



Pillar 3 Report 2020



ABOUT PILLAR 3 REPORT

Detailed information on the risk management and capital adequacy of the Bigbank AS Group is presented in the consolidated Annual Report 2020.

In Pillar 3 Report additional information on risk exposures, risk management and capital adequacy is disclosed.

In this report and in the Bigbank AS Annual Report 2020 upon disclosure of information regarding risk management and capital adequacy the requirements of Directive 2013/36/EU (CRD IV), Regulation (EU) No 575/2013 (CRR) and Guidelines on disclosure requirements have been followed.

Information which is material under Article 432 of the CRR and which is not considered as

proprietary or confidential has been disclosed.

The information in this report is presented at the consolidated level as of the reporting date, which is 31.12.2020 (unless otherwise stated).

Bigbank AS Annual Report 2020 is published on the bank's website at www.bigbank.eu.

The table below sets out the disclosure requirements according to the Articles of the Regulation (EU) No 575/2013 and the location of the information in the Annual Report 2020 and in the Pillar 3 Report.

Disclosure requirement (reference to the Article of Regulation (EU) No 575/2013)	Annual Report	Pillar 3 Report
Article 435. Risk management objectives and policies	p 42-44, 77-109	p 3-4, 18-19
Article 436. Scope of application	p 52-55	
Article 437. Own Funds	p 104-107	p 5-8
Article 438. Capital requirements	p 108	
Article 439. Exposure to counterparty credit risk	p 95	
Article 440. Capital buffers	p 108	p 8, 11
Article 441. Indicators of global systemic importance	n/a	n/a
Article 442. Credit risk adjustments	p 61-62, 90-94, 106, 111-114	p 14-16
Article 443. Unencumbered assets		p 12-13
Article 444. Use of external credit ratings	p 94	
Article 445. Exposure to market risk	p 95-98	
Article 446. Operational risk	p 102-104	
Article 447. Exposures in equities not included in the trading book	n/a	n/a
Article 448. Exposure to interest rate risk on positions not included in the trading book	p 97-98	
Article 449. Exposure to securitization positions	n/a	n/a
Article 450. Remuneration	p 44-46	
Article 451. Leverage		p 9-10
Article 452. Use of the IRB Approach to credit risk	n/a	n/a
Article 453. Use of credit risk mitigation techniques	p 85	
Article 454. Use of the Advanced Measurement Approaches to operational risk	n/a	n/a
Article 455. Use of Internal Market Risk Models	n/a	n/a

MAIN CHANGES IN RISK MANAGEMENT

The following outlines the most significant changes in the group's risk management in 2020.

Group continued with the transformation of the risk management structure and improving its' operations. Strong emphasis was put on improving the three lines of defense setup in the organization.

Risk management area, credit risk area and compliance area belong to the second line of defense. Risk management function is established to ensure that the first line of defense is properly designed, operating as intended and risks are properly managed.

The risk management area independently oversees and controls the implementation of the risk management policies and practices. The area has the overall responsibility for measuring, monitoring and reporting on risks across all risk types and organisational units. Credit risk area is part of the risk management function responsible for managing the credit risk arising from loan process and all the products in the countries the group is operating, development of expected credit loss methodologies and models, development of processes for the recognition of loan-loss allowances, development of decision-making processes including development of automated credit risk models and development of debt collection principles and strategy for the management of non-performing loans. The compliance area is responsible for monitoring, assessment and reporting of the compliance risk in the group, specify the essence and content of the risk, make appropriate recommendations to improve, considering the focus areas of the compliance area.

At the end of the year risk management area

consisted of operational risk control unit, quality control unit, financial crime prevention unit, risk reporting and financial risk control unit and information security unit. Head of the operational risk control unit changed in 2020. At the beginning of 2020 information security unit was moved from the technology area to risk management area.

All risk management and compliance functions report directly to the management board. On the management board level all risk management and compliance related functions, including the prevention of money laundering and terrorist financing, are represented by the member of the management board Mart Veskimägi.

Group's internal regulations, concerning risk management, were updated in 2020, including all relevant risk policies (risk and capital management policy, credit policy, liquidity management policy, market risk policy, operational risk policy, anti-money laundering and counter financing terrorism policy). The process for managing operational risk incidents was thoroughly reviewed and relevant internal rules were updated.

