



**Interim condensed consolidated
financial statements for the period
ended 31 March 2020**

Bigbank AS

Interim condensed consolidated financial statements for the period ended 31 March 2020

Business name	Bigbank AS
Registry	Commercial Register of the Republic of Estonia
Registration number	10183757
Date of entry	30 January 1997
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Financial year	1 January 2020 – 31 December 2020
Reporting period	1 January 2020 – 31 March 2020
Chairman of the management board	Martin Lääts
Core business line	Provision of consumer loans and acceptance of deposits
Auditor	KPMG Baltics OÜ
Reporting currency	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.
The version in English is located at www.bigbank.eu.

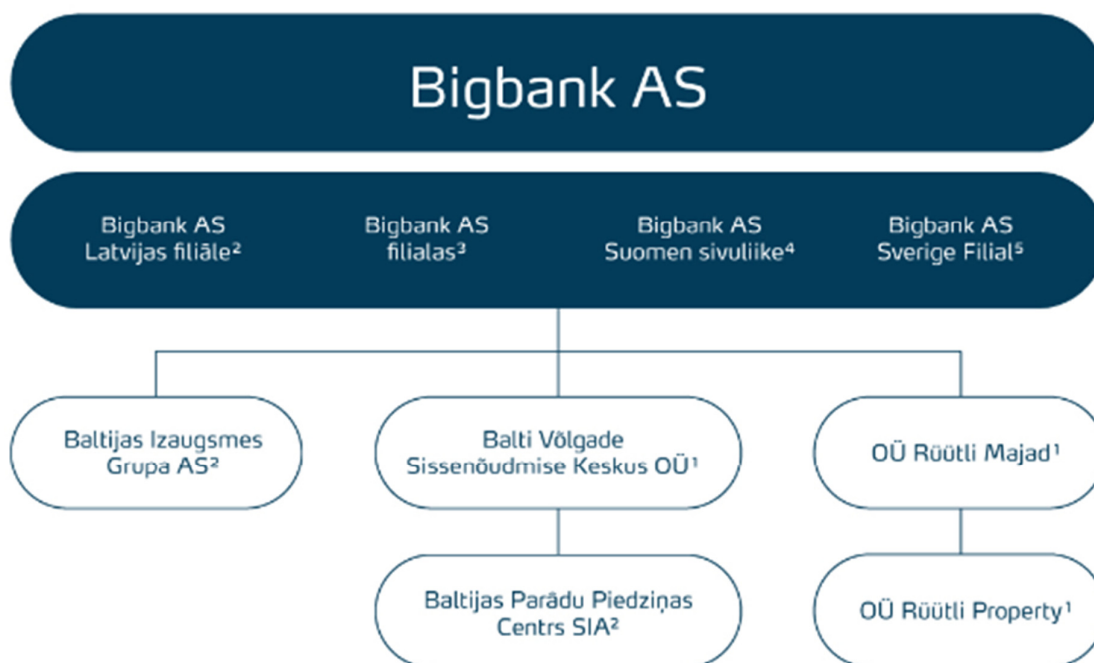
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Bigbank Group structure

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 term deposits.

The Group's structure at the reporting date:



¹ registered in the Republic of Estonia

² registered in the Republic of Latvia

³ registered in the Republic of Lithuania

⁴ registered in the Republic of Finland

⁵ registered in the Kingdom of Sweden

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 year 2020 started well for Bigbank AS (hereinafter also “Bigbank” and the “Group”). After the two first months, both the growth of the loan portfolio and the Group’s profitability were well ahead of projections. Since mid-March, however, the economic situation in Bigbank’s home markets has changed drastically due to the rapid spread of COVID-19, which, in turn, has had a strong impact on the Group’s activities and future plans.

