



**Interim condensed consolidated  
financial statements for the period  
ended 30 June 2021**

# Bigbank AS

## Interim condensed consolidated financial statements for the period ended 30 June 2021

<b>Business name</b>	<b>Bigbank AS</b>
<b>Registry</b>	<b>Commercial Register of the Republic of Estonia</b>
<b>Registration number</b>	<b>10183757</b>
<b>Date of entry</b>	<b>30 January 1997</b>
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<b>Financial year</b>	<b>1 January 2021 – 31 December 2021</b>
<b>Reporting period</b>	<b>1 January 2021 – 30 June 2021</b>
<b>Chairman of the management board</b>	<b>Martin Lääts</b>
<b>Core business line</b>	<b>Provision of loans and acceptance of deposits</b>
<b>Auditor</b>	<b>KPMG Baltics OÜ</b>
<b>Reporting currency</b>	<b>The reporting currency is the euro.</b>

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).

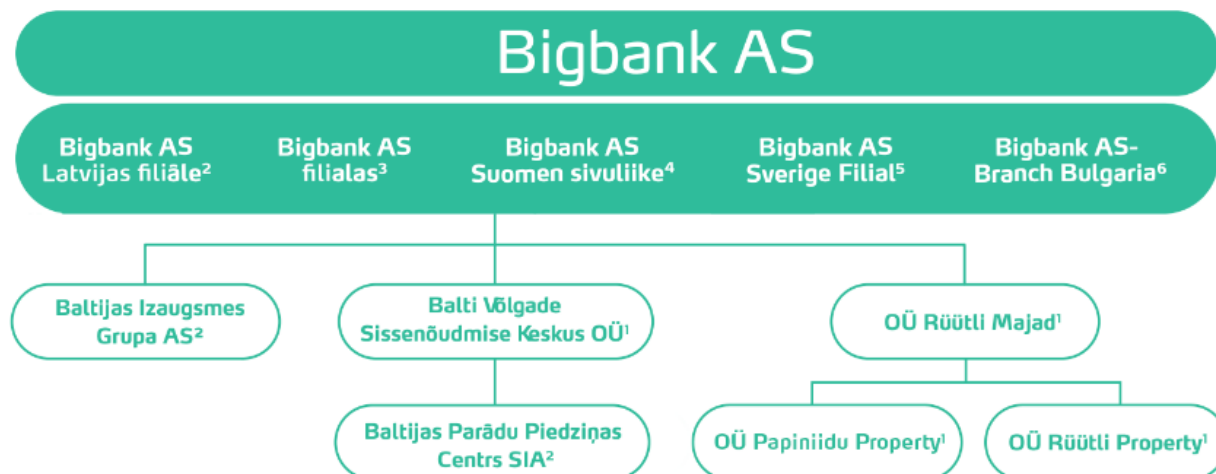
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# Bigbank Group structure

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:



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

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

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

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

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

<sup>6</sup> registered in the Republic of Bulgaria

The branches in Latvia, Lithuania, Finland and Sweden offer lending services similar to those of the parent. The parent and its Latvian, Finnish and Swedish branches offer also deposit services. In addition, Bigbank AS provides cross-border deposit services in Germany, the Netherlands and Austria. The Bulgarian branch started offering lending services in May this year.

The core business of OÜ Rūütli Majad and its subsidiary OÜ Papiniidu Property - established in the second quarter this year - is managing real estate, and the subsidiary OÜ Rūütli Property manages agricultural land. Baltijas Izaugsmes Grupa AS and Balti Völgade Sissenõudmise Keskus along with its subsidiary are not engaged in active business operations.

# Review of operations

## Significant economic events

Bigbank's loan portfolio grew by 20.3% during the first six months of the year, reaching 711.4 million euros by the end of the quarter, and the portfolio in the second quarter was 12.8%. The corporate loan portfolio continues its growth trend, increasing by 48.1% in the second quarter. Long-term investment loans and working capital loans for enterprises made up one third of total sales in the second quarter, with the main customers being companies operating in the real estate, agricultural, forestry and industrial sectors. In the second quarter, the private customers portfolio increased by 8.3% compared to the end of previous quarter and by 28.6% year on year. Demand was strong in all operating countries, Estonia was leading the growth, where the high demand for housing loans, launched by Bigbank last autumn, was behind the significant growth in Estonia. In Latvia and Lithuania, the housing loan was launched in the second quarter. In Bulgaria, we started granting loans to private customers in May this year.

Customers continue to be very interested in savings deposits, their share in total deposits has grown rapidly, rising to 31.0% by the end of the second quarter.

At the end of the second quarter, the Group's performing loan portfolio amounted to 687.5 million euros, exceeding the figure at the same time last year by 184.4 million euros (36.7%) and the figure at the previous year-end by 114.9 million euros (20.1%).

The share of loans over 90 days past due accounted for 3.4% of the total portfolio at the reporting date.

The Group's real estate investment portfolio - both agricultural and commercial - increased by 10.7 million euros in the second quarter, reaching 37.9 million euros. A new subsidiary OÜ Papiniidu Property was established to manage commercial premises.

Bigbank earned a net profit of 5.1 million euros in the second quarter of 2021, which is 10.7% more than in the same period last year. Second-quarter expenses on credit loss allowances amounted to 3.9 million euros. Interest income for the second quarter was by 1.9 million euros (11.2%) higher compared to the same period last year.

