



**Interim condensed consolidated  
financial statements for the period  
ended 30 June 2022**

# Bigbank AS

## Interim condensed consolidated financial statements for the period ended 30 June 2022

<b>Business name</b>	Bigbank AS
<b>Registry</b>	Commercial Register of the Republic of Estonia
<b>Registration number</b>	10183757
<b>Date of entry</b>	30 January 1997
<b>LEI code</b>	5493007SWCCN9S3J2748
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<b>Corporate website</b>	www.bigbank.ee
<b>Financial year</b>	1 January 2022 – 31 December 2022
<b>Reporting period</b>	1 January 2022 – 30 June 2022
<b>Chairman of the management board</b>	Martin Länts
<b>Core business line</b>	Provision of loans and acceptance of deposits
<b>Auditor</b>	KPMG Baltics OÜ
<b>Reporting currency</b>	The reporting currency is the euro.

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

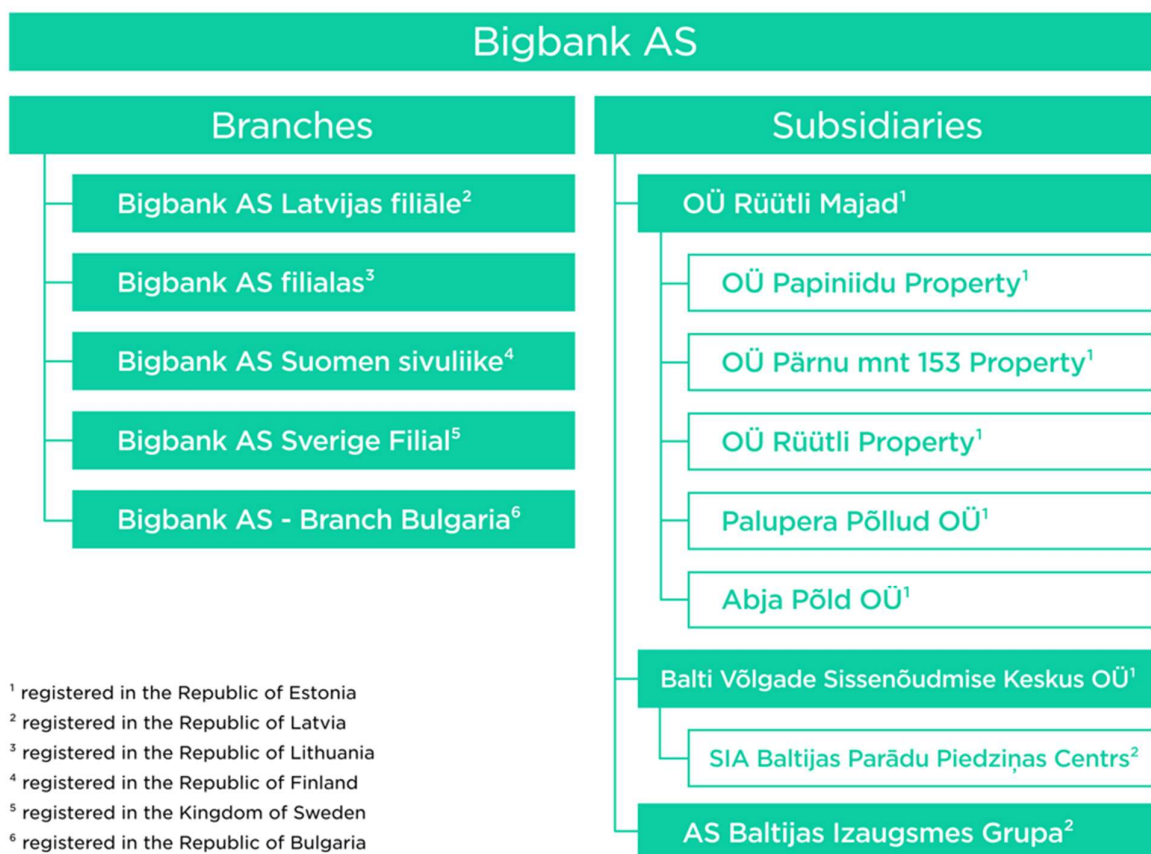
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# Bigbank Group structure

Bigbank AS (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, Finland, Sweden and Bulgaria offer lending services similar to those of the parent. The parent and its Latvian, Finnish, Swedish and Bulgarian branches offer also 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

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

# Review of operations

## Significant economic events

Bigbank's half-year results were excellent despite the war in Ukraine and the energy crisis, which are creating instability in the European economic environment. Bigbank has managed to increase market share thanks to its attractive value proposition and has maintained robust growth. A strong organisation has enabled us to keep costs under control and to increase revenues. As a result, net profit for the first half-year grew by 29% year over year, rising to 14.1 million euros.

The most important event of the reporting period was receiving an investment grade rating assigned by Moody's. The long-term rating with a stable outlook gives our depositors and partners assurance about Bigbank's operating model and the quality of our portfolio and will support the financing of our further international expansion plans.

Both Bigbank's loan portfolio and deposits from customers grew, expanding in 6 months by 23.8% and 30.1% compared to the year-end, respectively; and in the second quarter by 10.9% and 15.0% compared with the end of the first quarter, respectively. In the second quarter, Bigbank's corporate loan portfolio grew by 53.9 million euros (19.8%) compared to the first quarter. Growth was mainly driven by long-term investment loans issued in Estonia and Lithuania for the acquisition of commercial real estate and to the agriculture and forestry sectors. In the second quarter, the volume of new corporate loans and leases issued increased by 82% year over year, amounting to 99.1 million euros. The portfolio of loans to individuals has grown significantly due to the rise in the volume of housing loans. At the end of the first half of 2022, the volume of housing loans granted by Bigbank was 3.5 times larger than a year earlier. In the second quarter, the share of housing loans with a special repayment schedule issued in Estonia also increased significantly – in June, for example, already one in four borrowers preferred the special repayment schedule that allows postponing the payment of loan principal for up to 20 years. Customers' interest in savings deposits remains high: their share in total deposits has grown rapidly, reaching 41.9% by the end of the second quarter.

At the end of the second quarter, the Group's performing loan portfolio amounted to 1.1 billion euros, exceeding the year-end figure by 218.3 million euros (24.6%). The share of loans over 90 days past due accounted for 1.4% of the total portfolio at the reporting date.

