Interim condensed consolidated financial statements for the period ended 31 March 2019

Bigbank AS

Interim condensed consolidated financial statements for the period ended 31 March 2019

Business name	**Bigbank AS**
Registry	**Commercial Register of the Republic of Estonia**
Registration number	**10183757**
Date of entry	**30 January 1997**
LEI code	**5493007SWCCN9S3J2748**
Address	**Riia 2, 51004 Tartu, Estonia**
Phone	**+372 737 7570**
Fax	**+372 737 7582**
E-mail	**info@bigbank.ee**
Corporate website	**www.bigbank.ee**
Financial year	**1 January 2019 – 31 December 2019**
Reporting period	**1 January 2019 – 31 March 2019**
Chairman of the management board	**Martin Länts**
Core business line	**Provision of consumer loans and acceptance of deposits**
Auditor	**Ernst & Young Baltic AS**
Reporting currency	**The reporting currency is the euro and numerical financial data is presented in thousands of euros.**

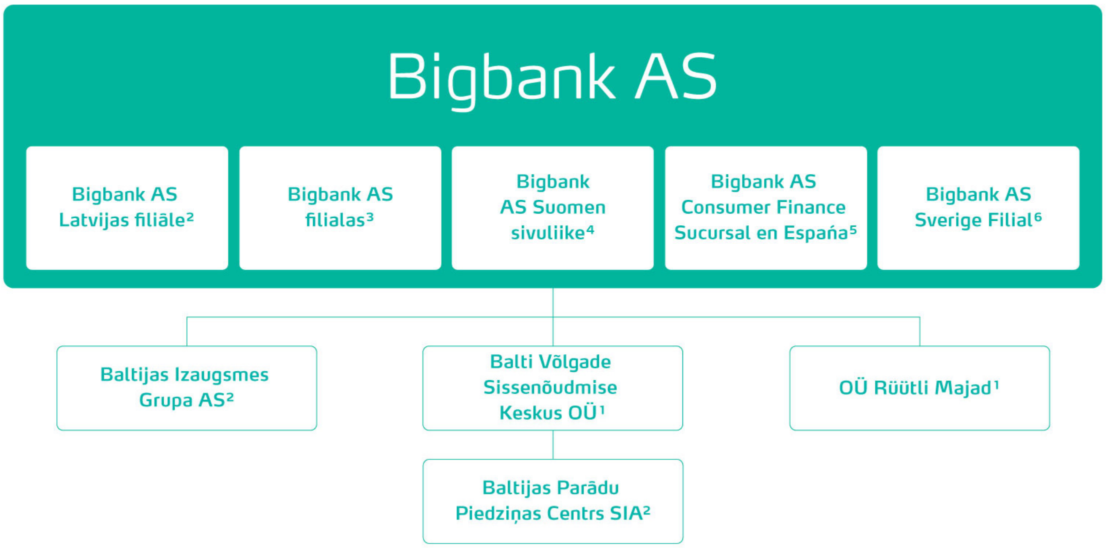
Interim report is available on the website of Bigbank AS at www.bigbank.ee.
The version in English is located at www.bigbank.eu.

Contents

Bigbank Group structure

Bigbank AS was founded on 22 September 1992. A licence for operating as a credit institution was issued to Bigbank AS on 27 September 2005. Bigbank is specialised on consumer loans and term deposits.

The Group's structure at the reporting date:



[1] registered in the Republic of Estonia
[2] registered in the Republic of Latvia
[3] registered in the Republic of Lithuania
[4] registered in the Republic of Finland
[5] registered in the Kingdom of Spain
[6] registered in the Kingdom of Sweden

The branches in Latvia, Lithuania, Finland, Spain and Sweden offer lending services similar to those of the parent. In addition, the parent and its Latvian, Finnish and Swedish branches offer deposit services. In addition, Bigbank AS provides cross-border deposit services in Germany, the Netherlands and Austria.

The core business of OÜ Rüütli Majad is managing the real estate. OÜ Balti Võlgade Sissenõudmise Keskus and its subsidiary support the parent and its branches in debt collection.

Review of operations

Significant economic events

In the first quarter of 2019, economic situation as well as economic outlook remained favourable in all Bigbank AS (hereinafter also “Bigbank” and the “Group”) home markets. GDP growth rates and employment levels are favourable which give a good bases for successful operations for the Group.

Results of the first quarter of 2019 were on satisfactory level for Bigbank. In the first quarter performing loan portfolio increased by 3.6 million euros i.e. 0.8%. Estonian business unit showed the biggest performing loan portfolio growth rate. The share of the non-performing loan portfolio in the total portfolio was 3.0% at the end of the first quarter.

The Group’s net profit for the first quarter of 2019 amounted to 5.8 million euros. The corresponding figure for the first quarter of 2018 was 5.2 million euros. Above all, profitability has improved thanks to successful implementation of the strategy. Shifting the focus on customers with a lower credit risk has not only helped to increase the performing loan portfolio but also to reduce credit losses. Although this has caused a gradual decline in interest rates, which affects interest income, the drop in provisions for credit losses has been considerably larger.