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

The management board has four members: the chairman of the management board Martin Länts and the members Sven Raba, Mart Veskimägi and Argo Kiltsmann.

Bigbank had 416 employees at the end of the second quarter of 2021: 240 in Estonia, 76 in Lithuania, 68 in Latvia, 16 in Finland, 10 in Sweden and 6 in Bulgaria.

## Key performance indicators and ratios

Financial position indicators (in thousands of euros)	30 Jun 2021	31 Dec 2020	Change
Total assets	923,000	757,789	21.8%
Loans to customers	696,348	577,712	20.5%
of which loan portfolio	711,406	591,559	20.3%
of which interest receivable	15,417	13,504	14.2%
of which loss allowances	-30,475	-27,351	11.4%
Deposits from customers	707,195	547,549	29.2%
Equity	161,131	156,238	3.1%

Financial performance indicators (in thousands of euros)	Q2 2021	Q2 2020	Change	6M 2021	6M 2020	Change
Interest income	18,863	16,960	11.2%	36,542	34,219	6.8%
Interest expense	1,988	1,684	18.1%	3,874	3,242	19.5%
Salaries and associated charges	4,381	3,411	28.4%	8,308	6,897	20.5%
Other operating expenses	3,479	2,301	51.2%	6,441	5,085	26.7%
Net loss allowances on loans and financial investments	3,874	6,526	-40.6%	6,500	9,106	-28.6%
Profit before impairment loss	9,002	11,159	-19.3%	17,401	18,682	-6.9%
Net profit	5,128	4,633	10.7%	10,901	9,576	13.8%

Ratios	Q2 2021	Q2 2020	6M 2021	6M 2020
Return on equity (ROE)	12.9%	13.2%	13.7%	13.5%
Equity multiplier (EM)	5.5	4.5	5.3	4.4
Profit margin (PM)	24.6%	25.1%	26.9%	25.6%
Asset utilization ratio (AU)	9.6%	11.6%	9.6%	12.0%
Return on assets (ROA)	2.3%	2.9%	2.6%	3.1%
Price difference (SPREAD)	8.0%	9.5%	8.1%	10.2%
Cost to income ratio (CIR)	51.1%	42.4%	49.9%	44.5%

Ratios are presented on an annual basis (i.e. annualised).

## Explanations of ratios:

**Return on equity (ROE, %)** – net profit for the period / quarter / average equity \* 100

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

**Equity multiplier (EM)** – average assets / average equity

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

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

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

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

## Financial review

### Financial position

As at 30 June 2021, the consolidated assets of Bigbank AS Group totalled 923.0 million euros, having increased by 99.2 million euros (12.0%) during the second quarter.

As at 30 June 2021, loans to customers accounted for 75.4% of total assets, amounting to 696.3 million euros. At the end of the second quarter, the proportion of liquid assets (amounts due from banks and financial debt instruments) was 17.0 %, totalling 157.2 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 48.0 million euros as at 30 June 2021, of which 39.6 million euros was pledged as collateral for a loan from the central bank and 8.4 million euros was part of the liquidity buffer.

At the end of the second quarter, the Group had 116 thousand loan agreements, 38 thousand of them in Lithuania, 33 thousand in Latvia, 23 thousand in Estonia, 12 thousand in Finland and 10 thousand in Sweden.

Geographical distribution of loans to customers:

- 30.4% Lithuania,
- 26.2% Estonia,
- 19.6% Latvia,
- 13.8% Finland,
- 10.0% Sweden.

At 30 June 2021, loans to customers totalled 696.3 million euros, comprising of:

- the loan portfolio of 711.4 million euros. Loans to individuals accounted for 85.9% of the total;
- interest receivable on loans of 15.4 million euros;
- loss allowances for loans and interest receivables of 30.5 million euros (consisting of a loss allowance for loans of 28.4 million euros and a loss allowance for interest receivables of 2.1 million euros).

Bigbank's loan portfolio is diversified – at the reporting date the average loan was 5,972 euros and as at 30 June 2021, 100 largest loans accounted for 13.9% of the loan portfolio.

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 2021, the Group's liabilities totalled 761.9 million euros. Most of the debt raised by the Group, i.e. 707.2 million euros (92.8%) 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 as at 30 June 2021 36.5 million euros.

At the end of the second quarter of 2021, the Group's equity was 161.1 million euros. The equity to assets ratio amounted to 17.5%.

## Financial performance

Interest income for the second quarter of 2021 reached 18.9 million euros, increasing by 1,9 million euros (11.2%) compared to the same period in 2020. Compared to the previous quarter of this year, interest income increased by 1.2 million euros. The second quarter's ratio of interest income (annualised) to average interest-earning assets was 9.2% and (annualised) return on the loan portfolio accounted for 11.2% of the average loan portfolio.

Interest expense for the second quarter of 2021 was 2.0 million euros, having grown by 0.3 million euros (18.1%) year on year. The ratio of interest expense to interest income was 10.5% in the second quarter. The ratio of interest expense to average interest-bearing liabilities (annualised) was 1.1%.

Salaries and associated charges for the second quarter of 2021 totalled 4.4 million euros. As at the end of the period, the Group had 416 employees.

## 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

Other operating expenses for the second quarter amounted to 3.5 million euros, being higher by 1.2 million euros than in the year-earlier period.

In the second quarter, impairment losses were 3.9 million euros, consisting of:

- impairment losses on loan receivables of 3.7 million euros;
- impairment losses on interest receivables and other receivables of 0.2 million euros.

