

# 2014

SECOND QUARTER INTERIM REPORT

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# BIGBANK AS

## consolidated interim report for the second quarter of 2014

Business name BIGBANK AS

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the Republic of Estonia

Registration number 10183757

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Financial year 1 January 2014 – 31 December 2014

Reporting period 1 January 2014 – 30 June 2014

Chairman of the management board Kaido Saar

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 millions of currency units rounded to three digits after the decimal point.

The interim report can be accessed on the website of BIGBANK AS at [www.bigbank.ee](http://www.bigbank.ee). The version in English can be accessed at [www.bigbank.eu](http://www.bigbank.eu).

From 29 August 2014, *Interim report for the second quarter of 2014* will be available at the head office of BIGBANK AS at Rütli 23 in Tartu and all other branch offices of the company.

# Review of operations

## Significant economic events

Loan portfolio of BIGBANK AS (hereafter also “BIGBANK” or the “Group”) grew by 1.8 million euros i.e. 0.6% during the second quarter of 2014. The largest contribution to the growth of the loan portfolio was made by Spanish branch.

The Group’s net profit for the second quarter of 2014 amounted to 1.8 million euros. In the second quarter of 2014, profit before impairment allowances was 8.2 million euros. In the second quarter of 2013, the corresponding figure was 6.3 million euros (an increase of 29.8%).

In the second quarter of 2014, BIGBANK lowered the interest rates of small loans in Estonia. Depending on the customer’s risk level, BIGBANK now offers three loan products with fixed interest: small loan A with an interest of 15.5%; small loan B with an interest of 26.5%; and small loan C with an interest of 36.5%. As the intended customer, BIGBANK sees a person

who makes a thoroughly considered borrowing decision and needs money, for example, to renovate their home, replace home appliances or cover unexpected expenses, which tend to happen in life. In Estonia, the amount of the offered small loan is 300-10,000 euros and the loan maturity is 1-5 years.

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.

At the end of the second quarter of 2014, BIGBANK employed a total of 477 people: 212 in Estonia, 97 in Latvia, 70 in Lithuania, 36 in Finland, 39 in Spain and 23 in Sweden.

At the end of the second quarter, the Group had 10 branch offices, of which 2 were located in Estonia, 2 in Latvia, 5 in Lithuania and 1 in Spain.

## Key performance indicators

Financial position indicators (in millions of euros)	30 June 2014	31 Dec 2013	Change
Total assets	315.020	311.935	1.0%
Loans to customers	264.501	261.369	1.2%
of which loan portfolio	290.234	281.426	3.1%
of which interest receivable	24.479	24.758	-1.1%
of which impairment allowances	-50.212	-44.815	12.0%
of which impairment allowances for loans	-37.968	-32.647	16.3%
of which impairment allowances for interest receivables	-7.653	-6.305	21.4%
of which statistical impairment allowances	-4.591	-5.863	-21.7%
Deposits from customers	238.108	238.648	-0.2%
Equity	73.003	69.665	4.8%

Financial performance indicators (in millions of euros)	Q2 2014	Q2 2013	Change
Interest income	13.992	12.846	8.9%
Interest expense	1.925	1.953	-1.4%
Expenses from impairment allowances	6.345	3.880	63.5%
Income from debt collection proceedings	1.661	1.726	-3.8%
Profit before impairment allowances	8.168	6.293	29.8%
Net profit	1.823	2.413	-24.5%

Ratios	Q2 2014	1Q 2014	Q4 2013	Q3 2013	Q2 2013
Return on equity (ROE)	10.1%	14.7%	26.3%	14.7%	15.9%
Equity multiplier (EM)	4.3	4.4	4.7	4.7	4.7
Profit margin (PM)	11.2%	15.3%	25.8%	14.7%	15.9%
Asset utilization ratio (AU)	20.8%	21.8%	21.9%	21.1%	21.3%
Return on assets (ROA)	2.3%	3.3%	5.6%	3.1%	3.4%
Price difference (SPREAD)	13.8%	15.0%	14.9%	14.2%	14.1%

### Explanations

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

The statement of financial position indicators used in calculating the ratios are found as the arithmetic means of respective data as at the end of the month preceding the reporting quarter and as at the end of each month of the reporting quarter. In the case of indicators of the consolidated statement of comprehensive income, the annualized actual data of the reporting quarter are used.

**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 utilization ratio (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

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

### Financial review

#### Financial position

As at 30 June 2014, the consolidated assets of BIGBANK AS Group totalled 315.0 million euros, having increased by 3.4 million euros (+1.1%) during the quarter.

As at 30 June 2014, loans to customers accounted for 84.0% of total assets, the proportion of liquid assets (amounts due from banks

and held-to-maturity financial assets) was 11.9%.

At the end of the second quarter, liquid assets totalled 37.4 million euros.

Free funds are partly invested in short-term debt securities with fixed payments and maturities, which the Group intends to and is able to hold until maturity. At 30 June 2014, the Group had debt securities of 4.3 million euros.

At the end of the second quarter, the Group had 180 thousand loan agreements, 43 thousand of them in Estonia, 70 thousand in Latvia, 35 thousand in Lithuania, 16 thousand in Finland, 10 thousand in Spain and 6 thousand in Sweden.

Geographical distribution of loans to customers:

- 21.9% Estonia,
- 24.2% Latvia,
- 18.5% Finland,
- 13.3% Sweden,
- 12.4% Lithuania,
- 9.7% Spain.

