



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

Bigbank AS

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

Business name Bigbank AS

Registry Commercial Register of the Republic of Estonia

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Reporting period 1 January 2023 – 31 December 2023

**Chairman of the
management board** Martin Lääts

Core business line Provision of loans and acceptance of deposits

Auditor KPMG Baltics OÜ

Reporting currency The euro

Interim report is available on the website of Bigbank AS at www.bigbank.ee.
The version in English is located at www.bigbank.eu.

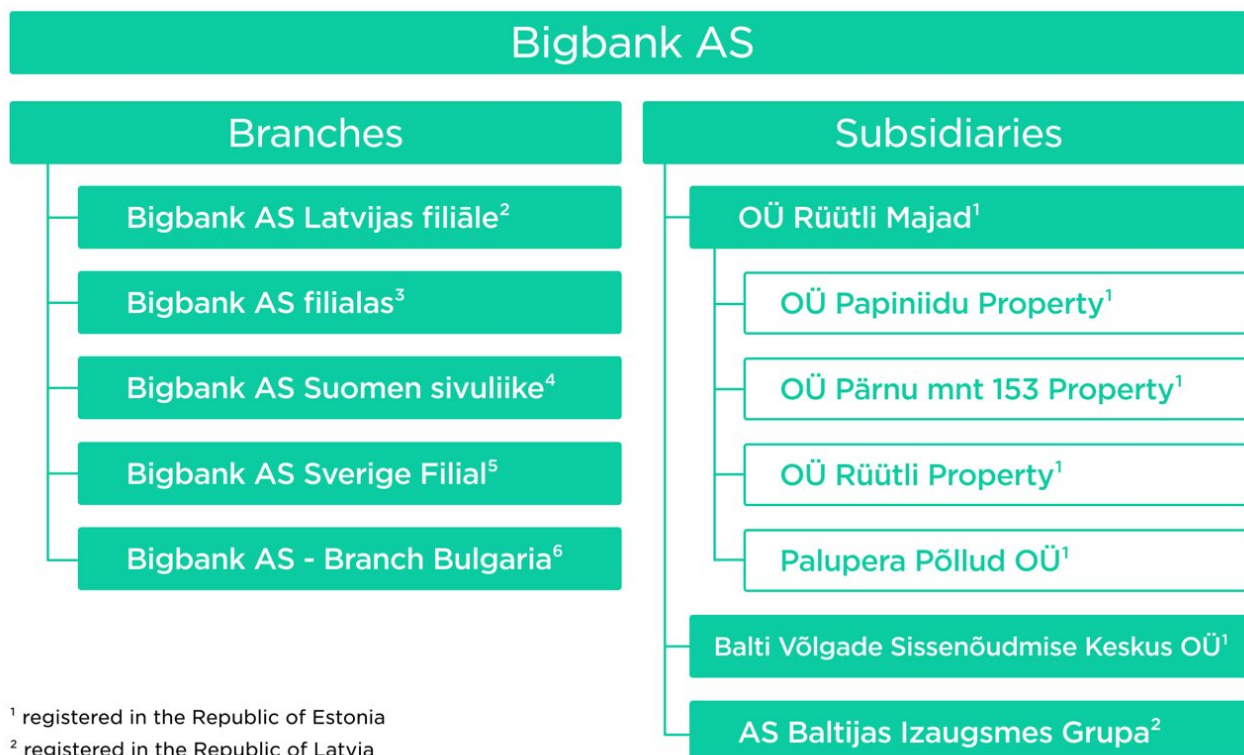
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Bigbank Group structure

Bigbank AS (hereinafter also “Bigbank” and “Group”) was founded on 22 September 1992. A licence for operating as a credit institution was issued to Bigbank AS on 27 September 2005. Bigbank is specialised on loans and deposits.

The Group’s structure at the reporting date:



¹ registered in the Republic of Estonia

² registered in the Republic of Latvia

³ registered in the Republic of Lithuania

⁴ registered in the Republic of Finland

⁵ registered in the Kingdom of Sweden

⁶ registered in the Republic of Bulgaria

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

The core business of OÜ Rütli Majad and its subsidiaries OÜ Papiniidu Property and OÜ Pärnu mnt 153 Property is property management, and the subsidiaries OÜ Rütli Property and Baltijas Izaugsmes Grupa AS are involved in agricultural land management. Balti Võlgade Sissenõudmise Keskus OÜ is not engaged in active business operations. At the reporting date, the agricultural company Palupera Põllud OÜ was in the process of discontinuing operations.

Review of operations

Significant events

Bigbank earned a net profit of 11.4 million euros in the fourth quarter and a net profit of 40.8 million euros in the twelve months of 2023. Compared to the restated 2022 results, net profit remained stable in the fourth quarter and grew by 25% in the full year comparison.

The main economic factors affecting the Group's results in the fourth quarter were the end and reversal of the interest rate rise cycle, as well as continued weak economic growth and consumer confidence indicators.

While the downturn of interest rates will bring some relief to borrowers with Euribor-linked loans, a more significant decline in interest rates is expected only in 2024. A similar trend is expected for deposit rates, albeit with a certain lag. In the last quarter of 2023, deposit interest rates remained at very high levels, allowing deposit customers to earn interest rates equivalent to or even higher than those offered to banks by the European Central Bank, depending on the term of the deposits. There was also a clearly visible trend in deposit rates, with short-term deposit rates still rising, while long-term deposit rates were already showing the first signs of a downturn. From the Group's perspective, it was a quarter in which interest income no longer benefited from the rise in Euribor, but pressure on interest expense remained strong.

While there were no signs of a fall in the quality of the loan portfolio during the first three quarters of 2023, some deterioration in the consumer loan portfolio was visible in the last quarter of the year. The weak external environment has started to have a certain negative impact on borrowers, leading to an increase in the share of past due loans, as well as in expenses on credit loss allowances. The past due loan portfolio was also adversely affected by the fact that the sale of past due loans declined significantly in 2023, which can be explained by the contraction of the market for the purchase of past due loans during the year due to rising interest rates. There has been no deterioration in the credit quality of commercial and housing loans. Overall, however, the quality of the loan portfolio is still good and the fall in the quality of the consumer loan portfolio was moderate as at the end of the fourth quarter.

Expenses on credit loss allowances grew by 2.2 million euros (+47%) compared with the fourth quarter of 2022, and by 5.4 million euros (+35%) during 2023. Relative to the end of 2022, stage 3 loans increased by 21.1 million euros by the end of 2023, accounting for 2.8% of the total loan portfolio (+1.0 percentage points).

Corporate banking again performed strongly in the fourth quarter, driven by the strong loan portfolio and the net revaluation gain on the underlying assets of investment

loans with special conditions. The segment's profit before tax for the fourth quarter amounted to 6.9 million euros, including a gain of 3.9 million euros on financial assets at fair value through profit or loss. The corporate banking loan portfolio in the fourth quarter was essentially unchanged from the end of the third quarter (-0.2%).

The total gross loan portfolio grew to a record 1.67 billion euros by the end of the fourth quarter, increasing by 58 million euros (+4%) over the quarter and by 306 million euros (+23%) over the year. The housing loan portfolio grew by 44 million euros (+14%) over the quarter to 351 million euros, and the consumer loan portfolio increased by 15 million euros (+2%) to 736 million euros.

The most important developments in the deposit portfolio in the fourth quarter were the continued strong growth in savings deposits and the fact that term deposits remained unchanged from the end of the third quarter. The launch of the savings deposit product in Lithuania was also a significant milestone. The Group's total deposit portfolio increased by 154 million euros (+9%) during the quarter and by 570 million euros (+42%) over the year, expanding to 1.94 billion euros. The term deposit portfolio decreased by 3 million euros (-0.4%) to 916 million euros and the savings deposit portfolio increased by 158 million euros (+18%) to 1.02 billion euros during the quarter.

The Group's investment property portfolio, which includes both agricultural land and commercial real estate, stood at 49.1 million euros at the end of the quarter. The Group did not conduct any transactions with investment properties during the quarter but there was a gain of 4.4 million euros on the change in fair value.

Bigbank continued to raise capital in the fourth quarter, issuing in November unsecured subordinated bonds (T2 bonds) in a public offering under a new bond programme. 5,000 bonds were issued with a nominal value of 1,000 euros for a total amount of 5.0 million euros. The capital raised will help the Group implement its growth plans in the housing and corporate loan segments, and to meet the additional capital requirements resulting from the macroeconomic situation.

The following changes were made to the Supervisory Board of Bigbank AS: on 23 October 2023, the shareholders of Bigbank AS elected Jaan Liitmäe as a new member of the Supervisory Board. By resolution of 24 October 2023, the shareholders of Bigbank AS accepted the resignation of Raul Eamets from the Supervisory Board, as of 3 November 2023. As of 4 November 2023, the members of the Supervisory Board of Bigbank AS are Sven Raba

REVIEW OF OPERATIONS

(Chairman), Vahur Voll, Juhani Jaeger, Andres Koern, and Jaan Liitmäe.

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

At the end of the fourth quarter of 2023, Bigbank had 494 employees: 299 in Estonia, 87 in Lithuania, 76 in Latvia, 19 in Finland, 6 in Sweden and 7 in Bulgaria.