The Group's net profit for the second quarter of 2021 amounted to 5.1 million euros. In comparison to the second quarter of 2020, net profit has increased by 0.5 million euros.

(CRR) and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD 4) as transposed into Estonian law.

As at	30 Jun 2021	31 Dec 2020
Paid-in share capital	8,000	8,000
Capital reserve	800	800
Prior years retained earnings	140,363	125,021
Other accumulated comprehensive income	1,067	1,075
Other intangible assets	-14,883	-12,495
Profit eligible*	-	9,815
Adjustments to CET1	-475	-45
<b>Common equity Tier 1 capital</b>	<b>134,872</b>	<b>132,171</b>
<b>Tier 1 capital</b>	<b>134,872</b>	<b>132,171</b>
<b>Tier 2 capital</b>	<b>5,000</b>	<b>5,000</b>
<b>Total own funds</b>	<b>139,872</b>	<b>137,171</b>

\* Own funds as at 31 December 2020 include nine months net profit that has been verified by an independent external auditor in the review of the financial information, less foreseeable dividends and following the permit of the Estonian Financial Supervision and Resolution Authority.

Article 26(2) of Regulation (EU) No 575/2013 of the European Parliament and of the Council (2) has introduced a procedure whereby the permission of the competent

authority is required for the inclusion of interim profits or year-end profits in Common Equity Tier 1 (CET1) capital before an institution has taken a formal decision confirming the final profit or loss of the institution for the year. Such permission is granted where the following two conditions are met: profits have been verified by persons independent of the institution that are responsible for the auditing of the accounts of that institution; and the institution has demonstrated that any foreseeable charge or dividend has been deducted from the amount of those profits.



**Total risk exposure amount**

	30 Jun 2021	31 Dec 2020
<b>Risk weighted exposure amounts for credit and counterparty credit (standardized approach)</b>		
Central governments or central banks	125	-
Institutions	14,722	12,865
Corporates	96,754	52,950
Retail	420,376	375,796
Secured by mortgages on immovable property	24,781	17,525
Exposures in default	16,784	12,835
Claims on institutions and corporates with a short-term credit assessment	509	2,499
Other items	54,590	46,327
<b>Total risk weighted exposure amounts for credit and counterparty credit (standardised approach)</b>	<b>628,641</b>	<b>520,797</b>
<b>Total risk exposure amount for operational risk (standardised approach)</b>	<b>103,721</b>	<b>104,404</b>
<b>Total risk exposure amount</b>	<b>732,362</b>	<b>625,201</b>

**Capital ratios**

	30 Jun 2021	31 Dec 2020
T1 Capital ratio	18.4%	21.1%
Total capital ratio	19.1%	21.9%
Leverage ratio	14.2%	17.2%
Minimum requirement for eligible liabilities (MREL)	15.6%	18.7%

# Condensed consolidated interim financial statements

## Consolidated statement of financial position

As at (in thousands of euros)	Note	30 Jun 2021	31 Dec 2020
<b>Assets</b>			
Cash balances at central banks	2	75,464	48,336
Due from other banks	2	33,677	27,074
Debt instruments at fair value through other comprehensive income	3	48,037	45,845
Loans to customers	4, 5, 6, 7, 8	696,348	577,712
Other receivables	9	700	1,105
Prepayments	10	1,324	1,249
Property and equipment	11	3,965	4,424
Investment property	12	37,930	27,181
Intangible assets	13	25,544	24,213
Assets classified as held for sale		11	650
<b>Total assets</b>		<b>923,000</b>	<b>757,789</b>
<b>Liabilities</b>			
Loans from central banks	14	36,500	36,500
Deposits from customers	15	707,195	547,549
Subordinated notes		4,971	4,970
Lease liability		1,783	2,099
Provisions		1,155	1,516
Deferred income and tax liabilities		1,327	1,023
Other liabilities	16	8,938	7,894
<b>Total liabilities</b>		<b>761,869</b>	<b>601,551</b>
<b>Equity</b>			
Paid-in share capital		8,000	8,000
Capital reserve		800	800
Other reserves	17	1,067	1,075
Retained earnings		151,264	146,363
<b>Total equity</b>		<b>161,131</b>	<b>156,238</b>
<b>Total liabilities and equity</b>		<b>923,000</b>	<b>757,789</b>