At the beginning of the crisis, the first priority was to switch to remote working at all branches, which was successfully accomplished within a few days. The next milestone was a review of the Group’s goals for 2020 along with the adjustment of sales plans and the cost base to the new reality. Sales figures are expected to drop the most in the second quarter of 2020. According to plan, the largest cuts in operating expenses will be made in marketing and administrative expenses, mainly starting from the second quarter. The Group has not made any significant staff cutbacks and is not planning to make any in the following quarters.

Bigbank continues to fulfil its strategic objectives despite the crisis and is planning to launch a leasing product for business customers in the second quarter.

The Group’s first-quarter net profit amounted to 4.9 million euros, a decrease of 0.9 million euros (-15%) year on year. Net profit has decreased because of additional provisions recognised in connection with the coronavirus crisis. Compared to the first quarter of 2019, expenses on provisions grew by 1.2 million euros.

A positive development is that due to a successful prior year and the first two months of 2020 interest income has grown by 1.0 million euros compared to the first quarter of 2019 (6%). Also, thanks to the new banking software Nest, cost efficiency improved already in the first quarter of 2020 – both personnel expenses and other operating expenses remained lower than a year ago.

The Group’s capitalisation continues to be strong. Equity grew by 13% to 138.3 million euros compared to the end of first quarter in 2019.

The crisis has affected somewhat the over 90 days past due loan portfolio, which has grown slightly. At the end of the first quarter of 2020 loans more than 90 days in default accounted for 3.8% of the total loan portfolio compared with 3.0% at the end of the first quarter of 2019. During the next quarters, one of the Group’s most important goals is to work with customers whose loans are past due and offer them different relief solutions, including payment holidays and loan restructuring, to overcome their temporary payment difficulties. Bigbank’s long-term goal is still to keep the share of its over 90 days past due portfolio as small as possible.

At the end of the first quarter of 2020, the Group’s performing loan portfolio amounted to 479.2 million euros, exceeding the corresponding figure for 2019 by 44.5 million euros (10%). Strong growth of the performing portfolio in the first two months of 2020 is mainly attributable to the successful implementation of the new banking software Nest, completed in late 2019, which enables Bigbank to offer products to customers more conveniently and efficiently.

On 26 March 2020, the Group’s subsidiary OÜ Rütli Majad purchased OÜ Rütli Property, a company mainly involved in investing in agricultural land.

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 382 employees at the end of the first quarter of 2020: 223 in Estonia, 70 in Latvia, 69 in Lithuania, 14 in Finland and 6 in Sweden.

Key performance indicators and ratios

Financial position indicators (in thousands of euros)	31 March 2020	31 Dec 2019	Change
Total assets	608,455	574,193	6.0%
Loans to customers	484,276	459,656	5.4%
of which loan portfolio	498,229	473,455	5.2%
of which interest receivable	11,767	10,494	12.1%
of which loss allowances	-25,720	-24,293	5.9%
Deposits from customers	414,801	392,838	5.6%
Equity	138,338	141,053	-1.9%

Financial performance indicators (in thousands of euros)	3M 2020	3M 2019	Change
Interest income	17,259	16,298	5.9%
Interest expense	1,558	1,649	-5.5%
Salaries and associated charges	3,486	3,595	-3.0%
Other operating expenses	2,786	2,793	-0.3%
Net loss allowances on loans and financial investments	2,580	2,249	14.7%
Profit before impairment loss	7,521	8,071	-6.8%
Net profit	4,941	5,822	-15.1%

Ratios	3M 2020	3M 2019
Return on equity (ROE)	14.1%	19.2%
Equity multiplier (EM)	4.2	4.4
Profit margin (PM)	26.1%	32.7%
Asset utilization ratio (AU)	12.8%	13.2%
Return on assets (ROA)	3.4%	4.3%
Price difference (SPREAD)	10.8%	11.0%
Cost to income ratio (CIR)	46.5%	49.6%

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

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

Equity multiplier (EM) – average assets / average equity

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

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

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

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

Financial review

Financial position

As at 31 March 2020, the consolidated assets of Bigbank AS Group totalled 608.5 million euros, having increased by 77.5 million euros (14.6%) during the first quarter.