At 30 June 2014, loans to customers totalled 264.5 million euros, comprising of:

- the loan portfolio of 290.2 million euros, loans to individuals accounting for 94.8% of the total;
- interest receivable on loans of 24.5 million euros;
- impairment allowances for loans and interest receivables of 50.2 million euros (consisting of an impairment allowance for loans of 38.0 million euros, an impairment allowance for interest receivables of 7.6 million euros and a statistical impairment allowance of 4.6 million euros).

BIGBANK's loan portfolio is diversified – at the reporting date the average loan was 2,012 euros and as at 30 June 2014, 40 largest loans accounted for 4.7% of the loan portfolio.

BIGBANK AS focuses on the provision of consumer loans. In line with the corporate strategy, as at 30 June 2014 loans against income accounted for 86.5%, loans against surety for 4.9%, loans secured with real estate for 7.1%, loans with insurance coverage for 0.4% and

loans granted against other types of collateral for 1.1% 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.

Past due loans comprise loan principal that has fallen due. Under the terms and conditions of its loan agreements, the Group may terminate an agreement unilaterally if at least three scheduled payments are in arrears. When an agreement is terminated, the customer has to settle any outstanding loan principal, any accrued interest, and any collateral claims resulting from the settlement delay.

Loans past due for more than 90 days consist of past due principal payments plus the total amount of loan principal that has fallen due in connection with termination of agreements.

To mitigate the risks arising from customers' payment behaviour and to cover potential credit losses, the Group makes impairment allowances, which are created on a conservative basis. At 30 June 2014, impairment allowances totalled 51.3 million euros, consisting of:

- impairment allowances for loan receivables of 38.0 million euros,
- impairment allowances for interest receivables of 7.6 million euros,
- statistical impairment allowances of 4.6 million euros,
- impairment allowances for other receivables of 1.1 million euros.



Where debt recovery proceedings do not yield expected results, the underlying receivable is written off the statement of financial position.

At the end of the second quarter of 2014, the Group's liabilities totalled 242.0 million euros. Most of the debt raised by the Group, i.e. 238.0 million euros (98.4%) consisted of term deposits.

In the second quarter of 2014, the Group's equity grew by 1.9 million euros (2.6%) to 73.0 million euros. The equity to assets ratio amounted to 23.2%.

#### *Financial performance*

Interest income for the second quarter reached 14.0 million euros, increasing by 1.1 million euros (8.9%) year over year. The increase in interest income results from growth in the loan portfolio.

The period's ratio of interest income (annualised) to average interest-earning assets was 17.2% and (annualised) return on the loan portfolio accounted for 19.2% of the average loan portfolio.

Interest expense for the second quarter of 2014 was 1.9 million euros, therefore remaining the same in comparison to the same period of 2013.

The ratio of interest expense to interest income was 13.8%. The ratio of interest expense to average interest-bearing liabilities (annualised) was 3.4%.

Other operating expenses for the second quarter totalled 2.1 million euros (a decrease of 0.1 million euros year over year).

Salaries and associated charges for the second quarter of 2014 amounted to 3.2 million euros, including remuneration of 2.1 million euros. As at the end of the period, the Group had 477 employees.

In the second quarter, impairment losses increased by 6.3 million euros, consisting of:

- impairment losses on loan receivables of 5.0 million euros,
- impairment losses on interest receivables of 1.2 million euros,
- impairment losses on other receivables of 0.1 million euros.

Impairment allowances are made on a conservative basis.

Other income for the second quarter of 2014 was 1.7 million euros, the largest proportion of which resulted from debt collection income. In the same period of 2013, other income was 1.8 million euros.

Other expenses for the second quarter reached 0.7 million euros, therefore remaining the same in comparison to the same period of 2013.

The Group's net profit for the second quarter of 2014 amounted to 1.8 million euros. In comparison to the second quarter of 2013, net profit has decreased by 0.6 million euros (24.5%).

Second-quarter profit before impairment allowances was 8.2 million euros, the corresponding figure for the second quarter of 2013 was 6.3 million euros (an increase of 29.8%).

## Group's capital ratios

## Own funds

	Basel III 30 June 2014	Basel III 31 Dec 2013	Basel II 31 Dec 2013
Paid up capital instruments	8.000	8.000	8.000
Other reserves	0.800	0.800	0.800
Previous years retained earnings	58.898	49.183	49.183
Accumulated other comprehensive income	1.060	1.009	0.030
Other intangible assets	-1.037	-1.039	-1.039
Profit or loss eligible*	4.429	9.715	9.715
Adjustments to CET1 due to prudential filters	-0.184	-0.122	-0.122
<b>Common equity Tier 1 capital</b>	<b>71.966</b>	<b>67.546</b>	<b>66.567</b>
<b>Tier 1 capital</b>	<b>71.966</b>	<b>67.546</b>	<b>66.567</b>
<b>Asset revaluation reserve</b>	<b>-</b>	<b>-</b>	<b>0.979</b>
<b>Tier 2 capital</b>	<b>-</b>	<b>-</b>	<b>0.979</b>
<b>Deductions</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total own funds</b>	<b>71.966</b>	<b>67.546</b>	<b>67.546</b>

## Total risk exposure amount

	Basel III 30 June 2014	Basel III 31 Dec 2013	Basel II 31 Dec 2013
<b>Risk weighted exposure amounts for credit and counterparty credit (standardized approach)</b>			
Central governments or central banks	1.716	8.373	8.373
Institutions	7.868	2.381	6.365
Corporates	15.811	14.882	14.882
Retail	135.721	131.878	131.878
Secured by mortgages on immovable property	5.219	5.329	5.429
Exposures in default	59.682	63.947	63.947
Other items	16.111	18.342	11.126
<b>Total risk weighted exposure amounts for credit and counterparty credit (standardized approach)</b>	<b>242.128</b>	<b>245.132</b>	<b>242.000</b>
<b>Total risk exposure amount for foreign exchange risk (standardized approach)</b>	<b>2.110</b>	<b>5.453</b>	<b>5.453</b>
<b>Total risk exposure amount for operational risk (standardized approach)</b>	<b>68.504</b>	<b>55.531</b>	<b>44.425</b>
<b>Total risk exposure amount for credit valuation adjustment (standardized approach)</b>	<b>4.482</b>	<b>3.794</b>	<b>-</b>
<b>Total risk exposure amount</b>	<b>317.224</b>	<b>309.910</b>	<b>291.878</b>

\*The profit for the reporting period has been verified by an auditor and the review of the financial information of the 2nd quarter of 2014 has been performed in accordance with the international standard ISRE 2400 of the review of financial information.