**Consolidated statement of comprehensive income**

<i>(in thousands of euros)</i>	Note	Q2 2021	Q2 2020	6M 2021	6M 2020
Interest income	21	18,863	16,960	36,542	34,219
Interest expense	22	-1,988	-1,684	-3,874	-3,242
<b>Net interest income</b>		<b>16,875</b>	<b>15,276</b>	<b>32,668</b>	<b>30,977</b>
Fee and commission income		1,604	1,229	3,099	2,411
Fee and commission expense		-66	-53	-123	-119
<b>Net fee and commission income</b>		<b>1,538</b>	<b>1,176</b>	<b>2,976</b>	<b>2,292</b>
Losses on derecognition of debt instruments at FVOCI		-	-	-57	-
Net profit/loss on exchange differences		88	349	-55	-35
Net profit/loss on derecognition of non-financial assets		-34	3	1	-32
Other income	23	425	287	825	760
<b>Total income</b>		<b>18,892</b>	<b>17,091</b>	<b>36,358</b>	<b>33,962</b>
Salaries and associated charges		-4,381	-3,411	-8,308	-6,897
Other operating expenses	24	-3,479	-2,301	-6,441	-5,085
Depreciation and amortisation expense		-825	-866	-1,689	-1,726
Provision expenses		331	1,666	361	725
Net impairment losses on loans and financial investments		-3,874	-6,526	-6,500	-9,106
Losses resulting from changes in the fair value of investment properties		-	-	-	-
Other expenses	25	-972	-669	-1,701	-1,390
Profit/loss from assets classified as held for sale		-	-	-	-
<b>Total expenses</b>		<b>-13,200</b>	<b>-12,107</b>	<b>-24,278</b>	<b>-23,479</b>
<b>Profit before income tax</b>		<b>5,692</b>	<b>4,984</b>	<b>12,080</b>	<b>10,483</b>
Income tax expense		-564	-351	-1,179	-907
<b>Profit for the period</b>		<b>5,128</b>	<b>4,633</b>	<b>10,901</b>	<b>9,576</b>
<b>Other comprehensive income/expense</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations		-73	-319	51	25
Changes in the fair value of debt instruments at FVOCI		-37	1,048	-59	-952
<b>Net other comprehensive income to be reclassified to profit or loss</b>		<b>-110</b>	<b>729</b>	<b>-8</b>	<b>-927</b>
<b>Other comprehensive income for the period</b>		<b>-110</b>	<b>729</b>	<b>-8</b>	<b>-927</b>
<b>Total comprehensive income for the period</b>		<b>5,018</b>	<b>5,362</b>	<b>10,893</b>	<b>8,649</b>
Basic earnings per share (EUR)		64	58	136	120
Diluted earnings per share (EUR)		64	58	136	120

**Consolidated statement of cash flows**

<i>(in thousands of euros)</i>	Note	6M 2021	6M 2020
<b>Cash flows from operating activities</b>			
Interest received		35,379	31,968
Interest paid		-3,095	-2,206
Salary and other operating expenses paid		-19,669	-15,391
Other income and fees received		3,673	3,299
Recoveries of receivables previously written off and received for sold portfolios		1,673	6,222
Received for other assets		757	-
Loans provided		-260,736	-160,084
Repayment of loans provided		138,736	99,546
Change in mandatory reserves with central banks	2	-1,128	-59
Proceeds from customer deposits		301,836	155,963
Paid on redemption of deposits		-142,282	-72,304
Income tax paid/received		-1,096	-849
Effect of movements in exchange rates		1	-104
<b>Net cash from operating activities</b>		<b>54,049</b>	<b>46,001</b>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment and intangible assets	11, 13	-2,273	-4,105
Proceeds from sale of property and equipment		9	-
Acquisition of investment properties	12	-10,748	-3,738
Proceeds from sale of investment properties		-	92
Net cash from acquisition of subsidiary		-	38
Acquisition of financial instruments	3	-3,023	-15,673
Proceeds from redemption of financial instruments	3	948	200
<b>Net cash used in investing activities</b>		<b>-15,087</b>	<b>-23,186</b>
<b>Cash flows from financing activities</b>			
Paid on redemption of subordinated bonds		-	-165
Proceeds from loans from central bank	14	-	13,516
Repayment of loan from shareholders	0	-	-2,000
Payment of principal portion of lease liabilities		-306	-358
Dividends paid		-6,000	-6,000
<b>Net cash from / used in financing activities</b>		<b>-6,306</b>	<b>4,993</b>
Effect of exchange rate fluctuations		-54	89
<b>Increase in cash and cash equivalents</b>		<b>32,602</b>	<b>27,897</b>
Cash and cash equivalents at beginning of period		73,650	52,980
<b>Cash and cash equivalents at end of period</b>	2	<b>106,252</b>	<b>80,877</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 2020</b>	<b>8,000</b>	<b>800</b>	<b>1,232</b>	<b>131,021</b>	<b>141,053</b>
Profit for the period	-	-	-	9,576	9,576
<b>Other comprehensive income</b>					
Exchange differences on translation of foreign operations	-	-	25	-	25
Net change in fair value of debt instrument at FVOCI	-	-	-952	-	-952
<b>Total other comprehensive income</b>	-	-	<b>-927</b>	-	<b>-927</b>
<b>Total comprehensive income for the period</b>	-	-	<b>-927</b>	<b>9,576</b>	<b>8,649</b>
Dividend distribution	-	-	-	-6,000	-6,000
<b>Total transactions with owners</b>	-	-	-	<b>-6,000</b>	<b>-6,000</b>
<b>Balance at 30 Jun 2020</b>	<b>8,000</b>	<b>800</b>	<b>305</b>	<b>134,597</b>	<b>143,702</b>
<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 instrument at FVOCI	-	-	-59	-	-59
<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 Jun 2021</b>	<b>8,000</b>	<b>800</b>	<b>1,067</b>	<b>151,264</b>	<b>161,131</b>

## Notes to the condensed consolidated interim financial statements

### Note 1. Basis of preparation and changes to the Group's accounting policies

#### Basis of preparation

The condensed consolidated interim financial statements of Bigbank AS at and for the six months ended 30 June 2021 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 2020, 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 2020, except for the adoption of new standards and interpretations effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

This interim report has not been audited or otherwise reviewed by auditors and only includes the condensed consolidated financial statements of the Group. The financial statements are presented in thousands of euros, unless otherwise indicated.

