	-1.0	-25.6
Interest receivable from customers	2.8	13.9	1.4	0.8	0.3	0.2	19.4
Loss allowances for interest receivables	-0.6	-0.3	-0.3	-0.1	-	-0.1	-1.4
Total	499.0	450.3	204.8	98.8	51.4	6.1	1,310.4
Loans at FVTPL							
Loan receivables from customers	37.8						37.8
Increase in value of underlying assets	0.9						0.9
Interest receivable from customers	0.7						0.7
Total	39.4						39.4
Total loans to customers	538.4	450.3	204.8	98.8	51.4	6.1	1,349.8
Share of region	39.9%	33.4%	15.2%	7.3%	3.8%	0.4%	100.0%

Note 6. Loan receivables from customers by due dates

At	31 March 2023	31 Dec 2022
Past due loan payments	16.6	14.6
Contractual principal payments cash flows of loans		
Less than 1 month	23.8	18.7
1-12 months	197.6	182.6
1-2 years	240.2	234.3
2-5 years	542.1	517.3
More than 5 years	408.1	388.3
Total	1,428.4	1,355.8

Note 7. Ageing analysis on loan receivables**Ageing analysis at 31 March 2023**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Loans at amortised cost						
Unsecured loans						
Loan portfolio	519.5	24.6	6.6	3.7	17.9	572.3
Loss allowance	-9.8	-2.4	-2.4	-1.6	-9.2	-25.4
Loans secured with real estate						
Loan portfolio	732.8	2.8	0.2	-	1.0	736.8
Loss allowance	-0.1	-	-	-	-	-0.1
Loans against other collaterals						
Loan portfolio	75.1	4.4	0.9	0.3	0.8	81.5
Loss allowance	-0.5	-0.1	-0.1	-	-0.2	-0.9
Loans at FVTPL						
Loan portfolio	37.8					37.8
Total loan portfolio	1,365.2	31.8	7.7	4.0	19.7	1,428.4
Total loss allowance	-10.4	-2.5	-2.5	-1.6	-9.4	-26.4

Ageing analysis at 31 December 2022

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Loans at amortised cost						
Unsecured loans						
Loan portfolio	554.1	27.9	8.0	5.2	13.8	609.0
Loss allowance	-9.7	-2.6	-3.0	-2.3	-7.2	-24.8
Loans secured with real estate						
Loan portfolio	638.9	2.4	0.4	-	0.3	642.0
Loss allowance	-0.1	-	-	-	-	-0.1
Loans against other collaterals						
Loan portfolio	61.7	3.6	0.9	0.3	0.5	67.0
Loss allowance	-0.3	-0.1	-0.1	-	-0.2	-0.7
Loans at FVTPL						
Loan portfolio	37.8					37.8
Total loan portfolio	1,292.5	33.9	9.3	5.5	14.6	1,355.8
Total loss allowance	-10.1	-2.7	-3.1	-2.3	-7.4	-25.6

Note 8. Loan receivables from customers by contractual currency

At	31 March 2023	31 Dec 2022
Loans at amortised cost		
EUR (euro)	1,333.2	1,252.9
SEK (Swedish krona)	44.4	51.4
BGN (Bulgarian lev)	5.5	6.1
Loans at FVTPL		
EUR (euro)	39.6	39.4
Total loan receivables from customers	1,422.7	1,349.8

Note 9. Loss allowances for loan receivables from customers**Loss allowances at 31 March 2023**

	Loan receivables	Interest receivables	Total receivables subject to impairment	Total loss allowances
Stage 1	1,336.1	16.5	1,352.6	-8.5
Stage 2	27.5	0.8	28.3	-5.4
Stage 3	27.0	3.3	30.3	-14.2
Total	1,390.6	20.6	1,411.2	-28.1

Loss allowances at 31 December 2022

	Loan receivables	Interest receivables	Total receivables subject to impairment	Total loss allowances
Stage 1	1,264.3	15.9	1,280.2	-8.5
Stage 2	30.3	0.8	31.1	-6.1
Stage 3	23.4	2.7	26.1	-12.4
Total	1,318.0	19.4	1,337.4	-27.0