Risk committee was established, the purpose of which is to monitor operational risk management and ensure the reduction of the level of operational risk in the bank.

In the credit risk area the development of scoring models used within credit decision process for evaluating credit quality continued. Changes in credit rules for improving credit quality took place in all countries. To reduce the volume of non-performing loans, co-operations with collection agencies continued in all countries of operation.

In order to further improve anti-money

laundering and counter terrorist financing activities, processes were reviewed in light of the changed external regulations, automation of anti-money laundering controls continued and internal regulations were updated. Group also continued the improvement of activities related to fraud prevention and reporting. Investments into building central IT solution for prevention of money laundering continued.

Risk reports in Tableau reporting environment were improved, new reports added and the harmonization and improvement of risk reports presented to the management board and supervisory board continued. Ongoing risk-related trainings were carried

out in the group with the aim of raising risk awareness of the employees and to improve the overall risk culture. Among other, mandatory training courses for employees risk management framework and operational risk incident, fire-safety, anti-money laundering and counter-financing terrorism courses, information security and data protection courses were conducted in 2020. Risk awareness trainings are included into training program for all new employees of the group.

COVID-19

Due to the COVID-19 pandemic, the changes in risk management were mainly related to credit and operational risk management:

- The business continuity plan to respond the pandemic which was implemented at the beginning of the crisis was modified and improved through the crisis according to the actual situation.
- Ongoing crisis team and management meetings were introduced to speed up the exchange of information and coordinate activities.
- By the decision of the Group Credit Committee, the conditions for issuing consumer credit were changed. Additional credit rules were established for all branches and the Estonian business unit to determine the customer's risk level due to the crisis.
- The PD estimates of the scoring models were adjusted for the expected impact of the crisis on the probability of consumer loan customers experiencing payment difficulties. As a result of the adjustment, the Bank stopped issuing credit to customers with a low credit score.
- Bank joined the payment moratorium to provide payment holidays to customers.
- Debt procedures were streamlined and regular meetings of management and country debt proceeding teams were introduced, and internal reporting was improved to speed up the exchange of information and coordinate activities.
- Preparedness for cyber security and external credit fraud was strengthened, various monitoring systems were upgraded and awareness was raised.

OWN FUNDS BALANCE SHEET RECONCILIATION

Disclosure according to Regulation (EU) No 1423/2013 Article 2 and Annex I

<i>In thousand EUR</i>	Carrying value as reported in financial statement	Adjustments under the scope of regulatory framework	Carrying value under the scope of regulatory framework
Paid-in share capital	8,000		8,000
Capital reserve	800		800
Other reserves	1,075		1,075
Retained earnings	146,363	-11,526	134,837
Common Equity Tier 1 (CET1) capital before regulatory adjustments	156,238	-11,526	144,712
Adjustments:			
Intangible assets	-24,213	11,718	-12,495
Value adjustments due to the requirements for prudent valuation		-46	-46
Total regulatory adjustments to Common equity Tier 1 (CET1)		-24,213	-12,541
Common Equity Tier 1 (CET1) capital	132,025	146	132,171
Subordinated notes	4,970	30	5,000
Tier 2 (T2) capital	4,970	30	5,000
Total capital	136,995	176	137,171

CAPITAL INSTRUMENTS' MAIN FEATURES TEMPLATE

Disclosure according to Annex II in Commission implementing regulation (EU) No 1423/2013

1	Issuer	Bigbank AS	Bigbank AS
2	Unique identifier (ISIN)	EE3100016015	EE3300111400
3	Governing law(s) of the instrument	Estonian	Estonian
Regulatory treatment			
4	Transitional CRR rules	Common Equity Tier 1	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	Tier 2
6	Eligible at solo/ (sub-)consolidated/ solo & (sub-) consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Common shares	Tier 2 subordinated notes
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 8	EUR 5
9	Nominal amount of instrument	EUR 100	EUR 1,000
9a	Issue price	Face value changed on 2011 from EEK 1,000 to EUR 100	EUR 1,000
9b	Redemption price	N/A	EUR 1,000
10	Accounting classification	Shareholders' equity	Liability - amortised cost
11	Original date of issuance	22.09.1992	28.12.2017
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	No maturity	28.12.2027
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates, and redemption amount	N/A	28.12.2022, redemption amount is the aggregate of the nominal value, accrued but unpaid interests, any other amount due and payable by the Issuer to the Investor
16	Subsequent call dates, if applicable	N/A	On each interest payment date after 28.12.2022
Coupons / dividends			
17	Fixed or floating dividend/coupon	Floating	Fixed
18	Coupon rate and any related index	N/A	6.5%
19	Existence of a dividend stopper	No	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	No	No