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

As at	30 Jun 2021	31 Dec 2020
<b>Cash balances at central banks</b>	<b>75,464</b>	<b>48,336</b>
Of which mandatory reserve deposits	2,900	1,767
Of which surplus on mandatory reserves*	72,575	46,576
Of which interest receivable from central banks	-11	-7
<b>Cash balances at banks</b>	<b>33,677</b>	<b>27,074</b>
Of which cash demand and overnight deposits*	33,677	23,074
Of which term deposits with maturity of less than 3 months*	-	4,000
<b>Total cash and balances at banks</b>	<b>109,141</b>	<b>75,410</b>
<b>of which cash and cash equivalents</b>	<b>106,252</b>	<b>73,650</b>

\* Cash equivalents

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

As at	30 Jun 2021	31 Dec 2020
<b>Debt instruments</b>	<b>48,037</b>	<b>45,845</b>
<b>Debt instruments by issuer</b>		
General government bonds	3,464	4,197
Bonds issued by credit institutions	16,466	16,432
Other financial corporations' bonds	2,036	2,065
Non-financial corporations' bonds	26,071	23,151
<b>Debt instruments by currency</b>		
EUR (euro)	45,444	43,181
SEK (Swedish krona)	2,593	2,664
<b>Debt instruments by rating</b>		
Aaa-Aa3	7,505	7,589
A1-A3	25,985	23,729
Baa1-Baa3	10,497	10,518
Ba1-Ba3	4,050	4,009

Debt securities in amount of 39,634 thousand euros were pledged as collateral at 30 June 2021 (see note 14).

**Note 4. Loans to customers****Loans to customers as at 30 June 2021**

	<b>Estonia</b>	<b>Latvia</b>	<b>Lithuania</b>	<b>Finland</b>	<b>Sweden</b>	<b>Total</b>
Loan receivables from customers	187,150	142,380	205,693	101,761	74,422	711,406
Loss allowances for loans	-6,483	-6,914	-3,597	-6,835	-4,609	-28,438
Interest receivable from customers	2,527	1,922	9,477	1,079	412	15,417
Loss allowances for interest receivables	-877	-642	-130	-254	-134	-2,037
<b>Total loans to customers, incl. interest and allowances</b>	<b>182,317</b>	<b>136,746</b>	<b>211,443</b>	<b>95,751</b>	<b>70,091</b>	<b>696,348</b>
Share of region	26.2%	19.6%	30.4%	13.8%	10.0%	100.0%

**Loans to customers as at 31 December 2020**

	<b>Estonia</b>	<b>Latvia</b>	<b>Lithuania</b>	<b>Finland</b>	<b>Sweden</b>	<b>Total</b>
Loan receivables from customers	135,985	133,097	179,507	79,850	63,120	591,559
Loss allowances for loans	-5,968	-7,065	-3,735	-5,176	-3,634	-25,578
Interest receivable from customers	2,367	1,986	8,045	788	318	13,504
Loss allowances for interest receivables	-784	-643	-121	-141	-84	-1,773
<b>Total loans to customers, incl. interest and allowances</b>	<b>131,600</b>	<b>127,375</b>	<b>183,696</b>	<b>75,321</b>	<b>59,720</b>	<b>577,712</b>
Share of region	22.8%	22.1%	31.8%	13.0%	10.3%	100.0%

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

<b>As at</b>	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>
Past due loan payments	21,570	16,196
Contractual cash flows of loans		
Less than 1 month	12,603	9,450
1-12 months	121,677	122,372
1-2 years	137,411	120,016
2-5 years	253,964	216,562
More than 5 years	164,181	106,963
<b>Total</b>	<b>711,406</b>	<b>591,559</b>

**Note 6. Ageing analysis on loan receivables****Ageing analysis as at 30 June 2021**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
<b>Unsecured loans</b>						
Loan portfolio	510,992	26,305	6,031	3,019	23,448	569,795
Loss allowance	-11,169	-2,257	-1,968	-1,251	-11,541	-28,186
<b>Surety loans</b>						
Loan portfolio	4,401	67	21	-	132	4,621
Loss allowance	-21	-3	-6	-	-111	-141
<b>Loans secured with real estate</b>						
Loan portfolio	125,105	425	149	90	303	126,072
Loss allowance	-36	-3	-	-	-44	-83
<b>Loans against other collaterals</b>						
Loan portfolio	10,019	731	122	32	14	10,918
Loss allowance	-19	-2	-5	-1	-1	-28
<b>Total loan portfolio</b>	<b>650,517</b>	<b>27,528</b>	<b>6,323</b>	<b>3,141</b>	<b>23,897</b>	<b>711,406</b>
Total loss allowance	-11,245	-2,265	-1,979	-1,252	-11,697	-28,438

**Ageing analysis as at 31 December 2020**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
<b>Unsecured loans</b>						
Loan portfolio	463,463	24,808	6,161	3,265	17,696	515,393
Loss allowance	-10,935	-1,695	-1,870	-1,305	-8,908	-24,713
<b>Surety loans</b>						
Loan portfolio	2,619	76	36	2	284	3,017
Loss allowance	-253	-4	-2	-1	-195	-456
<b>Loans secured with real estate</b>						
Loan portfolio	66,300	3,951	61	133	967	71,412
Loss allowance	-7	-3	-3	-	-395	-408
<b>Loans against other collaterals</b>						
Loan portfolio	1,680	57	-	-	-	1,737
Loss allowance	-2	-	-	-	-	-2
<b>Total loan portfolio</b>	<b>534,062</b>	<b>28,892</b>	<b>6,258</b>	<b>3,400</b>	<b>18,947</b>	<b>591,559</b>
Total loss allowance	-11,197	-1,702	-1,875	-1,306	-9,498	-25,578