On February 2, 2019, the Lithuanian branch was fully transferred to the information system Nest, which aims to support Bigbank's development and growth. In addition, the core system has been deployed in Finland (2017) and Sweden (2018). One of the strategic goals is to introduce Nest in full size at all Bigbank branches by the beginning of 2020.

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. From 1 March 2019, the management board continues with three members: the chairman of the management board Martin Länts and the members Sven Raba and Mart Veskimägi.

Bigbank had 426 employees at the end of the first quarter of 2019: 234 in Estonia, 82 in Latvia, 76 in Lithuania, 17 in Finland, 10 in Spain and 7 in Sweden.

Key performance indicators and ratios

Financial position indicators *(in thousands of euros)*	**31 March 2019**	**31 Dec 2018**	**Change**
Total assets	548,217	528,517	3.7%
Loans to customers	433,110	427,964	1.2%
of which loan portfolio	448,161	445,679	0.6%
of which interest receivable	8,282	6,122	35.3%
of which loss allowances	-23,333	-23,837	-2.1%
Deposits from customers	408,606	393,020	4.0%
Equity	122,213	121,174	0.9%

Financial performance indicators *(in thousands of euros)*	**3M 2019**	**3M 2018**	**Change**
Interest income	16,298	16,408	-0.7%
Interest expense	1,649	1,484	11.1%
Net loss allowances on loans and financial investments	2,249	2,682	-16.1%
Income from debt collection proceedings	277	499	-44.5%
Profit before impairment loss	8,071	7,905	2.1%
Net profit	5,822	5,223	11.5%

Ratios	**3M 2019**	**3M 2018**
Return on equity (ROE)	19.2%	18.8%
Equity multiplier (EM)	4.4	4.1
Profit margin (PM)	32.7%	29.3%
Asset utilization ratio (AU)	13.2%	15.6%
Return on assets (ROA)	4.3%	4.6%
Price difference (SPREAD)	11.0%	12.8%
Cost to income ratio (CIR)	49.6%	46.8%

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

Explanations of ratios:

Return on equity (ROE) – net profit to equity

Equity multiplier (EM) – total assets to total equity

Profit margin (PM) – net profit to total income

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 to total assets

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

Financial review

Financial position

As at 31 March 2019, the consolidated assets of Bigbank AS Group totalled 548.2 million euros, having increased by 19.7 million euros (3.7%) during the first quarter.

As at 31 March 2019, loans to customers accounted for 79.0% of total assets, the proportion of liquid assets (amounts due from banks and financial debt instruments) was 16.3%. At the end of the first quarter, liquid assets totalled 89.6 million euros. Part of 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 moment. Debt instruments totalled 13.1 million euros as at 31 March 2019.

At the end of the first quarter, the Group had 121 thousand loan agreements, 40 thousand of them in Latvia, 30 thousand in Estonia, 28 thousand in Lithuania, 10 thousand in Finland, 10 thousand in Sweden and 3 thousand in Spain.

Geographical distribution of loans to customers:

- 28.6% Lithuania,
- 23.1% Latvia,
- 19.1% Estonia,
- 16.0% Finland,
- 11.2% Sweden,
- 2.0% Spain.

At 31 March 2019, loans to customers totalled 433.1 million euros, comprising of:

- the loan portfolio of 448.2 million euros. Loans to individuals accounted for 93.6% of the total;
- interest receivable on loans of 8.3 million euros;
- loss allowances for loans and interest receivables of 23.3 million euros (consisting of an loss allowance for loans of 21.5 million euros and an loss allowance for interest receivables of 1.8 million euros).

Bigbank's loan portfolio is diversified – at the reporting date the average loan was 3,714 euros and as at 31 March 2019, 40 largest loans accounted for 6.1% of the loan portfolio.

Bigbank AS focuses on the provision of consumer loans. In line with the corporate strategy, as at 31 March 2019 loans against income accounted for 91.4%, loans against surety for 0.2% and loans secured with real estate for 8.4% of the total loan portfolio.

As regards past due receivables, it is important to note that the collection of non-performing consumer loans differs significantly from the recovery of loans that have physical collateral (for example, mortgage-backed loans). Due to their nature (as a rule, consumer loans are backed with the customer's regular income), claims related to terminated consumer loans are satisfied in smaller instalments over an extended period rather than in a lump sum raised through the sale of the collateral.

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

At the end of the first quarter of 2019, the Group's liabilities totalled 426.0 million euros. Most of the debt raised by the Group, i.e. 408.6 million euros (95.9%) consisted of term deposits.

As at the end of the first quarter of 2019, the Group's equity was 122.2 million euros. The equity to assets ratio amounted to 22.3%.

Financial performance

Interest income for the first quarter reached 16.3 million euros, decreasing by 0.1 million euros (-0.7%) compared to the same period in 2018.

The period's ratio of interest income (annualised) to average interest-earning assets was 12.6% and (annualised) return on the loan portfolio accounted for 14.6% of the average loan portfolio.

Interest expense for the first quarter of 2019 was 1.6 million euros, increasing by 0.2 million euros (11.1%) compared to the corresponding figure of the same period in 2018.