Coupons / dividends

31	If write-down, write-down trigger (s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	NA	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A	All unsubordinated claims of creditors of the Issuer
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A

OWN FUNDS DISCLOSURE

Disclosure according to Annex IV in Commission implementing regulation (EU) No 1423/2013

<i>In thousand EUR</i>		31.12.20	31.12.19	Reference to the Article of Regulation (EU) No 575/2013
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	8,000	8,000	26 (1), 27, 28, 29, EBA list 26 (3)
	of which: Instrument type 1	8,000	8,000	EBA list 26 (3)
2	Retained earnings	134,837	118,105	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves)	1,875	2,032	26 (1)
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	9,815	11,537	26 (2)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	144,711	128,136	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	-46	-31	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	-12,495	-19,254	36 (1) (b), 37, 472 (4)
28	Total regulatory adjustments to Common equity Tier 1 (CET1)	-12,541	-19,285	
29	Common Equity Tier 1 (CET1) capital	132,171	108,851	
Additional Tier 1 (AT1) capital: instruments				
36	Additional Tier 1 (AT1) capital before regulatory adjustments	-	-	

<i>In thousand EUR</i>		31.12.20	31.12.19	Reference to the Article of Regulation (EU) No 575/2013
Additional Tier 1 (CET1) capital: regulatory adjustments				
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-	
44	Additional Tier 1 (AT1) capital	-	-	
45	Tier 1 capital (T1 = CET1 + AT1)	132,171	108,851	
Teise taseme omavahendid: instrumendid ja eraldised				
46	Capital instruments and the related share premium accounts	5,000	5,000	
51	Tier 2 (T2) capital before regulatory adjustments	5,000	5,000	
Tier 2 (T2) capital: instruments and provisions				
57	Total regulatory adjustments to Tier 2 (T2) capital	-	-	
58	Tier 2 (T2) capital	5,000	5,000	
59	Total capital (TC = T1 + T2)	137,171	113,851	
60	Total risk weighted assets	625,201	491,171	
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	21.14%	22.16%	92 (2) (a), 465
62	Tier 1 (as a percentage of total risk exposure amount)	21.14%	22.16%	92 (2) (b), 465
63	Total capital (as a percentage of total risk exposure amount)	21.94%	23.18%	92 (2) (c)
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount)	7.00%	7.88%	CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	2.50%	2.50%	
66	of which: countercyclical buffer requirement	0.00%	0.50%	
67	of which: systemic risk buffer requirement	0.00%	0.38%	
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	16.64%	17.66%	CRD 128

Bigbank AS does not apply the transitional arrangements set out in Article 473a and the interim treatment set out in Article 468 in the context of the COVID-19 pandemic. Own funds, own funds ratios and leverage ratio already reflect the full effect of unrealized gains and losses measured at fair value through other comprehensive income.

CRR LEVERAGE RATIO DISCLOSURE

Disclosure according to Annex I in EU Regulation No 2016/200

In thousand EUR

Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures		31.12.20	31.12.19
1	Total assets as per published financial statements	757,417	574,751
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	21,814	10,501
7	Other adjustments	-12,541	-19,285
8	Total leverage ratio exposure	766,690	565,967

		CRR leverage ratio exposures	
Table LRCom: Leverage ratio common disclosure		31.12.20	31.12.19
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	757,417	574,751
2	(Asset amounts deducted in determining Tier 1 capital)	-12,541	-19,285
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	744,877	555,466
Derivative exposures			
11	Total derivative exposures (sum of lines 4 to 10)	-	-
Securities financing transaction exposures			
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	-	-
Other off-balance sheet exposures			
17	Off-balance sheet exposures at gross notional amount	21,814	10,501
19	Other off-balance sheet exposures (sum of lines 17 to 18)	21,814	10,501
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)			
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-	-
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-	-
Capital and total exposures			
20	Tier 1 capital	132,171	108,851
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	766,690	565,967
Leverage ratio			
22	Leverage ratio	17.24%	19.23%
Choice on transitional arrangements and amount of derecognised fiduciary items			
EU-23	Choice on transitional arrangements for the definition of the capital measure	Fully phased in	Fully phased in
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	N/A	N/A