Key performance indicators and ratios

| Financial position indicators (in millions of euros) | 31 Dec 2023 | 31 Dec 2022 restated | Change |
|--|-------------|----------------------|--------|
| Total assets | 2,291.1 | 1,645.0 | 39.3% |
| Loans to customers | 1,665.7 | 1,359.4 | 22.5% |
| of which loan portfolio | 1,678.5 | 1,367.0 | 22.8% |
| of which interest receivable | 24.7 | 19.4 | 27.3% |
| of which loss allowances | -37.5 | -27.0 | 38.9% |
| Deposits from customers | 1,937.4 | 1,367.8 | 41.6% |
| Equity | 248.0 | 212.0 | 17.0% |

| Financial performance indicators (in millions of euros) | Q4 2023 | Q4 2022 restated | Change | 12M 2023 | 12M 2022 restated | Change |
|---|---------|------------------|--------|----------|-------------------|--------|
| Interest income | 40.0 | 26.0 | 53.9% | 140.9 | 95.6 | 47.5% |
| Interest expense | 14.8 | 4.7 | 214.5% | 42.9 | 13.2 | 224.9% |
| Salaries and associated charges | 6.3 | 6.0 | 5.4% | 24.0 | 21.3 | 12.8% |
| Other operating expenses | 4.1 | 4.4 | -6.4% | 15.2 | 17.0 | -10.3% |
| Net loss allowances on loans and financial investments | 6.9 | 4.8 | 46.8% | 20.9 | 15.5 | 35.2% |
| Profit before impairment losses and income tax | 21.8 | 16.4 | 33.4% | 70.0 | 52.3 | 33.9% |
| Net profit | 11.4 | 11.4 | -0.3% | 40.8 | 32.7 | 24.8% |

| Ratios | Q4 2023 | Q4 2022 restated | 12M 2023 | 12M 2022 restated |
|---------------------------------|---------|------------------|----------|-------------------|
| Return on equity (ROE) | 18.8% | 22.4% | 17.7% | 16.5% |
| Equity multiplier (EM) | 9.1 | 7.8 | 8.6 | 7.1 |
| Profit margin (PM) | 24.1% | 36.4% | 25.0% | 29.7% |
| Asset utilization ratio (AU) | 8.6% | 7.9% | 8.3% | 7.9% |
| Return on assets (ROA) | 2.1% | 2.9% | 2.1% | 2.3% |
| Price difference (SPREAD) | 4.6% | 5.7% | 5.2% | 6.3% |
| Cost to income ratio (CIR) | 42.1% | 47.1% | 40.8% | 46.7% |
| Liquidity coverage ratio (LCR) | 349.8% | 217.6% | 349.8% | 217.6% |
| Net stable funding ratio (NSFR) | 156.5% | 134.0% | 156.6% | 134.0% |

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

Explanations of ratios:

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

Equity multiplier (EM) = average assets / average equity

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

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

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

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

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

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

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

Financial review

Financial position

At 31 December 2023, the Group's total assets amounted to 2.3 billion euros, having increased by 171.9 million euros (8.1%) during the quarter. Loans to customers accounted for 72.7% of total assets, reaching nearly 1.7 billion euros. The proportion of liquid assets (amounts due from banks and financial debt instruments) was 23.3%, extending to 534.1 million euros. Part of the bank's liquidity buffer has been placed in a portfolio of debt securities which are highly liquid, have investment grade credit ratings, and can be sold at any time. Debt instruments totalled 15.4 million euros at 31 December 2023.

At the end of the fourth quarter, the Group had 128 thousand loan agreements: 42 thousand in Lithuania, 33 thousand in Latvia, 30 thousand in Estonia, 16 thousand in Finland, 6 thousand in Sweden and 1 thousand in Bulgaria.

Geographical distribution of loans to customers:

- 42.2% Estonia;
- 34.1% Lithuania;
- 14.7% Latvia;
- 6.7% Finland;
- 2.0% Sweden;
- 0.3% Bulgaria.

Financial performance

Interest income for the fourth quarter of 2023 was 40.0 million euros, 13.1 million euros (48.6%) higher than in the same period in 2022. The fourth-quarter ratio of interest income (annualised) to average interest-earning assets was 8.0% and (annualised) interest income on the loan portfolio accounted for 9.3% of the average loan portfolio.

Interest expense for the fourth quarter of 2023 was 14.8 million euros, 10.1 million euros (214.6%) up year on year. The increase in interest expense is attributable to growth in deposits raised, the issue of new subordinated bonds and a rise in deposit rates. The ratio of interest expense to interest income was 35.0% in the fourth quarter. The ratio of interest expense to average interest-bearing liabilities (annualised) was 3.1%.

Salaries and associated charges for the fourth quarter of 2023 were 6.3 million euros. At the end of the period, the Group had 494 employees.

Administrative expenses for the fourth quarter amounted to 4.1 million euros, 0.3 million euros down year on year.

At 31 December 2023, loans to customers totalled 1.7 billion euros, comprising of:

- the loan portfolio of 1.7 billion euros with loans to individuals accounting for 65.3% of the total;
- interest receivable on loans of 24.7 million euros;
- loss allowances for loans and interest receivables of 37.5 million euros.

Bigbank's loan portfolio is diversified – at the reporting date the average loan balance was above 16 thousand euros.

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

At the end of the fourth quarter of 2023, the Group's liabilities totalled 2.0 billion euros. Most of the debt raised by the Group, i.e. 1.9 billion euros (94.9%) consisted of deposits. Subordinated bonds totalled 76.1 million euros at 31 December 2023.

At the end of the fourth quarter of 2023, the Group's equity amounted to 248.0 million euros. The equity to assets ratio was 10.8%.

Impairment losses for the fourth quarter were 6.9 million euros, consisting of:

- impairment losses on loan receivables of 5.8 million euros;
- impairment losses on interest and other receivables of 1.1 million euros.

The Group's net profit for the fourth quarter of 2023 was 11.4 million euros, including gain on financial assets at fair value through profit or loss (FVTPL) of 3.9 million euros and gain on change in the fair value of investment properties of 4.4 million euros. Compared to the fourth quarter of 2022, the profit before income tax was 3.3 million euros higher, the net profit was the same.

At the end of 2023, Latvia imposed advance income tax on credit institutions similar to Estonia. The tax is to be paid for the first time in 2024 and it is to be calculated on profit before tax for 2023. The Group recognised a tax expense in the amount of 2.0 million euros in fourth quarter of 2023. Therefore, income tax expense for 2023 was more than two times larger than the figure for the previous year.

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 calculated at the supervisory reporting group level (i.e. not using the definition of a consolidated group as used for the purposes of preparing financial statements).

| At (in millions of euros) | 31 Dec 2023 | 31 Dec 2022 |
|--|--------------|--------------|
| Paid-in share capital | 8.0 | 8.0 |
| Capital reserve | 0.8 | 0.8 |
| Prior years retained earnings | 196.6 | 167.5 |
| Other accumulated comprehensive income | 1.8 | 3.4 |
| Other intangible assets | -21.7 | -22.4 |
| Profit eligible | 22.0 | 15.9 |
| Adjustments to CET1 | -0.5 | -0.3 |
| Common equity Tier 1 capital | 207.0 | 172.9 |
| Tier 1 capital | 223.2 | 172.9 |
| Tier 2 capital | 58.9 | 40.0 |
| Total own funds | 282.1 | 212.9 |

Article 26(2) of Regulation (EU) No 575/2013 of the European Parliament and of the Council (2) has introduced a procedure whereby the permission of the competent authority is required for the inclusion of interim profits or year-end profits in Common Equity Tier 1 (CET1) capital before an institution has taken a formal decision confirming the final profit or loss of the institution for the year. Such permission is granted where the following two conditions

are met: profits have been verified by persons independent of the institution that are responsible for the auditing of the accounts of that institution; and the institution has demonstrated that any foreseeable charge or dividend has been deducted from the amount of those profits.

Own funds as at the end of the fourth quarter of 2023 include net profit for the first nine months of the year.

Total risk exposure amount

| At (in millions of euros) | 31 Dec 2023 | 31 Dec 2022 |
|--|----------------|----------------|
| Risk weighted exposure amounts for credit and counterparty credit (standardised approach) | | |
| Receivables from central governments and central banks | 3.1 | 0.8 |
| Receivables from credit institutions and investment firms | 3.6 | 4.2 |
| Receivables from corporates | 33.3 | 33.0 |
| Retail | 527.8 | 480.8 |
| Secured by mortgages on immovable property | 434.5 | 273.9 |
| Exposures in default | 30.0 | 14.1 |
| Items associated with particular high risk | 259.2 | 302.8 |
| Claims on institutions and corporates with a short-term credit assessment | 0.3 | 1.1 |
| Equity | 20.5 | 20.2 |
| Other items | 29.7 | 29.8 |
| Total risk weighted exposure amounts for credit and counterparty credit (standardised approach) | 1,342.0 | 1,160.7 |
| Total risk exposure amount for foreign exchange risk (standardised approach) | 5.9 | 5.1 |
| Total risk exposure amount for operational risk (standardised approach) | 126.3 | 110.1 |
| Total risk exposure amount | 1,474.2 | 1,275.9 |

Capital ratios

| At | 31 Dec 2023 | 31 Dec 2022 |
|---|-------------|-------------|
| CET1 Capital ratio | 14.0% | 13.6% |
| T1 Capital ratio | 15.1% | 13.6% |
| Total capital ratio | 19.1% | 16.7% |
| Leverage ratio | 9.7% | 10.5% |
| Own funds and eligible liabilities to total risk exposure amount (TREA) | 19.1% | 16.7% |
| Own funds and eligible liabilities to total leverage ratio exposure (LRE) | 12.3% | 12.9% |

Condensed consolidated interim financial statements

Consolidated statement of financial position

| At (in millions of euros) | Note | 31 Dec 2023 | 31 Dec 2022 restated* |
|---|----------|----------------|-----------------------|
| Assets | | | |
| Cash balances at central banks | 4 | 495.1 | 151.1 |
| Due from other banks | 4 | 23.6 | 22.3 |
| Debt instruments at FVOCI | 5 | 15.4 | 19.2 |
| Loans to customers | 6-10 | 1,665.7 | 1,359.4 |
| Property, plant and equipment | 11 | 9.4 | 18.3 |
| Investment properties | 12 | 49.1 | 35.5 |
| Intangible assets | 13 | 29.2 | 30.0 |
| Current tax assets | | 0.4 | 0.4 |
| Other assets | 14 | 2.9 | 4.9 |
| Assets held for sale | 15 | 0.3 | 3.9 |
| Total assets | 3 | 2,291.1 | 1,645.0 |
| Liabilities | | | |
| Loans from banks | 16 | 8.9 | 9.2 |
| Deposits from customers | 17 | 1,937.4 | 1,367.8 |
| Subordinated bonds | 18 | 76.1 | 40.1 |
| Current tax liabilities | | 3.0 | 0.4 |
| Other liabilities | 19 | 17.7 | 14.5 |
| Liabilities related to assets held for sale | 15 | - | 1.0 |
| Total liabilities | 3 | 2,043.1 | 1,433.0 |
| Equity | | | |
| Paid-in share capital | | 8.0 | 8.0 |
| Capital reserve | | 0.8 | 0.8 |
| Other reserves | 20 | 1.8 | 3.4 |
| Retained earnings | | 237.4 | 199.8 |
| Total equity | | 248.0 | 212.0 |
| Total liabilities and equity | | 2,291.1 | 1,645.0 |

* Some prior period figures have been restated in connection with the correction of an error. For further information, please refer to note 2 to the consolidated financial statements.