As at 31 March 2020, loans to customers accounted for 79.6% of total assets, the proportion of liquid assets (amounts due from banks and financial debt instruments) was 15.1%. At the end of the first quarter, liquid assets totalled 91.8 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 45.0 million euros as at 31 March 2020, of which 39.7 million euros was pledged as collateral for a loan from the central bank and 5.3 million euros was part of the liquidity buffer.

At the end of the first quarter, the Group had 112 thousand loan agreements, 33 thousand of them in Latvia, 32 thousand in Lithuania, 28 thousand in Estonia, 11 thousand in Finland and 8 thousand in Sweden.

Geographical distribution of loans to customers:

- 31.1% Lithuania,
- 23.7% Latvia,
- 22.1% Estonia,
- 14.4% Finland,
- 8.7% Sweden.

At 31 March 2020, loans to customers totalled 484.3 million euros, comprising of:

- the loan portfolio of 498.2 million euros. Loans to individuals accounted for 91.9% of the total;
- interest receivable on loans of 11.8 million euros;
- loss allowances for loans and interest receivables of 25.7 million euros (consisting of a loss allowance for

loans of 23.6 million euros and a loss allowance for interest receivables of 2.1 million euros).

Bigbank's loan portfolio is diversified – at the reporting date the average loan was 4,432 euros and as at 31 March 2020, 40 largest loans accounted for 7.7% of the loan portfolio.

Bigbank AS focuses on the provision of consumer loans. In line with the corporate strategy, as at 31 March 2020 loans against income accounted for 90.3%, loans against surety for 1.4% and loans secured with real estate for 8.3% 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 first quarter of 2020, the Group's liabilities totalled 470.1 million euros. Most of the debt raised by the Group, i.e. 414.8 million euros (88.2%) consisted of term 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 quarter of 2020, the Group took part of additional ECB's LTRO, receiving 12.0 million euros of financing. The liability secured by debt securities reached as at 31 March 2020 35.0 million euros.

As at the end of the first quarter of 2020, the Group's equity was 138.4 million euros. The equity to assets ratio amounted to 22.7%.

Financial performance

Interest income for the first quarter reached 17.3 million euros, increasing by 1.0 million euros (5.9%) compared to the same period in 2019.

The period's ratio of interest income (annualised) to average interest-earning assets was 12.2% and (annualised) return on the loan portfolio accounted for 14.1% of the average loan portfolio.

Interest expense for the first quarter of 2020 was 1.6 million euros.

The ratio of interest expense to interest income was 9.0%. The ratio of interest expense to average interest-bearing liabilities (annualised) was 1.5%.

Salaries and associated charges for the first quarter of 2020 amounted to 3.5 million euros. As at the end of the period, the Group had 382 employees.

Other operating expenses for the first quarter were 2.8 million euros, the same as in the same period last year.

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

- impairment losses on loan receivables of 2.6 million euros;
- impairment reversal of interest receivables of -0.1 million euros; and
- impairment losses on other receivables of 0.1 million euros.

The Group's net profit for the first quarter of 2020 amounted to 4.9 million euros. In comparison to the first quarter of 2019, net profit has decreased by 0.9 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	31 March 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	-424	1,231
Other intangible assets	-20,913	-19,254
Profit eligible	-	11,537
Adjustments to CET1 due to prudential filters	-45	-31
Common equity Tier 1 capital	112,439	108,851
Tier 1 capital	112,439	108,851
Tier 2 capital	5,000	5,000
Deductions	-	-
Total own funds	117,439	113,851

* 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 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