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

As at	30 Jun 2021	31 Dec 2020
EUR (euro)	636,984	528,439
SEK (Swedish krona)	74,422	63,120
<b>Total loan receivables from customers</b>	<b>711,406</b>	<b>591,559</b>



**Note 8. Loss allowances for loan receivables from customers****Loss allowances as at 30 June 2021**

	Loan receivables	Interest receivables	Total receivables subject to impairment	Total loss allowances
Stage 1	656,585	11,006	667,591	-10,193
Stage 2	25,856	566	26,422	-4,233
Stage 3	28,965	3,845	32,810	-16,049
<b>Total</b>	<b>711,406</b>	<b>15,417</b>	<b>726,823</b>	<b>-30,475</b>

**Loss allowances as at 31 December 2020**

	Loan receivables	Interest receivables	Total receivables subject to impairment	Total loss allowances
Stage 1	545,266	9,666	554,932	-10,397
Stage 2	23,667	642	24,309	-3,965
Stage 3	22,626	3,196	25,822	-12,989
<b>Total</b>	<b>591,559</b>	<b>13,504</b>	<b>605,063</b>	<b>-27,351</b>

**Development of allowances for 6 months 2021**

	Opening balance as 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	-3,086	865	2,417	8	-10,193
Stage 2	-3,965	-397	156	-97	70	-4,233
Stage 3	-12,989	-212	598	-5,943	2,497	-16,049
<b>Total</b>	<b>-27,351</b>	<b>-3,695</b>	<b>1,619</b>	<b>-3,623</b>	<b>2,575</b>	<b>-30,475</b>

**Development of allowances for 12 months 2020**

	Opening balance as at 1 Jan 2020	Increases due to origination	Decrease due to derecognition repayments and disposals	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Closing balance
Stage 1	-7,721	-5,793	1,340	1,594	183	-10,397
Stage 2	-5,070	-1,142	497	310	1,440	-3,965
Stage 3	-11,502	-1,500	747	-7,475	6,741	-12,989
<b>Total</b>	<b>-24,293</b>	<b>-8,435</b>	<b>2,584</b>	<b>-5,571</b>	<b>8,364</b>	<b>-27,351</b>

**Note 9. Other receivables**

As at	30 Jun 2021	31 Dec 2020
Customer receivables and other miscellaneous receivables	379	849
Collection, recovery and other charges receivable	578	468
Loss allowance for other receivables	-257	-212
<b>Total</b>	<b>700</b>	<b>1,105</b>

**Note 10. Prepayments**

As at	30 Jun 2021	31 Dec 2020
Tax receivables	440	439
Prepaid other taxes	44	16
Prepayments to suppliers and prepaid expenses	840	794
<b>Total</b>	<b>1,324</b>	<b>1,249</b>

**Note 11. Tangible assets**

	Land and buildings	Right-of-use assets: commercial premises	Other items*	Total
<b>Cost</b>				
Balance at 1 January 2020	1,590	2,820	4,230	8,640
Purchases	-	213	83	296
Sales	-	-	-49	-49
Write-off	-	-306	-54	-360
Revaluation and price adjustment	-	519	-	519
Revaluation recognised in other comprehensive income	-8	-	-	-8
Effect of movements in exchange rates	-	-	1	1
<b>Balance at 31 December 2020</b>	<b>1,582</b>	<b>3,246</b>	<b>4,211</b>	<b>9,039</b>
Balance at 1 January 2021	1,582	3,246	4,211	9,039
Purchases and additions to the right-of-use assets	-	-	168	168
Sales	-	-	-27	-27
Write-off	-	-	-1	-1
Revaluation and price adjustment	-	1	-	1
Effect of movements in exchange rates	-	-	1	1
<b>Balance at 30 June 2021</b>	<b>1,582</b>	<b>3,247</b>	<b>4,352</b>	<b>9,181</b>
<b>Depreciation</b>				
Balance at 1 January 2020	-10	-733	-2,740	-3,483
Depreciation charge for the year	-62	-689	-796	-1,547
Sales	-	-	31	31
Write-off	-	260	53	313
Transfer	72	-	-	72
Effect of movements in exchange rates	-	-	-1	-1
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>-1,162</b>	<b>-3,453</b>	<b>-4,615</b>
Balance at 1 January 2020	-	-1,162	-3,453	-4,615
Depreciation charge for the period	-31	-318	-271	-620
Sales	-	-	19	19
<b>Balance at 30 June 2021</b>	<b>-31</b>	<b>-1,480</b>	<b>-3,705</b>	<b>-5,216</b>
<b>Carrying amount</b>				
Balance at 1 January 2020	1,580	-	1,490	3,070
Balance at 31 December 2020	1,582	2,084	758	4,424
<b>Balance at 30 June 2021</b>	<b>1,551</b>	<b>1,767</b>	<b>647</b>	<b>3,965</b>

\* Other items of property and equipment comprise computers, office equipment and furniture and other fixtures and fittings.

