

Company Bigbank AS
Type Company Release
Category Management interim statement or quaterly financial report
Disclosure time 26 Apr 2024 21:30:00 +0300

Attachments:

- Bigbank_interimreport_Q1_2024.pdf (<http://oam.fi.ee/en/download?id=8365>)
- Bigbank_vahearuanne_kv1_2024.pdf (<http://oam.fi.ee/en/download?id=8366>)

Currency

Title Bigbank's Unaudited Financial Results for Q1 2024

Bigbank's total gross loan portfolio grew to a record 1.75 billion euros by the end of the first quarter, increasing by 86 million euros (+5%) over the quarter and by 325 million euros (+23%) year-on-year. During the quarter, the corporate loan portfolio grew by 22 million euros (+4%) to 600 million euros, the housing loan portfolio by 43 million euros (+12%) to 394 million euros and the consumer loan portfolio by 25 million euros (+3%) to 762 million euros.

The savings deposit portfolio and the term deposit portfolio grew at fairly equal rates in the first quarter. The Group's total deposit portfolio increased by 215 million euros (+11%) over the quarter and by 655 million euros (+44%) year-on-year, expanding to 2.15 billion euros. The term deposit portfolio increased by 100 million euros (+11%) to 1.02 billion euros, exceeding the 1-billion-euro mark for the first time. The savings deposit portfolio increased by 116 million euros (+11%) to 1.14 billion euros over the quarter. An important milestone at the beginning of the quarter was the launch of term deposits in Lithuania, the last market where Bigbank did not offer this product. As of January 2024, Bigbank offers term deposits in all markets where it operates.

Bigbank earned a net profit of 6.4 million euros in the first quarter of 2024. Compared to the first quarter of 2023, net profit decreased by 3.2 million euros.

Compared to the first quarter of 2023, the Group's net interest income increased: in the first quarter of 2024, net interest income was 26.4 million euros (Q1 2023: 22.5 million euros), 3.9 million euros (+17%) higher than a year earlier.

For the second quarter in a row, the overall economic stagnation and weak consumer confidence had a negative impact on Bigbank's consumer loan portfolio. Compared to historical data, there is still no significant deterioration, but



the quality of the portfolio has declined over the past six months. While there was no sign of deterioration in the quality of the housing loan portfolio, the quality of the corporate loan portfolio also declined somewhat in the first quarter. The share of loans in default, credit loss allowances on loans and additional provisions have all increased.

In the first quarter of 2024, credit loss allowances on loans increased by 2.6 million euros year-on-year. Compared with the end of 2023, Stage 3 loan receivables grew by 32.2 million euros and accounted for 4.7% of all loan receivables at the reporting date. In addition, the Group updated the inputs to the loan impairment model in the first quarter of 2024: new historical data were included in the probability of default (PD) and loss given default (LGD) calculations, and the forward-looking models were updated with macroeconomic indicators using central banks' March 2024 forecasts. As a result of the update, additional provisions for future loan impairment were recognised in the amount of 2.2 million euros.

The Group's income tax expense increased by 0.2 million euros to 1.3 million euros compared to the same period last year. The increase was mainly driven by the introduction of the advance income tax in Latvia at the end of 2023, which in 2023 was only reflected in the figures for the fourth quarter but will affect all quarters in 2024.

The Group's investment property portfolio, which includes both agricultural land and commercial real estate, stood at 49 million euros at the end of the quarter. The Group did not conduct any significant transactions with investment properties during the quarter.

In 2024, the Group identified an error in the calculations for the application of the effective interest method. The error was made in periodisation of income and expenses directly related to the issuance of loans in 2022, which was corrected in the first quarter of this year. As a result of the correction of the error, the retained earnings of the previous periods decreased by 3.2 million euros. Also, as of December 31, 2023, receivables from customers decreased by 3.7 million euros and income tax liabilities by 0.5 million euros.