Consolidated statement of comprehensive income

| <i>(in millions of euros)</i> | Note | Q4 2023 | Q4 2022 restated* | 12M 2023 | 12M 2022 restated* |
|--|--------|--------------|----------------------|--------------|-----------------------|
| Continuing operations | | | | | |
| Interest income | 24 | 40.0 | 26.0 | 140.9 | 95.6 |
| Interest expense | 25 | -14.8 | -4.7 | -42.9 | -13.2 |
| Net interest income | | 25.2 | 21.3 | 98.0 | 82.4 |
| Fee and commission income | | 2.3 | 2.0 | 8.5 | 7.7 |
| Fee and commission expense | | -0.1 | -0.1 | -0.3 | -0.3 |
| Net fee and commission income | | 2.2 | 1.9 | 8.2 | 7.4 |
| Loss on sale of debt instruments at FVOCI | | - | -1.2 | -0.1 | -1.3 |
| Net gain on financial assets at FVTPL | 6 | 3.9 | 2.2 | 9.2 | 2.5 |
| Net gain/loss on foreign exchange differences | | 0.3 | -0.1 | 0.1 | -0.4 |
| Net income on financial assets | | 4.2 | 0.9 | 9.2 | 0.8 |
| Net loss on derecognition of non-financial assets | | -1.4 | -0.1 | -1.4 | -0.1 |
| Other operating income | 26 | 1.2 | 1.2 | 4.6 | 4.4 |
| Other operating expenses | 27 | -1.8 | -1.3 | -6.8 | -5.1 |
| Total net operating income | | 29.6 | 23.9 | 111.8 | 89.8 |
| Salaries and associated charges | | -6.3 | -6.0 | -24.0 | -21.3 |
| Administrative expenses | 28 | -4.1 | -4.4 | -15.2 | -17.0 |
| Depreciation, amortisation and impairment | 11, 13 | -2.0 | -0.9 | -6.4 | -3.6 |
| Total expenses | | -12.4 | -11.3 | -45.6 | -41.9 |
| Provision expenses | | 0.2 | 0.1 | 0.4 | -0.1 |
| Gain on change in the fair value of investment properties | | 4.4 | 3.7 | 3.4 | 4.5 |
| Profit before loss allowances | | 21.8 | 16.4 | 70.0 | 52.3 |
| Net loss allowances on loans and financial investments | | -6.9 | -4.8 | -20.9 | -15.5 |
| Profit before income tax | | 14.9 | 11.6 | 49.1 | 36.8 |
| Income tax | | -3.5 | 0.2 | -7.7 | -3.5 |
| Profit for the period from continuing operations | | 11.4 | 11.8 | 41.4 | 33.3 |
| Loss from discontinued operations | 15 | - | -0.4 | -0.6 | -0.6 |
| Profit for the period | | 11.4 | 11.4 | 40.8 | 32.7 |
| Other comprehensive income | | | | | |
| Other comprehensive income that may be reclassified subsequently to profit or loss: | | 0.1 | 1.4 | 0.5 | -0.5 |
| <i>Exchange differences on translating foreign operations</i> | | -0.3 | 0.1 | -0.1 | 0.4 |
| <i>Changes in the fair value of debt instruments at FVOCI</i> | | 0.4 | 1.3 | 0.6 | -0.9 |
| Other comprehensive income that will not be subsequently reclassified to profit or loss: | | 0.7 | 0.4 | 0.7 | 2.8 |
| <i>Revaluation of land and buildings</i> | | 0.7 | 0.4 | 0.7 | 2.8 |
| Total comprehensive income for the period | | 12.2 | 13.2 | 42.0 | 35.0 |
| Basic earnings per share (EUR) | 29 | 143 | 143 | 510 | 409 |
| Diluted earnings per share (EUR) | 29 | 143 | 143 | 510 | 409 |

* Some prior period figures have been restated due to the correction of errors (see note 2).

Consolidated statement of cash flows

| <i>(in millions of euros)</i> | Note | 12M 2023 | 12M 2022 |
|--|--------|--------------|--------------|
| Cash flows from operating activities | | | |
| Interest received | | 134.0 | 89.4 |
| Interest paid | | -11.2 | -7.8 |
| Salary, administrative and other expenses paid | | -54.3 | -52.0 |
| Other income and fees received | | 15.7 | 20.4 |
| Recoveries of receivables previously written off and proceeds from the sale of portfolio items | | 10.1 | 8.0 |
| Received for other assets | | 1.1 | 0.3 |
| Loans provided | | -786.6 | -857.0 |
| Repayment of loans provided | | 472.0 | 384.2 |
| Change in mandatory reserves with central banks and related interest receivables | 4 | -6.6 | -4.4 |
| Proceeds from customer deposits | | 1,677.2 | 1,155.9 |
| Paid on redemption of deposits | | -1,133.2 | -684.2 |
| Income tax paid | | -4.8 | -4.6 |
| Effect of movements in exchange rates | | -0.2 | - |
| Net cash from operating activities | | 313.2 | 48.2 |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment and intangible assets | 11, 13 | -4.0 | -6.0 |
| Proceeds from sale of assets held for sale | | 1.4 | - |
| Acquisition of investment properties | 12 | - | -3.4 |
| Proceeds from sale of investment properties | | - | 1.0 |
| Change in term deposits | | - | -0.1 |
| Paid in connection with business combinations | | -0.5 | - |
| Acquisition of financial instruments | 5 | - | -7.7 |
| Proceeds from redemption of financial instruments | 5 | 4.4 | 31.9 |
| Net cash from in investing activities | | 1.3 | 15.7 |
| Cash flows from financing activities | | | |
| Proceeds from issue of bonds | 18 | 36.2 | 25.0 |
| Interest paid on bonds | 18 | -5.3 | -1.2 |
| Loan repayments to a central bank | 16 | - | -36.3 |
| Proceeds from loans from credit institutions | 16 | - | 9.3 |
| Repayments of loans from credit institutions | 16 | -0.3 | -0.2 |
| Payments of principal lease liabilities | | -0.6 | -0.8 |
| Dividends paid | | -6.0 | -6.0 |
| Net cash from / used in financing activities | | 24.0 | -10.2 |
| Effect of movements in foreign exchange rates | | 0.1 | -0.8 |
| Increase in cash and cash equivalents | | 338.6 | 52.9 |
| Cash and cash equivalents at beginning of period | | 164.7 | 111.8 |
| Cash and cash equivalents at end of period | 4 | 503.3 | 164.7 |

Consolidated statement of changes in equity

| <i>(in millions of euros)</i> | Attributable to equity holders of the parent | | | | Total |
|--|--|---------------------------|----------------|-------------------|--------------|
| | Share capital | Statutory capital reserve | Other reserves | Retained earnings | |
| Balance at 1 January 2022 | 8.0 | 0.8 | 1.1 | 173.5 | 183.4 |
| Correction of an error (note 2) | - | - | - | -0.4 | -0.4 |
| Restated balance at 1 January 2022 | 8.0 | 0.8 | 1.1 | 173.1 | 183.0 |
| Profit for the period, restated | - | - | - | 32.7 | 32.7 |
| Other comprehensive income | | | | | |
| Exchange differences on translating foreign operations | - | - | 0.4 | - | 0.4 |
| Changes in the fair value of debt instruments at FVOCI | - | - | -0.9 | - | -0.9 |
| Revaluation of land and buildings | - | - | 2.8 | - | 2.8 |
| Total other comprehensive income | - | - | 2.3 | - | 2.3 |
| Total comprehensive income for the period | - | - | 2.3 | 32.7 | 35.0 |
| Dividend distribution | - | - | - | -6.0 | -6.0 |
| Total transactions with owners | - | - | - | -6.0 | -6.0 |
| Restated balance at 31 December 2022 | 8.0 | 0.8 | 3.4 | 199.8 | 212.0 |
| Balance at 1 January 2023 | 8.0 | 0.8 | 3.4 | 199.8 | 212.0 |
| Profit for the period | - | - | - | 40.8 | 40.8 |
| Other comprehensive income | | | | | |
| Exchange differences on translating foreign operations | - | - | -0.1 | - | -0.1 |
| Changes in the fair value of debt instruments at FVOCI | - | - | 0.6 | - | 0.6 |
| Revaluation of land and buildings | - | - | -2.1 | 2.8 | 0.7 |
| Total other comprehensive income | - | - | -1.6 | 2.8 | 1.2 |
| Total comprehensive income for the period | - | - | -1.6 | 43.6 | 42.0 |
| Dividend distribution | - | - | - | -6.0 | -6.0 |
| Total transactions with owners | - | - | - | -6.0 | -6.0 |
| Balance at 31 December 2023 | 8.0 | 0.8 | 1.8 | 237.4 | 248.0 |

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 twelve months ended 31 December 2023 have been prepared in accordance with the international financial reporting standard IAS 34 *Interim Financial Reporting* as adopted by the European Union. The interim financial statements do not include all the information required for full annual financial statements and they should be read in conjunction with the Group's latest published annual financial statements as at and for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (IFRS EU).

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards and interpretations effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

New standards and amendments

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

Significant accounting estimates and assumptions

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

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

The measurement of expected credit loss (ECL) allowance for financial assets measured at amortised cost and FVOCI is a significant estimate that involves determination of methodology, models and data inputs. The loss allowances are disclosed in notes 6, 8 and 10. 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.

Intangible assets

Management reviewed the estimated useful life of the information and banking system Nest, which is accounted for as an intangible asset, in the second quarter of 2023. According to management's assessment, the useful life of Nest is similar to that of other intangible assets, i.e. 5 years instead of the previously assigned 15 years. The estimate is based on market convention, rapid development of information technology, and the fact that in the first years of the development of Nest the core system was created. Over the years, the share of core system developments has decreased and the share of specialised business solution developments, which change more quickly, has increased. Accordingly, management estimated that the useful life of all existing and future developments is 5 years and changed the amortisation rates prospectively. Due to the change in the accounting estimate, amortisation expense for 2023 increased and the carrying amount of intangible assets as at the end of 2023 decreased by 2.1 million euros.

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 the 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.

