

BIGBANK AS

Public Interim Report

First Quarter of 2012

BIGBANK AS CONSOLIDATED INTERIM REPORT FOR THE FIRST QUARTER OF 2012

Business name	BIGBANK AS
Registry	Commercial Register of the Republic of Estonia
Registration number	10183757
Date of entry	30 January 1997
Address	Rüütli 23, 51006 Tartu, Estonia
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E-mail	bigbank@bigbank.ee
Corporate website	www.bigbank.ee
Financial year	1 January 2012 – 31 December 2012
Reporting period	1 January 2012 – 31 March 2012
Chairman of the Management Board	Targo Raus
Business line	Provision of consumer loans and acceptance of deposits
Auditor	KPMG Baltics OÜ
Audit	An audit has been not performed with regard to the financial information of the first quarter of 2012.
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 *Public Interim Report* can be accessed on the website of BIGBANK AS at www.bigbank.ee.

From 31 May 2012, *Public Interim Report for the First Quarter of 2012* will be available at the head office of BIGBANK AS at 23 Rüütli street in Tartu and all other offices of the company.

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ABOUT BIGBANK GROUP

The core business of BIGBANK AS is provision of consumer loans.

In addition to the parent company, BIGBANK AS group includes the following subsidiaries:

Business name	Baltijas Izaugsmes Grupa AS
Registered office	Brīvības iela 151, LV-1012 Rīga, Latvia
Registration number	40003291179
Register	Register of Enterprises of the Republic of Latvia
Date of entry	18 April 1996
Business line	Provision of consumer loans in the Republic of Latvia
Ownership interest:	100%
Business name	Rüütli Majad OÜ
Registered office	Rüütli 23, 51006 Tartu
Registration number	10321320
Register	Commercial Register of the Republic of Estonia
Date of entry	27 November 1997
Business line	Management of real estate used by the group
Ownership interest	100%
Business name	Balti Völgade Sissenõudmise Keskus OÜ
Registered office	Rüütli 23, 51006 Tartu
Registration number	11652332
Register	Commercial Register of the Republic of Estonia
Date of entry	11 May 2009
Business line	Provision of debt collection services
Ownership interest	100%
Business name	Baltijas Parādu Piedziņas Centrs SIA (owner: Balti Völgade Sissenõudmise Keskus OÜ)
Registered office	Brīvības iela 151, LV-1012 Rīga, Latvia
Registration number	40103305206
Register	Register of Enterprises of the Republic of Latvia
Date of entry	7 July 2010
Business line	Provision of debt collection services
Ownership interest	100%
Business name	Baltijos Skolų Išieškojimo Centras UAB (owner: Balti Völgade Sissenõudmise Keskus OÜ)
Registered office	Jogailos 4, Vilnius 01116, Lithuania
Registration number	302534867
Register	Register of Enterprises of the Republic of Lithuania
Date of entry	6 August 2010
Business line	Provision of debt collection services
Ownership interest	100%
Business name	Suomen Luottovalvonta Oy (owner: Balti Völgade Sissenõudmise Keskus OÜ)
Registered office	Kampin Sähköotalo Kampinkuja 2 00100 Helsinki, Finland
Registration number	2400904-2
Register	Trade Register of the Republic of Finland
Date of entry	2 May 2011
Business line	Provision of debt collection services
Ownership interest	100%

Business name	Kaupmehe Järelmaks OÜ
Registered office	Rüütli 23, 51006 Tartu
Registration number	11906650
Register	Commercial Register of the Republic of Estonia
Date of entry	10 March 2010
Business line	Provision of consumer loans
Ownership interest	100%

The parent company has the following branches:

Business name	Registered office	Registration number	Date of entry
BIGBANK AS Latvijas filiāle	Brīvības iela 151, LV-1012 Riga, Latvia	40103200513	11 November 2008
BIGBANK AS filialas	Jogailos 4, Vilnius 01116, Lithuania	301048563	27 September 2007
BIGBANK AS Suomen sivuliike	Porkkalankatu 20B, 00180, Helsinki, Finland	2292157-2	29 October 2009
BIGBANK AS Consumer Finance Sucursal en Espana	Calle de Orense 81, 28020, Madrid, Spain	W0531072G	6 October 2010
BIGBANK AS Sverige Filial	St Eriksgatan 117, 11343, Stockholm, Sweden	516406-0872	19 January 2012

BIGBANK AS was founded on 22 September 1992. A licence for operating as a credit institution was obtained on 27 September 2005. BIGBANK specializes in the taking of term deposits and the provision of small and consumer loans.