Development of allowances for 3 months 2023

	Opening balance at 1 Jan 2023	Increases due to origination	Decrease due to derecognition repayments and disposals	Changes due to change in credit risk (net)	Decrease due to write-off	Closing balance
Stage 1	-8.5	-1.2	0.4	0.8	-	-8.5
Stage 2	-6.0	-	-	-0.6	1.2	-5.4
Stage 3	-12.5	-	0.2	-3.0	1.1	-14.2
Total	-27.0	-1.2	0.6	-2.8	2.3	-28.1

Development of allowances for 12 months 2022

	Opening balance at 1 Jan 2022	Increases due to origination	Decrease due to derecognition repayments and disposals	Changes due to change in credit risk (net)	Decrease due to write-off	Closing balance
Stage 1	-8.4	-4.4	1.5	2.5	0.3	-8.5
Stage 2	-5.0	-1.4	0.3	-1.8	1.8	-6.1
Stage 3	-13.2	-2.1	0.8	-5.0	7.1	-12.4
Total	-26.6	-7.9	2.6	-4.3	9.2	-27.0

Note 10. Other receivables

At	31 March 2023	31 Dec 2022
Customer receivables and other miscellaneous receivables	1.5	2.1
Collection, recovery and other charges receivable	0.5	0.5
Loss allowance for other receivables	-0.2	-0.2
Total	1.8	2.4

Note 11. Prepayments

At	31 March 2023	31 Dec 2022
Advance payments of income tax	0.4	0.4
Other tax prepayments	0.1	1.7
Prepayments to suppliers and prepaid expenses	1.4	0.8
Total	1.9	2.9

Note 12. Property, plant and equipment

At	31 March 2023	31 Dec 2022
Land	9.6	9.6
Buildings	6.1	6.2
Right-of-use assets: office premises	2.1	1.1
Other items	2.2	1.4
Total	20.0	18.3

Other items comprise computers, office equipment and furniture and other fixtures and fittings. Leased office premises are recognized as right-of-use assets.

Land and buildings, other items and biological assets

	Land	Buildings	Other items	Biological assets	Total
Cost					
Balance at 1 January 2022	9.0	7.7	5.5	1.0	23.2
Purchases	-	-	1.2	-	1.2
Sales	-	-	-0.3	-	-0.3
Derecognition	-	-	-0.4	-	-0.4
Revaluation recognised in other comprehensive income	2.4	0.2	-	-	2.6
Transfer to investment property (note 13)	-1.5	-	-	-	-1.5
Transfer	-	-	0.1	-	0.1
Transfer to assets held for sale (note 15)	-0.3	-1.7	-1.0	-1.0	-4.0
Balance at 31 December 2022	9.6	6.2	5.1	-	20.9
Balance at 1 January 2023	9.6	6.2	5.1	-	20.9
Purchases	-	-	0.8	-	0.8
Sales	-	-	-0.1	-	-0.1
Balance at 31 March 2023	9.6	6.2	5.8	-	21.6

	Land	Buildings	Other items	Biological assets	Total
Depreciation					
Balance at 1 January 2022	-	-0.1	-4.2	-	-4.3
Depreciation charge for the period	-	-0.3	-0.5	-	-0.8
Sales	-	-	0.2	-	0.2
Derecognition	-	-	0.3	-	0.3
Write-down	-	-0.4	-	-	-0.4
Transfer to assets held for sale (note 15)	-	0.6	0.6	-	1.2
Transfer*	-	0.2	-	-	0.2
Exchange differences	-	-	-0.1	-	-0.1
Balance at 31 December 2022	-	-	-3.7	-	-3.7
Balance at 1 January 2022	-	-	-3.7	-	-3.7
Depreciation charge for the period	-	-0.1	-0.1	-	-0.2
Sales	-	-	0.1	-	0.1
Effect of movements in exchange rates	-	-	0.1	-	0.1
Balance at 31 March 2023	-	-0.1	-3.6	-	-3.7
Carrying amount					
Balance at 1 January 2022	9.0	7.6	1.3	1.0	18.9
Balance at 31 December 2022	9.6	6.2	1.4	-	17.2
Balance at 31 March 2023	9.6	6.1	2.2	-	17.9

* Buildings are measured using the revaluation model. Accumulated depreciation at the revaluation date was eliminated against the gross carrying amount of the revalued assets.