The Group's investment property portfolio, which includes both agricultural land and commercial real estate, grew to 46.5 million euros by the end of the quarter.

Bigbank earned a net profit of 7.7 million euros in the second quarter of 2022, which is 49.7% more than in the same period last year. Profit before loss allowances and income tax for the second quarter was 11.5 million euros. Second-quarter expenses on credit loss allowances amounted to 2.8 million euros. Interest income for the second quarter amounted to 23.5 million euros, a 4.6 million euro (24.4%) increase on the same period last year.

This is the first year of the new strategy period 2022–2026. The new strategy positions us as a growth oriented, customer-focused bank which aims for a 20% return on equity (ROE). The following focus areas, among others, help achieve the goal:

- loan portfolio growth primarily through housing and corporate loans enables us to increase long-term interest income and efficiency;
- good quality of the loan portfolio allows taking the internal risk based (IRB) approach to capital requirements for credit risk;
- real estate investments will support capital increase and create synergy;
- entrance to daily banking will increase customer loyalty, improve marketing efficiency and provide cheaper financing.

So far, the war in Ukraine has had a limited direct impact on the Group and related risks, especially liquidity and operational risks, have not materialised. The Group's financial performance has not yet been directly affected by inflation, which is accelerating across our home markets, and a rise in base interest rates either. However, the high level of inflation and Euribor, which has risen to a positive level, have started to undermine consumer confidence. Further risks are mostly related to the capacity of consumers and companies to adapt to the new economic environment. For the Group, this may involve, above all, an increase in loan losses and financing costs, which will partly be counterbalanced by growth in interest income on floating rate loans.

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 five members: the chairman of the management board Martin Länts and the members Mart Veskimägi, Argo Kiltmann, Ingo Pöder and Ken Kanarik.

Bigbank's rapid growth has also been supported by an increase in the number of employees. The Group employs almost 500 people, 7% more than at the previous year-end. At the end of the second quarter of 2022, Bigbank had 496

## REVIEW OF OPERATIONS

employees: 300 in Estonia, 82 in Lithuania, 74 in Latvia, 20 in Finland, 11 in Sweden and 9 in Bulgaria.

### Key performance indicators and ratios

Financial position indicators (in millions of euros)	30 Jun 2022	31 Dec 2021	Change
Total assets	1,435.4	1,151.1	24.7%
Loans to customers	1,114.1	896.2	24.3%
of which loan portfolio	1,122.5	906.7	23.8%
of which interest receivable	17.8	16.2	9.9%
of which loss allowances	-26.2	-26.6	-1.7%
Deposits from customers	1,168.6	898.3	30.1%
Equity	193.0	186.1	3.7%

Financial performance indicators (in millions of euros)	Q 2022	Q2 2021	Change	6M 2022	6M 2021	Change
Interest income	23.5	18.9	24.4%	45.0	36.5	23.2%
Interest expense	2.8	2.0	42.7%	5.3	3.9	35.9%
Salaries and associated charges	5.4	4.4	24.0%	10.5	8.3	26.5%
Other operating expenses	4.2	3.5	21.5%	8.1	6.4	26.3%
Net loss allowances on loans and financial investments	2.8	3.9	-27.9%	6.6	6.5	0.9%
Profit before impairment losses and income tax	11.5	9.6	19.9%	22.4	18.6	20.5%
Net profit	7.7	5.1	49.7%	14.1	10.9	29.0%

Ratios	Q 2022	Q2 2021	6M 2022	6M 2021
Return on equity (ROE)	16.2%	12.9%	14.8%	13.7%
Equity multiplier (EM)	7.2	5.5	6.8	5.3
Profit margin (PM)	28.1%	24.6%	26.7%	26.9%
Asset utilization ratio (AU)	8.0%	9.6%	8.1%	9.6%
Return on assets (ROA)	2.3%	2.3%	2.2%	2.6%
Price difference (SPREAD)	6.4%	8.0%	6.5%	8.1%
Cost to income ratio (CIR)	56.6%	51.1%	56.4%	49.9%
Liquidity coverage ratio (LCR)	594.2%	452.7%	594.2%	452.7%
Net stable funding ratio (NSFR)	133.5%	129.9%	133.5%	129.9%

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 30 June 2022, the consolidated assets of Bigbank AS Group totalled 1.44 billion euros, having increased by 165.6 million euros (13.0%) during the second quarter.

At 30 June 2022, loans to customers accounted for 77.6% of total assets, amounting to 1.11 billion euros. At the end of the second quarter, the proportion of liquid assets (amounts due from banks and financial debt instruments) was 15.3%, totalling 219.7 million euros. Part of the bank's liquidity buffer has been placed in a portfolio of debt securities which are highly liquid, hold investment grade credit ratings, and can be sold at any time, except for debt securities that have been pledged. Debt instruments totalled 46.1 million euros at 30 June 2022, of which 38.0 million euros was pledged as collateral for a loan from the central bank and 8.1 million euros was part of the liquidity buffer.

At the end of the second quarter, the Group had 119 thousand loan agreements, 41 thousand of them in Lithuania, 31 thousand in Latvia, 22 thousand in Estonia, 14 thousand in Finland, 10 thousand in Sweden and 1 thousand in Bulgaria.

Geographical distribution of loans to customers:

- 36.9% Estonia,
- 32.9% Lithuania,
- 15.2% Latvia,
- 8.5% Finland,
- 5.9% Sweden,
- 0.6% Bulgaria.

### Financial performance

Interest income for the second quarter of 2022 reached 23.5 million euros, increasing by 4.6 million euros (24.4%) compared to the same period in 2021. The second quarter's ratio of interest income (annualised) to average interest-earning assets was 7.4% and (annualised) return on the loan portfolio accounted for 8.7% of the average loan portfolio.

Interest expense for the second quarter of 2022 was 2.8 million euros, having grown by 0.8 million euros (42.7%) year on year. The ratio of interest expense to interest income was 12.1% in the second quarter. The ratio of interest expense to average interest-bearing liabilities (annualised) was 1.0%.

Salaries and associated charges for the second quarter of 2022 totalled 5.4 million euros. At the end of the period, the Group had 496 employees.

At 30 June 2022, loans to customers totalled 1,114.1 million euros, comprising of:

- the loan portfolio of 1,122.5 million euros. Loans to individuals accounted for 69.5% of the total;
- interest receivable on loans of 17.8 million euros;
- loss allowances for loans and interest receivables of 26.2 million euros.