	31 March 2020	31 Dec 2019
Risk weighted exposure amounts for credit and counterparty credit (standardized approach)		
Institutions	4,600	3,260
Corporates	37,467	22,886
Retail	321,606	312,757
Secured by mortgages on immovable property	6,249	4,586
Exposures in default	16,313	14,926
Claims on institutions and corporates with a short-term credit assessment	2,262	2,393
Other items	11,431	9,910
Total risk weighted exposure amounts for credit and counterparty credit (standardised approach)	399,928	370,718
Total risk exposure amount for position, foreign exchange and commodities risks	-	-
Total risk exposure amount for foreign exchange risk (standardised approach)	24,902	18,821
Total risk exposure amount for operational risk (standardised approach)	104,404	101,632
Total risk exposure amount for credit valuation adjustment (standardised approach)	-	-
Total risk exposure amount	526,462	491,171

Capital ratios

	31 March 2020	31 Dec 2019
CET1 Capital ratio	21.2%	22.2%
T1 Capital ratio	21.2%	22.2%
Total capital ratio	22.2%	23.2%
Leverage ratio	18.5%	19.3%
Minimum requirement for eligible liabilities (MREL)	20.2%	20.9%

Condensed consolidated interim financial statements

Consolidated statement of financial position

As at	Note	31 March 2020	31 Dec 2019
Assets			
Cash balances at central banks	2	19,260	32,855
Cash balances at banks	2	27,530	21,085
Debt instruments at fair value through other comprehensive income	3	45,046	31,390
Loans to customers	4,5,6,7,8	484,276	459,656
Other receivables	9	1,036	1,738
Prepayments	10	1,580	1,265
Property and equipment	11	5,105	5,157
Investment property		3,697	1,781
Intangible assets	12	20,913	19,254
Assets classified as held for sale		12	12
Total assets		608,455	574,193
Liabilities			
Loans from central banks	13	34,998	23,000
Deposits from customers	14	414,801	392,838
Liabilities to shareholders	25	2,000	-
Subordinated notes		5,048	4,965
Lease liability		2,262	2,096
Provisions		3,074	2,137
Deferred income and tax liabilities		1,077	986
Other liabilities	15	6,857	7,118
Total liabilities		470,117	433,140
Equity			
Paid-in share capital		8,000	8,000
Capital reserve		800	800
Other reserves	16	-424	1,232
Retained earnings		129,962	131,021
Total equity		138,338	141,053
Total liabilities and equity		608,455	574,193

Consolidated statement of comprehensive income

	Note	3M 2020	3M 2019
Interest income	20	17,259	16,298
Interest expense	21	-1,558	-1,649
Net interest income		15,701	14,649
Fee and commission income		1,182	1,010
Fee and commission expense		-66	-93
Net fee and commission income		1,116	917
Net loss on exchange differences		-384	-112
Net loss on derecognition of non-financial assets		-35	-25
Other income	22	473	502
Total income		16,871	15,931
Salaries and associated charges		-3,486	-3,595
Other operating expenses	23	-2,786	-2,793
Depreciation and amortisation expense		-860	-777
Provision expenses		-941	285
Impairment losses on loans and financial investments		-2,580	-2,249
Other expenses	24	-721	-730
Profit from assets classified as held for sale		-	1
Total expenses		-11,374	-9,858
Profit before income tax		5,497	6,073
Income tax expense		-556	-251
Profit for the period		4,941	5,822
Other comprehensive income/expense			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		344	115
Changes in the fair value of debt instruments at FVOCI		-2,000	102
Net other comprehensive income to be reclassified to profit or loss		-1,656	217
Other comprehensive income for the period		-1,656	217
Total comprehensive income for the period		3,285	6,039
Basic earnings per share (EUR)		62	73
Diluted earnings per share (EUR)		62	73