Note 2. Correction of errors

In 2023, management analysed the contracts related to the acquisition of agricultural land and concluded that contracts with repurchase rights have to be classified as loans to customers (loan receivables), not as investment properties. The items constitute financial instruments to be classified as financial assets at FVTPL (measured at fair value through profit or loss) because their contractual cash flows do not pass the SPPI (solely payments of principal and interest) test: a) the contractual cash flows of the instruments are inconsistent with the criteria for basic lending arrangements – for example, their interest does not reflect the usual market interest rate because it

- Reasonable risk level. The Group does not accept unreasonably high risk even when there is potential for exceptionally high profit as a result of risk taking. Risks which the Group cannot assess or manage adequately or for which it does not have sufficient experience or knowledge are avoided.
- Low risk appetite to specified types of risks. The Group has low risk appetite to certain risk types as specified in the policies for individual risks.
- Reliable structure of the statement of financial position and leverage. The Group is required to maintain the structure of the statement of financial position and leverage that supports the strong liquidity position, adequate capitalisation and avoids excessive leverage. All changes in the risk appetite that might have significant effect to the structure of the statement of financial position and leverage shall be properly assessed.

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

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

There were no significant changes in the risk profile during the reporting period. The Group made changes to the management of interest rate risk arising from non-trading book activities which are consistent with the guidelines of the European Banking Authority: EBA/GL/2022/14. In May, a project was launched for the development an internal ratings-based (IRB) model aimed at reducing capital requirements for credit risk and enhancing the Group's risk management processes. The Group intends to implement the IRB model within the next three years.

includes more than the consideration for the time value of money, credit risk, other basic lending risks and a profit margin; and b) the instruments include options: instead of repaying the loan the seller may decide to waive the rights to the property put up as collateral in which case the Group will lose the rights to the contractual cash flows of the instrument and will acquire the property.

In addition, management reviewed the accounting policies for loans to customers (loan receivables) measured at FVTPL and the valuation technique used to measure their fair value. Fair value is measured using a valuation

technique, whereby the present value of an instrument is found by discounting all expected future cash flows at prevailing market interest rates, calculated using a model, which uses as inputs both market data on instruments with similar currency, maturity, interest rate, credit risk and other characteristics and the Group's internal data. In connection with the changes made to the valuation technique that was used to measure fair value, the Group retrospectively adjusted its consolidated financial statements for the prior period for the day 1 gain or loss arising at the initial recognition of financial instruments and for the effect of the market interest rates at the reporting dates.

As a result of the corrections, in the closing balances as at 31 December 2022 investment properties were reduced by 11.0 million euros, loans to customers were increased by 9.6 million euros and the effect on retained earnings was -1.4 million euros. In addition, one loan receivable of 0.8

million euros that was measured at amortised cost was reclassified to the category of measured at FVTPL. In the opening balances at 1 January 2022, investment properties were reduced by 5.9 million euros, loans to customers were increased by 5.5 million euros and the effect on retained earnings was 0.4 million euros. Overall, profit for 2022 decreased by 1.0 million euros (see the table containing the consolidated statement of comprehensive income in this note) and profit for 2021 decreased by 0.4 million euros.

The effect of the corrections on prior periods was estimated to be immaterial. Therefore, the Group has not presented the restated opening balances for the prior period in its consolidated statement of financial position.

The errors were corrected by restating line items in the consolidated financial statements as follows:

Consolidated statement of financial position at 31 December 2022

| | Previously reported | Correction | Restated |
|-------------------------------------|---------------------|-------------|----------------|
| Assets | | | |
| Loans to customers | 1,349.8 | 9.6 | 1,359.4 |
| Of which measured at amortised cost | 1,310.4 | -0.8 | 1,309.6 |
| Of which measured at FVTPL | 39.4 | 10.4 | 49.8 |
| Investment properties | 46.5 | -11.0 | 35.5 |
| Total assets | 1,646.4 | -1.4 | 1,645.0 |
| Equity | | | |
| Retained earnings | 201.2 | -1.4 | 199.8 |
| Total equity | 213.4 | -1.4 | 212.0 |
| Total liabilities and equity | 1,646.4 | -1.4 | 1,645.0 |

Consolidated statement of financial position at 1 January 2022

| | Previously reported | Correction | Restated |
|-------------------------------------|---------------------|-------------|----------------|
| Assets | | | |
| Loans to customers | 893.5 | 5.5 | 899.0 |
| Of which measured at amortised cost | 893.5 | - | 893.5 |
| Of which measured at FVTPL | - | 5.5 | 5.5 |
| Investment properties | 41.6 | -5.9 | 35.7 |
| Total assets | 1,148.4 | -0.4 | 1,148.0 |
| Equity | | | |
| Retained earnings | 173.5 | -0.4 | 173.1 |
| Total equity | 183.3 | -0.4 | 182.9 |
| Total liabilities and equity | 1,148.4 | -0.4 | 1,148.0 |

Consolidated statement of comprehensive income

| | Previously reported | Correction | 2022 restated |
|---|---------------------|-------------|---------------|
| Interest income | 96.5 | -0.9 | 95.6 |
| Net gain on financial assets at FVTPL | 0.9 | 1.6 | 2.5 |
| Gain on change in the fair value of investment properties | 6.2 | -1.7 | 4.5 |
| Profit for the year | 33.7 | -1.0 | 32.7 |
| Total comprehensive income for the year | 36.0 | -1.0 | 35.0 |
| Basic earnings per share (EUR) | 422 | -13 | 409 |
| Diluted earnings per share (EUR) | 422 | -13 | 409 |

Note 3. Operating segments

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

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

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

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

Assets and liabilities of segments at 31 December 2023

| | Retail banking | Corporate banking | Other activities | Elimination | Total |
|-------------------|----------------|-------------------|------------------|-------------|---------|
| Total assets | 1,483.8 | 762.3 | 89.1 | -44.1 | 2,291.1 |
| Total liabilities | 1,986.3 | 52.9 | 45.9 | -42.0 | 2,043.1 |

Assets and liabilities of segments at 31 December 2022, restated

| | Retail banking | Corporate banking | Other activities | Elimination | Total |
|-------------------|----------------|-------------------|------------------|-------------|---------|
| Total assets | 1,040.4 | 554.4 | 92.6 | -42.4 | 1,645.0 |
| Total liabilities | 1,404.3 | 32.1 | 39.0 | -42.4 | 1,433.0 |

Segment profit for Q4 2023

| | Retail banking | Corporate banking | Other activities | Elimination | Total |
|--|----------------|-------------------|------------------|-------------|-------------|
| Interest income | 29.8 | 10.8 | - | -0.6 | 40.0 |
| Interest expense | -10.4 | -3.9 | -1.2 | 0.7 | -14.8 |
| Net interest income/expense | 19.4 | 6.9 | -1.2 | 0.1 | 25.2 |
| Fee and commission income | 2.3 | - | - | - | 2.3 |
| Fee and commission expense | -0.1 | - | - | - | -0.1 |
| Net fee and commission income/expense | 2.2 | - | - | - | 2.2 |
| Net gain on financial assets and loss on derecognition of non-financial assets | - | 3.9 | -1.1 | - | 2.8 |
| Net other operating income and expenses | -0.9 | -0.1 | 0.6 | -0.2 | -0.6 |
| Net operating income | 20.7 | 10.7 | -1.7 | -0.1 | 29.6 |
| Operating expenses and expenses on provisions | -8.6 | -3.6 | -0.1 | 0.1 | -12.2 |
| Gain on change in fair value of investment property | - | - | 4.4 | - | 4.4 |
| Profit before loss allowances | 12.1 | 7.1 | 2.6 | - | 21.8 |
| Net loss allowances for loans and financial investments | -6.7 | -0.2 | - | - | -6.9 |
| Profit before income tax | 5.4 | 6.9 | 2.6 | - | 14.9 |
| Income tax | -2.4 | -1.1 | - | - | -3.5 |
| Profit for the period from continuing operations | 3.0 | 5.8 | 2.6 | - | 11.4 |

Segment profit for 12 months 2023

| | Retail banking | Corporate banking | Other activities | Elimination | Total |
|--|----------------|-------------------|------------------|-------------|--------------|
| Interest income | 101.7 | 41.3 | 0.2 | -2.3 | 140.9 |
| Interest expense | -30.0 | -12.4 | -2.9 | 2.4 | -42.9 |
| Net interest income/expense | 71.7 | 28.9 | -2.7 | 0.1 | 98.0 |
| Fee and commission income | 8.5 | - | - | - | 8.5 |
| Fee and commission expense | -0.2 | -0.1 | - | - | -0.3 |
| Net fee and commission income/expense | 8.3 | -0.1 | - | - | 8.2 |
| Net gain on financial assets and loss on derecognition of non-financial assets | - | 8.9 | -1.1 | - | 7.8 |
| Net other operating income and expenses | -4.1 | -0.1 | 2.7 | -0.7 | -2.2 |
| Net operating income | 75.9 | 37.6 | -1.1 | -0.6 | 111.8 |
| Expenses and expenses on provisions | -33.7 | -11.8 | -0.3 | 0.6 | -45.2 |
| Gain on change in fair value of investment property | - | - | 3.4 | - | 3.4 |
| Profit before loss allowances | 42.2 | 25.8 | 2.0 | - | 70.0 |
| Net loss allowances for loans and financial investments | -20.7 | -0.2 | - | - | -20.9 |
| Profit before income tax | 21.5 | 25.6 | 2.0 | - | 49.1 |
| Income tax | -4.5 | -3.2 | - | - | -7.7 |
| Profit for the period from continuing operations | 17.0 | 22.4 | 2.0 | - | 41.4 |

Segment profit for Q4 2022, restated

| | Retail banking | Corporate banking | Other activities | Elimination | Total |
|--|----------------|-------------------|------------------|-------------|-------------|
| Interest income | 19.0 | 7.4 | - | -0.4 | 26.0 |
| Interest expense | -3.0 | -1.7 | - | - | -4.7 |
| Net interest income/expense | 16.0 | 5.7 | - | -0.4 | 21.3 |
| Fee and commission income | 2.0 | - | - | - | 2.0 |
| Fee and commission expense | -0.1 | - | - | - | -0.1 |
| Net fee and commission income/expense | 1.9 | - | - | - | 1.9 |
| Net gain on financial assets and loss on derecognition of non-financial assets | - | 1.3 | -0.5 | - | 0.8 |
| Net other operating income and expenses | 0.2 | - | 1.2 | -0.2 | 1.2 |
| Other operating expenses | -0.7 | - | -0.6 | - | -1.3 |
| Net operating income | 17.4 | 7.0 | 0.1 | -0.6 | 23.9 |
| Expenses and expenses on provisions | -9.3 | -2.1 | - | 0.2 | -11.2 |
| Gain on change in the fair value of investment property | - | - | 3.7 | - | 3.7 |
| Profit before loss allowances | 8.1 | 4.9 | 3.8 | -0.4 | 16.4 |
| Net loss allowances for loans and financial investments | -4.7 | -0.1 | - | - | -4.8 |
| Profit before income tax | 3.4 | 4.8 | 3.8 | -0.4 | 11.6 |
| Income tax | - | 0.2 | - | - | 0.2 |
| Profit for the year from continuing operations | 3.4 | 5.0 | 3.8 | -0.4 | 11.8 |