		CRR leverage ratio exposures	
		31.12.20	31.12.19
Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)			
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	757,417	574,751
EU-2	Trading book exposures	-	31,390
EU-3	Banking book exposures, of which:	757,417	543,362
EU-4	Covered bonds	-	-
EU-5	Exposures treated as sovereigns	53,177	32,855
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	-	-
EU-7	Institutions	45,571	21,085
EU-8	Secured by mortgages of immovable properties	25,509	9,317
EU-9	Retail exposures	494,154	417,155
EU-10	Corporate	67,306	20,123
EU-11	Exposures in default	12,832	13,631
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	58,868	29,195

Table LRQua: Disclosure on qualitative items

- Description of the processes used to manage the risk of excessive leverage

The management of excessive leverage risk is integrated into the Bigbank's risk management framework (including procedures, limits, planning, etc.). Bigbank uses the leverage ratio according to Regulation (EU) No 575/2013 as a main indicator for monitoring excessive leverage risk as well other indicators based on the balance sheet structure. The risk of excessive leverage is taken into account in strategic planning and shall be assessed and forecasted as a part of capital planning process. The funding shall be arranged in such a way that the necessary funding is reasonably balanced between proportion of external funding sources and Tier1 capital. The aim is to have stable and conservative balance sheet structure. The Finance Area is responsible for managing the risk of excessive leverage as a first line of defence. The excessive leverage risk and balance sheet developments is regularly monitored and reported to the Management Board and Supervisory Board. Management board shall, if necessary, approve an action plan to address changes in the leverage ratio.
- Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers

The leverage ratio was 17.24% as of 31.12.20 (19.23% as of 31.12.19). The leverage ratio is calculated as the ratio of Tier 1 capital to total assets. During the disclosing period the decrease in the leverage ratio was affected by the increase in exposures due to the increasing business volumes.

DISCLOSURE OF COUNTERCYCLICAL CAPITAL BUFFER

Disclosure according to Annex I in EU Regulation No 2015/1555

In thousand EUR

Disclosed is geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

Rida		General credit exposures		Trading book exposure	Securitisation exposure		Own funds requirements			Own funds requirement weights	Counter-cyclical capital buffer rate		
		Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures	Of which: Trading book exposures			Of which: Securitisation exposures	
		010	020	030	040	050	060	070	080	090	Total		
010	Breakdown by country												
	Denmark	549	-	-	-	-	-	44	-	-	44	0.00	0.00%
	Estonia	145,171	-	-	-	-	-	11,614	-	-	11,614	0.29	0.00%
	Finland	57,492	-	-	-	-	-	4,599	-	-	4,599	0.11	0.00%
	France	1,586	-	-	-	-	-	127	-	-	127	0.00	0.00%
	Germany	2,661	-	-	-	-	-	213	-	-	213	0.01	0.00%
	Italy	1,982	-	-	-	-	-	159	-	-	159	0.00	0.00%
	Latvia	99,997	-	-	-	-	-	8,000	-	-	8,000	0.20	0.00%
	Lithuania	146,805	-	-	-	-	-	11,744	-	-	11,744	0.29	0.00%
	Luxembourg	2,027	-	-	-	-	-	162	-	-	162	0.00	0.25%
	Netherlands	2,045	-	-	-	-	-	164	-	-	164	0.00	0.00%
	Norway	458	-	-	-	-	-	37	-	-	37	0.00	1.00%
	Spain	1,533	-	-	-	-	-	123	-	-	123	0.00	0.00%
	Sweden	45,599	-	-	-	-	-	3,648	-	-	3,648	0.09	0.00%
	Other	26	-	-	-	-	-	2	-	-	2	0.00	0.00%
020	Total	507,932	-	-	-	-	-	40,635	-	-	40,635	1.00	

Amount of institution-specific countercyclical capital buffer

Row		31.12.20	31.12.19
010	Total risk exposure amount	625,201	491,171
020	Institution specific countercyclical buffer rate	0.00%	0.49%
030	Institution specific countercyclical buffer requirement	12	2 460