## Capital ratios

	Basel III 30 June 2014	Basel III 31 Dec 2013	Basel II 31 Dec 2013
CET1 Capital ratio	22.7%	21.8%	22.8%
T1 Capital ratio	22.7%	21.8%	22.8%
Total capital ratio	22.7%	21.8%	23.1%
Leverage ratio*	22.0%		

\* Obligation to calculate Leverage ratio is effective from January 2014.

Regulation (EU) no 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (hereafter „Banking regulation”), that incorporate the Basel III framework, applies from January 2014.

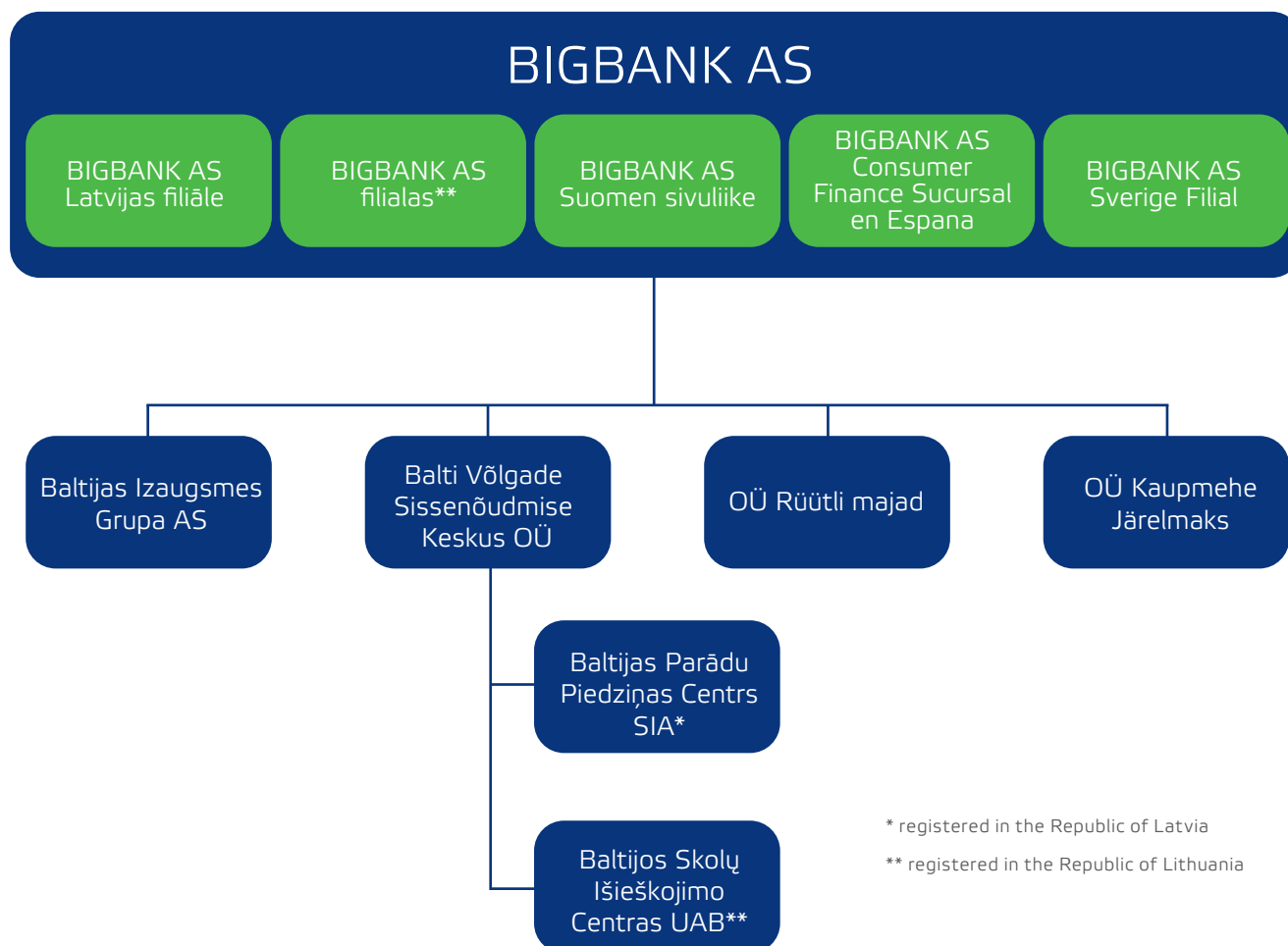
Capital elements used in calculations of capital ratios comply with the Banking regulation.

BIGBANK publishes the Leverage ratio according to the new regulations effective from January 2014. Leverage ratio is calculated by dividing the capital measure (Tier 1 capital) by total exposure measure and is expressed as a percentage.