Segment profit for 12 months 2022, restated

| | Retail banking | Corporate banking | Other activities | Elimination | Total |
|--|----------------|-------------------|------------------|-------------|-------------|
| Interest income | 75.5 | 21.1 | 0.6 | -1.6 | 95.6 |
| Interest expense | -9.5 | -3.7 | -1.2 | 1.2 | -13.2 |
| Net interest income/expense | 66.0 | 17.4 | -0.6 | -0.4 | 82.4 |
| Fee and commission income | 7.7 | - | - | - | 7.7 |
| Fee and commission expense | -0.2 | -0.1 | - | - | -0.3 |
| Net fee and commission income/expense | 7.5 | -0.1 | - | - | 7.4 |
| Net gain on financial assets and loss on derecognition of non-financial assets | - | 1.1 | -0.4 | - | 0.7 |
| Net other operating income and expenses | -2.5 | -0.2 | 2.7 | -0.7 | -0.7 |
| Net operating income | 71.0 | 18.2 | 1.7 | -1.1 | 89.8 |
| Expenses and expenses on provisions | -34.5 | -7.9 | -0.3 | 0.7 | -42.0 |
| Gain on change in the fair value of investment property | - | - | 4.5 | - | 4.5 |
| Profit before loss allowances | 36.5 | 10.3 | 5.9 | -0.4 | 52.3 |
| Net loss allowances for loans and financial investments | -15.5 | - | - | - | -15.5 |
| Profit before income tax | 21.0 | 10.3 | 5.9 | -0.4 | 36.8 |
| Income tax | -1.8 | -1.7 | - | - | -3.5 |
| Profit for the year from continuing operations | 19.2 | 8.6 | 5.9 | -0.4 | 33.3 |

Note 4. Cash and bank balances

| | 31 Dec 2023 | 31 Dec 2022 |
|--|--------------|--------------|
| Cash balances at central banks | 495.1 | 151.1 |
| Of which mandatory reserve deposits | 15.2 | 8.6 |
| Of which surplus on mandatory reserves* | 4.7 | 1.0 |
| Of which overnight deposits | 475.2 | 141.5 |
| Cash balances at banks | 23.6 | 22.3 |
| Of which cash demand and overnight deposits* | 23.4 | 22.2 |
| Of which term deposits | 0.2 | 0.1 |
| Total | 518.7 | 173.4 |
| Of which cash and cash equivalents | 503.3 | 164.7 |

* Cash equivalents

Note 5. Debt instruments

| At | 31 Dec 2023 | 31 Dec 2022 |
|-------------------------------------|-------------|-------------|
| Debt instruments | 15.4 | 19.2 |
| Debt instruments by issuer | | |
| Government bonds | 9.9 | 9.6 |
| Credit institutions' bonds | - | 1.5 |
| Non-financial corporations' bonds | 5.5 | 8.1 |
| Debt instruments by currency | | |
| EUR (euro) | 12.0 | 16.0 |
| SEK (Swedish krona) | 3.4 | 3.2 |
| Debt instruments by rating | | |
| Aaa-Aa3 | 5.4 | 5.2 |
| A1-A3 | 8.7 | 11.1 |
| Baa1-Baa3 | 1.3 | 2.9 |

Note 6. Loans to customers

| At | 31 Dec 2023 | 31 Dec 2022 restated |
|----------------------------|----------------|-------------------------|
| Measured at amortised cost | 1,607.8 | 1,309.6 |
| Measured at FVTPL (note 2) | 57.9 | 49.8 |
| Loans to customers | 1,665.7 | 1,359.4 |

Loans to customers at 31 December 2023

| | Estonia | Lithuania | Latvia | Finland | Sweden | Bulgaria | Total |
|--|--------------|--------------|--------------|--------------|-------------|------------|----------------|
| Loans at amortised cost | | | | | | | |
| Loan receivables from customers | 651.6 | 559.1 | 250.4 | 115.6 | 38.5 | 5.4 | 1,620.6 |
| Loss allowances for loan receivables | -9.9 | -6.0 | -7.1 | -5.6 | -5.0 | -1.3 | -34.9 |
| Interest receivable from customers | 4.9 | 15.9 | 2.1 | 0.8 | 0.7 | 0.3 | 24.7 |
| Loss allowances for interest receivables | -0.9 | -0.6 | -0.5 | -0.1 | -0.3 | -0.2 | -2.6 |
| Total | 645.7 | 568.4 | 244.9 | 110.7 | 33.9 | 4.2 | 1,607.8 |
| Loans at FVTPL | | | | | | | |
| Loan receivables from customers | 57.9 | | | | | | 57.9 |
| Total | 57.9 | | | | | | 57.9 |
| Total loans to customers | 703.6 | 568.4 | 244.9 | 110.7 | 33.9 | 4.2 | 1,665.7 |
| Share of region | 42.2% | 34.1% | 14.7% | 6.7% | 2.0% | 0.3% | 100.0% |

Loans to customers at 31 December 2022, restated

| | Estonia | Lithuania | Latvia | Finland | Sweden | Bulgaria | Total |
|--|--------------|--------------|--------------|-------------|-------------|------------|----------------|
| Loans at amortised cost | | | | | | | |
| Loan receivables from customers | 501.7 | 441.0 | 208.5 | 103.9 | 55.1 | 7.0 | 1,317.2 |
| Loss allowances for loan receivables | -5.8 | -4.3 | -4.8 | -5.8 | -3.9 | -1.0 | -25.6 |
| Interest receivable from customers | 2.8 | 13.9 | 1.4 | 0.8 | 0.3 | 0.2 | 19.4 |
| Loss allowances for interest receivables | -0.6 | -0.3 | -0.3 | -0.1 | - | -0.1 | -1.4 |
| Total | 498.1 | 450.3 | 204.8 | 98.8 | 51.5 | 6.1 | 1,309.6 |
| Loans at FVTPL | | | | | | | |
| Loan receivables from customers | 49.8 | | | | | | 49.8 |
| Total | 49.8 | | | | | | 49.8 |
| Total loans to customers | 547.9 | 450.3 | 204.8 | 98.8 | 51.5 | 6.1 | 1,359.4 |
| Share of region | 40.3% | 33.1% | 15.1% | 7.3% | 3.8% | 0.4% | 100.0% |

Note 7. Loan receivables from customers by due dates

| At | 31 Dec 2023 | 31 Dec 2022 restated |
|--|----------------|----------------------|
| Past due loan payments | 34.7 | 14.6 |
| Contractual principal payments cash flows of loans | | |
| Less than 1 month | 15.6 | 18.7 |
| 1-12 months | 240.1 | 182.6 |
| 1-2 years | 226.9 | 237.7 |
| 2-5 years | 651.4 | 523.9 |
| More than 5 years | 509.8 | 389.5 |
| Total | 1,678.5 | 1,367.0 |

Note 8. Ageing analysis on loan receivables**Ageing analysis at 31 December 2023**

| | Not past due | 30 days or less | 31-60 days | 61-90 days | Over 90 days | Total |
|--|----------------|-----------------|-------------|------------|--------------|----------------|
| Loans at amortised cost | | | | | | |
| Unsecured loans | | | | | | |
| Loan portfolio | 572.4 | 28.1 | 8.4 | 4.5 | 28.4 | 641.8 |
| Loss allowance | -11.3 | -2.9 | -3.2 | -2.0 | -14.2 | -33.6 |
| Loans secured with real estate | | | | | | |
| Loan portfolio | 837.7 | 18.1 | 4.9 | 1.0 | 0.6 | 862.3 |
| Loss allowance | -0.3 | - | - | - | - | -0.3 |
| Loans against other collaterals | | | | | | |
| Loan portfolio | 103.7 | 8.2 | 2.4 | 0.7 | 1.5 | 116.5 |
| Loss allowance | -0.4 | -0.1 | -0.2 | -0.1 | -0.2 | -1.0 |
| Loans at FVTPL | | | | | | |
| Loan portfolio | 57.9 | - | - | - | - | 57.9 |
| Total loan portfolio | 1,571.7 | 54.4 | 15.7 | 6.2 | 30.5 | 1,678.5 |
| Total loss allowance | -12.0 | -3.0 | -3.4 | -2.1 | -14.4 | -34.9 |

Ageing analysis at 31 December 2022, restated

| | Not past due | 30 days or less | 31-60 days | 61-90 days | Over 90 days | Total |
|--|----------------|-----------------|------------|------------|--------------|----------------|
| Loans at amortised cost | | | | | | |
| Unsecured loans | | | | | | |
| Loan portfolio | 554.1 | 27.9 | 8.0 | 5.2 | 13.8 | 609.0 |
| Loss allowance | -9.7 | -2.6 | -3.0 | -2.3 | -7.2 | -24.8 |
| Loans secured with real estate | | | | | | |
| Loan portfolio | 638.1 | 2.4 | 0.4 | - | 0.3 | 641.2 |
| Loss allowance | -0.1 | - | - | - | - | -0.1 |
| Loans against other collaterals | | | | | | |
| Loan portfolio | 61.6 | 3.6 | 0.9 | 0.3 | 0.6 | 67.0 |
| Loss allowance | -0.3 | -0.1 | -0.1 | - | -0.2 | -0.7 |
| Loans at FVTPL | | | | | | |
| Loan portfolio | 49.8 | - | - | - | - | 49.8 |
| Total loan portfolio | 1,303.6 | 33.9 | 9.3 | 5.5 | 14.7 | 1,367.0 |
| Total loss allowance | -10.1 | -2.7 | -3.1 | -2.3 | -7.4 | -25.6 |