The ratio of interest expense to interest income was 10.1%. The ratio of interest expense to average interest-bearing liabilities (annualised) was 1.7%.

Other operating expenses for the first quarter were 2.8 million euros, increasing by 0.2 million euros compared to the corresponding figure of the same period in 2018.

Salaries and associated charges for the first quarter of 2019 amounted to 3.6 million euros, including remuneration of 3.4 million euros. As at the end of the period, the Group had 426 employees.

In the first quarter, impairment losses were 2.2 million euros, consisting of:

- impairment losses on loan receivables of 2.3 million euros;
- impairment losses on interest receivables of 0.4 million euros; and
- impairment reversal of other receivables of 0.5 million euros.

Other income for the first quarter of 2019 was 0.5 million euros, the largest proportion of which resulted from debt collection income. In the same period of 2018, other income was 0.6 million euros.

Other expenses for the first quarter reached 0.7 million euros. In the same period of 2018, other expenses were 0.7 million euros, as well.

The Group's net profit for the first quarter of 2019 amounted to 5.8 million euros. In comparison to the first quarter of 2018, net profit has increased by 0.6 million euros.

Capital ratios

Own funds

As at	31 March 2019	31 Dec 2018
Paid up capital instruments	8,000	8,000
Other reserves	800	800
Previous years retained earnings	106,568	94,042
Other accumulated comprehensive income	1,023	997
Other intangible assets	-14,284	-12,381
Profit eligible	-	9,970
Adjustments to CET1 due to prudential filters	-13	-191
Common equity Tier 1 capital	**102,094**	**101,237**
Tier 1 capital	**102,094**	**101,237**
Tier 2 capital	**5,000**	**5,000**
Deductions	**-**	**-**
Total own funds	**107,094**	**106,237**

Total risk exposure amount

	31 March 2019	31 Dec 2018
Risk weighted exposure amounts for credit and counterparty credit (standardized approach)		
Central governments or central banks	-	1,246
Institutions	15,330	12,141
Corporates	38,401	40,210
Retail	291,528	286,451
Secured by mortgages on immovable property	3,115	3,215
Exposures in default	12,743	11,418
Other items	11,266	8,735
Total risk weighted exposure amounts for credit and counterparty credit (standardized approach)	**372,383**	**363,416**
Total risk exposure amount for foreign exchange risk (standardized approach)	**-**	**-**
Total risk exposure amount for operational risk (standardized approach)	**101,632**	**104,953**
Total risk exposure amount for credit valuation adjustment (standardized approach)	**-**	**-**
Total risk exposure amount	**474,015**	**468,369**

Capital ratios

	31 March 2019	31 Dec 2018
CET1 Capital ratio	21.5%	21.6%
T1 Capital ratio	21.5%	21.6%
Total capital ratio	22.6%	22.7%
Leverage ratio	18.8%	19.3%

Own funds as of 31 December 2018 include nine months eligible profits less dividends.

Own funds are calculated on the basis of Regulation (EU) no 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms that incorporate the Basel III framework.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (In thousands of euros, unaudited)

Condensed consolidated interim financial statements

Consolidated statement of financial position

As at	Note	31 March 2019	31 Dec 2018
Assets			
Cash balances at central banks	2	7,782	29,691
Cash balances at banks	2	68,705	36,261
Debt instruments at fair value through other comprehensive income	3	13,070	13,484
Loans to customers	4,5,6,7,8	433,110	427,964
Other receivables	9	1,524	1,484
Prepayments	10	1,765	1,732
Property and equipment	11	6,205	3,625
Investment property		1,743	1,866
Intangible assets	12	14,284	12,381
Assets classified as held for sale		29	29
Total assets		**548,217**	**528,517**
Liabilities			
Deposits from customers	13	408,606	393,020
Subordinated notes		5,043	4,960
Provisions		1,598	1,884
Other liabilities		9,308	5,197
Deferred income and tax liabilities		1,449	2,282
Total liabilities		**426,004**	**407,343**
Equity			
Share capital		8,000	8,000
Capital reserve		800	800
Other reserves	14	1,023	806
Retained earnings		112,390	111,568
Total equity		**122,213**	**121,174**
Total liabilities and equity		**548,217**	**528,517**

(In thousands of euros, unaudited) CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

	Note	3M 2019	3M 2018
Interest income	18	16,298	16,408
Interest expense	19	-1,649	-1,484
Net interest income		**14,649**	**14,924**
Fee and commission income		1,010	841
Fee and commission expense		-93	-95
Net fee and commission income		**917**	**746**
Net profit/loss on exchange differences		-112	-330
Net profit/loss on derecognition of non-financial assets		-25	-
Other income	20	502	591
Total income		**15,931**	**15,931**
Salaries and associated charges		-3,595	-3,715
Other operating expenses	21	-2,793	-2,578
Depreciation and amortisation expense		-777	-443
Provision expenses		285	-
Impairment losses on loans and financial investments		-2,249	-2,682
Other expenses	22	-730	-721
Profit/loss from assets classified as held for sale		1	-260
Total expenses		**-9,858**	**-10,399**
Profit before income tax		**6,073**	**5,532**
Income tax expense		-251	-309
Profit for the period		**5,822**	**5,223**
Other comprehensive income/expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		115	337
Changes in the fair value of debt instruments at FVOCI		102	-59
Net other comprehensive income to be reclassified to profit or loss		**217**	**278**
Other comprehensive income for the period		**217**	**278**
Total comprehensive income for the period		**6,039**	**5,501**
Basic earnings per share (EUR)		73	65
Diluted earnings per share (EUR)		73	65