Bigbank's loan portfolio is diversified – at the reporting date the average loan balance was 9,395 euros.

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

At the end of the second quarter of 2022, the Group's liabilities totalled 1.24 billion euros. Most of the debt raised by the Group, i.e. 1.17 billion euros (94.1%) consisted of deposits. The liability of the financing received under ECB's third series of targeted longer-term refinancing operations (TLTRO-III) and secured by debt securities reached at 30 June 2022 36.3 million euros.

At the end of the second quarter of 2022, the Group's equity was 193.0 million euros. The equity to assets ratio amounted to 13.4%.

Administrative expenses for the second quarter amounted to 4.2 million euros, being higher by 0.7 million euros than in the year-earlier period.

In the second quarter, impairment losses were 2.8 million euros, consisting of:

- impairment losses on loan receivables of 2.1 million euros;
- impairment losses on interest receivables and other receivables of 0.7 million euros.

The Group's net profit for the second quarter of 2022 amounted to 7.7 million euros. In comparison to the second quarter of 2021, net profit has increased by 2.6 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 thousands of euros)	30 Jun 2022	31 Dec 2021
Paid-in share capital	8,000	8,000
Capital reserve	800	800
Prior years retained earnings	170,245	140,363
Other accumulated comprehensive income	-72	1,076
Other intangible assets	-20,062	-17,487
Profit eligible	4,788	17,053
Adjustments to CET1	-339	-383
<b>Common equity Tier 1 capital</b>	<b>163,360</b>	<b>149,422</b>
<b>Tier 1 capital</b>	<b>163,360</b>	<b>149,422</b>
<b>Tier 2 capital</b>	<b>20,000</b>	<b>15,000</b>
<b>Total own funds</b>	<b>183,360</b>	<b>164,422</b>

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.

At the end of the second quarter of 2022, own funds include net profit for the three months of current year that has been verified by an independent external auditor in the review of the interim financial information, less foreseeable dividends and following the permit of the Estonian Financial Supervision and Resolution Authority.

## Total risk exposure amount

At (in thousands of euros)	30 Jun 2022	31 Dec 2021
<b>Risk weighted exposure amounts for credit and counterparty credit (standardised approach)</b>		
Central governments or central banks	765	553
Institutions	16,536	14,587
Corporates	288,237	207,846
Retail	462,855	444,278
Secured by mortgages on immovable property	79,888	46,420
Exposures in default	12,133	13,314
Items associated with particular high risk	42,589	-
Claims on institutions and corporates with a short-term credit assessment	4,852	711
Equity	9,101	4,780
Other items	31,029	62,073
<b>Total risk weighted exposure amounts for credit and counterparty credit (standardised approach)</b>	<b>947,985</b>	<b>794,562</b>
<b>Total risk exposure amount for foreign exchange risk (standardised approach)</b>	<b>1,741</b>	<b>-</b>
<b>Total risk exposure amount for operational risk (standardised approach)</b>	<b>110,071</b>	<b>103,721</b>
<b>Total risk exposure amount for credit valuation adjustment (standardised approach)</b>	<b>-</b>	<b>-</b>
<b>Total risk exposure amount</b>	<b>1,059,797</b>	<b>898,283</b>

## Capital ratios

At	30 Jun 2022	31 Dec 2021
T1 Capital ratio	15.4%	16.6%
Total capital ratio	17.3%	18.3%
Leverage ratio	11.3%	12.7%
Own funds and eligible liabilities to total risk exposure amount (TREA)	17.3%	18.3%
Own funds and eligible liabilities to total leverage ratio exposure (LRE)	12.7%	13.9%

# Condensed consolidated interim financial statements

## Consolidated statement of financial position

At (in thousands of euros)	Note	30 Jun 2022	31 Dec 2021
<b>Assets</b>			
Cash balances at central banks	2	112,730	78,732
Due from other banks	2	60,881	37,216
Debt instruments at fair value through other comprehensive income	3	46,065	45,256
Loans to customers	4, 5, 6, 7, 8	1,114,146	896,238
Other receivables and inventories	9	4,929	2,655
Prepayments	10	1,827	1,465
Property, plant and equipment	11	19,758	20,940
Investment properties	12	46,529	41,590
Intangible assets	13	28,518	27,025
Assets classified as held for sale		23	11
<b>Total assets</b>		<b>1,435,406</b>	<b>1,151,128</b>
<b>Liabilities</b>			
Loans from central banks	14	36,314	36,500
Deposits from customers	15	1,168,604	898,340
Subordinated notes		20,023	14,976
Lease liabilities		1,744	1,806
Provisions		395	266
Deferred income and tax liabilities		1,988	1,930
Other liabilities	16	13,322	11,189
<b>Total liabilities</b>		<b>1,242,390</b>	<b>965,007</b>
<b>Equity</b>			
Paid-in share capital		8,000	8,000
Capital reserve		800	800
Other reserves	17	-91	1,076
Retained earnings		184,307	176,245
<b>Total equity</b>		<b>193,016</b>	<b>186,121</b>
<b>Total liabilities and equity</b>		<b>1,435,406</b>	<b>1,151,128</b>