Right-of-use assets

	2023	2022
Carrying amount at 1 January	1.1	2.0
Additions	1.2	0.4
Depreciation charge	-0.2	-0.7
Transfer to assets held for sale (note 15)	-	-0.6
Carrying amount at end of period	2.1	1.1

Note 13. Investment properties

At	2023	2022
Opening balance at 1 January	46.5	41.6
Additions	-	3.4
Sales	-	-6.2
Transfer from land to investment property (note 11)*	-	1.5
Net gain on fair value adjustments	-	6.2
Closing balance at end of period	46.5	46.5

* A part of agricultural land, which previously was recognised in property, plant and equipment, was sold to another subsidiary and subsequently leased to third parties, which is why it was reclassified to investment property.

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

Note 14. Intangible assets

	2023	2022
Cost at beginning of year	38.6	35.0
Purchased and developed software	1.2	5.5
Of which purchases	0.4	2.8
Of which capitalised payroll costs	0.8	2.7
Write-off	-	-1.9
Cost at end of period	39.8	38.6
Amortisation at beginning of year	-8.6	-7.9
Amortisation charge for the period	-0.7	-2.5
Write-off	-	1.8
Amortisation at end of period	-9.3	-8.6
Carrying amount at beginning of year	30.0	27.1
Carrying amount at end of period	30.5	30.0

The Group's intangible assets comprise various software. The Group continues its investments in the information and banking technology solution called Nest. The purchases

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

Note 15. Disposal groups and discontinued operations

At the end of 2022, the Group announced its plan to liquidate two subsidiaries: Palupera Põllud OÜ and Abja Põld OÜ as their operations (agricultural production) does not support Bigbank's core business and is not part of the Group's long-term strategic plans. The Group decided to exit dairy cattle and crop production and started selling the

assets. Consequently, the assets and liabilities of these subsidiaries are classified as held for sale in the consolidated statement of financial position. In segment reporting (see note 2), the operations of the companies were reported in the segment of other activities.

Assets and liabilities of disposal groups classified as held for sale

Assets held for sale have to be measured at the lower of their carrying amount and fair value less cost to sell. At the

reporting date, disposal groups classified as held for sale included the following assets and liabilities:

At	31 March 2023	31 Dec 2022
Land	0.3	0.3
Buildings	1.1	1.1
Right-of-use assets: agricultural equipment and machinery	-	0.4
Other non-current assets	0.8	0.4
Biological assets	0.9	1.0
Inventories	0.5	0.7
Other receivables	0.1	-
Total assets held for sale	3.7	3.9
Lease liabilities	-	-0.2
Other liabilities, including payables to employees and suppliers	-0.3	-0.8
Total liabilities related to asset held for sale	-0.3	-1.0
Net value of disposal group	3.4	2.9

To measure assets held for sale at fair value less costs to sell, the Group recognised an impairment loss of 0.6 million euros in the fourth quarter of 2022. The carrying amount of the property, plant and equipment of the disposal group was reduced by the amount of the impairment loss. There was no cumulative income or expense relating to the disposal group that was recognised in other comprehensive income.

Fair value measurement

The one-off fair value of the disposal group was 3.4 million euros. Based on the valuation techniques applied, the measurement was categorised to level 3 in the fair value

hierarchy. The fair value of the assets of the disposal group was measured using the market comparison approach.

Discontinued operations

An operation is classified as discontinued either at disposal or on meeting the criteria for being classified as held for sale, whichever is earlier. The subsidiaries Palupera Põllud OÜ and Abja Põld OÜ continued their business operations at the reporting date but as the Group had started the sale of their assets, they were classified as discontinued operations.

Loss from discontinued operations

	3M 2023	3M 2022
Other operating income	0.7	0.8
Other operating expenses	-0.6	-0.6
Net operating income	0.1	0.2
Salaries, associated charges and administrative expenses	-0.2	-0.2
Depreciation, amortisation and impairment losses	-	-0.1
Total expenses	-0.2	-0.3
Loss before income tax	-0.1	-0.1
Loss from discontinued operations	-0.1	-0.1
Basic earnings per share (EUR)	-1.5	-1.0
Diluted earnings per share (EUR)	-1.5	-1.0

Cash flows from discontinued operations

	3M 2022	3M 2021
Cash flows from operating activities	0.4	-
Cash flows from investing activities	-0.4	-
Cash flows from financing activities	-0.2	-0.1
Net cash flows generated by the subsidiaries	-0.2	-0.1

Note 16. Loans from banks

The Group previously financed its subsidiaries' real estate purchases with intragroup loans. In 2022, the real estate loans were refinanced with external loans received for a

term of five years in the amount of 9,3 million euros. Interest expense for 3 months was 0.1 million euros, see note 25.