Consolidated statement of cash flows

	Note	3M 2020	3M 2019
Cash flows from operating activities			
Interest received		15,874	14,718
Interest paid		-1,158	-1,171
Salary and other operating expenses paid		-8,173	-8,468
Other income and fees received		1,726	1,890
Recoveries of receivables previously written off and received for sold portfolios		3,739	7,004
Loans provided		-82,176	-60,683
Repayment of loans provided		51,542	48,437
Change in mandatory reserves with central banks	2	65	-9
Proceeds from customer deposits		63,077	31,462
Paid on redemption of deposits		-38,401	-14,859
Income tax paid/received		-535	-1,047
Effect of movements in exchange rates		-86	-48
Net cash from operating activities		5,494	17,226
Cash flows from investing activities			
Acquisition of property and equipment and intangible assets	11,12	-2,256	-2,214
Proceeds from sale of property and equipment		-	30
Proceeds from sale of investment properties		80	114
Net cash from acquisition of subsidiary*	25	38	-
Acquisition of financial instruments	3	-15,673	-
Proceeds from redemption of financial instruments	3	-	558
Net cash used in investing activities		-17,811	-1,512
Cash flows from financing activities			
Proceeds from loans from central bank	13	12,000	-
Payment of principal portion of lease liabilities		-187	-178
Dividends paid		-6,000	-5,000
Net cash from / used in financing activities		5,813	-5,178
Effect of exchange rate fluctuations		-581	-12
Decrease / increase in cash and cash equivalents		-7,085	10,524
Cash and cash equivalents at beginning of period		52,980	64,624
Cash and cash equivalents at end of period	2	45,895	75,148

* 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	
Balance at 1 January 2019	8,000	800	806	111,568	121,174
Profit for the period	-	-	-	5,822	5,822
Other comprehensive income					
Exchange differences on translation of foreign operations	-	-	115	-	115
Net change in fair value of debt instrument at FVOCI	-	-	102	-	102
Total other comprehensive income	-	-	217	-	217
Total comprehensive income for the period	-	-	217	5,822	6,039
Dividend distribution	-	-	-	-5,000	-5,000
Total transactions with owners	-	-	-	-5,000	-5,000
Balance at 31 March 2019	8,000	800	1,023	112,390	122,213
Balance at 1 January 2020	8,000	800	1,232	131,021	141,053
Profit for the period	-	-	-	4,941	4,941
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	344	-	344
Net change in fair value of debt instrument at FVOCI	-	-	-2,000	-	-2,000
Total other comprehensive income	-	-	-1,656	-	-1,656
Total comprehensive income for the period	-	-	-1,656	4,941	3,285
Dividend distribution	-	-	-	-6,000	-6,000
Total transactions with owners	-	-	-	-6,002	-6,002
Balance at 31 March 2020	8,000	800	-424	129,962	138,338

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 three months ended 31 March 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	31 March 2020	31 Dec 2019
Cash balances at central banks	19,260	32,855
Of which mandatory reserve deposits	894	959
Of which surplus on mandatory reserves*	18,366	31,896
Cash balances at banks	27,530	21,085
Of which cash demand and overnight deposits*	24,829	18,384
Of which term deposits with maturity of less than 3 months*	2,700	2,700
Of which interest receivable	1	1
Total cash and balances at banks	46,790	53,940
of which cash and cash equivalents	45,895	52,980

* Cash equivalents

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

As at	31 March 2020	31 Dec 2019
Debt instruments	45,046	31,390
Debt instruments by issuer		
General government bonds	4,630	4,759
Bonds issued by credit institutions	15,926	6,583
Other financial corporations' bonds	1,942	2,083
Non-financial corporations' bonds	22,548	17,965
Debt instruments by currency		
EUR (euro)	42,623	28,841
SEK (Swedish krona)	2,423	2,549
Debt instruments by rating		
Aaa-Aa3	7,193	5,754
A1-A3	23,234	11,966
Baa1-Baa3	12,817	13,670
Ba1-Ba3	1,802	-

Debt securities in amount of 39,680 thousand euros were pledged as collateral at 31 March 2020 (see note 13).