The branches in Latvia, Lithuania, Finland, Spain and Sweden offer lending services similar to those of the parent. In addition, the parent company and its Latvian and Finnish branches offer deposit services. The core business of OÜ Rüütli Majad is management of real estate required for the parent's business operations in Estonia. OÜ Balti Võlgade Sissenõudmise Keskus and its subsidiaries support the parent company and its branches in debt collection and OÜ Kaupmehe Järelmaks offers hire purchase services. In addition, BIGBANK AS provides cross-border deposit services in Germany; the Netherlands and Austria.

STATEMENT BY THE MANAGEMENT BOARD

The Management Board of BIGBANK AS is on the following position as at the date of publication of the Report:

- The data and additional information presented in the *Public Interim Report for the First Quarter of 2012* are true and complete.
- The consolidated financial statement provides a true and fair view of the financial situation, financial results and cash flows of the Group.

The summary consolidated interim report as at 31 March 2012 is in compliance with the International Financial Reporting Standard (IFRS) IAS34 *Interim Financial Reporting* as adopted by the European Union and with the requirements established by the Bank of Estonia for the disclosure of information.

BIGBANK AS is a continually operating company.

Targo Raus

Chairman of the Management Board 31 May 2012 *[signed digitally]*

Kaido Saar

Member of the Management Board 31 May 2012 *[signed digitally]*

Veiko Kandla

Member of the Management Board 31 May 2012 *[signed digitally]*

Ingo Pöder

Member of the Management Board 31 May 2012 *[signed digitally]*

REVIEW OF OPERATIONS

KEY PERFORMANCE INDICATORS AND RATIOS

Financial position indicators (in millions of euros)	31 March 2012	31 Dec 2011	Change
Total assets	244.419	229.706	+6.4%
Loans to customers	183.570	174.985	+4.9%
of which loan portfolio	194.535	185.935	+4.6%
of which interest receivable	22.970	22.280	+3.1%
of which impairment allowances*	-33.935	-33.230	+2.1%
of which impairment allowances for loans	-26.506	-27.249	-2.7%
of which impairment allowances for interest receivables	-4.866	-5.039	-3.4%
of which statistical impairment allowances	-2.563	-0.942	+172.1%
Deposits from customers	180.542	170.235	+6.1%
Subordinated bonds issued	2.662	3.657	-27.2%
Equity	54.427	53.263	+2.2%

Financial performance indicators (in millions of euros)	1Q 2012	1Q 2011	Change
Interest income	10.868	8.268	+31.4%
Interest expense	1.740	1.562	+11.4%
Impairment allowance costs	2.504	2.401	+4.3%
Revenue related to dept collection proceedings	1.589	1.438	+10.5%
Profit before impairment allowances	4.718	3.817	+23.6%
Net profit	2.214	1.416	+56.4%

Ratios	1Q 2012	4Q 2011	3Q 2011	2Q 2011	1Q 2011
Return on equity (ROE)	16.4%	4.8%	16.5%	12.4%	+11.7%
Equity multiplier (EM)	4.4	4.3	4.2	4.3	4.4
Profit margin (PM)	17.4%	5.4%	19.3%	14.6%	+14.6%
Asset utilization ratio (AU)	21.5%	20.7%	20.1%	20.0%	+18.4%
Return on assets (ROA)	3.8%	1.1%	3.9%	2.9%	+2.7%
Price difference (SPREAD)	14.6%	13.7%	13.8%	13.1%	+11.8%
Tier 1 capital ratio (TIER 1)	24.9%	27.8%	26.6%	28.1%	+26.8%

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

The statement of financial position indicators used when calculating the ratios are found as the arithmetic mean of the 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 case of the indicators of the consolidated income statement the annualized actual data of the reporting quarter shall serve as the basis.

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. income from interest, service fees, dividends and other operating income) to total assets,
- Return on assets (ROA) – profit to total assets,

- SPREAD – ratio of interest expenses to interest-bearing liabilities deducted from the ratio of interest income to interest earning assets,
- TIER 1 own funds ratio (TIER 1 ratio) – ratio of TIER 1 funds to risk weighted assets.

* Starting from 2012, the bank forms statistical impairment allowances for loan receivables that are not individually significant and which do not have the characteristics of individual decrease in value. These receivables are grouped based on similar credit risk characteristics into rating classes, according to which the possible decrease of the value of the claims is estimated uniformly. Statistical impairment allowances are formed on the basis of previous loan damages and damage statistics in the extent of receivables that have probably arisen, but have not been reflected in accounting.

The reserve for impairment allowances for groups of homogenous receivables reflected in the balance as at 31 December 2011 has been included under statistical impairment allowance. If the reserve for impairment allowances for homogenous receivables of the comparable period would be involved under statistical impairment allowances as at 31 December 2011, the impairment allowance amount 33.230 would have been divided as follows: impairment allowances for loans 25.558, impairment allowances for interest receivables 4.811 and statistical impairment allowances 2.861.