Note 17. Deposits from customers

At	31 March 2023	31 Dec 2022
Deposits from customers	1,498.0	1,367.8
Deposits by customer type		
Individuals	1,484.3	1,353.6
Legal persons	13.7	14.2
Deposits by currency		
EUR (euro)	1,441.8	1,303.9
SEK (Swedish krona)	54.8	62.7
BGN (Bulgarian lev)	1.4	1.2
Deposits by maturity		
On demand (savings deposits)	658.1	627.2
Maturing within 1 month	45.3	39.6
Maturing between 1 and 6 months	165.0	160.4
Maturing between 6 and 12 months	259.2	184.0
Maturing between 12 and 18 months	74.6	71.9
Maturing between 18 and 24 months	118.4	85.0
Maturing between 24 and 36 months	79.3	100.7
Maturing between 36 and 48 months	39.5	39.9
Maturing between 48 and 60 months	19.6	19.6
Maturing in over 60 months	39.0	39.5

The median amount of customer deposits was 40 thousand euros.

Note 18. Subordinated bonds

Bigbank issued subordinated bonds twice in the first quarter of 2023: perpetual bonds in the amount of 7.7 million euros, which qualify as Additional Tier 1 capital, and Tier 2 10-year bonds in the amount of 15.0 million euros, which are publicly traded on the Nasdaq Tallinn

stock exchange. Subject to approval by the Estonian Financial Supervision and Resolution Authority, the bonds of both issues may be called early at any time after five years have passed.

Changes in bonds

	2023	2022
Balance at beginning of period	40.1	15.0
Cash items:		
Receipts	22.7	25.0
Payments	-0.8	-1.2
Non-cash items:		
Accrued interest	0.9	1.7
Transaction costs related to issue	-	-0.4
Closing balance	62.9	40.1

Notes at 31 March 2023

	Nominal price	Interest rate	Date of issue	Maturity date
Note EE3300111400	5.0	6.5%	28 December 2017	28 December 2027
Note EE3300002526	10.0	6.5%	30 December 2021	30 December 2031
Note EE3300002583	5.0	7.5%	16 May 2022	16 May 2032
Note EE3300002690	20.0	8.0%	21 September 2022	21 September 2032
Note EE3300003052	15.0	8.0%	16 February 2023	16 February 2033
Note EE3300003151	7.7	10.5%	15 March 2023	Perpetual

Note 19. Other liabilities

At	31 March 2023	31 Dec 2022
Received surplus payments	7.2	7.0
Payables to employees	2.5	2.8
Supplier payables	0.5	0.7
Other payables	1.2	1.1
Total	11.4	11.6

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 20. Other reserves

At	31 March 2023	Change	31 Dec 2022
Exchange differences on translating foreign operations	1.2	0.1	1.1
Asset revaluation reserve	3.6	-	3.6
Fair value changes of debt instruments measured at FVOCI	-1.2	0.1	-1.3
Total other reserves	3.6	0.2	3.4

Note 21. Net currency positions**Net currency positions at 31 March 2023**

	Assets bearing currency risk	Liabilities bearing currency risk	Net position
SEK (Swedish krona)	54.0	55.4	-1.4
BGN (Bulgarian lev)	7.1	1.5	5.6

Net currency positions at 31 December 2022

	Assets bearing currency risk	Liabilities bearing currency risk	Net position
SEK (Swedish krona)	62.0	63.1	-1.1
BGN (Bulgarian lev)	7.0	1.4	5.6

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

Note 22. 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.

According to management's estimates the fair values of the assets and liabilities reported in the statement of financial position at 31 March 2023 do not differ significantly from their carrying amounts.