**Consolidated statement of comprehensive income**

<i>(in thousands of euros)</i>	Note	Q 2022	Q2 2021	6M 2022	6M 2021
Interest income	21	23,457	18,863	45,002	36,542
Interest expense	22	-2,837	-1,988	-5,265	-3,874
<b>Net interest income</b>		<b>20,620</b>	<b>16,875</b>	<b>39,737</b>	<b>32,668</b>
Fee and commission income		1,909	1,604	3,781	3,099
Fee and commission expense		-68	-66	-161	-123
<b>Net fee and commission income</b>		<b>1,841</b>	<b>1,538</b>	<b>3,620</b>	<b>2,976</b>
Loss on debt instruments at fair value through other comprehensive income		-18	-	-82	-57
Net gain (loss) on exchange differences		-192	88	-238	-55
Net gain (loss) on derecognition of non-financial assets		6	-34	17	1
<b>Net income (loss) on financial assets</b>		<b>-204</b>	<b>54</b>	<b>-303</b>	<b>-111</b>
Other income	23	1,930	425	3,780	825
Other expenses	24	-1,941	-972	-3,707	-1,701
<b>Total net operating income</b>		<b>22,246</b>	<b>17,920</b>	<b>43,127</b>	<b>34,657</b>
Salaries and associated charges		-5,432	-4,381	-10,508	-8,308
Administrative expenses	25	-4,226	-3,479	-8,137	-6,441
Depreciation, amortisation and impairment		-1,001	-825	-1,969	-1,689
Provision expenses		-121	331	-131	361
<b>Total expenses</b>		<b>-10,780</b>	<b>-8,354</b>	<b>-20,745</b>	<b>-16,077</b>
<b>Profit before loss allowances</b>		<b>11,466</b>	<b>9,566</b>	<b>22,382</b>	<b>18,580</b>
Net loss allowances on loans and financial investments		-2,795	-3,874	-6,558	-6,500
<b>Profit before income tax</b>		<b>8,671</b>	<b>5,692</b>	<b>15,824</b>	<b>12,080</b>
Income tax expense		-993	-564	-1,762	-1,179
<b>Profit for the period</b>		<b>7,678</b>	<b>5,128</b>	<b>14,062</b>	<b>10,901</b>
<b>Other comprehensive income</b>		<b>-618</b>	<b>-110</b>	<b>-1,167</b>	<b>-8</b>
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		-618	-110	-1,167	-8
<i>Exchange differences on translating of foreign operations</i>		225	-73	272	51
<i>Changes in the fair value of debt instruments at fair value through other comprehensive income</i>		-843	-37	-1,439	-59
<b>Total comprehensive income for the period</b>		<b>7,060</b>	<b>5,018</b>	<b>12,895</b>	<b>10,893</b>

**Consolidated statement of cash flows**

<i>(in thousands of euros)</i>	Note	6M 2022	6M 2021
<b>Cash flows from operating activities</b>			
Interest received		41,484	35,379
Interest paid		-4,215	-3,095
Salary, administrative and other expenses paid		-24,940	-19,669
Other income and fees received		9,196	3,673
Recoveries of receivables previously written off and received for sold portfolios		2,894	1,673
Received for other assets		-	757
Loans provided		-407,749	-260,736
Repayment of loans provided		180,666	138,736
Change in mandatory reserves with central banks	2	-2,368	-1,128
Proceeds from customer deposits		568,689	301,836
Paid on redemption of deposits		-304,702	-142,282
Income tax paid/received		-1,990	-1,096
Effect of movements in exchange rates		58	1
<b>Net cash from operating activities</b>		<b>57,023</b>	<b>54,049</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment and intangible assets	11, 13	-3,078	-2,273
Proceeds from sale of property and equipment		34	9
Acquisition of investment properties	12	-3,394	-10,748
Acquisition of financial instruments	3	-5,805	-3,023
Proceeds from redemption of financial instruments	3	3,583	948
<b>Net cash used in investing activities</b>		<b>-8,660</b>	<b>-15,087</b>
<b>Cash flows from financing activities</b>			
Received from issue of notes		5,000	-
Interest paid on subordinated notes		-493	-
Received loans from banks		9,308	-
Payment of principal portion of lease liabilities		-306	-306
Dividends paid		-6,000	-6,000
<b>Net cash from / used in financing activities</b>		<b>7,509</b>	<b>-6,306</b>
Effect of exchange rate fluctuations		-576	-54
<b>Increase in cash and cash equivalents</b>		<b>55,296</b>	<b>32,602</b>
Cash and cash equivalents at beginning of period		111,771	73,650
<b>Cash and cash equivalents at end of period</b>	2	<b>167,067</b>	<b>106,252</b>

**Consolidated statement of changes in equity**

<i>(in thousands of euros)</i>	Attributable to equity holders of the parent				Total
	Share capital	Statutory capital reserve	Other reserves	Retained earnings	
<b>Balance at 1 January 2021</b>	<b>8,000</b>	<b>800</b>	<b>1,075</b>	<b>146,363</b>	<b>156,238</b>
Profit for the period	-	-	-	10,901	10,901
<b>Other comprehensive income</b>					
Exchange differences on translating foreign operations	-	-	51	-	51
Net change in fair value of debt instruments at fair value through other comprehensive income	-	-	-59	-	-59
Revaluation of land and buildings	-	-	-	-	-
<b>Total other comprehensive income</b>	-	-	<b>-8</b>	-	<b>-8</b>
<b>Total comprehensive income for the period</b>	-	-	<b>-8</b>	<b>10,901</b>	<b>10,893</b>
Dividend distribution	-	-	-	-6,000	-6,000
<b>Total transactions with owners</b>	-	-	-	<b>-6,000</b>	<b>-6,000</b>
<b>Balance at 30 June 2021</b>	<b>8,000</b>	<b>800</b>	<b>1,067</b>	<b>151,264</b>	<b>161,131</b>
<b>Balance at 1 January 2022</b>	<b>8,000</b>	<b>800</b>	<b>1,076</b>	<b>176,245</b>	<b>186,121</b>
Profit for the period	-	-	-	14,062	14,062
<b>Other comprehensive income</b>					
Exchange differences on translating foreign operations	-	-	272	-	272
Net change in fair value of debt instruments at fair value through other comprehensive income	-	-	-1,439	-	-1,439
Revaluation of land and buildings	-	-	-	-	-
<b>Total other comprehensive income</b>	-	-	<b>-1,167</b>	-	<b>-1,167</b>
<b>Total comprehensive income for the period</b>	-	-	<b>-1,167</b>	<b>14,062</b>	<b>12,895</b>
Dividend distribution	-	-	-	-6,000	-6,000
<b>Total transactions with owners</b>	-	-	-	<b>-6,000</b>	<b>-6,000</b>
<b>Balance at 30 June 2022</b>	<b>8,000</b>	<b>800</b>	<b>-91</b>	<b>184,307</b>	<b>193,016</b>

## 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 six months ended 30 June 2022 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 2021, 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 2021, except for the adoption of new standards and interpretations effective as of 1 January 2022. 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.

#### New standards and amendments

A number of amended standards (muudatused (IFRS 3, IAS 16, IAS 37, IFRS 9, IFRS 16, IAS 41) became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

#### Significant accounting estimates and assumptions

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

The impact of management's estimates is most critical regarding loss allowances for loans and interest

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

#### Risk management

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

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

The following principles are followed in risk and capital management:

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

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

- Quality of assets. Any changes in the target risk profile that may significantly affect the quality of assets are properly analysed and assessed before the changes are made.
- Strong liquidity position. The Group maintains a conservative liquidity risk profile and a sufficient portfolio of liquid assets at all times. Concentrations of funding and liquid assets are avoided.
- Adequate capital. The Group maintains a strong and rather conservative capitalisation level (capital adequacy). The Group makes sure that it has adequate capital to cover its risks and comply with regulatory 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. The Group is not required to maintain a specific structure of the statement of financial position but risk appetite that may have a significant impact on the structure of the statement of financial position is carefully assessed (the impacts of the changes in the structure of the statement of financial position are analysed) and changed, where necessary, before it is approved.