**Note 12. Investment properties**

	30 Jun 2021	31 Dec 2020
Opening balance at 1 January	27,181	1,781
Additions	10,749	25,849
Sales	-	-85
Net profit/loss from fair value adjustment	-	-364
<b>Closing balance at end of period</b>	<b>37,930</b>	<b>27,181</b>

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

**Note 13. Intangible assets**

	30 Jun 2021	31 Dec 2020
<b>Cost at beginning of year</b>	<b>29,948</b>	<b>23,268</b>
Purchased and developed software*	2,400	6,926
Of which purchases	845	3,846
Of which capitalised payroll costs	1,555	3,080
Write-off	-	-246
<b>Cost at end of period</b>	<b>32,348</b>	<b>29,948</b>
<b>Amortisation at beginning of year</b>	<b>-5,735</b>	<b>-4,014</b>
Amortisation charge for the period	-1,069	-1,909
Write-off	-	188
<b>Amortisation at end of period</b>	<b>-6,804</b>	<b>-5,735</b>
Carrying amount at beginning of year	24,213	19,254
<b>Carrying amount at end of period</b>	<b>25,544</b>	<b>24,213</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 had obtained from ECB's third series of targeted longer-term refinancing operations (TLTRO-III) financing of 36,500 thousand euros. The initial maturity of the liability was 3 years. ECB's financing is secured by debt securities. As at 30 June 2021, loans from central banks amounted to 36,500 thousand 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. Borrowing rates in these operations can be as low as the average interest rate on the deposit facility prevailing over the life of the operation.

**Note 15. Deposits from customers**

As at	30 Jun 2021	31 Dec 2020
<b>Deposits from customers</b>	<b>707,195</b>	<b>547,549</b>
<b>Deposits by customer type</b>		
Individuals	700,133	540,592
Legal persons	7,062	6,957
<b>Deposits by currency</b>		
EUR (euro)	626,258	476,789
SEK (Swedish krona)	80,937	70,760
<b>Deposits by maturity</b>		
Savings deposits (on demand)	219,508	68,643
Maturing within 1 months	22,234	16,078
Maturing between 1 and 6 months	96,850	96,084
Maturing between 6 and 12 months	102,454	108,713
Maturing between 12 and 18 months	49,269	54,047
Maturing between 18 and 24 months	57,772	48,689
Maturing between 24 and 36 months	59,523	63,196
Maturing between 36 and 48 months	33,953	27,365
Maturing between 48 and 60 months	23,299	24,178
Maturing in over 60 months	42,333	40,556

The median amount of customer deposits was 40 thousand euros.

**Note 16. Other liabilities**

As at	30 Jun 2021	31 Dec 2020
Received surplus payments	5,952	4,785
Payables to employees	1,321	1,709
Supplier payables	324	405
Other payables	1,341	995
<b>Total</b>	<b>8,938</b>	<b>7,894</b>

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

**Note 17. Other reserves**

As at	30 Jun 2021	Change	31 Dec 2020
Exchange differences on translation of foreign operations	653	51	602
Asset revaluation reserve	609	-	609
Fair value changes of debt instruments measured at FVOCI	-195	-59	-136
<b>Total other reserves</b>	<b>1,067</b>	<b>-8</b>	<b>1,075</b>

**Note 18. Net currency positions****Net currency positions as at 30 June 2021**

	Assets bearing currency risk	Liabilities bearing currency risk	Net position
SEK (Swedish krona)	83,000	81,770	1,230
BGN (Bulgarian lev)	50	11	39

**Net currency positions as at 31 December 2020**

	Assets bearing currency risk	Liabilities bearing currency risk	Net position
SEK (Swedish krona)	71,995	73,179	-1,184
BGN (Bulgarian lev)	-	10	-10
USD (American dollar)	-	19	-19

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

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

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

The fair values of the assets and liabilities reported in the consolidated statement of financial position at 30 June 2021 do not differ significantly from their carrying amounts.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

**Fair value hierarchy as at 30 June 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)	48,037	-	-	48,037
Land and buildings (note 11)	-	-	1,551	1,551
Investment properties (note 12)	-	-	37,930	37,930
<b>Assets for which fair values are disclosed</b>				
Loans to customers (note 4-8)	-	-	696,348	696,348
Other financial receivables (note 9)	-	-	700	700
<b>Total assets</b>	<b>48,037</b>	<b>-</b>	<b>736,529</b>	<b>784,566</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)	-	-	707,195	707,195
Subordinated notes	-	-	4,971	4,971
Lease liability	-	-	1,783	1,783
Other financial liabilities (note 16)	-	-	8,938	8,938
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>759,387</b>	<b>759,387</b>

## Fair value hierarchy as at 31 December 2020

	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Debt instruments at fair value through other comprehensive income (note 3)	45,845	-	-	45,845
Land and buildings (note 11)	-	-	1,582	1,582
Investment properties (note 12)	-	-	27,181	27,181
<b>Assets for which fair values are disclosed</b>				
Loans to customers (note 4-8)	-	-	577,712	577,712
Other financial receivables (note 9)	-	-	1,105	1,105
<b>Total assets</b>	<b>45,845</b>	<b>-</b>	<b>607,580</b>	<b>653,425</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)	-	-	547,549	547,549
Subordinated notes	-	-	4,970	4,970
Lease liability	-	-	2,099	2,099
Other financial liabilities (note 16)	-	-	7,894	7,894
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>599,012</b>	<b>599,012</b>

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

The Level 3 *loans to customers* that amounts to 696,348 thousand euros are measured at amortised cost using the effective interest rate method less any loss allowances. For fair valuation purpose the estimated cash-flows have been discounted at the prevailing market interest rates, the result being not materially different from that recognised under the amortised cost method using effective interest rate.