### About BIGBANK group

BIGBANK AS was founded on 22 September 1992. A licence for operating as a credit institution was obtained on 27 September 2005. BIGBANK's core services are term deposits and consumer loans.

The Group's structure at the reporting date:



The branches in Latvia, Lithuania, Finland, Sweden and Spain 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 Rütli Majad is managing the real estate used in the parent's business in Estonia. OÜ Balti Völgade Sissenõudmise Keskus and its subsidiaries support the parent and its branches in debt collection and OÜ Kaupmehe Järelmaks offers hire purchase services.

# Condensed consolidated financial statements

## Consolidated statement of financial position

As at	Note	30 June 2014	31 Dec 2013
<b>Assets</b>			
Cash and balances at central banks		0.992	23.267
Cash and balances at banks		32.059	7.000
Loans to customers	3,4,5,6,7,8	264.501	261.369
Held-to-maturity financial assets	9	4.349	7.972
Derivatives with positive fair value		0.238	0.163
Other receivables and prepayments	10	4.124	3.293
Deferred tax assets		2.845	2.887
Intangible assets		1.037	1.039
Property and equipment		3.513	3.563
Other assets	11	1.362	1.382
<b>Total assets</b>		<b>315.020</b>	<b>311.935</b>
<b>Liabilities</b>			
Deposits from customers	12	238.108	238.648
Derivatives with negative fair value		0.111	0.182
Provisions		0.300	-
Other liabilities and deferred income		3.498	3.440
<b>Total liabilities</b>		<b>242.017</b>	<b>242.270</b>
<b>Equity</b>			
Share capital		8.000	8.000
Capital reserve		0.800	0.800
Other reserves	13	0.876	0.887
Earnings retained in prior years		58.898	49.183
Profit for the period		4.429	10.795
<b>Total equity</b>		<b>73.003</b>	<b>69.665</b>
<b>Total liabilities and equity</b>		<b>315.020</b>	<b>311.935</b>

## Consolidated statement of comprehensive income

	Note	Q2 2014	Q2 2013	6M 2014	6M 2013
Interest income	16	13.992	12.846	28.553	25.483
Interest expense	17	-1.925	-1.953	-3.883	-3.945
<b>Net interest income</b>		<b>12.067</b>	<b>10.893</b>	<b>24.670</b>	<b>21.538</b>
Net fee income		0.485	0.467	0.982	0.883
Net loss on financial transactions		-0.117	-0.187	-0.184	-0.142
Other income	18	1.725	1.816	3.650	3.839
<b>Total income</b>		<b>14.160</b>	<b>12.989</b>	<b>29.118</b>	<b>26.118</b>
Salaries and associated charges		-3.172	-3.325	-6.210	-6.520
Other operating expenses	19	-2.090	-2.188	-3.975	-4.320
Depreciation and amortisation expense		-0.122	-0.143	-0.241	-0.279
Impairment losses on loans and financial investments		-6.345	-3.880	-12.225	-8.663
Other expenses	20	-0.741	-0.724	-1.748	-1.453
<b>Total expenses</b>		<b>-12.470</b>	<b>-10.260</b>	<b>-24.399</b>	<b>-21.235</b>
<b>Profit before income tax</b>		<b>1.690</b>	<b>2.729</b>	<b>4.719</b>	<b>4.883</b>
Income tax expense/income		0.133	-0.316	-0.290	-0.779
<b>Profit for the period</b>		<b>1.823</b>	<b>2.413</b>	<b>4.429</b>	<b>4.104</b>
<b>Other comprehensive income/expense</b>					
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>					
Exchange differences on translating foreign operations		0.036	0.001	0.050	-0.432
Net profit on hedges of net investments in foreign operations		-0.007	0.008	-0.061	0.048
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>0.029</b>	<b>0.009</b>	<b>-0.011</b>	<b>-0.384</b>
<b>Total comprehensive income for the period</b>		<b>1.852</b>	<b>2.422</b>	<b>4.418</b>	<b>3.720</b>
Basic earnings per share (EUR)		23	30	55	51
Diluted earnings per share (EUR)		23	30	55	51

## Consolidated statement of cash flows

	Note	6M 2014	6M 2013
<b>Cash flows from operating activities</b>			
Interest received		26.323	22.252
Interest paid		-3.440	-2.907
Salary and other operating expenses paid		-10.970	-11.532
Other income received		3.706	4.402
Other expenses paid		-1.756	-1.765
Fees received		0.869	0.611
Fees paid		-0.093	-0.812
Recoveries of receivables previously written off		1.846	2.059
Received for other assets		0.108	0.361
Paid for other assets		-0.087	-
Loans provided		-66.041	-68.897
Repayment of loans provided		51.139	43.897
Change in mandatory reserves with central banks		1.553	0.040
Proceeds from customer deposits		24.659	27.853
Paid on redemption of deposits		-24.740	-20.132
Income tax paid/received		-0.961	0.440
Effect of movements in exchange rates		0.109	-0.012
<b>Net cash from/used in operating activities</b>		<b>2.224</b>	<b>-4.142</b>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment and intangible assets		-0.152	-0.255
Proceeds from sale of property and equipment		0.007	0.038
Change in term deposits		-	-3.580
Acquisition of financial instruments		-7.694	-7.413
Proceeds from redemption of financial instruments		11.342	8.532
<b>Net cash from/used in investing activities</b>		<b>3.503</b>	<b>-2.678</b>
<b>Cash flows from financing activities</b>			
Repayment of loans from central banks		-	-3.934
Repayment of loans from banks (with interest)		-	-0.038
Dividends paid		-1.080	-1.052
<b>Net cash used in financing activities</b>		<b>-1.080</b>	<b>-5.024</b>
Effect of exchange rate fluctuations		-0.185	-0.104
<b>Increase/decrease in cash and cash equivalents</b>		<b>4.462</b>	<b>-11.948</b>
Cash and cash equivalents at beginning of period		28.377	34.608
<b>Cash and cash equivalents at end of period</b>	2	<b>32.839</b>	<b>22.660*</b>

\* At the end of second quarter of 2013, the cash and cash equivalents comprised term deposits with other credit institutions with original maturities of three months or less, at the end of second quarter of 2014 with original maturities of one year or less. If in 2013 the term deposits with original maturities over 3 months up to one year were stated as cash equivalents, the cash equivalents would have totalled 26.270 million euros.