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

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

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

## Note 2. Cash and bank balances and cash equivalents

	30 Jun 2022	31 Dec 2021
<b>Cash balances at central banks</b>	<b>112,730</b>	<b>78,732</b>
Of which mandatory reserve deposits	6,559	4,181
Of which surplus on mandatory reserves*	106,186	74,555
Of which interest receivable from central banks	-15	-4
<b>Cash balances at banks</b>	<b>60,881</b>	<b>37,216</b>
Of which cash demand and overnight deposits*	60,881	37,216
<b>Total cash and balances at banks</b>	<b>173,611</b>	<b>115,948</b>
<b>of which cash and cash equivalents</b>	<b>167,067</b>	<b>111,771</b>

\* Cash equivalents

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

At	30 Jun 2022	31 Dec 2021
<b>Debt instruments</b>	<b>46,065</b>	<b>45,256</b>
<b>Debt instruments by issuer</b>		
General government bonds	8,092	3,383
Bonds issued by credit institutions	14,181	14,404
Other financial corporations' bonds	-	2,038
Non-financial corporations' bonds	23,792	25,431
<b>Debt instruments by currency</b>		
EUR (euro)	42,660	42,713
SEK (Swedish krona)	3,405	2,543
<b>Debt instruments by rating</b>		
Aaa-Aa3	7,466	6,754
A1-A3	28,825	25,636
Baa1-Baa3	9,774	12,866

Debt securities in amount of 37,982 thousand euros were pledged as collateral at 30 June 2022 (see note 14).

**Note 4. Loans to customers****Loans to customers at 30 June 2022**

	Estonia	Lithuania	Latvia	Finland	Sweden	Bulgaria	Total
Loan receivables from customers	414,361	358,027	173,046	100,307	70,299	6,492	1,122,532
Loss allowances for loans	-4,926	-4,312	-4,584	-5,688	-4,880	-326	-24,716
Interest receivable from customers	2,441	12,690	1,362	673	587	54	17,807
Loss allowances for interest receivables	-560	-323	-317	-59	-214	-4	-1,477
<b>Total loans to customers, incl. interest and allowances</b>	<b>411,316</b>	<b>366,082</b>	<b>169,507</b>	<b>95,233</b>	<b>65,792</b>	<b>6,216</b>	<b>1,114,146</b>
Share of region	36.9%	32.9%	15.2%	8.5%	5.9%	0.6%	100.0%

**Loans to customers at 31 December 2021**

	Estonia	Latvia	Lithuania	Finland	Sweden	Bulgaria	Total
Loan receivables from customers	287,705	152,870	283,025	105,588	75,838	1,645	906,671
Loss allowances for loans	-5,318	-5,491	-3,785	-6,028	-4,337	-47	-25,006
Interest receivable from customers	2,201	1,653	11,031	794	514	8	16,201
Loss allowances for interest receivables	-673	-491	-213	-100	-151	-	-1,628
<b>Total loans to customers, incl. interest and allowances</b>	<b>283,915</b>	<b>148,541</b>	<b>290,058</b>	<b>100,254</b>	<b>71,864</b>	<b>1,606</b>	<b>896,238</b>
Share of region	31.7%	16.5%	32.4%	11.2%	8.0%	0.2%	100.0%

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

At	30 Jun 2022	31 Dec 2021
Past due loan payments	13,975	16,086
Contractual principal payments cash flows of loans		
Less than 1 month	15,718	11,002
1-12 months	171,718	146,540
1-2 years	193,632	156,726
2-5 years	430,693	356,591
More than 5 years	296,796	219,726
<b>Total</b>	<b>1,122,532</b>	<b>906,671</b>

**Note 6. Ageing analysis on loan receivables****Ageing analysis at 30 June 2022**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
<b>Unsecured loans</b>						
Loan portfolio	547,147	28,891	7,351	4,698	14,376	602,463
Loss allowance	-9,574	-2,384	-2,570	-2,011	-7,665	-24,204
<b>Surety loans</b>						
Loan portfolio	547	84	33	15	90	769
Loss allowance	-5	-4	-9	-4	-89	-111
<b>Loans secured with real estate</b>						
Loan portfolio	474,822	1,732	102	17	326	476,999
Loss allowance	-197	-7	-	-	-33	-237
<b>Loans against other collaterals</b>						
Loan portfolio	38,727	2,443	412	259	460	42,301
Loss allowance	-92	-18	-13	-14	-27	-164
<b>Total loan portfolio</b>	<b>1,061,243</b>	<b>33,150</b>	<b>7,898</b>	<b>4,989</b>	<b>15,252</b>	<b>1,122,532</b>
Total loss allowance	-9,868	-2,413	-2,592	-2,029	-7,814	-24,716

**Ageing analysis at 31 December 2021**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
<b>Unsecured loans</b>						
Loan portfolio	529,954	27,565	6,913	3,438	17,083	584,953
Loss allowance	-9,677	-2,338	-2,333	-1,401	-8,820	-24,569
<b>Surety loans</b>						
Loan portfolio	45,336	86	31	-	95	45,548
Loss allowance	-11	-5	-13	-	-91	-120
<b>Loans secured with real estate</b>						
Loan portfolio	266,653	1,944	313	211	638	269,759
Loss allowance	-179	-29	-12	-5	-79	-304
<b>Loans against other collaterals</b>						
Loan portfolio	5,981	430	-	-	-	6,411
Loss allowance	-12	-1	-	-	-	-13
<b>Total loan portfolio</b>	<b>847,924</b>	<b>30,025</b>	<b>7,257</b>	<b>3,649</b>	<b>17,816</b>	<b>906,671</b>
Total loss allowance	-9,879	-2,373	-2,358	-1,406	-8,990	-25,006

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

At	30 Jun 2022	31 Dec 2021
EUR (euro)	1,045,741	829,188
SEK (Swedish krona)	70,299	75,838
BGN (Bulgarian lev)	6,492	1,645
<b>Total loan receivables from customers</b>	<b>1,122,532</b>	<b>906,671</b>