The different levels have been defined as follows:

- *Level 1*: Quoted prices (unadjusted) in active markets for identical instruments.
- *Level 2*: Inputs other than quoted prices included within level 1 that are observable for instruments, either directly (that is, as prices) or indirectly (that is, derived from prices). This category includes instruments

valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- *Level 3*: Inputs that are not based on observable market data (that is, unobservable inputs). This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair value hierarchy at 31 March 2023

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Debt instruments at FVOCI (note 4)	18.5	-	-	18.5
Loans to customers at FVTPL (note 5–9)	-	-	39.6	39.6
Land and buildings (note 12)	-	-	15.7	15.7
Investment properties (note 13)	-	-	46.5	46.5
Assets for which fair values are disclosed				
Loans to customers at amortised cost (note 5-9)	-	-	1,383.1	1,383.1
Other financial receivables (note 10)	-	-	1.8	1.8
Total assets	18.5	-	1,486.7	1,505.2
Liabilities for which fair values are disclosed				
Loans from banks (note 16)	-	-	9.1	9.1
Deposits from customers (note 17)	-	-	1,498.0	1,498.0
Subordinated bonds (note 18)	-	20.1	42.8	62.9
Lease liabilities	-	-	2.2	2.2
Other financial liabilities (note 19)	-	-	11.4	11.4
Total liabilities	-	20.1	1,563.5	1,583.6

Fair value hierarchy at 31 December 2022

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Debt instruments at FVOCI (note 4)	19.2	-	-	19.2
Loans to customers at FVTPL (note 5–9)	-	-	39.4	39.4
Land and buildings (note 12)	-	-	15.9	15.9
Investment properties (note 13)	-	-	46.5	46.5
Assets for which fair values are disclosed				
Loans to customers at amortised cost (note 5-9)	-	-	1,310.4	1,310.4
Other financial receivables (note 10)	-	-	2.4	2.4
Total assets	19.2	-	1,414.6	1,433.8
Liabilities for which fair values are disclosed				
Loans from banks (note 16)	-	-	9.2	9.2
Deposits from customers (note 17)	-	-	1,367.8	1,367.8
Subordinated bonds (note 18)	-	20.1	20.0	40.1
Lease liabilities	-	-	1.2	1.2
Other financial liabilities (note 19)	-	-	11.6	11.6
Total liabilities	-	20.1	1,409.8	1,429.9

There were no transfers between level 1 and level 2 in 2023 or 2022.

The level 3 loans to customers at FVTPL in the amount of 39.6 million euros are loans with the features of a hybrid instrument, which comprise the principal and interest receivables of the host contract and a growth component (increase in fair value) resulting from the revaluation of the underlying asset. The underlying assets were valued similar to agricultural land using the market comparison approach. Gain on the revaluation of the underlying assets is recognised on a straight-line basis over the term of the contract as gain on financial assets at FVTPL and it takes into account any associated risks. These are assets that are required to be categorised as measured at FVTPL.

The level 3 loans to customers at amortised cost that amount to 1,383.1 million euros are measured at amortised cost using the effective interest method less any loss allowances. For fair valuation, 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 the effective interest rate.

The level 3 land and buildings that amount to 15.7 million euros consists of real estate used by the Group as office premises in Tallinn and agricultural land.

The office premises in Tallinn were valued using the income approach and the following inputs: the estimated rental income per square metre per month for commercial space in Tallinn is 11 euros, the rental growth rate is 1.5%, the long-term vacancy rate is 5% and the discount rate is 9.0%.

Part of the office premises have been rebuilt from residential space and they were valued using the market comparison approach, whereby the valuation was based on the prices per square metre of residential space in Tallinn city centre of 3,962-4,402 euros less the costs of transforming the office space back into apartments.

The agricultural land's fair value is based on a valuer's appraisal according to which the average price per hectare of agricultural land at the date of valuation was 7,300 euros.

The level 3 investment properties that amount to 46.5 million euros consist of office buildings and retail space in Tartu, Tallinn and Pärnu, forest and agricultural land leased to farmers. Investment properties are measured at the fair value in the financial statements.

The office building in Tartu was valued using the residual method based on the highest and best use of the property. The residual method takes into account the profit that could be earned if the existing property were developed and sold as an apartment building. The following inputs were used in the valuation of the property: the sales price per square metre for flats in Tartu old town of 4,000 euros and development costs per square metre of 1,690 euros.

The fair values of other office buildings in Tallinn and Pärnu were estimated using the income approach based on rental prices of 11-14 euros per square metre in Tallinn and 4-11 euros per square metre in Pärnu.

Agricultural land was valued using mainly the market comparison approach. Based on the opinion of a valuation expert, the best use of the land is the existing use for

agricultural purposes and the average price per hectare of agricultural land is 6,600 euros (2021: 5600 euros). If an agricultural land plot was acquired under a contract containing a repurchase option, the repurchase price was taken into account. This was done despite the fact that the seller is not obligated to exercise the option. Such land plots were valued conservatively by measuring fair value at the value recorded in the opinion of the valuation expert or the repurchase price, whichever was lower.