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (In thousands of euros, unaudited)

Consolidated statement of cash flows

	Note	3M 2019	3M 2018
Cash flows from operating activities			
Interest received		14,718	14,932
Interest paid		-1,171	-1,111
Salary and other operating expenses paid		-7,887	-7,525
Other income and fees received		1,890	1,550
Other expenses and fees paid		-759	-735
Recoveries of receivables previously written off and received for sold portfolios		7,004	7,127
Loans provided		-60,683	-61,040
Repayment of loans provided		48,437	42,838
Change in mandatory reserves with central banks		-9	-99
Proceeds from customer deposits		31,462	18,566
Paid on redemption of deposits		-14,859	-20,830
Income tax paid		-1,047	-633
Effect of movements in exchange rates		-48	-185
Net cash from/used in operating activities		**17,048**	**-7,145**
Cash flows from investing activities			
Acquisition of property and equipment and intangible assets		-2,214	-1,446
Proceeds from sale of property and equipment		30	2
Proceeds from sale of investment properties		114	22
Acquisition of financial instruments		-	-593
Proceeds from redemption of financial instruments		558	48
Net cash used in investing activities		**-1,512**	**-1,967**
Cash flows from financing activities			
Dividends paid		-5,000	-5,000
Net cash used in financing activities		**-5,000**	**-5,000**
Effect of exchange rate fluctuations		-12	-289
Increase/decrease in cash and cash equivalents		**10,524**	**-14,401**
Cash and cash equivalents at beginning of period		64,624	53,121
Cash and cash equivalents at end of period	2	**75,148**	**38,720**

(In thousands of euros, unaudited)

Consolidated statement of changes in equity

	Attributable to equity holders of the parent				
	Share capital	Statutory capital reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2018	8,000	800	675	103,771	113,246
Changes on initial adoption of IFRS 9	-	-	-	-4,729	-4,729
Restated balance at 1 January 2018	**8,000**	**800**	**675**	**99,042**	**108,517**
Profit for the period	-	-	-	5,223	5,223
Other comprehensive income					
Exchange differences on translation of foreign operations	-	-	337	-	337
Net change in fair value of debt instrument at FVOCI	-	-	-59	-	-59
Total other comprehensive income	**-**	**-**	**278**	**-**	**278**
Total comprehensive income for the period	**-**	**-**	**278**	**5,223**	**5,501**
Dividend distribution	-	-	-	-5,000	-5,000
Total transactions with owners	**-**	**-**	**-**	**-5,000**	**-5,000**
Balance at 31 March 2018	**8,000**	**800**	**953**	**99,265**	**109,018**
Balance at 1 January 2019	**8,000**	**800**	**806**	**111,568**	**121,174**
Profit for the period	-	-	-	5,822	5,822
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	115	-	115
Net change in fair value of debt instrument at FVOCI	-	-	102	-	102
Total other comprehensive income	**-**	**-**	**217**	**-**	**217**
Total comprehensive income for the period	**-**	**-**	**217**	**5,822**	**6,039**
Dividend distribution	-	-	-	-5,000	-5,000
Total transactions with owners	**-**	**-**	**-**	**-5,000**	**-5,000**
Balance at 31 March 2019	**8,000**	**800**	**1,023**	**112,390**	**122,213**

Notes to the condensed consolidated interim financial statements

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

Basis of preparation

The condensed consolidated interim financial statements of Bigbank AS as at and for the three months ended 31 March 2019 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 2018, 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 2018, except for the adoption of new standards and interpretations effective as of 1 January 2019. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group has adopted, for the first time, IFRS 16 *Leases*. As required by IAS 34, the nature and effect of the changes regarding the adoption of IFRS 16 are disclosed below. IFRS 16 did not have a material impact on the interim condensed consolidated financial statements of the Group, neither did other new standards and interpretations applied for the first time in 2019.

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.