**Note 8. Loss allowances for loan receivables from customers****Loss allowances at 30 June 2022**

	Loan receivables	Interest receivables	Total receivables subject to impairment	Total loss allowances
Stage 1	1,074,288	14,393	1,088,681	-8,411
Stage 2	27,151	695	27,846	-5,902
Stage 3	21,093	2,719	23,812	-11,880
<b>Total</b>	<b>1,122,532</b>	<b>17,807</b>	<b>1,140,339</b>	<b>-26,193</b>

**Loss allowances at 31 December 2021**

	Loan receivables	Interest receivables	Total receivables subject to impairment	Total loss allowances
Stage 1	858,069	12,571	870,640	-8,438
Stage 2	25,063	622	25,685	-5,044
Stage 3	23,539	3,008	26,547	-13,152
<b>Total</b>	<b>906,671</b>	<b>16,201</b>	<b>922,872</b>	<b>-26,634</b>

**Development of allowances for 6 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 in allowance account due to write-offs	Closing balance
Stage 1	-8,438	-2,313	791	1,460	89	-8,411
Stage 2	-5,044	-599	186	-1,640	1,195	-5,902
Stage 3	-13,152	-221	350	-3,489	4,632	-11,880
<b>Total</b>	<b>-26,634</b>	<b>-3,133</b>	<b>1,327</b>	<b>-3,669</b>	<b>5,916</b>	<b>-26,193</b>

**Development of allowances for 12 months 2021**

	Opening balance at 1 Jan 2021	Increases due to origination	Decrease due to derecognition repayments and disposals	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Closing balance
Stage 1	-10,397	-4,332	1,852	4,262	177	-8,438
Stage 2	-3,965	-1,736	313	-527	871	-5,044
Stage 3	-12,989	-1,419	1,068	-6,434	6,622	-13,152
<b>Total</b>	<b>-27,351</b>	<b>-7,487</b>	<b>3,233</b>	<b>-2,699</b>	<b>7,670</b>	<b>-26,634</b>

**Note 9. Other receivables**

At	30 Jun 2022	31 Dec 2021
<b>Receivables</b>	<b>4,207</b>	<b>1,887</b>
Customer receivables and other miscellaneous receivables	3,977	1,648
Collection, recovery and other charges receivable	373	425
Loss allowance for other receivables	-143	-186
<b>Inventories</b>	<b>722</b>	<b>768</b>
<b>Total</b>	<b>4,929</b>	<b>2,655</b>

**Note 10. Prepayments**

At	30 Jun 2022	31 Dec 2021
Tax receivables	400	400
Prepaid other taxes	22	-
Prepayments to suppliers and prepaid expenses	1,405	1,065
<b>Total</b>	<b>1,827</b>	<b>1,465</b>

**Note 11. Tangible assets**

At	30 Jun 2022	31 Dec 2021
Land	7,466	9,012
Buildings	7,502	7,672
Right-of-use assets: office premises	1,421	1,409
Right-of-use assets: agricultural equipment and machinery	541	621
Other items - computers, office equipment, furniture, other fixtures, fittings	1,809	1,188
Biological assets	1,019	1,038
<b>Total</b>	<b>19,758</b>	<b>20,940</b>

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

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

**Land and buildings, other items and biological assets**

	Land and buildings	Other items	Biological assets	Total
<b>Cost</b>				
Balance at 1 January 2021	1,582	4,211	-	5,793
Purchases	35	453	62	550
Sales	-	-108	-	-108
Write-off	-	-44	-	-44
Revaluation recognised in other comprehensive income	113	-	-	113
Additions from business combinations	10,680	860	976	12,516
Transfer from investment property	4,338	-	-	4,338
<b>Balance at 31 December 2021</b>	<b>16,748</b>	<b>5,372</b>	<b>1,038</b>	<b>23,158</b>

	Land and buildings	Other items	Biological assets	Total
Balance at 1 January 2022	16,748	5,372	1,038	23,158
Purchases	7	861	-	868
Sales	-3	-198	-19	-220
Write-off	-	-108	-	-108
Transfer into investment property	-1,546	-	-	-1,546
Transfer from right-of-use assets	-	79	-	79
Effect of movements in exchange rates	-	-2	-	-2
<b>Balance at 30 June 2022</b>	<b>15,206</b>	<b>6,004</b>	<b>1,019</b>	<b>22,229</b>
<b>Depreciation</b>				
Balance at 1 January 2021	-	-3,453	-	-3,453
Depreciation charge for the year	-90	-492	-	-582
Sales	-	98	-	98
Write-off	-	43	-	43
Additions from business combinations	-58	-379	-	-437
Transfer*	84	-	-	84
Effect of movements in exchange rates	-	-1	-	-1
<b>Balance at 31 December 2021</b>	<b>-64</b>	<b>-4,184</b>	<b>-</b>	<b>-4,248</b>
Balance at 1 January 2022	-64	-4,184	-	-4,248
Depreciation charge for the period	-174	-223	-	-397
Sales	-	146	-	146
Write-off	-	126	-	126
Transfer	-	-61	-	-61
Effect of movements in exchange rates	-	1	-	1
<b>Balance at 30 June 2022</b>	<b>-238</b>	<b>-4,195</b>	<b>-</b>	<b>-4,433</b>
<b>Carrying amount</b>				
Balance at 1 January 2021	1,582	758	-	2,340
Balance at 31 December 2021	16,684	1,188	-	17,872
<b>Balance at 30 June 2022</b>	<b>14,968</b>	<b>1,809</b>	<b>1,019</b>	<b>17,796</b>

\* Land and 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

At	30 Jun 2022	31 Dec 2021
Carrying amount at 1 January	2,030	2,084
Adjustment*	-	-299
Additions	257	130
Transfer to other items	-17	-
Depreciation charge	-365	-595
Price adjustment	57	53
Additions from acquisitions of business combinations	-	657
<b>Carrying amount at end of period</b>	<b>1,962</b>	<b>2,030</b>

\* Both right-of-use assets and lease liabilities were reduced by non-recoverable value-added tax charged on rental services.

**Note 12. Investment properties**

At	30 Jun 2022	31 Dec 2021
Opening balance at 1 January	41,590	27,181
Additions	3,393	29,274
Sales	-	-16,968
Reclassification as office premises*	-	-4,338
Reclassification from land	1,546	-
Net profit/loss from fair value adjustment	-	6,441
<b>Closing balance at end of period</b>	<b>46,529</b>	<b>41,590</b>

\* A part of a building initially acquired as investment property was reclassified to property, plant and equipment as the Group is going to use this part of the building as office premises.