## Consolidated statement of changes In equity

	Attributable to equity holders of the parent				Total
	Share capital	Statutory capital reserve	Other reserves	Retained earnings	
Balance at 1 January 2013	8.000	0.794	0.373	50.241	59.408
Profit for the period	-	-	-	4.104	4.104
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	-0.432	-	-0.432
Net loss on hedges of net investments in foreign operations	-	-	0.048	-	0.048
<b>Total other comprehensive income</b>	-	-	<b>-0.384</b>	-	<b>-0.384</b>
<b>Total comprehensive income for the period</b>	-	-	<b>-0.384</b>	<b>4.104</b>	<b>3.720</b>
Dividend distribution	-	-	-	-1.052	-1.052
Increase of statutory capital reserve	-	0.006	-	-0.006	-
<b>Total transactions with owners</b>	-	<b>0.006</b>	-	<b>-1.058</b>	<b>-1.052</b>
<b>Balance at 30 June 2013</b>	<b>8.000</b>	<b>0.800</b>	<b>-0.011</b>	<b>53.287</b>	<b>62.076</b>
<b>Balance at 1 January 2014</b>	<b>8.000</b>	<b>0.800</b>	<b>0.887</b>	<b>59.978</b>	<b>69.665</b>
Profit for the period	-	-	-	4.429	4.429
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	0.050	-	0.050
Net loss on hedges of net investments in foreign operations	-	-	-0.061	-	-0.061
<b>Total other comprehensive income</b>	-	-	<b>-0.011</b>	-	<b>-0.011</b>
<b>Total comprehensive income for the period</b>	-	-	<b>-0.011</b>	<b>4.429</b>	<b>4.418</b>
Dividend distribution	-	-	-	-1.080	-1.080
<b>Total transactions with owners</b>	-	-	-	<b>-1.080</b>	<b>-1.080</b>
<b>Balance at 30 June 2014</b>	<b>8.000</b>	<b>0.800</b>	<b>0.876</b>	<b>63.327</b>	<b>73.003</b>



## Notes to the consolidated financial statements

### Note 1. Accounting policies

The condensed consolidated interim financial statements of BIGBANK AS as at and for the second quarter having ended 30 June 2014 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 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRS EU). The condensed interim

financial statements have been prepared using the same accounting policies and measurement bases that were applied in preparing the latest annual financial statements as at and for the ended 31 December 2013. The new and revised standards and interpretations effective from 1 January 2014 do not have a significant impact on the Group's financial statements as at the preparation of the interim report.

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 and numerical data has been rounded to three digits after the decimal point.

### Note 2. Cash equivalents

As at	30 June 2014	31 Dec 2013	30 June 2013
Demand and overnight deposits with credit institutions*	17.260	5.488	15.177
Term deposits with credit institutions with maturity of less than 1 year*	14.788	1.507	10.760**
Surplus on mandatory reserves with central banks*	0.791	21.382	0.333
Term deposits with credit institutions with maturity of over one year	-	-	0.132
Mandatory reserves	0.200	1.884	1.920
Interest receivable from central banks	0.012	0.005	0.013
<b>Total cash and balances at banks</b>	<b>33.051</b>	<b>30.266</b>	<b>28.335</b>
<b>of which cash and cash equivalents</b>	<b>32.839</b>	<b>28.377</b>	<b>26.270</b>

\* Cash equivalents

\*\* The amount shown here does not correspond to the consolidated interim report for the second quarter of 2013. In 2013, the cash and cash equivalents comprised highly liquid term deposits with other credit institutions with original maturities of three months or less in amount of 7.150 million euros. In this consolidated interim report, the adjustment has been made in amount of 3.610 million euros to include the deposits with original maturities over 3 months up to one year.

**Note 3. Loans to customers****Loans to customers as at 30 June 2014**

	<b>Estonia</b>	<b>Latvia</b>	<b>Lithuania</b>	<b>Finland</b>	<b>Spain</b>	<b>Sweden</b>	<b>Total</b>
Loan receivables from customers	63.064	72.948	37.359	52.046	28.839	35.978	290.234
Impairment allowances for loans	-9.113	-13.524	-5.221	-4.259	-4.072	-1.779	-37.968
Interest receivable from customers	7.881	10.036	2.640	1.596	1.407	0.919	24.479
Impairment allowances for interest receivables	-2.679	-3.185	-1.013	-0.273	-0.388	-0.115	-7.653
Statistical impairment allowance	-1.218	-2.239	-1.023	-0.059	-0.022	-0.030	-4.591
<b>Total loans to customers, incl. interest and allowances</b>	<b>57.935</b>	<b>64.036</b>	<b>32.742</b>	<b>49.051</b>	<b>25.764</b>	<b>34.973</b>	<b>264.501</b>
Share of region	21.9%	24.2%	12.4%	18.5%	9.7%	13.3%	100.0%