Note 9. Loan receivables from customers by contractual currency

| At | 31 Dec 2023 | 31 Dec 2022 restated |
|--|----------------|----------------------|
| Loans at amortised cost | | |
| EUR (euro) | 1,576.7 | 1,255.1 |
| SEK (Swedish krona) | 38.5 | 55.1 |
| BGN (Bulgarian lev) | 5.4 | 7.0 |
| Loans at FVTPL | | |
| EUR (euro) | 57.9 | 49.8 |
| Total loan receivables from customers | 1,678.5 | 1,367.0 |

Note 10. Loss allowances for loan receivables from customers**Loss allowances at 31 December 2023**

| | Loan receivables | Interest receivables | Total receivables subject to impairment | Total loss allowances |
|--------------|------------------|----------------------|---|-----------------------|
| Stage 1 | 1,523.0 | 18.2 | 1,541.2 | -9.9 |
| Stage 2 | 53.0 | 1.2 | 54.2 | -6.0 |
| Stage 3 | 44.6 | 5.3 | 49.9 | -21.6 |
| Total | 1,620.6 | 24.7 | 1,645.3 | -37.5 |

Loss allowances at 31 December 2022, restated

| | Loan receivables | Interest receivables | Total receivables subject to impairment | Total loss allowances |
|--------------|------------------|----------------------|---|-----------------------|
| Stage 1 | 1,263.5 | 15.9 | 1,279.4 | -8.5 |
| Stage 2 | 30.3 | 0.8 | 31.1 | -6.1 |
| Stage 3 | 23.4 | 2.7 | 26.1 | -12.4 |
| Total | 1,317.2 | 19.4 | 1,336.6 | -27.0 |

Development of allowances for 12 months 2023

| | Opening balance at 1 Jan 2023 | Increases due to origination | Decrease due to derecognition repayments and disposals | Changes due to change in credit risk (net) | Decrease due to write-off | Closing balance |
|--------------|-------------------------------|------------------------------|--|--|---------------------------|-----------------|
| Stage 1 | -8.5 | -4.6 | 1.2 | 1.9 | 0.1 | -9.9 |
| Stage 2 | -6.1 | -1.2 | 0.3 | -0.8 | 1.7 | -6.1 |
| Stage 3 | -12.4 | -2.0 | 0.7 | -12.5 | 4.7 | -21.5 |
| Total | -27.0 | -7.8 | 2.2 | -11.4 | 6.5 | -37.5 |

Development of allowances for 12 months 2022

| | Opening balance at 1 Jan 2022 | Increases due to origination | Decrease due to derecognition repayments and disposals | Changes due to change in credit risk (net) | Decrease due to write-off | Closing balance |
|--------------|-------------------------------|------------------------------|--|--|---------------------------|-----------------|
| Stage 1 | -8.4 | -4.4 | 1.5 | 2.5 | 0.3 | -8.5 |
| Stage 2 | -5.0 | -1.4 | 0.3 | -1.7 | 1.7 | -6.1 |
| Stage 3 | -13.2 | -2.1 | 0.8 | -5.1 | 7.2 | -12.4 |
| Total | -26.6 | -7.9 | 2.6 | -4.3 | 9.2 | -27.0 |

Note 11. Property, plant and equipment

| At | 31 Dec 2023 | 31 Dec 2022 |
|--------------------------------------|-------------|-------------|
| Land | - | 9.6 |
| Buildings | 6.3 | 6.2 |
| Right-of-use assets: office premises | 1.7 | 1.1 |
| Other items | 1.4 | 1.4 |
| Total | 9.4 | 18.3 |

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

Land and buildings, other items and biological assets

| | Land | Buildings | Other items | Total |
|--|------------|------------|-------------|-------------|
| Cost | | | | |
| Balance at 1 January 2022 | 9.0 | 7.7 | 5.5 | 22.2 |
| Purchases | - | - | 1.2 | 1.2 |
| Sales | - | - | -0.3 | -0.3 |
| Derecognition | - | - | -0.4 | -0.4 |
| Revaluation recognised in other comprehensive income | 2.4 | 0.2 | - | 2.6 |
| Transfer to investment property (note 12) | -1.5 | - | - | -1.5 |
| Transfer | - | - | 0.1 | 0.1 |
| Transfer to assets held for sale (note 15) | -0.3 | -1.7 | -1.0 | -3.0 |
| Balance at 31 December 2022 | 9.6 | 6.2 | 5.1 | 20.9 |
| Balance at 1 January 2023 | 9.6 | 6.2 | 5.1 | 20.9 |
| Purchases | - | - | 2.0 | 2.0 |
| Sales | - | - | -0.2 | -0.2 |
| Derecognition | - | - | -1.7 | -1.7 |
| Transfer to investment property (note 12)* | -9.6 | -0.4 | - | -10.0 |
| Revaluation recognised in other comprehensive income | - | 0.5 | - | 0.5 |
| Balance at 31 December 2023 | - | 6.3 | 5.2 | 11.5 |
| Depreciation | | | | |
| Balance at 1 January 2022 | - | -0.1 | -4.2 | -4.3 |
| Depreciation charge for the period | - | -0.3 | -0.5 | -0.8 |
| Sales | - | - | 0.2 | 0.2 |
| Derecognition | - | - | 0.3 | 0.3 |
| Write-down | - | -0.4 | - | -0.4 |
| Transfer to assets held for sale (note 15) | - | 0.6 | 0.6 | 1.2 |
| Transfer** | - | 0.2 | - | 0.2 |
| Exchange differences | - | - | -0.1 | -0.1 |
| Balance at 31 December 2022 | - | - | -3.7 | -3.7 |
| Balance at 1 January 2023 | - | - | -3.7 | -3.7 |
| Depreciation charge for the period | - | -0.2 | -0.6 | -0.8 |
| Sales | - | - | 0.2 | 0.2 |
| Write-off | - | - | 0.3 | 0.3 |
| Transfer** | - | 0.2 | - | 0.2 |
| Balance at 31 December 2023 | - | - | -3.8 | -3.8 |
| Carrying amount | | | | |
| Balance at 1 January 2022 | 9.0 | 7.6 | 1.3 | 17.9 |
| Balance at 31 December 2022 | 9.6 | 6.2 | 1.4 | 17.2 |
| Balance at 31 December 2023 | - | 6.3 | 1.4 | 7.7 |

* Agricultural land plots which used to be in the Group's own use were rented out to third parties and were therefore transferred to the class of investment property. In connection with the Group's relocation to new premises in Tallinn, the previously used office premises were also transferred to the class of investment property.

** Buildings are measured using the revaluation model. Accumulated depreciation at the revaluation date was eliminated against the gross carrying amount of the revalued assets, see note 22.

In addition to the assets shown in the table, biological assets of 1.0 million euros were included in the opening balance in 2022, which were classified as assets held for sale by the end of 2022.

Right-of-use assets

| | 2023 | 2022 |
|--|------------|------------|
| Carrying amount at 1 January | 1.1 | 2.0 |
| Additions | 1.2 | 0.4 |
| Depreciation charge | -0.6 | -0.7 |
| Transfer to assets held for sale (note 15) | - | -0.6 |
| Carrying amount at end of period | 1.7 | 1.1 |

Note 12. Investment properties

| At | 2023 | 2022 restated |
|---|-------------|------------------|
| Opening balance at 1 January | 35.5 | 35.7 |
| Sales | - | -6.2 |
| Transfer from office premises to investment property (note 11)* | 0.4 | - |
| Transfer from land to investment property (note 11)* | 9.8 | 1.5 |
| Net gain on fair value adjustments (note 22) | 3.4 | 4.5 |
| Closing balance at end of period | 49.1 | 35.5 |

* Agricultural land was leased out to third parties and was therefore reclassified to investment property. Office premises at Tartu mnt 18 in Tallinn which were in own use before the relocation to new offices at Narva mnt 11 were also transferred to investment property.

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

Note 13. Intangible assets

| | 2023 | 2022 |
|--|--------------|-------------|
| Cost at beginning of year | 38.6 | 35.0 |
| Purchased and developed software | 4.1 | 5.5 |
| Of which purchases | 0.4 | 2.8 |
| Of which capitalised payroll costs | 3.7 | 2.7 |
| Write-off | -1.0 | -1.9 |
| Cost at end of period | 41.7 | 38.6 |
| Amortisation at beginning of year | -8.6 | -7.9 |
| Amortisation charge for the period | -4.9 | -2.5 |
| Write-off | 1.0 | 1.8 |
| Amortisation at end of period | -12.5 | -8.6 |
| Carrying amount at beginning of year | 30.0 | 27.1 |
| Carrying amount at end of period | 29.2 | 30.0 |

The Group's intangible assets comprise various software. The Group continues its investments in the information and banking technology solution called Nest. The purchases also include the capitalised payroll and payroll-related costs for employees who were directly associated with the Nest

development. In 2023, the period over which Nest is expected to generate economic benefits (useful life) was shortened from 15 to 5 years, which is why amortisation for the reporting period increased compared with the previous period (see note 1).

Note 14. Other assets

| At | 31 Dec 2023 | 31 Dec 2022 |
|--|-------------|-------------|
| Financial assets | | |
| Customer receivables and other miscellaneous receivables | 1.0 | 2.1 |
| Collection, recovery and other charges receivable | 0.7 | 0.5 |
| Impairment allowance for other receivables | -0.3 | -0.2 |
| Total financial assets | 1.4 | 2.4 |
| Non-financial assets | | |
| Other tax prepayments | 0.1 | 1.7 |
| Prepayments to suppliers and prepaid expenses | 1.4 | 0.8 |
| Total non-financial assets | 1.5 | 2.5 |
| Total other assets | 2.9 | 4.9 |

Note 15. Disposal groups and discontinued operations

At the end of 2022, the Group began the liquidation of two subsidiaries: Paluperä Põllud OÜ and Abja Põld OÜ as their operations (agricultural production) did not support Bigbank's core business and was not part of the Group's long-term strategic plans. Consequently, the assets and liabilities of these subsidiaries were classified as held for sale in the consolidated statement of financial position as at 31 December 2022. The subsidiary Abja Põld OÜ was sold in April 2023. Paluperä Põllud OÜ had discontinued active operations by the end of 2023: the company had no

employees and most of its assets had been disposed of. The Group started the merger of Paluperä Põllud OÜ and Rütli Property OÜ at the end of 2023 (see note 31).

Consequently, the assets and liabilities of these subsidiaries are classified as held for sale in the consolidated statement of financial position. In segment reporting (see note 3), the operations of the companies were reported in the segment of other activities.