Changes in accounting policies

IFRS 16 *Leases*

The Group has adopted standard IFRS 16 with a date of transition of 1 January 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the commencement of the lease and, if lease payments are made over time, in obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases into operating and finance leases that was provided in IAS 17 and, instead, introduces a single accounting model for lessees. Lessees are required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the statement of comprehensive income. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group has adopted IFRS 16 partially retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

The Group recognised leases that were classified as operating leases under IAS 17 as items of property and equipment and lease liabilities. The Group leases commercial premises. Rental contracts are typically made for fixed periods of 3 to 10 years and, as a rule, include extension and termination options. Leases are negotiated on an individual basis and may contain different terms and conditions. Leases are recognised as right-of-use assets and lease liabilities(within borrowings) at the commencement date of the lease, i.e.at the date on which the lessor makes the underlying asset available for use by the Group. Assets and liabilities arising from a lease are measured in the statement of financial position at the present value of the lease payments. Lease payments are apportioned between payments for the principal lease liability and finance cost (interest expense). The finance cost is allocated to each period during the lease term so that it would produce a constant periodic rate of interest on the remaining balance of the lease liability. Right-of-use assets are depreciated on a straight-line basis over the lease term of the asset. Assets and liabilities arising from a lease are measured in the statement of financial position at the present value of the lease payments (except for exceptions). Lease payments include the following payments made during the lease term:

- •fixed lease payments, less any lease incentives receivable(payments, or reimbursement of costs, by the lessor);
- variable lease payments that are based on an index or rate (e.g. inflation, Euribor);
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option (if the lessee is reasonably certain to exercise the option)and payments resulting from extending or terminating the lease (if the lease term reflects the lessee exercising an option to terminate the lease).

Lease payments are discounted using the interest rate implicit in the lease or, alternatively, the lessee's incremental borrowing rate. The alternative interest rate is the interest rate that the Group would have to pay to borrow the funds necessary to obtain an asset similar to the right-of-use asset. Right-of-use assets are measured at cost, which comprises the following components:

(In thousands of euros, unaudited)

- the present value of the lease payments;
- any initial direct costs incurred by the lessee;
- any lease payments made before the commencement date of the lease;
- costs to be incurred in removing the underlying asset(if required by the lease)or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Short-term leases and leases for which the underlying asset is of low value are recognised as an expense on a straight-line basis over the lease term. In determining the lease term, management assesses how probable it is that the Group will exercise, or not exercise, an extension or termination option, considering all relevant facts and circumstances that create an economic incentive to exercise, or not exercise, an option. Periods covered by an option to extend the lease(or periods covered by an option to terminate the lease) are only included in the lease term if itis reasonably certain that the extension option will be exercised(or the termination option will not be exercised). Management reviews its assessments regarding the extension and termination options upon the occurrence of a significant event or a significant change in circumstances that affects the probability of the Group exercising an option or when there is a change in the non-cancellable period of the lease. On the adoption of the standard on 1 January 2019, the remaining lease payments were discounted at the Group's incremental borrowing rate of 1.2% on average. The Group applied the practical expedient permitted by the standard of applying a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group also applied the following expedients:

- operating leases with the remaining lease term of up to 12 months were classified as short-term leases from 1 January 2019;
- initial direct costs were excluded from the measurement of the right-of-use assets at the date of initial application;
- the lease term was determined by taking into account the option to extend or terminate the lease.

As a result adopting IFRS 16 on the Group recognised right of use asset of 2,785 thousand euros against a corresponding lease liability (*Property and equipment* and *Other liabilities*) on 1 January 2019.

Note 2. Cash and bank balances and cash equivalents

As at	31 March 2019	31 Dec 2018
Demand and overnight deposits with credit institutions*	54,093	19,733
Term deposits with credit institutions with maturity of less than 1 year*	14,612	16,527
Surplus on mandatory reserves with central banks*	6,443	28,361
Mandatory reserves	1,339	1,330
Interest receivable from central banks	-	1
Total cash and balances at banks	**76,487**	**65,952**
of which cash and cash equivalents	**75,148**	**64,621**

* Cash equivalents

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (In thousands of euros, unaudited)

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

As at	31 March 2019	31 Dec 2018
Debt instruments	**13,070**	**13,484**
Debt instruments by issuer		
General government bonds	4,715	4,701
Bonds issued by credit institutions	3,174	3,145
Other financial corporations' bonds	521	511
Non-financial corporations' bonds	4,660	5,127
Debt instruments by currency		
EUR (euro)	11,222	11,633
SEK (Swedish krona)	1,848	1,851
Debt instruments by rating		
Aaa-Aa3	4,316	4,299
A1-A3	2,625	3,141
Baa1-Baa3	6,129	6,044

Note 4. Loans to customers

Loans to customers as at 31 March 2019

	Estonia	Latvia	Lithuania	Finland	Sweden	Spain	Total
Loan receivables from customers	84,721	105,055	122,930	74,281	51,210	9,964	448,161
Loss allowances for loans	-2,555	-6,213	-2,522	-5,588	-3,074	-1,609	-21,561
Interest receivable from customers	1,504	2,161	3,310	865	279	163	8,282
Loss allowances for interest receivables	-822	-722	-44	-121	-42	-21	-1,772
Total	**82,848**	**100,281**	**123,674**	**69,437**	**48,373**	**8,497**	**433,110**
Share of region	19.1%	23.1%	28.6%	16.0%	11.2%	2.0%	100.0%