**Loans to customers as at 31 December 2013**

	<b>Estonia</b>	<b>Latvia</b>	<b>Lithuania</b>	<b>Finland</b>	<b>Spain</b>	<b>Sweden</b>	<b>Total</b>
Loan receivables from customers	63.856	72.264	37.835	52.506	23.691	31.274	281.426
Impairment allowances for loans	-8.445	-11.366	-4.347	-3.785	-3.298	-1.406	-32.647
Interest receivable from customers	8.061	10.085	2.899	1.911	1.099	0.703	24.758
Impairment allowances for interest receivables	-2.241	-2.571	-0.868	-0.244	-0.296	-0.085	-6.305
Statistical impairment allowance	-1.567	-2.846	-1.347	-0.056	-0.019	-0.028	-5.863
<b>Total loans to customers, incl. interest and allowances</b>	<b>59.664</b>	<b>65.566</b>	<b>34.172</b>	<b>50.332</b>	<b>21.177</b>	<b>30.458</b>	<b>261.369</b>
Share of region	22.8%	25.1%	13.1%	19.3%	8.1%	11.6%	100.0%

**Note 4. Loan receivables from customers by due dates**

<b>As at</b>	<b>30 June 2014</b>	<b>31 Dec 2013</b>
Up to 1 year	152.991	146.591
1-2 years	44.557	45.859
2-5 years	77.966	73.671
More than 5 years	14.720	15.305
<b>Total</b>	<b>290.234</b>	<b>281.426</b>

**Note 5. Ageing analysis of loan receivables****Ageing analysis as at 30 June 2014**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
<b>Loans against income</b>						
Loan portfolio	145.887	19.106	6.148	3.929	76.128	251.198
Impairment allowance	-4.480	-0.946	-0.767	-0.470	-36.804	-43.467
<b>Surety loans</b>						
Loan portfolio	6.029	1.088	0.600	0.363	6.170	14.250
Impairment allowance	-0.644	-0.166	-0.177	-0.075	-3.659	-4.721
<b>Loans secured with real estate</b>						
Loan portfolio	13.716	3.026	0.632	0.379	2.877	20.630
Impairment allowance	-0.509	-0.121	-0.023	-0.011	-1.045	-1.709
<b>Loans with insurance cover</b>						
Loan portfolio	0.506	0.128	0.039	0.017	0.360	1.050
Impairment allowance	-0.033	-0.007	-0.005	-0.004	-0.186	-0.235
<b>Loans against other collaterals</b>						
Loan portfolio	0.179	2.927	-	-	-	3.106
Impairment allowance	-0.005	-0.075	-	-	-	-0.080
<b>Total loan portfolio</b>	<b>166.317</b>	<b>26.275</b>	<b>7.419</b>	<b>4.688</b>	<b>85.536</b>	<b>290.234</b>
<b>Total impairment allowance</b>	<b>-5.671</b>	<b>-1.315</b>	<b>-0.972</b>	<b>-0.560</b>	<b>-41.694</b>	<b>-50.212</b>

**Ageing analysis as at 31 December 2013**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
<b>Loans against income</b>						
Loan portfolio	139.121	19.107	6.402	3.319	74.807	242.756
Impairment allowance	-4.112	-0.879	-0.374	-0,238	-27,585	-33,188
<b>Surety loans</b>						
Loan portfolio	5.732	1.452	0.476	0.174	7.132	14.966
Impairment allowance	-0.490	-0.156	-0.061	-0.021	-2.652	-3.380
<b>Loans secured with real estate</b>						
Loan portfolio	14.066	2.659	0.257	0.104	2.901	19.987
Impairment allowance	-0.608	-0.153	-0.047	-0.011	-0.950	-1.769
<b>Loans with insurance cover</b>						
Loan portfolio	0.625	0.171	0.043	0.015	0.183	1.037
Impairment allowance	-0.027	-0.010	-0.003	-0.002	-0.049	-0.091
<b>Loans against other collaterals</b>						
Loan portfolio	2.675	0.003	-	-	0.002	2.680
Impairment allowance	-0.080	-	-	-	-0.002	-0.082
<b>Total loan portfolio</b>	<b>162.219</b>	<b>23.392</b>	<b>7.178</b>	<b>3.612</b>	<b>85.025</b>	<b>281.426</b>
<b>Total impairment allowance</b>	<b>-5.317</b>	<b>-1.198</b>	<b>-0.485</b>	<b>-0.272</b>	<b>-31.238</b>	<b>-38.510</b>

**Note 6. Loan receivables from customers by contractual currency**

As at	30 June 2014	31 Dec 2013
EUR (euro)	253.633	242.710
LTL (Lithuanian litas)	0.623	0.876
LVL (Latvian lats)	-	6.566
SEK (Swedish krona)	35.977	31.274
<b>Total loan receivables from customers</b>	<b>290.234</b>	<b>281.426</b>

**Note 7. Impairment of loans, receivables and financial investments****Impairment allowances as at 30 June 2014**

	Loan receivables	Impairment allowance for loans	Interest receivables	Impairment allowance for loan interest	Total impairment allowances
Collectively assessed items	257.565	-24.068	21.440	-5.063	-29.131
Individually assessed items	32.669	-13.900	3.039	-2.590	-16.490
Statistical impairment allowance	-	-4.591	-	-	-4.591
<b>Total</b>	<b>290.234</b>	<b>-42.559</b>	<b>24.479</b>	<b>-7.653</b>	<b>-50.212</b>