The Level 3 *land and buildings* that amounts to 1,551 thousand euros consists of real estate used by the Group in Tallinn. The properties in Tallinn are revalued using the income approach and market approach. The market approach means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property. The valuer based the valuation of the property in Tallinn on the prices per square metre of residential space in Tallinn that were in the range of 2,995 – 3,147 euros.

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The estimated rental value per square meter per month is 11 euros, the rent growth 1%, long-term vacancy rate 5%, and vacancy rate for the first year 40% and discount rate 8% for commercial property in Tallinn.

Valuations are performed with sufficient frequency to ensure that the fair value of an asset does not differ materially from its carrying amount. Management assessed, based on an expert's opinion, that fair value had

changed and therefore a new valuation was performed in the fourth quarter of 2020.

The Level 3 *investment properties* that amount to 37,930 thousand euros consist of office buildings in Tartu and Tallinn as well as land plots, houses, apartments and agricultural land originally pledged by customers as loan collateral and later acquired by the Group through auctions. Investment properties are measured at the fair value in the financial statements and valuations are performed by the management using market approach.

The investment property in Tartu is valued using the cost model (residual value method) based on the highest and best use of the property. The residual value method takes into account the profit that can be achieved on a development if the existing property would be developed and sold as private flats. Following inputs were used for prior year valuation of the properties in Tartu: price per square metre of flats in Tartu old town 2,761 euros and development costs per square metre 906 euros.

The value of the investment property which was acquired in Tallinn in last quarter of 2020 and second quarter of 2021, based on the fact that the asset was exchanged in an arm's length transaction between independent parties, is recorded according to the opinion of the management at fair value at the reporting date.

Valuations of agricultural land are performed using the market comparison approach. Based on valuation reports, the best use of the land is the existing use for agricultural purposes. The valuer based the valuation on the weighted average prices per hectare of agricultural land that were in the range of 3,015 – 4,555 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.

**Note 20. Contingent liabilities**

At 30 June 2021, the unused portions of the credit lines and loans totalled 79,940 thousand euros (31 December 2020: 44,717 thousand euros), guarantees issued totalled 5 thousand euros (31 December 2020: 5 thousand euros).

**Note 21. Interest income**

	Q2 2021	Q2 2020	6M 2021	6M 2020
Interest income on loans to customers	18,720	16,785	36,256	33,905
Interest income on debt instruments	143	158	285	293
Interest income on deposits	-	2	1	4
Other interest income	-	15	-	17
<b>Total interest income</b>	<b>18,863</b>	<b>16,960</b>	<b>36,542</b>	<b>34,219</b>

**Note 22. Interest expense**

	Q2 2021	Q2 2020	6M 2021	6M 2020
Interest expense on deposits	1,817	1,572	3,563	3,020
Interest expense on bonds	83	84	166	167
Interest expense on lease liabilities	5	6	11	13
Other interest expense	83	22	134	42
<b>Total interest expense</b>	<b>1,988</b>	<b>1,684</b>	<b>3,874</b>	<b>3,242</b>

**Note 23. Other income**

	Q2 2021	Q2 2020	6M 2021	6M 2020
Income from debt recovery proceedings	133	151	275	281
Rental income	258	89	437	133
Miscellaneous income	34	47	113	346
<b>Total other income</b>	<b>425</b>	<b>287</b>	<b>825</b>	<b>760</b>

**Note 24. Other operating expenses**

	Q2 2021	Q2 2020	6M 2021	6M 2020
Marketing expenses	2,541	1,463	4,584	3,095
Short-term leases	42	4	87	7
Office and other similar administrative expenses	91	61	200	178
Other personnel-related expenses	98	41	211	322
Software licensing and other information technology costs	368	341	709	663
Other services	99	133	193	260
Postal supplies and charges	47	102	112	207
Telephone and other communications expenses	145	106	268	213
Miscellaneous operating expenses	48	50	77	140
<b>Total other operating expenses</b>	<b>3,479</b>	<b>2,301</b>	<b>6,441</b>	<b>5,085</b>

**Note 25. Other expenses**

	Q2 2021	Q2 2020	6M 2021	6M 2020
Expenses related to registry inquires	327	273	579	584
Expenses related to enforcement proceedings	161	117	292	271
Legal regulation charges	168	159	328	307
Expenses from investment properties	191	19	272	38
Miscellaneous expenses	125	101	230	190
<b>Total other expenses</b>	<b>972</b>	<b>669</b>	<b>1,701</b>	<b>1,390</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.

As at 30 June 2021, the Group had a claim to related parties of 2,746 thousand euros (*Loans to customer*) (31 December 2020: 39 thousand euros), the interest income on that claim amounted to 14 thousand euros for 6 months of 2021 (for 6 months of 2020: 0.8 thousand euros). Loans granted to related parties are issued at market conditions.



# Statement by the Management Board

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

- the figures and additional information presented in the condensed consolidated interim report for the six months of 2021 are true and complete; and
- the condensed consolidated financial statements provide a true and fair view of the Group's financial position, financial performance and cash flows.
- The condensed consolidated interim report as at 30 June 2021 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

24 August 2021

[digitally signed]

## Sven Raba

Member of the Management Board

24 August 2021

[digitally signed]

## Mart Veskimägi

Member of the Management Board

24 August 2021

[digitally signed]

## Argo Kiltsmann

Member of the Management Board

24 August 2021

[digitally signed]