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.

The agricultural land and office premises recognised in the line item 'Land and buildings' and the forest and agricultural land and office buildings and retail space recognised in the line item 'Investment property' have not been remeasured during the reporting period as management estimates that the carrying amounts of these assets correspond to their fair values. The assumptions used described above are based on experts' estimates obtained in the third and fourth quarter of 2022.

Note 23. Contingent liabilities

At 31 March 2023, the unused portions of the credit lines and loans totalled 105.8 million euros (31 December 2022:

113.6 million euros), guarantees issued totalled 5 thousand euros (31 December 2022: 5 thousand euros).

Note 24. Interest income

	3M 2023	3M 2022
Interest income on loans to customers at FVTPL	0.5	-
Interest income on loans to customers at amortised cost	27.6	21.4
Interest income on debt instruments	0.1	0.1
Interest income on deposits	1.1	-
Total interest income	29.3	21.5

Note 25. Interest expense

	3M 2023	3M 2022
Interest expense on deposits	5.8	2.1
Interest expense on liabilities to banks	0.1	-
Interest expense on bonds	0.9	0.2
Other interest expense	-	0.1
Total interest expense	6.8	2.4

Note 26. Other income

	3M 2023	3M 2022
Income from debt recovery proceedings	0.1	0.1
Rental income	0.9	0.9
Miscellaneous income	0.1	0.2
Total other income	1.1	1.2

Note 27. Other expenses

	3M 2023	3M 2022
Expenses related to registry inquires	0.1	0.3
Expenses related to enforcement proceedings	0.1	0.1
Legal regulation charges	0.3	0.2
Expenses from investment properties	0.4	0.4
Miscellaneous expenses	0.3	0.2
Total other expenses	1.2	1.2

Note 28. Administrative expenses

	3M 2023	3M 2022
Marketing expenses	2.0	2.6
Office and other similar administrative expenses	0.2	0.2
Other personnel-related expenses	0.4	0.4
Software licensing and other information technology costs	0.4	0.4
Other services	0.2	0.1
Telephone and other communications expenses	0.2	0.2
Miscellaneous operating expenses	0.1	-
Total administrative expenses	3.5	3.9

Note 29. Earnings per share

	3M 2023	3M 2022
Profit from continuing operations (EUR million)	9.7	6.5
Profit from discontinued operations (EUR million)	-0.1	-0.1
Net profit for the period (EUR million)	9.6	6.4
Number of shares at beginning of year	80,000	80,000
Number of shares at end of period	80,000	80,000
Weighted average number of ordinary shares outstanding	80,000	80,000
Earnings per share, in euros	120	80

At 31 December 2022 and at 31 March 2023 the Group did not have any potential dilutive ordinary shares.

Therefore, diluted earnings per share equal basic earnings per share.

Note 30. 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.

At 31 March 2023, the Group had a claim to related parties of 7.1 million euros (Loans to customer) (31 December 2022: 9.4 million euros), the interest income on that claim amounted to 137 thousand euros for three months of 2023 (for three months of 2022: 49 thousand euros). Loans granted to related parties are issued at market conditions.

Claim to related parties

At	31 March 2023	31 Dec 2022
Loans to customers	7.1	9.4
Of which to members of management and supervisory boards	1.8	1.8
Of which to companies and persons connected related parties	5.3	7.6
Subordinated bonds	0.3	0.2
Of which to members of management and supervisory boards	0.3	0.2

Note 31. Events after the reporting period

On 18 April 2023, Bigbank signed a contract for the disposal of 100% ownership interest in its subsidiary Abja Põld OÜ. The transaction will have no significant impact on Bigbank's business. The sale of the subsidiary

Abja Põld OÜ is aligned with the Group's long-term strategic plan, which does not foresee involvement in agricultural production.

Statement by the Management Board

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

- The figures and additional information presented in the condensed consolidated interim report for the three months of 2023 are true and complete.
- 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 at 31 March 2023 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.

The financial statements have been prepared on a going concern basis.

Martin Länts

Chairman of the Management Board

Mart Veskimägi

Member of the Management Board

Argo Kiltsmann

Member of the Management Board

Ingo Pöder

Member of the Management Board

Ken Kanarik

Member of the Management Board

signed digitally on 28 April 2023