**Impairment allowances as at 31 December 2013**

	Loans receivables	Impairment allowances for loans	Interest receivables	Impairment allowances for loan interest	Total impairment allowances
Collectively assessed items	251.198	-22.470	22.228	-4.699	-27.169
Individually assessed items	30.228	-10.177	2.530	-1.606	-11.783
Statistical impairment allowance	-	-5.863	-	-	-5.863
<b>Total</b>	<b>281.426</b>	<b>-38.510</b>	<b>24.758</b>	<b>-6.305</b>	<b>-44.815</b>

**Change in impairment allowances for loans and related interest receivables**

As at	30 June 2014	31 Dec 2013	30 June 2013
Balance at beginning of year	-44.815	-37.148	-37.148
Loan and interest receivables written off the statement of financial position	8.582	14.801	9.177
Increase in allowances for loan and interest receivables	-14.050	-22.622	-10.515
Effect of movements in exchange rates	0.071	0.154	0.132
<b>Balance at end of period</b>	<b>-50.212</b>	<b>-44.815</b>	<b>-38.354</b>

**Impairment losses on loans, receivables and financial investments**

	Q2 2014	Q2 2013	6M 2014	6M 2013
Recovery of loan and interest receivables written off the statement of financial position	1.793	1.719	2.133	2.017
Increase in allowances for loan and interest receivables	-7.974	-5.500	-14.050	-10.515
Impairment losses on financial investments	-	-	-	0.018
Impairment losses on other receivables	-0.164	-0.099	-0.308	-0.183
<b>Total impairment losses</b>	<b>-6.345</b>	<b>-3.880</b>	<b>-12.225</b>	<b>-8.663</b>

**Note 8. Past due loans****Past due loans as at 30 June 2014**

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Up to 30 days	0.888	0.583	0.321	0.166	0.081	0.052	2.091
31 - 60 days	1.036	0.454	0.252	0.126	0.097	0.020	1.985
61-90 days	0.795	0.312	0.212	0.188	0.055	0.023	1.585
Over 90 days	16.991	28.263	9.750	12.125	5.744	3.622	76.495
<b>Total</b>	<b>19.710</b>	<b>29.612</b>	<b>10.535</b>	<b>12.605</b>	<b>5.977</b>	<b>3.717</b>	<b>82.156</b>

**Past due loans as at 31 December 2013**

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Up to 30 days	1.930	0.640	0.691	0.142	0.092	0.073	3.568
31 - 60 days	0.451	0.436	0.243	0.116	0.056	0.038	1.340
61-90 days	0.185	0.316	0.144	0.171	0.030	0.014	0.860
Over 90 days	18.336	28.664	8.984	11.563	4.978	3.799	76.324
<b>Total</b>	<b>20.902</b>	<b>30.056</b>	<b>10.062</b>	<b>11.992</b>	<b>5.156</b>	<b>3.924</b>	<b>82.092</b>

The table above shows only loan principal that is past due. In accordance with the terms of the loan agreements, the Group may terminate the agreement unilaterally if at least three

scheduled payments are in arrears. When an agreement is terminated, the customer has to settle the entire loan amount.

**Note 9. Held-to-maturity financial assets****Debt securities portfolio**

As at	30 June 2014	31 Dec 2013
Acquisition cost of the debt securities portfolio	4.343	7.942
Accrued interest	0.006	0.030
<b>Total held-to-maturity financial assets</b>	<b>4.349</b>	<b>7.972</b>
<b>Held-to-maturity financial assets by issuer</b>		
Government bonds	3.036	5.870
Corporate bonds	1.313	2.102
<b>Held-to-maturity financial assets by currency</b>		
EUR (euro)	4.349	7.972
<b>Held-to-maturity financial assets by rating</b>		
Baa1-Baa3	4.349	7.792

Held-to-maturity financial assets include acquired bonds that the Group has the intention and ability to hold until maturity.

**Note 10. Other receivables and prepayments**

As at	30 June 2014	31 Dec 2013
Other receivables	2.719	2.207
Prepayments	1.405	1.086
<b>Total</b>	<b>4.124</b>	<b>3.293</b>

**Other receivables**

As at	30 June 2014	31 Dec 2013
Late payment interest and penalty payments receivable	0.014	0.017
Fees receivable	0.349	0.300
Collection, recovery and other charges receivable	2.595	2.496
Guarantee and deposit payments made	0.130	0.118
Miscellaneous receivables	0.687	0.185
Impairment allowance for other receivables	-1.056	-0.909
<b>Total</b>	<b>2.719</b>	<b>2.207</b>

**Prepayments**

As at	30 June 2014	31 Dec 2013
Prepaid taxes	0.727	0.410
Other prepayments	0.678	0.676
<b>Total</b>	<b>1.405</b>	<b>1.086</b>



**Note 11. Other assets**

As at	30 June 2014	31 Dec 2013
Collateral acquired	1.903	2.035
Impairment allowance	-0.541	-0.653
<b>Total other assets (total carrying value of collateral acquired)</b>	<b>1.362</b>	<b>1.382</b>

**Note 12. Deposits from customers**

As at	30 June 2014	31 Dec 2013
<b>Term deposits</b>	<b>238.108</b>	<b>238.648</b>
<b>Term deposits by customer type</b>		
Individuals	232.919	233.094
Legal persons	5.189	5.554
<b>Term deposits by currency</b>		
EUR (euro)	207.878	219.015
LVL (Latvian lats)	-	1.582
SEK (Swedish krona)	30.230	18.051
<b>Term deposits by maturity</b>		
Maturing within 6 months	52.040	36.392
Maturing between 6 and 12 months	40.819	50.979
Maturing between 12 and 18 months	27.610	33.237
Maturing between 18 and 24 months	21.889	27.259
Maturing between 24 and 36 months	39.731	32.222
Maturing between 36 and 48 months	21.761	28.575
Maturing in over 48 months	34.258	29.984
Average deposit amount	0.018	0.018
Weighted average interest rate	3.4%	3.7%
Weighted average duration until maturity (months)	25.5	25.5
Weighted average total contract term (months)	45.6	43.6