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

**Note 13. Intangible assets**

	30 Jun 2022	31 Dec 2021
<b>Cost at beginning of year</b>	<b>34,966</b>	<b>29,948</b>
Purchased and developed software	2,700	5,018
Of which purchases	1,161	2,221
Of which capitalised payroll costs	1,539	2,797
<b>Cost at end of period</b>	<b>37,666</b>	<b>34,966</b>
<b>Amortisation at beginning of year</b>	<b>-7,941</b>	<b>-5,735</b>
Amortisation charge for the period	-1,207	-2,206
<b>Amortisation at end of period</b>	<b>-9,148</b>	<b>-7,941</b>
Carrying amount at beginning of year	27,025	24,213
<b>Carrying amount at end of period</b>	<b>28,518</b>	<b>27,025</b>

The Group's intangible assets comprise various software. The Group continues its investments in the information and banking technology solution called Nest, the first stage of which was implemented in 2017 in Finland and which has

been deployed in all branches by the end of 2019. The purchases also include the capitalised payroll and payroll-related costs for employees who were directly associated with the Nest development.

**Note 14. Loans from central banks**

In 2019 and 2020, the Group obtained from the ECB's third series of targeted longer-term refinancing operations (TLTRO-III) financing in the total value of 36.5 million euros. The initial maturity of the liability was 3 years with an early repayment option starting on 29 September 2021. The basic interest rate on TLTRO-III borrowing has been -0.5%. The interest rate is linked to a reference rate which may change in the future. For banks meeting the ECB's specified lending criteria, which the Group met for the first reference period, the interest rate can be as low as -1.0% and is applicable retrospectively. The ECB's financing is

secured by debt securities. At 30 June 2022, loans from central banks amounted to 36.3 million euros.

The targeted longer-term refinancing operations (TLTROs) are Eurosystem operations that provide financing to credit institutions. By offering banks long-term funding on attractive terms they preserve favourable borrowing conditions for banks and stimulate bank lending to the real economy. The third TLTRO programme consists of a series of ten targeted longer-term refinancing operations, each with a maturity of three years, starting in September 2019 at a quarterly frequency.

**Note 15. Deposits from customers**

At	30 Jun 2022	31 Dec 2021
<b>Deposits from customers</b>	<b>1,168,604</b>	<b>898,340</b>
<b>Deposits by customer type</b>		
Individuals	1,145,170	881,099
Legal persons	23,434	17,241
<b>Deposits by currency</b>		
EUR (euro)	1,083,679	815,783
SEK (Swedish krona)	84,195	82,557
BGN (Bulgarian lev)	730	-
<b>Deposits by maturity</b>		
Savings deposits (on demand)	490,092	343,782
Maturing within 1 months	19,467	20,343
Maturing between 1 and 6 months	121,504	102,546
Maturing between 6 and 12 months	167,656	109,273
Maturing between 12 and 18 months	64,403	60,309
Maturing between 18 and 24 months	70,683	64,227
Maturing between 24 and 36 months	114,410	80,110
Maturing between 36 and 48 months	39,971	42,027
Maturing between 48 and 60 months	38,116	32,728
Maturing in over 60 months	42,302	42,995

The median amount of customer deposits was 40 thousand euros.

**Note 16. Other liabilities**

At	30 Jun 2022	31 Dec 2021
Received surplus payments	8,606	5,516
Payables to employees	1,733	2,530
Supplier payables	938	1,792
Other payables	2,045	1,351
<b>Total</b>	<b>13,322</b>	<b>11,189</b>

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

**Note 17. Other reserves**

At	30 Jun 2022	Change	31 Dec 2021
Exchange differences on translation of foreign operations	999	272	727
Asset revaluation reserve	783	-	783
Fair value changes of debt instruments measured at FVOCI	-1,873	-1,439	-434
<b>Total other reserves</b>	<b>-91</b>	<b>-1,167</b>	<b>1,076</b>

**Note 18. Net currency positions****Net currency positions at 30 June 2022**

	Assets bearing currency risk	Liabilities bearing currency risk	Net position
SEK (Swedish krona)	84,244	85,329	-1,086
BGN (Bulgarian lev)	6,906	913	5,993

**Net currency positions at 31 December 2021**

	Assets bearing currency risk	Liabilities bearing currency risk	Net position
SEK (Swedish krona)	82,750	82,941	-191
BGN (Bulgarian lev)	1,902	160	1,742

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

**Note 19. Fair values of assets and liabilities**

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

According to management's estimates the fair values of the assets and liabilities reported in the statement of financial position at 30 June 2022 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 30 June 2022

	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Debt instruments at fair value through other comprehensive income (note 3)	46,065	-	-	46,065
Land and buildings (note 11)	-	-	15,987	15,987
Investment properties (note 12)	-	-	46,529	46,529
<b>Assets for which fair values are disclosed</b>				
Loans to customers (note 4-8)	-	-	1,114,146	1,114,146
Other financial receivables (note 9)	-	-	4,929	4,929
<b>Total assets</b>	<b>46,065</b>	<b>-</b>	<b>1,181,591</b>	<b>1,227,656</b>
<b>Liabilities for which fair values are disclosed</b>				
Loans from central banks (note 14)	-	-	36,314	36,314
Deposits from customers (note 15)	-	-	1,168,604	1,168,604
Subordinated notes	-	-	20,023	20,023
Lease liabilities	-	-	1,744	1,744
Other financial liabilities (note 16)	-	-	13,322	13,322
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>1,240,007</b>	<b>1,240,007</b>

## Fair value hierarchy at 31 December 2021

	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Debt instruments at fair value through other comprehensive income (note 3)	45,256	-	-	45,256
Land and buildings (note 11)	-	-	17,722	17,722
Investment properties (note 12)	-	-	41,590	41,590
<b>Assets for which fair values are disclosed</b>				
Loans to customers (note 4-8)	-	-	896,238	896,238
Other financial receivables (note 9)	-	-	2,655	2,655
<b>Total assets</b>	<b>45,256</b>	<b>-</b>	<b>958,205</b>	<b>1,003,461</b>
<b>Liabilities for which fair values are disclosed</b>				
Loans from central banks (note 14)	-	-	36,500	36,500
Deposits from customers (note 15)	-	-	898,340	898,340
Subordinated notes	-	-	14,976	14,976
Lease liability	-	-	1,806	1,806
Other financial liabilities (note 16)	-	-	11,189	11,189
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>962,811</b>	<b>962,811</b>

There were no transfers between level 1 and level 2 in 2022 or 2021.