DISCLOSURE OF UNENCUMBERED ASSETS

Disclosure according to EU Regulation No 2017/2295

In thousand EUR

Template A. Encumbered and unencumbered assets

Row	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
	010	of which notionally eligible EHQLA and HQLA	040	of which notionally eligible EHQLA and QLA	060	of which EHQLA and HQLA	090	of which EHQLA and HQLA
		030		050		080		100
010	Aruandva krediiasutuse varad	38,191	35,750		658,916	-		
030	Assets of the reporting institution	-	-		-	-		
040	Equity instruments	38,191	36,500	36,500	36,500	8,183	-	8,183
050	Debt securities	-	-	-	-	-	-	-
060	of which: covered bonds	-	-	-	-	-	-	-
070	of which: asset-backed securities	1,586	1,586	1,586	1,586	2,877	-	2,877
080	of which: issued by general govern- ments	16,595	16,595	16,595	16,595	1,681	-	1,681
090	of which: issued by financial corporates	19,969	19,969	19,969	19,969	3,265	-	3,265
120	of which: issued by non-financial corporates	-	-			650,733	-	
121	Other assets	-	-			-	-	
	of which:							

Template B. Collateral received

Row	Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
	010	of which notionally eligible EHQLA and HQLA	040	of which EHQLA and HQLA
		030		060
230	Other collateral received			
250	TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	-	-	

Template C. Sources of encumbrance

Row		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
		010	030
010	Carrying amount of selected financial liabilities	-	-
011	of which:	-	-

Template D. Accompanying narrative information

The data is presented as the median of the amounts to be recognized as at the end of the four quarters of the previous twelve months.

As at the reporting date, the Group's assets were largely unencumbered, except for the bonds pledged by the European Central Bank to participate in targeted long-term refinancing operations.

DISCLOSURE OF NON-PERFORMING AND FORBORNE EXPOSURES

Disclosure according to Guidelines EBA/GL/2018/10 Annex I

In thousand EUR

Template 1: Credit quality of forborne exposures

	a	b	c	d	e	f	g	h
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne		Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted					
1 Loans and advances	2,407	1,640	1,640	1,640	-343	-1,057	50	50
2 <i>Central banks</i>	0	0	0	0	0	0	0	0
3 <i>General governments</i>	0	0	0	0	0	0	0	0
4 <i>Credit institutions</i>	0	0	0	0	0	0	0	0
5 <i>Other financial corporations</i>	0	0	0	0	0	0	0	0
6 <i>Non-financial corporations</i>	0	35	35	35	0	-35	0	0
7 <i>Households</i>	2,407	1,605	1,605	1,605	-343	-1,022	50	50
8 Debt securities	0	0	0	0	0	0	0	0
9 Loan commitments given	0	0	0	0	0	0	0	0
10 Total	2,407	1,640	1,640	1,640	-343	-1,057	50	50

In thousand EUR

Template 3: Credit quality of performing and non-performing exposures by past due days

	a	b	c	d	e	f	g	h	i	j	k	l	
	Gross carrying amount/nominal amount												
	Performing exposures			Non-performing exposures									
		Not past due or past due ≤30 days	Past due >30 days ≤90 days		Unlikely to pay that are not past due or are past due ≤90 days	Past due >90 days ≤180 days	Past due >180 days ≤1 year	Past due >1 year ≤2 years	Past due >2 years ≤5 years	Past due >5 years ≤7 years	Past due >7 years	Of which defaulted	
1	Loans and advances	583,241	575,326	7,915	25,821	4,075	6,438	9,720	3,532	1,740	242	74	25,821
2	<i>Central banks</i>												
3	<i>General governments</i>												
4	<i>Credit institutions</i>	4,000	4,000										
5	<i>Other financial corporations</i>	22	22										
6	<i>Non-financial corporations</i>	56,239	56,202	36	1,498	588	19	855	37				1,498
7	<i>Of which SMEs</i>	56,239	56,202	36	1,498	588	19	855	37				1,498
8	<i>Households</i>	522,981	515,102	7,879	24,324	3,487	6,419	8,865	3,496	1,740	242	74	24,324
9	Debt securities	45,845	45,845										
10	<i>Central banks</i>												
11	<i>General governments</i>	4,197	4,197										
12	<i>Credit institutions</i>	16,432	16,432										
13	<i>Other financial corporations</i>	2,065	2,065										
14	<i>Non-financial corporations</i>	23,151	23,151										
15	Off-balance-sheet exposures												
16	<i>Central banks</i>												
17	<i>General governments</i>												
18	<i>Credit institutions</i>												
19	<i>Other financial corporations</i>												
20	<i>Non-financial corporations</i>												
21	<i>Households</i>												
22	Total	629,086	621,171	7,915	25,821	4,075	6,438	9,720	3,532	1,740	242	74	25,821

Gross NPL ratio (calculated as column (d) row (1) divided by the sum of column (d) row (1) plus column (a) row (1)) was **4.2%** as of 31.12.20.