Note 4. Loans to customers

Loans to customers as at 31 March 2020

	Estonia	Latvia	Lithuania	Finland	Sweden	Total
Loan receivables from customers	111,201	120,070	147,526	74,486	44,946	498,229
Loss allowances for loans	-5,419	-7,064	-2,541	-5,512	-3,082	-23,618
Interest receivable from customers	2,242	2,593	5,818	819	295	11,767
Loss allowances for interest receivables	-868	-946	-71	-139	-78	-2,102
Total	107,156	114,653	150,732	69,654	42,081	484,276
Share of region	22.1%	23.7%	31.1%	14.4%	8.7%	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
Total	98,390	110,628	137,900	71,592	41,146	459,656
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	31 March 2020	31 Dec 2019
Past due	17,540	11,409
Less than 1 month	11,760	10,886
1-12 months	108,468	111,248
1-2 years	109,771	99,079
2-5 years	183,216	179,130
More than 5 years	67,474	61,703
Total	498,229	473,455

Note 6. Ageing analysis on loan receivables**Ageing analysis as at as at 31 March 2020**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Income-based loans						
Loan portfolio	392,395	27,707	8,066	4,144	17,787	450,099
Loss allowance	-8,014	-1,427	-1,854	-1,356	-10,105	-22,756
Surety loans						
Loan portfolio	6,549	94	44	6	188	6,881
Loss allowance	-16	-4	-2	-2	-137	-161
Loans secured with real estate						
Loan portfolio	36,432	1,814	349	1,599	1,055	41,249
Loss allowance	-159	-142	-9	-259	-132	-701
Total loan portfolio	435,376	29,615	8,459	5,749	19,030	498,229
Total loss allowance	-8,189	-1,573	-1,865	-1,617	-10,374	-23,618

Ageing analysis as at as at 31 December 2019

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Income-based loans						
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
Surety loans						
Loan portfolio	1,854	188	109	2	225	2,378
Loss allowance	-8	-3	-10	-1	-160	-182
Loans secured with real estate						
Loan portfolio	30,964	2,648	366	235	565	34,778
Loss allowance	-269	-87	-10	-	-129	-495
Loans against other collaterals						
Loan portfolio	10	1	-	-	-	11
Loss allowance	-	-	-	-	-	-
Total loan portfolio	398,457	45,655	9,513	4,456	15,374	473,455
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	31 March 2020	31 Dec 2019
EUR (euro)	453,283	429,784
SEK (Swedish krona)	44,946	43,671
Total loan receivables from customers	498,229	473,455

Note 8. Loss allowances for loan receivables from customers**Loss allowances as at 31 March 2020**

	Loan receivables	Interest receivables	Total receivables subject to impairment	Total loss allowances
Stage 1	444,604	7,156	451,760	-7,645
Stage 2	29,190	851	30,041	-4,837
Stage 3	24,435	3,760	28,195	-13,238
Total	498,229	11,767	509,996	-25,720

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
Total	473,455	10,494	483,949	-24,293

Development of allowances for 3 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	-1,259	379	954	2	-7,645
Stage 2	-5,070	-56	80	-192	401	-4,837
Stage 3	-11,502	-20	137	-3,171	1,318	-13,238
Total	-24,293	-1,335	596	-2,409	1,721	-25,720

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
Total	-23,837	-6,680	3,819	-3,965	6,370	-24,293

Note 9. Other receivables

As at	31 March 2020	31 Dec 2019
Customer receivables and other miscellaneous receivables	554	1,625
Collection, recovery and other charges receivable	760	358
Loss allowance for other receivables	-278	-245
Total	1,036	1,738

Note 10. Prepayments

As at	31 March 2020	31 Dec 2019
Tax receivables	633	620
Prepaid other taxes	178	5
Prepayments to suppliers and prepaid expenses	769	640
Total	1,580	1,265