Loans to customers as at 31 December 2018

	Estonia	Latvia	Lithuania	Finland	Sweden	Spain	Total
Loan receivables from customers	80,796	102,390	123,706	73,784	53,342	11,661	445,679
Loss allowances for loans	-3,097	-6,307	-1,857	-5,611	-3,094	-1,905	-21,871
Interest receivable from customers	1,712	2,443	535	913	335	184	6,122
Loss allowances for interest receivables	-999	-805	-18	-93	-27	-24	-1,966
Total	**78,412**	**97,721**	**122,366**	**68,993**	**50,556**	**9,916**	**427,964**
Share of region	18.3%	22.9%	28.6%	16.1%	11.8%	2.3%	100.0%

(In thousands of euros, unaudited) CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Loan receivables from customers by due dates

As at	31 March 2019	31 Dec 2018
Past due	13,883	18,459
Less than 1 month	11,874	8,374
1-12 months	100,402	100,547
1-2 years	96,367	94,354
2-5 years	172,104	172,344
More than 5 years	53,531	51,601
Total	**448,161**	**445,679**

Note 6. Ageing analysis on loan receivables

Loans to customers as at 31 March 2019

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Loans against income						
Loan portfolio	348,769	35,816	8,160	4,424	12,561	409,730
Loss allowance	-9,290	-1,594	-1,822	-1,486	-6,800	-20,992
Surety loans						
Loan portfolio	573	124	20	23	270	1,010
Loss allowance	-41	-2	-4	-10	-189	-246
Loans secured with real estate						
Loan portfolio	28,173	2,591	1,616	4,372	648	37,400
Loss allowance	-13	-7	-58	-143	-101	-322
Loans against other collaterals						
Loan portfolio	16	4	-	-	1	21
Loss allowance	-	-	-	-	-1	-1
Total loan portfolio	**377,531**	**38,535**	**9,796**	**8,819**	**13,480**	**448,161**
Total loss allowance	-9,344	-1,603	-1,884	-1,639	-7,091	-21,561

Ageing analysis as at 31 December 2018

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Loans against income						
Loan portfolio	343,898	35,752	8,726	4,717	13,477	406,570
Loss allowance	-8,934	-2,014	-2,092	-1,589	-6,853	-21,482
Surety loans						
Loan portfolio	1,226	82	20	3	311	1,642
Loss allowance	-56	-12	-2	-1	-216	-287
Loans secured with real estate						
Loan portfolio	27,801	8,327	374	125	814	37,441
Loss allowance	-5	-6	-	-	-90	-101
Loans against other collaterals						
Loan portfolio	23	2	-	-	1	26
Loss allowance	-	-	-	-	-1	-1
Total loan portfolio	**372,948**	**44,163**	**9,120**	**4,845**	**14,603**	**445,679**
Total loss allowance	-8,995	-2,032	-2,094	-1,590	-7,160	-21,871

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (In thousands of euros, unaudited)

Note 7. Loan receivables from customers by contractual currency

As at	31 March 2019	31 Dec 2018
EUR (euro)	396,951	392,337
SEK (Swedish krona)	51,210	53,342
Total loan receivables from customers	**448,161**	**445,679**

Note 8. Loss allowances for loan receivables from customers

Loss allowances as at 31 March 2019

	Loan receivables	Interest receivables	Total receivables subject to impairment	Total loss allowances
Stage 1	392,013	4,650	396,663	-8,412
Stage 2	38,320	956	39,276	-5,430
Stage 3	17,828	2,676	20,504	-9,491
Total	**448,161**	**8,282**	**456,443**	**-23,333**

Loss allowances as at 31 December 2018

	Loan receivables	Interest receivables	Total receivables subject to impairment	Total loss allowances
Stage 1	394,944	2,338	397,282	-8,515
Stage 2	33,529	782	34,311	-5,639
Stage 3	17,206	3,002	20,208	-9,683
Total	**445,679**	**6,122**	**451,801**	**-23,837**

Development of allowances for 3 months 2019

	Opening balance as at 1 Jan 2019	Increases due to origination	Decrease due to derecognition repayments and disposals	Changes due to change in credit risk (net)	Decrease in allowance account due to write-offs	Closing balance
Stage 1	-8,514	-1,388	444	1,043	4	-8,411
Stage 2	-5,639	-53	173	-1,292	1,381	-5,430
Stage 3	-9,684	-19	618	-2,734	2,327	-9,492
Total	**-23,837**	**-1,460**	**1,235**	**-2,983**	**3,712**	**-23,333**

Development of allowances for 12 months 2018

	Opening balance as at 1 Jan 2018	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	-11,020	-5,377	2,955	4,588	340	-8,514
Stage 2	-2,951	-1,916	550	-2,106	784	-5,639
Stage 3	-19,727	-842	5,582	-1,784	7,087	-9,684
Total	**-33,698**	**-8,135**	**3,689**	**-1,859**	**7,418**	**-23,837**

(In thousands of euros, unaudited) CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Other receivables

As at	31 March 2019	31 Dec 2018
Collection, recovery and other charges receivable	272	261
Miscellaneous receivables	1,371	1,345
Loss allowance for other receivables	-119	-122
Total	**1,524**	**1,484**

Note 10. Prepayments

As at	31 March 2019	31 Dec 2018
Tax receivables	1,177	1,179
Prepaid other taxes	-	23
Other prepayments	588	530
Total	**1,765**	**1,732**