In thousand EUR

Template 4: Performing and non-performing exposures and related provisions

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures - accumulated impairment and provisions			Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposure
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
1 Loans and advances	583,241	554,909	24,310	25,821		25,821	-14,362	-10,397	-3,965	-12,989		-12,989		74,518	1,266
2 Central banks															
3 General governments															
4 Credit institutions	4,000														
5 Other financial corporations	22														
6 Non-financial corporations	56,239	56,165	74	1,498		1,498	-32	-28	-4	-771		-771		55,997	725
7 Of which SMEs	56,239	56,165	74	1,498		1,498	-32	-28	-4	-771		-771		55,997	725
8 Households	522,981	498,745	24,236	24,324		24,324	-14,330	-10,369	-3,961	-12,219		-12,219		18,521	541
9 Debt securities	45,845	45,845													
10 Central banks															
11 General governments	4,197	4,197													
12 Credit institutions	16,432	16,432													
13 Other financial corporations	2,065	2,065													
14 Non-financial corporations	23,151	23,151													
15 Off-balance-sheet exposures															
16 Central banks															
17 General governments															
18 Credit institutions															
19 Other financial corporations															
20 Non-financial corporations															
21 Households															
22 Total	629,086	600,754	24,310	25,821	0	25,821	-14,362	-10,397	-3,965	-12,989	0	-12,989	0	74,518	1,266

In thousand EUR

Template 9: Collateral obtained by taking possession and execution processes

	a	b
	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
1 Property, plant and equipment (PP&E)	-	-
2 Other than PP&E	638	-
3 <i>Residential immovable property</i>	638	
4 <i>Commercial immovable property</i>		
5 <i>Movable property (auto, shipping, etc.)</i>		
6 <i>Equity and debt instruments</i>		
7 <i>Other</i>		
8 Total	638	-

DISCLOSURE OF LIQUIDITY COVERAGE RATIO

Disclosure according to Guidelines EBA/GL/2017/01 Annex II

In thousand EUR

Vorm EL LIQ1

Row		Total adjusted value			
		31.03.20	30.06.20	30.09.20	31.12.20
21	Liquidity buffer	16,540	21,853	30,176	37,674
22	Total net cash outflows	5,192	5,188	5,275	5,853
23	Liquidity coverage ratio (%)	328%	431%	559%	630%

RISK MANAGEMENT OBJECTIVES AND POLICIES FOR LIQUIDITY RISK

Disclosure according to Guidelines EBA/GL/2017/01 Annex I

Strategy and processes in the management of the liquidity risk

Maintaining strong liquidity is one of the Group's main priorities. The Group shall at all times ensure the ability to meet its obligations in a timely manner and in full extent in both the normal and liquidity crisis conditions over a long period of time.

The Group's liquidity risk management strategy is to maintain a conservative liquidity risk profile and sufficient liquidity reserves. The main objective of the Group's financing strategy is to ensure sufficient and stable financing of core activities using the Group's own capital and external financing. The main source of funding is fixed-term retail deposits, but in 2020 the product range was expanded with savings deposits initially offered to customers in cross-border markets (Germany, Austria and Netherlands).

The secondary objective of the funding management is optimisation of the costs, size and composition of external resources involved, but cost-effectiveness and cost-competitiveness may not override sufficient, stable and conservative funding requirements. Diversification is a key part of the Group's overall funding and liquidity management strategy.

The funding strategy is closely related to assets quality and assets structure management. The structure and maturity of assets shall correspond to the funding structure and shall not rely on very short-term funding resources. The Group avoids concentration in funding.

Strategy and framework for liquidity risk management is specified in the liquidity risk policy approved by the supervisory board.