Significant economic events

In the first quarter of 2012, BIGBANK continued to expand its activities on both the existing and new markets. In the first quarter of 2012, BIGBANK's Swedish branch was registered and began to grant consumer loans in Sweden. During the quarter, the loan portfolio of BIGBANK Group grew by 8.6 million euros, i.e. 4.6%. The largest contribution to the growth of the loan portfolio was made by BIGBANK's Finnish and Spanish branches.

In the first quarter, the volume of total assets grew by 14.7 million euros, reaching 244.4 million euros as at the end of the quarter. The volume of obligations reached 190.0 million euros, having grown during the quarter by 13.5 million euros. Term deposits continue to form the largest part of obligations.

The payment behaviour of customers in the first quarter of 2012 is comparable to the 4th quarter of 2011. Both the number of customers making payments and the rate of receipts from the default portfolio have remained stable. The volume of the Group's non-performing portfolio in the total loan portfolio has decreased.

Interest income in the first quarter reached 10.9 million euros, increasing in comparison to the same period of the previous year by 2.6 million euros. The increase in interest income results from the growth of the loan portfolio.

Net profit of Group in the first quarter of 2012 amounted to 2.2 million euros. In comparison to the first quarter of 2011, net profit has increased by 0.8 million euros. The increase in the net profit was primarily affected by increase in net interest income. In the first quarter of 2012, the profit before impairment allowances was 4.7 million euros. In the first quarter of 2011, the corresponding figure was 3.8 million euros.

At the end of the first quarter of 2012, equity totalled 54.4 million euros (53.3 million euros at the end of 2011). The share of equity in total assets amounted to 22.3%. At the end of the first quarter, capital adequacy formed 20.2% (Basel II) in comparison to the 22.3% of same period of 2011.

There was a change in the membership of the Supervisory Board of BIGBANK. Linda Terras left the position of a Member of the Supervisory Board and Andres Koern was appointed as a new Member of the Supervisory Board. The Supervisory Board also includes Chairman of the Supervisory Board Parvel Pruunsild and Members Vahur Voll, Juhani Jaeger, Meelis Luht and Raul Eamets.

At the end of the first quarter of 2012, BIGBANK employed a total of 572 people: 237 in Estonia, 144 in Latvia, 85 in Lithuania, 44 in Finland, 51 in Spain and 11 in Sweden. At the end of the quarter, the Group had 30 branch offices, of which 10 were located in Estonia, 7 in Latvia, 10 in Lithuania, 1 in Finland and 2 in Spain.

FINANCIAL REVIEW**Financial position**

Total assets	<p>As at 31 March 2012, total assets of BIGBANK AS Group totalled 244.4 million euros, increasing by 14.7 million euros during the quarter.</p> <p>As at 31 March 2012, receivables from customers accounted for 75.1% of total assets, liquid assets (monetary funds and financial investments maintained until redemption deadline) accounted for 19.9%.</p>
Liquid assets	<p>At the end of the first quarter, liquid assets totalled to 48.6 million euros, decreasing by 6.2 million euros during the quarter.</p>
Held-to-maturity financial assets	<p>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. As at 31 March 2012, the Group had debt securities of 32.7 million euros.</p>
Loans to customers	<p>By the end of the first quarter, the Group had 138 thousand loan agreements in total; 40 thousand of them in Estonia, 59 thousand in Latvia, 20 thousand in Lithuania, 14 thousand in Finland and 5 thousand in Spain.</p> <p>Geographically loans to customers were distributed as follows:</p> <ul style="list-style-type: none">□ 33.7% Estonia;□ 29.7% Latvia;□ 19.1% Finland;□ 11.4% Lithuania;□ 5.6% Spain;□ 0.5% Sweden. <p>As at 31 March 2012, loans to customers totalled 183.6 million euros, comprising of:</p> <ul style="list-style-type: none">□ the loan portfolio (loan receivables) of 194.5 million euros with loans to individuals accounting for 96.3% of the total;□ interest receivables on loans of 23.0 million euros;□ impairment allowances for loans and interest receivables of 33.9 million euros (consisting of an impairment allowance for loans of 26.5 million euros, an impairment allowance for interest receivables of 4.9 million euros and a statistical impairment allowance of 2.5 million euros). <p>The bank's loan portfolio is diversified – the average issued credit amount is 1,705 euros and as at 31 March 2012, the 40 largest claims accounted for 3.7% of the total loan portfolio.</p> <p>BIGBANK AS focuses on granting consumer loans. In line with the corporate strategy, as at 31 March 2012 loans against income accounted for 82.2% of the loan portfolio, loans against suretyship 10.1%, loans against real estate accounted for 6.2% and loans with insurance coverage 1.5%.</p>

Past due loans

In the case of past due loans, an important fact needs to be noted – in case of consumer loans the process of recovering non-performing loans differs considerably from the process of recovering loans, which are secured with physical collateral (e.g. mortgage on property). Owing to the nature of the loans (as a rule, consumer loans are secured with the customer's regular income), amounts due under terminated loans are satisfied over an extended period in smaller instalments, not in a lump sum raised by the realisation of collateral.