Note 11. Tangible assets

	Land and buildings	Right-of-use assets	Other items	Total
Cost				
Balance at 1 January 2018	1,514	-	3,522	5,036
Purchases	-	-	1,334	1,334
Sales	-	-	-99	-99
Write-off	-	-	-330	-330
Effect of movements in exchange rates	-	-	-1	-1
Balance at 31 December 2018	**1,514**	**-**	**4,426**	**5,940**
IFRS 16 initial adoption (Note 1)	-	2,785	-	2,785
Balance at 1 January 2019	1,514	2,785	4,426	5,940
Purchases	-	-	273	273
Sales	-	-	-54	-54
Write-off	-	-	-4	-4
Revaluation and price adjustment	-	29	-	29
Balance at 31 March 2019	**1,514**	**2,814**	**4,641**	**8,969**
Depreciation				
Balance at 1 January 2018	-58	-	-1,532	-1,590
Depreciation charge for the year	-59	-	-1,053	-1,112
Sales	-	-	73	73
Write-off	-	-	313	313
Effect of movements in exchange rates	-	-	1	1
Balance at 31 December 2018	**-117**	**-**	**-2,198**	**-2,315**
Balance at 1 January 2019	-117	-	-2,198	-2,315
Depreciation charge for the year	-14	-181	-280	-475
Sales	-	-	24	24
Write-off	-	-	1	1
Effect of movements in exchange rates	-	-	1	1
Balance at 31 March 2019	**-131**	**-181**	**-2,452**	**-2,764**

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (In thousands of euros, unaudited)

	Land and buildings	Right-of-use assets	Other items	Total
Carrying amount				
Balance at 1 January 2018	1,456	-	1,990	3,446
Balance at 31 December 2018	1,397	-	2,228	3,625
Balance at 31 March 2019	**1,383**	**2,633**	**2,189**	**6,205**

Note 12. Intangible assets

	31 March 2019	31 Dec 2018
Cost at beginning of year	**15,002**	**9,203**
Purchases	2,205	6,148
Of which purchased intangible assets	1,188	3,275
Of which capitalised payroll	1,017	2,873
Write-off	-	-348
Reclassification	-	-1
Cost at end of period	**17,207**	**15,002**
Amortisation at beginning of year	**-2,621**	**-1,731**
Amortisation charge for the period	-302	-951
Write-off	-	61
Amortisation at end of period	**-2,923**	**-2,621**
Carrying amount at beginning of year	12,381	7,472
Carrying amount at end of period	**14,284**	**12,381**

Note 13. Deposits from customers

As at	31 March 2019	31 Dec 2018
Term deposits	**408,606**	**393,020**
Term deposits by customer type		
Individuals	396,187	379,843
Legal persons	12,419	13,177
Term deposits by currency		
EUR (euro)	350,584	337,040
SEK (Swedish krona)	58,022	55,980
Term deposits by maturity		
Maturing within 6 months	117,544	86,394
Maturing between 6 and 12 months	80,250	111,408
Maturing between 12 and 18 months	45,165	34,716
Maturing between 18 and 24 months	39,886	50,735
Maturing between 24 and 36 months	68,994	57,803
Maturing between 36 and 48 months	22,462	21,016
Maturing in over 48 months	34,305	30,948
Average deposit amount	24	24
Weighted average interest rate	1.6%	1.6%
Weighted average duration until maturity (months)	20.9	20.5
Weighted average total contract term (months)	36.6	36.1

(In thousands of euros, unaudited) CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 14. Other reserves

As at	31 March 2019	Change	31 Dec 2018
Exchange differences on translation of foreign operations	808	115	693
Asset revaluation reserve	304	-	304
Fair value changes of debt instruments measured at FVOCI	-89	102	-191
Total other reserves	**1,023**	**217**	**806**

Note 15. Net currency positions

Net currency positions as at 31 March 2019

	Position in the statement of financial position		Position off the statement of financial position		
	Assets	Liabilities	Assets	Liabilities	Net position
EUR (euro)	474,808	367,322	-	18,675	88,811
SEK (Swedish krona)	59,126	58,683	-	-	443

Net currency positions as at 31 December 2018

	Position in the statement of financial position		Position off the statement of financial position		
	Assets	Liabilities	Assets	Liabilities	Net position
EUR (euro)	459,361	349,764	-	18,430	91,167
SEK (Swedish krona)	56,769	57,579	-	-	-810
GBP (British pound)	6	-	-	-	6

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

Note 16. Fair values of financial assets and financial 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 as at 31 March 2019 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).