**Note 13. Other reserves**

As at	30 June 2014	Change	31 Dec 2013	Change	31 Dec 2012
Exchange differences on translating foreign operations	0.080	0.050	0.030	-0.451	0.481
Net gain/loss on hedges of net investments in foreign operations	-0.183	-0.061	-0.122	-0.014	-0.108
Asset revaluation reserve	0.979	-	0.979	0.979	-
<b>Total other reserves</b>	<b>0.876</b>	<b>-0.011</b>	<b>0.887</b>	<b>0.514</b>	<b>0.373</b>

**Note 14. Net currency positions****Net currency positions as at 30 June 2014**

	Position in the statement of financial position		Position off the statement of financial position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	270.600	211.144	10.208	0.557	69.107
LTL (Lithuanian litas)	1.489	0.290	-	-	1.199
SEK (Swedish krona)	41.487	30.471	-	10.273	0.743
GBP (British pound)	0.168	0.001	-	-	0.167

**Net currency positions as at 31 December 2013**

	Position in the statement of financial position		Position off the statement of financial position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	270.723	221.559	13.641	0.770	62.035
LVL (Latvian lats)*	6.315	1.966	-	-	4.349
LTL (Lithuanian litas)	0.880	0.331	-	-	0.549
SEK (Swedish krona)	32.747	18.229	-	14.028	0.490
GBP (British pound)	0.068	0.003	-	-	0.065

\* On 1 January 2014, the Republic of Latvia joined the euro area and all currency positions in Latvian lats were converted to euros on that date.

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

To mitigate the risk of losses arising from significant exchange rate fluctuations, loan agreements signed in Lithuania in earlier periods in-

clude a devaluation clause that ensures that the proportions of contractual liabilities are maintained throughout the loan term. Devaluation clause has been taken into account in the net currency positions.

**Note 15. Contingent liabilities and assets pledged as collateral**

As at	30 June 2014	31 Dec 2013
Irrevocable transactions, of which	0.557	0.770
Guarantees and similar irrevocable transactions	-	-
Issued bank guarantees	0.110	0.070
Credit lines and overdrafts	0.447	0.700
Assets pledged and encumbered with usufruct, of which**	1.496	2.968
Mortgages	1.496	1.496
Bonds and deposits encumbered with collateral	-	1.472

\* In addition, assets of 2.449 million euros are pledged and encumbered with usufruct to serve as collateral for liabilities that have been settled by the date of release of this report.

**Note 16. Interest income**

	Q2 2014	Q2 2013	6M 2014	6M 2013
Interest income on loans to customers	13.956	12.812	28.488	25.365
Interest income on deposits	0.018	0.017	0.032	0.048
Interest income on held-to-maturity financial assets	0.018	0.017	0.033	0.070
<b>Total interest income</b>	<b>13.992</b>	<b>12.846</b>	<b>28.553</b>	<b>25.483</b>

**Note 17. Interest expense**

	Q2 2014	Q2 2013	6M 2014	6M 2013
Interest expense on deposits	1.925	1.953	3.883	3.945
<b>Total interest expense</b>	<b>1.925</b>	<b>1.953</b>	<b>3.883</b>	<b>3.945</b>

**Note 18. Other income**

	Q2 2014	Q2 2013	6M 2014	6M 2013
Income from debt recovery proceedings	1.661	1.726	3.536	3.654
Miscellaneous income	0.064	0.090	0.114	0.185
<b>Total other income</b>	<b>1.725</b>	<b>1.816</b>	<b>3.650</b>	<b>3.839</b>

**Note 19. Other operating expenses**

	Q2 2014	Q2 2013	6M 2014	6M 2013
Marketing expenses	1.099	1.208	2.015	2.320
Office, rental and similar expenses	0.321	0.416	0.674	0.857
Miscellaneous operating expenses	0.670	0.564	1.286	1.143
<b>Total other operating expenses</b>	<b>2.090</b>	<b>2.188</b>	<b>3.975</b>	<b>4.320</b>

**Note 20. Other expenses**

	Q2 2014	Q2 2013	6M 2014	6M 2013
Expenses related to enforcement proceedings	0.355	0.371	0.683	0.788
Legal regulation charges	0.136	0.138	0.291	0.274
Expenses from assets held for sale	0.007	0.006	0.018	0.012
Onerous contracts provisions	-	-	0.300	-
Miscellaneous expenses	0.243	0.209	0.456	0.379
<b>Total other expenses</b>	<b>0.741</b>	<b>0.724</b>	<b>1.748</b>	<b>1.453</b>

**Note 21. Related parties**

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

- shareholders of BIGBANK AS;
- members of Group companies' management and supervisory boards;
- close family members of the above;

- companies connected with the above persons, except where the persons cannot exert significant influence on the company's business decisions.

As at 30 June 2014, the Group had no interest and deposit liabilities to related parties.

# 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 first quarter of 2014 are true and complete; and
- the condensed consolidated financial statements provide a true and fair view of the Group's financial position, financial performance and cash flows.

The condensed consolidated interim report as at 30 June 2014 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.

BIGBANK AS is a going concern.

**Kaido Saar**  
*Chairman of  
the Management Board*

*29 August 2014*  
[signed digitally]

**Veiko Kandla**  
*Member of  
the Management Board*

*29 August 2014*  
[signed digitally]

**Ingo Pöder**  
*Member of  
the Management Board*

*29 August 2014*  
[signed digitally]