Assets and liabilities of disposal groups classified as held for sale

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

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

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

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

Fair value measurement

The one-off fair value of the disposal group was 2.9 million euros at the end of 2022, at the reporting date it was 0.3 million euros. Based on the valuation techniques applied, the measurement was categorised to level 3 in the fair value

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

Discontinued operations

An operation is classified as discontinued either at disposal or on meeting the criteria for being classified as held for sale, whichever is earlier. By the reporting date, the subsidiary Palupera Põllud OÜ had discontinued active operations and the subsidiary Abja Põld OÜ had been sold. Therefore, the entities have been classified as discontinued operations.

Loss from discontinued operations

| | Q4 2023 | Q4 2022 | 12M 2023 | 12M 2022 |
|--|----------|-------------|-------------|-------------|
| Other operating income | - | 1.0 | 2.2 | 3.7 |
| Other operating expenses | - | -0.2 | -2.0 | -2.2 |
| Net operating income | - | 0.8 | 0.2 | 1.5 |
| Salaries, associated charges and administrative expenses | 0.1 | -0.2 | -0.4 | -0.7 |
| Administrative expenses | - | -0.3 | - | -0.4 |
| Depreciation, amortisation and impairment losses | -0.1 | -0.7 | -0.4 | -1.0 |
| Total expenses | - | -1.2 | -0.8 | -2.1 |
| Loss before income tax | - | -0.4 | -0.6 | -0.6 |
| Income tax | - | - | - | - |
| Loss from discontinued operations | - | -0.4 | -0.6 | -0.6 |
| Basic earnings per share (EUR) | 1 | -5 | -7 | -7 |
| Diluted earnings per share (EUR) | 1 | -5 | -7 | -7 |

Cash flows from discontinued operations

| | 12M 2023 | 12M 2022 |
|---|------------|------------|
| Cash flows from operating activities | 1.4 | 0.8 |
| Cash flows from investing activities | 0.9 | -0.1 |
| Cash flows from financing activities | -0.2 | -0.2 |
| Net cash flows generated by the subsidiaries | 2.1 | 0.5 |

Line item *Paid in connection with business combinations* comprises the last instalment payment of 0.5 million euros

for an acquisition through a business combination, which was to be paid after an 18-month closing period.

Note 16. Loans from banks

| At | 31 Dec 2023 | 31 Dec 2022 |
|--------------------------------------|-------------|-------------|
| Loans from other credit institutions | 8.9 | 9.2 |

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

term of five years in the amount of 9,3 million euros. Interest expense for 12 months was 0.6 million euros (2022 12 months: 0.4 million euros), see note 25.

Note 17. Deposits from customers

| At | 31 Dec 2023 | 31 Dec 2022 |
|-----------------------------------|----------------|----------------|
| Deposits from customers | 1,937.4 | 1,367.7 |
| Deposits by customer type | | |
| Individuals | 1,919.6 | 1,353.5 |
| Legal persons | 17.8 | 14.2 |
| Deposits by currency | | |
| EUR (euro) | 1,892.8 | 1,303.9 |
| SEK (Swedish krona) | 40.1 | 62.6 |
| BGN (Bulgarian lev) | 4.5 | 1.2 |
| Deposits by maturity | | |
| On demand (savings deposits) | 1,021.6 | 627.2 |
| Maturing within 1 month | 77.1 | 39.6 |
| Maturing between 1 and 6 months | 243.1 | 160.4 |
| Maturing between 6 and 12 months | 261.4 | 184.0 |
| Maturing between 12 and 18 months | 114.6 | 71.9 |
| Maturing between 18 and 24 months | 64.8 | 85.0 |
| Maturing between 24 and 36 months | 67.1 | 100.7 |
| Maturing between 36 and 48 months | 25.3 | 39.9 |
| Maturing between 48 and 60 months | 24.5 | 19.5 |
| Maturing in over 60 months | 37.9 | 39.5 |

The median amount of customer deposits was 33 thousand euros.

Note 18. Subordinated bonds

In 2023, Bigbank carried out five issues of subordinated bonds, including subordinated bonds publicly traded on the Nasdaq Tallinn stock exchange that qualify as Tier 2 capital of 20 million euros and subordinated bonds which

qualify as Additional Tier 1 capital of 16.2 million euros. Subject to approval by the Estonian Financial Supervision and Resolution Authority, the bonds can be called early after five years have passed.

Changes in bonds

| | 2023 | 2022 |
|------------------------------------|-------------|-------------|
| Balance at beginning of period | 40.1 | 15.0 |
| Cash items: | | |
| Receipts | 36.2 | 25.0 |
| Payments | -5.3 | -1.2 |
| Non-cash items: | | |
| Accrued interest | 5.1 | 1.7 |
| Transaction costs related to issue | - | -0.4 |
| Closing balance | 76.1 | 40.1 |

Bonds at 31 December 2023

| | Nominal price | Interest rate | Date of issue | Maturity date |
|-------------------|---------------|---------------|-------------------|-------------------|
| Bond EE3300111400 | 5.0 | 6.5% | 28 December 2017 | 28 December 2027 |
| Bond EE3300002526 | 10.0 | 6.5% | 30 December 2021 | 30 December 2031 |
| Bond EE3300002583 | 5.0 | 7.5% | 16 May 2022 | 16 May 2032 |
| Bond EE3300002690 | 20.0 | 8.0% | 21 September 2022 | 21 September 2032 |
| Bond EE3300003052 | 15.0 | 8.0% | 16 February 2023 | 16 February 2033 |
| Bond EE3300003151 | 7.7 | 10.5% | 15 March 2023 | Perpetual |
| Bond EE3300003284 | 3.4 | 12.0% | 31 May 2023 | Perpetual |
| Bond EE3300002690 | 5.1 | 12.0% | 31 August 2023 | Perpetual |
| Bond EE3300003706 | 5.0 | 8.0% | 30 November 2023 | 30 November 2033 |

Note 19. Other liabilities

| At | 31 Dec 2023 | 31 Dec 2022 |
|--|-------------|-------------|
| Financial liabilities | | |
| Received surplus payments | 8.4 | 7.0 |
| Supplier payables | 1.3 | 0.7 |
| Lease liabilities | 1.8 | 1.2 |
| Total financial liabilities | 11.5 | 8.9 |
| Non-financial liabilities | | |
| Payables to employees | 3.6 | 2.8 |
| Other taxes payable | 1.4 | 1.0 |
| Provisions | - | 0.4 |
| Other payables and deferred income | 1.2 | 1.4 |
| Total non-financial liabilities | 6.2 | 5.6 |
| Total other liabilities | 17.7 | 14.5 |

Received surplus payments include surplus repayments of loans by customers that are paid prematurely and not yet

matched to particular loan contracts due to uncertainty of nature of these payments.

Note 20. Other reserves

| At | 31 Dec 2023 | Change | 31 Dec 2022 |
|--|-------------|-------------|-------------|
| Exchange differences on translating foreign operations | 1.0 | -0.1 | 1.1 |
| Asset revaluation reserve | 1.5 | -2.1 | 3.6 |
| Fair value changes of debt instruments measured at FVOCI | -0.7 | 0.6 | -1.3 |
| Total other reserves | 1.8 | -1.6 | 3.4 |

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

| | Assets bearing currency risk | Liabilities bearing currency risk | Net position |
|---------------------|------------------------------|-----------------------------------|--------------|
| SEK (Swedish krona) | 41.5 | 40.6 | 0.9 |
| BGN (Bulgarian lev) | 9.6 | 4.6 | 5.0 |

Net currency positions at 31 December 2022

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

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

Note 22. Fair values of assets and liabilities

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

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

The different levels have been defined as follows:

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

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

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

Fair value hierarchy at 31 December 2023

| | Level 1 | Level 2 | Level 3 | Total |
|--|-------------|-------------|----------------|----------------|
| Assets measured at fair value | | | | |
| Debt instruments at FVOCI (note 5) | 15.4 | - | - | 15.4 |
| Loans to customers at FVTPL (note 6–10) | - | - | 57.9 | 57.9 |
| Land and buildings (note 11) | - | - | 6.3 | 6.3 |
| Investment properties (note 12) | - | - | 49.1 | 49.1 |
| Assets for which fair values are disclosed | | | | |
| Loans to customers at amortised cost (note 6-10) | - | - | 1,607.8 | 1,607.8 |
| Other financial receivables (note 14) | - | - | 1.4 | 1.4 |
| Total assets | 15.4 | - | 1,722.5 | 1,737.9 |
| Liabilities for which fair values are disclosed | | | | |
| Loans from banks (note 16) | - | - | 8.9 | 8.9 |
| Deposits from customers (note 17) | - | - | 1,937.4 | 1,937.4 |
| Subordinated bonds (note 18) | - | 34.9 | 41.2 | 76.1 |
| Lease liabilities | - | - | 1.8 | 1.8 |
| Other financial liabilities (note 19) | - | - | 9.7 | 9.7 |
| Total liabilities | - | 34.9 | 1,999.0 | 2,033.9 |

Fair value hierarchy at 31 December 2022

| | Level 1 | Level 2 | Level 3 | Total |
|--|-------------|-------------|----------------|----------------|
| Assets measured at fair value | | | | |
| Debt instruments at FVOCI (note 5) | 19.2 | - | - | 19.2 |
| Loans to customers at FVTPL (note 6–10) | - | - | 49.8 | 49.8 |
| Land and buildings (note 11) | - | - | 15.8 | 15.8 |
| Investment properties (note 12) | - | - | 35.5 | 35.5 |
| Assets for which fair values are disclosed | | | | |
| Loans to customers at amortised cost (note 6-10) | - | - | 1,309.6 | 1,309.6 |
| Other financial receivables (note 14) | - | - | 2.4 | 2.4 |
| Total assets | 19.2 | - | 1,413.1 | 1,432.3 |
| Liabilities for which fair values are disclosed | | | | |
| Loans from banks (note 16) | - | - | 9.2 | 9.2 |
| Deposits from customers (note 17) | - | - | 1,367.8 | 1,367.8 |
| Subordinated bonds (note 18) | - | 20.1 | 20.0 | 40.1 |
| Lease liabilities | - | - | 1.2 | 1.2 |
| Other financial liabilities (note 19) | - | - | 7.7 | 7.7 |
| Total liabilities | - | 20.1 | 1,405.9 | 1,426.0 |

There were no movements between levels 1 and 2 in 2023 and 2022.