Structure and organisation of the liquidity risk management (authority, statute, other arrangements)

The Group's internal risk governance structure is based on the three lines of defence model. The Group's risk governance structure is described with focus on key responsibilities for decisions on risk taking and risk oversight. Each line of defence has specific roles and responsibilities for risk management and risk control. Supervisory board approves liquidity risk strategy and liquidity risk appetite by the liquidity risk policy. Management board approves the liquidity risk limits and detailed procedures for liquidity risk management.

The responsibility over liquidity risk management lies in the treasury and reporting unit belonging to the finance area. Risk reporting and financial risk control unit as a second line of defence is responsible for the risk control, measurement and reporting to the management. Third line of defence is the independent assurance provided by the internal audit function.

Management of the Group's liquidity and funding is centralised, funding of the subsidiaries and branches is provided on a Group level. Evaluation of circumstances that could affect intra-group transfer of liquidity is regularly carried through.

Scope and nature of liquidity risk reporting and measurement systems

Requirements for the liquidity risk measurement and reporting (recipients, content of reports, frequency) are established in the liquidity risk policy. Any breaches of limits and key risk indicators thresholds shall be reported according to requirements set by the policy.

Liquidity risk is measured on a Group level using several methods and metrics, under both normal market conditions and liquidity crisis. One of the main objectives of liquidity risk measurement is to identify possible liquidity deficit across different maturity buckets. The regulatory measure LCR (liquidity coverage ratio) indicates whether the Group has sufficient liquid assets to cover short-term liabilities that correspond to net cash-flow during 30 days under stress. Group also measures its liquidity risk by calculating tolerance period which is a time period under stress conditions the Group is able to continue business as usual and fulfil its obligations without engaging additional resources or changing its activity plans. Regulatory NSFR (net stable funding ratio) is defined as the amount of available stable funding relative to the amount of required stable funding.

Liquidity risk is measured on a monthly basis as a minimum or daily basis depending on the metrics. As a part of overall stress testing program, liquidity risk stress tests are conducted at least every six months to assess the impact of adverse events on the exposure and quantitative and qualitative adequacy of liquid assets and to determine whether the Group's liquidity buffer is adequate in different stress scenarios. Stress tests are conducted using at least three different scenarios - idiosyncratic, market-wide and combined scenario.

For further information about Bigbank AS liquidity risk management (incl. risk measurement, stress- testing and reporting) in particular, please refer to the Annual Report Annex 3. Risk and Capital management.

Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants

According to the liquidity risk management strategy Group has to maintain a conservative liquidity risk profile and sufficient liquidity reserves. The Bank's assets structure and its maturities shall correspond to the funding structure and shall not rely on a very short-term funding sources. In the overall funding and liquidity management strategy the key requirements are diversification and avoidance of concentrations. The Bank funding from external sources shall be balanced with own capital. The proportion of own capital shall not drop below 15% of total assets.

Group has prepared a liquidity contingency plan, which provides activities in case of a liquidity shortage in a stress-situation. Group constantly monitors the situation in financial markets and opportunities of alternative funding instruments. In order to mitigate liquidity risk Group may consider various measures, such as partial sale of claims, participation in the loan programmes of the European Central Bank, money market placements and credit lines from other credit institutions.

Liquidity risk profile associated with the business strategy

Effective risk management is an essential component of the Group's overall management. It has a crucial impact on the long-term results and sustainability of a business model.

Bigbank AS liquidity risk appetite is set on a "low" level and funding risk appetite on a "moderate" level. The Group's actual liquidity risk level corresponded to the target risk level as of December 31, 2020.

Table. Liquidity risk key ratios

	31.12.20	31.12.19
Liquidity coverage ratio (<i>LCR</i>)	659%	644%
Net stable funding ratio (<i>NSFR</i>)	130%	133%
Loan to deposits ratio	106%	117%
Liquidity buffer to total assets ratio	10.2%	10.2%
Liquidity buffer to short-term (<1 year) liabilities ratio	462%	303%
Long-term (>1 year) funding to total funding ratio	44%	59.5%
Tolerance period (months)	3.44	3.63

Management Board of Bigbank AS approves adequacy of the liquidity risk management arrangements and risk management systems put in place with regard to the Group's profile and strategy.

Martin Länts

Chairman of the Management Board 26 February 2021 [digitally signed]

Argo Kiltsmann

Member of the Management Board 26 February 2021 [digitally signed]

Sven Raba

Member of the Management Board 26 February 2021 [digitally signed]

Mart Veskimägi

Member of the Management Board 26 February 2021 [digitally signed]