Note 11. Tangible assets

	Land and buildings	Right-of-use assets: commercial premises	Other items	Total
Cost				
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
Balance at 31 December 2019	1,590	2,820	4,230	8,640
Balance at 1 January 2020	1,590	2,820	4,230	8,640
Purchases and additions to the right-of-use assets	-	349	23	372
Sales	-	-	-26	-26
Write-off	-	-38	-6	-44
Revaluation and price adjustment	-	19	-	19
Effect of movements in exchange rates	-	-	-1	-1
Balance at 31 March 2020	1,590	3,150	4,220	8,960
Depreciation				
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
Balance at 31 December 2019	-10	-733	-2,740	-3,483
Balance at 1 January 2020	-10	-733	-2,740	-3,483
Depreciation charge for the period	-16	-180	-218	-414
Sales	-	-	18	18
Write-off	-	13	6	19
Effect of movements in exchange rates	-	4	1	5
Balance at 31 March 2020	-26	-896	-2,933	-3,855

	Land and buildings	Right-of-use assets: commercial premises	Other items	Total
Balance at 1 January 2019	1,397	-	2,228	3,625
Balance at 31 December 2019	1,580	2,087	1,490	5,157
Balance at 31 March 2020	1,564	2,254	1,287	5,105

Note 12. Intangible assets

	31 March 2020	31 Dec 2019
Cost at beginning of year	23,268	15,002
Purchases	2,163	8,288
Of which purchased intangible assets	1,491	4,113
Of which capitalised payroll	672	4,175
Write-off	-242	-22
Cost at end of period	25,189	23,268
Amortisation at beginning of year	-4,014	-2,621
Amortisation charge for the period	-446	-1,415
Write-off	184	22
Amortisation at end of period	-4,276	-4,014
Carrying amount at beginning of year	19,254	12,381
Carrying amount at end of period	20,913	19,254

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 13. Loans from central banks

In the first quarter of 2020, the Group took part of additional ECB's LTRO, receiving 12,000 thousand euros of financing with a maturity of June 2020 and which is planned to be rolled over to TLTRO. 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 first quarter of 2020, the Group earned interest income of 2 thousand euros from financing received from the central bank.

Note 14. Deposits from customers

As at	31 March 2020	31 Dec 2019
Term deposits	414,801	392,838
Term deposits by customer type		
Individuals	402,334	380,321
Legal persons	12,467	12,517
Term deposits by currency		
EUR (euro)	361,234	339,857
SEK (Swedish krona)	53,567	52,981
Term deposits by maturity		
Maturing within 1 months	18,365	20,658
Maturing between 1 and 6 months	71,440	58,158
Maturing between 6 and 12 months	86,652	92,137
Maturing between 12 and 18 months	46,465	34,535
Maturing between 18 and 24 months	57,814	59,481
Maturing between 24 and 36 months	55,123	57,909
Maturing between 36 and 48 months	29,357	27,319
Maturing between 48 and 60 months	14,757	12,278
Maturing in over 60 months	34,828	30,363
Average deposit amount	24	24
Weighted average interest rate	1.4%	1.5%
Weighted average duration until maturity (months)	24.4	21.2
Weighted average total contract term (months)	40.7	40.7

Note 15. Other liabilities

As at	31 March 2020	31 Dec 2019
Received surplus payments	4,146	4,188
Payables to employees	1,212	1,619
Supplier payables	836	778
Other payables	663	533
Total	6,857	7,118

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 16. Other reserves

As at	31 March 2020	Change	31 Dec 2019
Exchange differences on translation of foreign operations	1,218	344	874
Asset revaluation reserve	545	-	545
Fair value changes of debt instruments measured at FVOCI	-2,187	-2,000	-187
Total other reserves	-424	-1,656	1,232

Note 17. Net currency positions**Net currency positions as at 31 March 2020**

	Position in the statement of financial position		Off-balance sheet position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	532,778	415,915	-	39,625	77,238
SEK (Swedish krona)	54,763	54,201	-	-	562
GBP (British pound)	-	1	-	-	-1

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 18. Fair values of assets and liabilities