Subordinated bonds publicly traded on the Nasdaq Tallinn stock exchange, which are accounted for as level 2 instruments, are measured at market value at the reporting date, i.e. at the value of the last transaction of the trading date. Subordinated bonds which are not publicly traded are classified as level 3 instruments and measured in the statement of financial position at amortised cost using the effective interest method. Their fair value is determined using a valuation technique whereby the present value of

an instrument is found by discounting all expected future cash flows by applying the current market interest rate, which at the reporting date was 5.55% (31 December 2022: 4.14%).

The level 3 loans to customers at FVTPL in the amount of 57.9 million euros are loans with the features of a hybrid instrument, which comprise the principal and interest receivables of the host contract and a growth component (increase in fair value) resulting from the revaluation of the underlying asset. The Group measures the fair value of loans to customers measured at FVTPL using a valuation

technique, whereby the present value of an instrument is calculated by discounting all expected future cash flows at prevailing market interest rates. The interest rates are determined based on a model that uses as inputs both market data on instruments with similar currency, maturity, interest rate, credit risk and other characteristics and the Group's internal data.

In line with IFRS 13 and IFRS 9, the fair value of an instrument at initial recognition normally equals the transaction price. For new transactions, where the valuation technique used for fair value measurement requires significant inputs that are not based on observable market data, the financial instrument is initially recognised at the transaction price. If the transaction price differs from the fair value obtained using the valuation technique, the difference is recognised in the statement of financial position within *Loans to customers* as deferred day 1 gain or loss, which is subsequently amortised through profit or loss on a straight-line basis over the term of the contract. Balance of deferred day 1 gain at end of year was 4,6 million euros (31 December 2022: 7,3 million euros).

At the reporting date, the market interest rate applied in the valuation technique was 5.55% (31 December 2022: 4.14%). Gains on the revaluation of the underlying assets are included in the future cash flows of the instrument. The market comparison method was used for the valuation of the underlying assets, similarly to the valuation of agricultural land.

The change in the revaluation of loans to customers (value adjustments due to changes in factors, including time, gains from the revaluation of loans with investment risk) is recognised as a gain or loss on financial assets at FVTPL. These are assets that are required to be categorised as measured at FVTPL.

The level 3 loans to customers at amortised cost that amount to 1,607.8 million euros are measured at amortised cost using the effective interest method less any loss allowances. For fair valuation, the estimated cash-flows have been discounted at the prevailing market interest rates, the result being not materially different from that recognised under the amortised cost method using the effective interest rate.

The level 3 land and buildings that amount to 6.3 million euros consists of real estate used by the Group as office premises in Tallinn and agricultural land.

Note 23. Contingent liabilities

At 31 December 2023, the unused portions of the credit lines and loans totalled 134.9 million euros (31 December 2022: 113.6 million euros).

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 12 euros, the rental growth rate is 2.0%, the long-term vacancy rate is 5% and the discount rate is 9.5%. 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 4,001-4,446 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 8,000 euros.

The level 3 investment properties that amount to 49.1 million euros consist of office buildings and retail space in Tartu, Tallinn and Pärnu, forest and agricultural land leased to farmers. Investment properties are measured at the fair value in the financial statements.

The office building in Tartu was valued using the residual method based on the highest and best use of the property. The residual method takes into account the profit that could be earned if the existing property were developed and sold as an apartment building. The following inputs were used in the valuation of the property: the sales price per square metre for flats in Tartu old town of 4,200 euros and development costs per square metre of 1,734 euros.

The fair values of other office buildings in Tallinn and Pärnu were estimated using the income approach based on rental prices of 10-14 euros per square metre in Tallinn and 4-12 euros per square metre in Pärnu.

Agricultural land was valued using mainly the market comparison approach. Based on the opinion of a valuation expert, the best use of the land is the existing use for agricultural purposes and the average price per hectare of agricultural land is 8,000 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 office premises recognised in the line item 'Land and buildings' and the forest and agricultural lands and office buildings and retail space recognised in the line item 'Investment property' were revalued in the fourth quarter of 2023. The assumptions used described above are based on expert estimates obtained in the fourth quarter of 2023.

Note 24. Interest income

| | Q4 2023 | Q4 2022 | 12M 2023 | 12M 2022 |
|--|-------------|-------------|--------------|-------------|
| Interest income on loans to customers at amortised cost | 35.7 | 26.4 | 130.5 | 94.5 |
| Interest income on debt instruments | - | 0.1 | 0.2 | 0.5 |
| Interest income on deposits with banks and central banks | 4.3 | 0.4 | 10.2 | 0.4 |
| Interest income on liabilities | - | - | - | 0.2 |
| Total interest income | 40.0 | 26.9 | 140.9 | 95.6 |

Note 25. Interest expense

| | Q4 2023 | Q4 2022 | 12M 2023 | 12M 2022 |
|--|-------------|------------|-------------|-------------|
| Interest expense on deposits | 13.0 | 3.8 | 37.1 | 11.1 |
| Interest expense on liabilities to banks | 0.2 | 0.1 | 0.6 | 0.2 |
| Interest expense on bonds | 1.6 | 0.8 | 5.2 | 1.7 |
| Other interest expense | - | - | - | 0.2 |
| Total interest expense | 14.8 | 4.7 | 42.9 | 13.2 |

Note 26. Other operating income

| | Q4 2023 | Q4 2022 | 12M 2023 | 12M 2022 |
|---------------------------------------|------------|------------|------------|------------|
| Rental income | 0.9 | 1.0 | 3.5 | 3.6 |
| Income from debt recovery proceedings | 0.3 | 0.1 | 0.8 | 0.5 |
| Miscellaneous income | - | 0.1 | 0.3 | 0.3 |
| Total other income | 1.2 | 1.2 | 4.6 | 4.4 |

Note 27. Other operating expenses

| | Q4 2023 | Q4 2022 | 12M 2023 | 12M 2022 |
|---|------------|------------|------------|------------|
| Legal regulation charges | 0.8 | 0.3 | 3.1 | 1.1 |
| Expenses from investment properties | 0.4 | 0.5 | 1.5 | 1.6 |
| Expenses related to registry inquires | 0.2 | 0.2 | 0.6 | 1.1 |
| Expenses related to enforcement proceedings | 0.1 | 0.1 | 0.5 | 0.5 |
| Miscellaneous expenses | 0.3 | 0.3 | 1.1 | 0.8 |
| Total other expenses | 1.8 | 1.4 | 6.8 | 5.1 |

Note 28. Administrative expenses

| | Q4 2023 | Q4 2022 | 12M 2023 | 12M 2022 |
|---|------------|------------|-------------|-------------|
| Marketing expenses | 2.3 | 2.4 | 8.6 | 11.1 |
| Short-term leases | 0.1 | - | 0.2 | 0.1 |
| Office and other similar administrative expenses | 0.1 | 0.7 | 0.7 | 1.1 |
| Other personnel-related expenses | 0.4 | 0.4 | 1.4 | 1.5 |
| Software licensing and other information technology costs | 0.5 | 0.4 | 1.7 | 1.5 |
| Other services | 0.4 | 0.2 | 1.3 | 0.6 |
| Postal supplies and charges | 0.1 | 0.1 | 0.2 | 0.2 |
| Telephone and other communications expenses | 0.2 | 0.2 | 0.9 | 0.7 |
| Miscellaneous operating expenses | - | - | 0.2 | 0.2 |
| Total administrative expenses | 4.1 | 4.4 | 15.2 | 17.0 |

Note 29. Earnings per share

| | 12M 2023 | 12M 2022 |
|--|-------------|-------------|
| Profit from continuing operations (EUR million) | 41.4 | 33.3 |
| Profit from discontinued operations (EUR million) | -0.6 | -0.6 |
| Net profit for the period (EUR million) | 40.8 | 32.7 |
| Number of shares at beginning of year | 80,000 | 80,000 |
| Number of shares at end of period | 80,000 | 80,000 |
| Weighted average number of ordinary shares outstanding | 80,000 | 80,000 |
| Earnings per share, in euros | 510 | 409 |

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

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

Note 30. Related parties

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

- shareholders of Bigbank AS;
- members of Group companies' management and supervisory boards;
- close family members of the above;
- companies connected with the above persons, except where the persons cannot exert significant influence on the company's business decisions.

At 31 December 2023, the Group had a claim to related parties of 10.4 million euros (Loans to customer) (31 December 2022: 9.4 million euros), the interest income on that claim amounted to 0.6 million euros for twelve months of 2023 (for twelve months of 2022: 0.3 million euros). Loans granted to related parties are issued at market conditions.

At the reporting date, management and supervisory board members and parties related to them held 748 Bigbank bonds with a total nominal value of 748 thousand euros (31 December 2022: 245 thousand euros).

Claim to related parties

| At | 31 Dec 2023 | 31 Dec 2022 |
|--|-------------|-------------|
| Loans to customers | 10.4 | 9.4 |
| Of which to members of management and supervisory boards and share holders | 1.8 | 1.8 |
| Of which to companies and persons connected related parties | 8.6 | 7.6 |
| Subordinated bonds | 0.7 | 0.2 |
| Of which to members of management and supervisory boards | 0.7 | 0.2 |

Note 31. Events after the reporting period

The Group's subsidiary Palupera Pöllud OÜ (the acquiree) was merged with the Group's subsidiary OÜ Rütli Property (the acquirer). The merger resolutions were adopted on 2 January 2024 and the merger was registered in the Commercial Register on 12 February 2024. Palupera Pöllud OÜ was deleted from the Commercial Register as of 12 February 2024. For the purpose of the statement of

financial position, the date of the merger was 1 January 2024.

The Group resumed the issuance of consumer loans at its Bulgarian branch from 1 January 2024 (issuance of the consumer loans was suspended at the end of 2022).

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 twelve months of 2023 are true and complete.
- The condensed consolidated financial statements provide a true and fair view of the Group's financial position, financial performance and cash flows.

- The condensed consolidated interim report at 31 December 2023 has been prepared in accordance with the international financial reporting standard IAS 34 *Interim Financial Reporting* as adopted by the European Union and with the information disclosure requirements established by the Bank of Estonia.

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

Martin Länts

Chairman of the
Management Board

Mart Veskimägi

Member of the
Management Board

Argo Kiltsmann

Member of the
Management Board

Ingo Pöder

Member of the
Management Board

Ken Kanarik

Member of the
Management Board

signed digitally on 19 February 2024