The Level 3 loans to customers that amounts to 1,114,146 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 15,987 thousand euros consists of real estate used by the Group as office premises in Tallinn, other buildings (agricultural production and storage buildings) and agricultural land. The biological assets include livestock – dairy cattle and young stock –, planted perennial grasslands and growing crops.

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 8.5%. 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 3,497-3,675 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 5,200-7,600 euros. The fair values of agricultural production and storage buildings is based on a valuer's appraisal.

Biological assets are measured at fair value less costs to sell. The value of livestock is based on local Estonian market prices for livestock of similar age, breed and genetic merit, with adjustments, where necessary, to reflect the differences. Management determined the fair values of heifers transferred to dairy cattle based on the animal's pregnancy status and the month of first calving, setting the values of the animals in the range of 1,000 and 1,500 euros. At the values determined this way, the animals are carried in the statement of financial position until the end of the first lactation, after which the value of the animal begins to decrease with each lactation (the value is 900 euros during the second lactation, 500 euros during the third lactation and 200 euros during further lactations). The fair value of newborn calves and young animals is determined by reference to the increase in weight – the value of each kilogram of live weight is approximately 2 euros.

Unlike other biological assets, perennial grasslands and growing crops have been measured at cost (see note 1, the section *Biological assets*). The deemed cost is based on the cost of high-quality grassland in public sources of 300 euros per hectare.

The Level 3 *investment properties* that amount to 46,529 thousand euros consist of office buildings and retail space in Tartu, Tallinn and Pärnu 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 3,500 euros and development costs per square metre of 1,588 euros.

The fair values of other office buildings in Tallinn and Pärnu were estimated using the income approach based on rental prices of 11-13 euros per square metre in Tallinn and 4-12 euros per square metre in Pärnu.

Agricultural land was valued using the market comparison approach. Based on valuation reports, the best use of the land is the existing use for agricultural purposes. According to the valuation reports, the average price per hectare of agricultural land was 5,600 euros.

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

The values of investment properties – commercial buildings and agricultural land – and real estate used by the Group have not been revalued during the reporting period as management estimates that the carrying amount of these assets corresponds to their fair value. The assumptions used described above are based on expert estimates obtained in the 4th quarter of 2021.

## Note 20. Contingent liabilities

At 30 June 2022, the unused portions of the credit lines and loans totalled 100,037 thousand euros (31 December 2021:

93,825 thousand euros), guarantees issued totalled 5 thousand euros (31 December 2021: 5 thousand euros).

## Note 21. Interest income

	Q 2022	Q2 2021	6M 2022	6M 2021
Interest income on loans to customers	23,149	18,720	44,566	36,256
Interest income on debt instruments	122	143	249	285
Interest income on deposits	-	-	1	1
Interest income on liabilities	186	-	186	-
<b>Total interest income</b>	<b>23,457</b>	<b>18,863</b>	<b>45,002</b>	<b>36,542</b>

**Note 22. Interest expense**

	Q 2022	Q2 2021	6M 2022	6M 2021
Interest expense on deposits	2,433	1,817	4,515	3,563
Interest expense on notes	299	83	539	166
Interest expense on lease liabilities	6	5	13	11
Other interest expense	99	83	198	134
<b>Total interest expense</b>	<b>2,837</b>	<b>1,988</b>	<b>5,265</b>	<b>3,874</b>

**Note 23. Other income**

	Q 2022	Q2 2021	6M 2022	6M 2021
Income from debt recovery proceedings	123	133	247	275
Rental income	883	258	1,726	437
Revenue from sales of agricultural products	538	-	1,188	-
Miscellaneous income	386	34	619	113
<b>Total other income</b>	<b>1,930</b>	<b>425</b>	<b>3,780</b>	<b>825</b>

**Note 24. Other expenses**

	Q 2022	Q2 2021	6M 2022	6M 2021
Expenses related to registry inquiries	309	327	576	579
Expenses related to enforcement proceedings	114	161	257	292
Legal regulation charges	207	168	403	328
Expenses from investment properties	346	191	725	272
Costs of sold agricultural products and change in fair value of biological assets	794	-	1,370	-
Miscellaneous expenses	171	125	376	230
<b>Total other expenses</b>	<b>1,941</b>	<b>972</b>	<b>3,707</b>	<b>1,701</b>

**Note 25. Administrative expenses**

	Q 2022	Q2 2021	6M 2022	6M 2021
Marketing expenses	2,901	2,541	5,518	4,584
Short-term leases	93	42	89	87
Office and other similar administrative expenses	87	91	286	200
Other personnel-related expenses	296	98	667	211
Software licensing and other information technology costs	357	368	718	709
Other services	163	99	250	193
Postal supplies and charges	49	47	95	112
Telephone and other communications expenses	175	145	355	268
Miscellaneous operating expenses	105	48	159	77
<b>Total other operating expenses</b>	<b>4,226</b>	<b>3,479</b>	<b>8,137</b>	<b>6,441</b>

**Note 26. Related parties**

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

- shareholders of Bigbank AS;
- members of Group companies' management and supervisory boards;
- close family members of the above;

- companies connected with the above persons, except where the persons cannot exert significant influence on the company's business decisions.

At 30 June 2022, the Group had a claim to related parties of 6,376 thousand euros (Loans to customer) (31 December 2021: 4,310 thousand euros), the interest income on that claim amounted to 114 thousand euros for 6 months of 2022 (for 6 months of 2021: 14 thousand euros). Loans granted to related parties are issued at market conditions.

**Claim to related parties**

At	30 Jun 2022	31 Dec 2021
Loans to customers	<b>6,376</b>	<b>4,310</b>
Of which to members of management and supervisory boards	584	102
Of which to companies and persons connected related parties	5,792	4,208

# 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 six months of 2022 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 at 30 June 2022 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

3 August 2022

signed digitally

## Mart Veskimägi

Member of the Management Board

3 August 2022

signed digitally

## Argo Kiltsmann

Member of the Management Board

3 August 2022

signed digitally

## Ingo Pöder

Member of the Management Board

3 August 2022

signed digitally

## Ken Kanarik

Member of the Management Board

3 August 2022

signed digitally