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

The fair values of the assets and liabilities reported in the consolidated statement of financial position at 31 March 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 31 March 2020

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Debt instruments at fair value through other comprehensive income (note 3)	45,046	-	-	45,046
Land and buildings (note 11)	-	-	1,564	1,564
Investment properties	-	-	3,697	3,697
Assets for which fair values are disclosed				
Loans to customers (note 4-8)	-	-	484,276	484,276
Other financial receivables (note 9)	-	-	1,036	1,036
Total assets	45,046	-	490,573	535,619
Liabilities for which fair values are disclosed				
Loans from central banks	-	-	34,998	34,998
Deposits from customers (note 14)	-	-	414,801	414,801
Liabilities to owners	-	-	2,000	2,000
Subordinated notes	-	-	5,048	5,048
Lease liability	-	-	2,262	2,262
Other financial liabilities	-	-	6,857	6,857
Total liabilities	-	-	465,966	465,966

Fair value hierarchy as at 31 December 2019

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
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	-	-	1,781	1,781
Assets for which fair values are disclosed				
Loans to customers (note 4-8)	-	-	459,656	459,656
Other financial receivables (note 9)	-	-	1,738	1,738
Total assets	31,390	-	464,755	496,145
Liabilities for which fair values are disclosed				
Loans from central banks	-	-	23,000	23,000
Deposits from customers (note 14)	-	-	392,838	392,838
Subordinated notes	-	-	4,965	4,965
Lease liability	-	-	2,096	2,096
Other financial liabilities	-	-	7,118	7,118
Total liabilities	-	-	430,017	430,017

There have been no transfers between Level 1 and Level 2 during 3 months of 2020 and during 12 months of 2019.

The Level 3 *loans to customers* that amounts to 484,276 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 1,564 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

Note 19. Contingent liabilities

At 31 March 2020, the unused portions of the Group's credit lines totalled 39,625 thousand euros (31 December 2019: 21,001 thousand euros

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 3,697 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. Interest income

	3M 2020	3M 2019
Interest income on loans to customers	17,120	16,215
Interest income on debt instruments	135	67
Interest income on deposits	2	4
Other interest income	2	12
Total interest income	17,259	16,298

Note 21. Interest expense

	3M 2020	3M 2019
Interest expense on deposits	1,448	1,538
Interest expense on bonds	83	82
Interest expense on lease liabilities	7	8
Other interest expense	20	21
Total interest expense	1,558	1,649

Note 22. Other income

	3M 2020	3M 2019
Income from debt recovery proceedings	130	277
Miscellaneous income	343	225
Total other income	473	502

Note 23. Other operating expenses

	3M 2020	3M 2019
Marketing expenses	1,632	1,595
Short-term leases	3	39
Office and other similar administrative expenses	117	130
Other personnel-related expenses	281	336
Software licensing and other information technology costs	322	331
Other services	127	92
Postal supplies and charges	105	92
Telephone and other communications expenses	107	139
Miscellaneous operating expenses	92	39
Total other operating expenses	2,786	2,793

Note 24. Other expenses

	3M 2020	3M 2019
Expenses related to registry inquires	311	270
Expenses related to enforcement proceedings	154	120
Legal regulation charges	148	172
Expenses from investment properties	19	13
Miscellaneous expenses	89	155
Total other expenses	721	730

Note 25. 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 31 March 2020, the Group had:

- a short-term loan from owners of 2,000 thousand euros (*Liabilities to shareholders*); and
- a claim to related parties of 24 thousand euros (*Loans to customer*) (31 December 2019: 44 thousand euros), the interest income on that claim amounted to 0.4 thousand euros in 3 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 three 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 31 March 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

29 May 2020

[digitally signed]

Sven Raba

Member of the Management Board

29 May 2020

[digitally signed]

Mart Veskimägi

Member of the Management Board

29 May 2020

[digitally signed]

Argo Kiltsmann

Member of the Management Board

29 May 2020

[digitally signed]