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (In thousands of euros, unaudited)

Fair value hierarchy as at at 31 March 2019

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Debt instruments at fair value through other comprehensive income (note 3)	13,070	-	-	13,070
Land and buildings (note 11)	-	-	1,383	1,383
Investment properties	-	-	1,743	1,743
Assets for which fair values are disclosed				
Loans to customers (note 4-8)	-	-	433,110	433,110
Other financial receivables (note 9)			1,524	1,524
Total assets	**13,070**	**-**	**437,760**	**450,830**
Liabilities for which fair values are disclosed				
Deposits from customers (note 13)	-	-	408,606	408,606
Subordinated notes	-	-	5,043	5,043
Other financial liabilities	-	-	9,308	9,308
Total liabilities	**-**	**-**	**422,957**	**422,957**

Fair value hierarchy as at at 31 December 2018

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Debt instruments at fair value through other comprehensive income (note 3)	13,484	-	-	13,484
Land and buildings (note 11)	-	-	1,397	1,397
Investment properties	-	-	1,866	1,866
Assets for which fair values are disclosed				
Loans to customers (note 4-8)	-	-	427,964	427,964
Other financial receivables (note 9)			1,484	1,484
Total assets	**13,484**	**-**	**432,711**	**446,195**
Liabilities for which fair values are disclosed				
Deposits from customers (note 13)	-	-	393,020	393,020
Subordinated notes	-	-	4,960	4,960
Other financial liabilities	-	-	5,197	5,197
Total liabilities	**-**	**-**	**403,177**	**403,177**

There have been no transfers between Level 1 and Level 2 during first quarter of 2019 and during 2018.

The Level 3 *loans to customers* that amounts to 427,964 thousand euros is measured at amortised cost using the effective interest rate method less any impairment losses as the management believes that it most effectively demonstrates the fair value of these financial assets. Management estimates that the selected accounting policy on loans reflects the fair value of loans to customers.

The Level 3 *land and buildings* that amounts to 1,397 thousand euros consists of real estate used by the Group in Tallinn.

The properties in Tallinn are revalued using the income approach and market approach. The market approach means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property. For valuation of property in Tallinn, for prior year the valuer has taken as basis the prices per square metre of residential space in Tallinn city that were in the range of 2,319 – 2,516 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 2%, long-term vacancy rate 5%, and vacancy rate for the first year 25% and discount rate 9% for commercial property in Tallinn.

(In thousands of euros, unaudited)

Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Management has assessed that the fair value has not changed in year 2019.

The Level 3 *investment properties* that amount to 1,866 thousand euros consist of real estate used by the Group in Tartu and also plots, houses and apartments originally pledged by customers as loan collateral and later bought by the Group through auctions are measured at the fair value in the financial statements and valuations are performed by the management using market approach.

The investment property in Tartu is valued using the cost model (residual value method) based on the highest and best use of the property. The residual value method takes into account the profit that can be achieved on a development if the existing property would be developed and sold as private flats. Following inputs were used for prior year valuation of the properties in Tartu: price per square metre of flats in Tartu old town 2,200 euros and development costs per square metre 698 euros.

Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Management has assessed that the fair value has not changed in year 2019.

Note 17. Contingent liabilities and assets pledged as collateral

As at	31 March 2019	31 Dec 2018
Irrevocable transactions, of which	**18,674**	**18,520**
Issued bank guarantees	-	90
Credit lines and overdrafts	18,674	18,430

Note 18. Interest income

	3M 2019	3M 2018
Interest income on loans to customers	16,215	16,350
Interest income on debt instruments	67	55
Interest income on deposits	4	-
Other interest income	12	3
Total interest income	**16,298**	**16,408**

Note 19. Interest expense

	3M 2019	3M 2018
Interest expense on deposits	1,538	1,402
Interest expense on bonds	82	82
Other interest expense	29	-
Total interest expense	**1,649**	**1,484**

Note 20. Other income

	3M 2019	3M 2018
Income from debt recovery proceedings	277	499
Miscellaneous income	225	92
Total other income	**502**	**591**

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (In thousands of euros, unaudited)

Note 21. Other operating expenses

	3M 2019	3M 2018
Marketing expenses	1,595	1,149
Office, rental and similar expenses	169	371
Miscellaneous operating expenses	1,029	1,058
Total other operating expenses	**2,793**	**2,578**

Note 22. Other expenses

	3M 2019	3M 2018
Expenses related to registry inquires	270	123
Expenses related to enforcement proceedings	120	364
Legal regulation charges	172	129
Expenses from investment properties	13	16
Miscellaneous expenses	155	89
Total other expenses	**730**	**721**

Note 23. 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 31 March 2019, the Group had a claim to related parties of 32 thousand euros (*Loans to customer*), the interest income on that claim amounted to 0.5 thousand euros in first quarter of 2019. As at 31 December 2018, the Group had a claim to related parties of 37 thousand euros, the interest income on that claim amounted to 2 thousand euros in 2018.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (In thousands of euros, unaudited)

Statement by the Management Board

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

- the figures and additional information presented in the condensed consolidated interim report for the three months of 2019 are true and complete; and
- the condensed consolidated financial statements provide a true and fair view of the Group's financial position, financial performance and cash flows.
- The condensed consolidated interim report as at 31 March 2019 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	**Sven Raba**	**Mart Veskimägi**
Chairman of the Management Board	Member of the Management Board	Member of the Management Board
31 May 2019	31 May 2019	31 May 2019
[digitally signed]	[digitally signed]	[digitally signed]