Income statement, in thousands of euros	Q1 2024	Q1 2023	3M 2024	3M 2023
Net interest income	26,392	22,519	26,392	22,519
Net fee and commission income	2,164	1,973	2,164	1,973
Net income (loss) on financial assets	1,071	572	1,071	572
Net other operating income	-849	-117	-849	-117
Total net operating income	28,778	24,947	28,778	24,947
Salaries and associated charges	-6,412	-5,652	-6,412	-5,652



Administrative expenses	-3,669	-3,523	-3,669	-3,523
Depreciation, amortisation and impairment	-2,052	-1,013	-2,052	-1,013
Total expenses	-12,133	-10,188	-12,133	-10,188
Provision expenses (income)	-2,419	5	-2,419	5
Profit before loss allowances	14,226	14,764	14,226	14,764
Net loss allowances on loans and financial investments	-6,555	-3,909	-6,555	-3,909
Profit before income tax	7,671	10,855	7,671	10,855
Income tax expense	-1,275	-1,113	-1,275	-1,113
Profit for the period from continuing operations	6,396	9,742	6,396	9,742
Income (loss) from discontinued operations	21	-121	21	-121
Profit for the period	6,417	9,621	6,417	9,621

Statement of financial position, in thousands of euros

	31 March 2024	31 Dec 2023 (restated)	31 March 2023
Cash and cash equivalents	652,065	518,672	258,316
Debt securities at FVOCI	13,586	15,400	18,531
Loans to customers	1,747,606	1,662,002	1,422,702
Other assets	89,823	91,324	104,985
Total assets	2,503,080	2,287,398	1,804,534
Customer deposits and loans received	2,161,463	1,946,314	1,507,115
Subordinated notes	76,476	76,109	62,908
Other liabilities	21,688	20,182	17,310
Total liabilities	2,259,627	2,042,605	1,587,333



Equity	243,453	244,793	217,201
Total liabilities and equity	2,503,080	2,287,398	1,804,534

Commentary by Martin Länts, chairman of the management board of Bigbank AS:

The loan portfolio has continued to grow strongly in all product categories. Particularly pleasing is the growth of the home loan portfolio, which increased by 43 million euros in the first quarter of the year, surpassing the growth of the same period last year by 23 million euros. There are signs of revitalisation in the real estate markets, and it's gratifying to see that an increasing number of clients are choosing Bigbank as their home purchase financier.

The sales volume of business loans and leases also experienced strong growth in the first quarter, reaching 114.4 million euros, which is 93% higher than the same period last year. Particularly rapid - three times higher compared to last year - was the growth in sales of loans and leases to businesses in Lithuania.

Our funding base remains strong - in the first quarter, the Group's deposit portfolio grew faster than the loan portfolio, increasing by 215 million euros, exceeding the growth of the first quarter of last year by 85 million euros. It is important to note regarding deposits that we recently started offering deposits in the Lithuanian market. We are proud to announce that now our Lithuanian clients can also be part of Bigbank's overall strategy to offer one of the highest market rates across all home markets.

Bigbank's profit for the first quarter of 2024 was lower compared to the previous year. The largest impact was due to increased credit loss allowances on loans, personnel expenses, and the cost of the deposit guarantee fund, as well as increased amortisation of intangible assets.

As for the outlook, we continue our work and the systematic implementation of the Group's strategy, which includes continued growth and expanding the product portfolio towards everyday banking.

Bigbank AS (www.bigbank.eu) is an Estonian capital-based bank specialising in loans and deposits for private and business customers. In addition to operations in Estonia, the bank has branches in Finland, Sweden, Latvia, Lithuania, and Bulgaria and offers its products on a cross-border basis in Austria, Germany, and the Netherlands. Bigbank's total assets exceed 2 billion euros.

Argo Kiltsmann
Member of the Management Board
Telephone: +372 5393 0833
Email: argo.kiltsmann@bigbank.ee