Past due loans comprise of unpaid scheduled loan repayments and the principal amount of the loan that has fallen due. According to the terms of the loan contracts concluded with the customer, the Group may terminate the contract unilaterally when at least three consecutive loan payments are not met. Upon termination, customer will be demanded to repay the remaining loan principal, any interest payments that have fallen due and any associated claims arising from the payment delay.

The loans with payment delays over 90 days reflect the amount of the payments of past due principal amounts, to which the entire credit amount will be added upon the termination of the contract.

Impairment allowances

To mitigate the risks arising from payment behaviour and cover potential credit losses, the Group has established corresponding reserves, which as at 31 March 2012 totalled 34.9 million euros. Reserve has been established on a conservative basis. The established reserve includes:

- impairment allowances for loan receivables in the amount of 26.5 million euros;
- impairment allowances for interest receivables in the amount of 4.9 million euros;
- statistical impairment allowance in the amount of 2.5 million euros;
- impairment allowance for other customer receivables in the amount of 1.0 million euros.

Receivables, regarding which enforcement proceedings have not provided the expected results, have been written off the balance.

Liabilities

As at the end of the first quarter of 2012, the liabilities of the Group amounted to 190.0 million euros. Term deposits formed the bulk of liabilities, i.e. 180.5 million euros (95.0%).

Subordinated liabilities totalled 2.7 million euros, forming 1.4% of liabilities.

Equity

In the first quarter of 2012 the Group's equity grew by 1.2 million euros, amounting to 54.4 million kroons. The share of equity in total assets amounted to 22.3%. As at the end of the first quarter, the capital adequacy was 20.2% (Basel II) compared to 22.3 % as at the end of 2011.

Financial performance

Interest income	<p>In the first quarter, interest income amounted to 10.9 million euros, increasing by 2.6 million euros compared to the same period of the previous year. The increase of interest income is a result of the growth of the loan portfolio.</p> <p>In the first quarter, the ratio of interest income (annualised) to average interest bearing assets was 18.6% and the interest income from loan portfolio (annualised) accounted for 22.3% of the average loan portfolio.</p>
Interest expense	<p>In the first quarter of 2012, interest expenses totalled 1.7 million euros, increasing by 0.2 million euros compared to the same period of the previous year.</p> <p>The ratio of interest expenses to interest income was 16.1 %. The ratio of interest expenses (annualised) to average interest-bearing liabilities was 4.0% in the first quarter.</p>
Other operating expenses	<p>In the first quarter other operating expenses totalled 2.6 million euros (increase by 0.8 million euros compared to the first quarter of 2011).</p>
Salaries and associated charges	<p>In the first quarter salary costs amounted to 2.7 million euros (growth in comparison to the same period of 2011 was 0.8 million euros), including remunerations 1.8 million euros. As at the end of the period, the Group had 572 employees (excluding employees on maternity leave).</p>
Impairment losses	<p>In the first quarter, the reserve for impairment losses increased by 2.5 million euros, including:</p> <ul style="list-style-type: none"> <input type="checkbox"/> cost of impairment allowances for loan receivables in the amount of 2.4 million euros; <input type="checkbox"/> cost of impairment allowances for interest receivables in the amount of 0.1 million euros. <p>Impairment allowances have been established on a conservative basis.</p>
Other income and other expenses	<p>In the first quarter of 2012 other income amounted to 1.7 million euros, of which a more significant part is constituted of collection income. In the same period of 2011, other income was 1.5 million euros.</p> <p>Other expenses totalled 0.5 million euros in the first quarter (compared to 0.5 million euros in the first quarter of 2011).</p>
Profit for the period	<p>In the first quarter of 2012 the Group's profit amounted to 2.2 million euros. Compared to the first quarter of 2011 the net profit has increased by 0.8 million euros.</p> <p>In the first quarter of 2012, profit without the impairment allowance costs totalled 4.7 million euros, in the first quarter of 2011 this indicator was 3.8 million euros.</p>

GROUP'S CAPITAL ADEQUACY

<i>(In millions of euros)</i>	As at	31 March 2012	31 Dec 2011
Paid-up share capital		8.000	8.000
Reserves established from profit (capital reserve)		0.794	0.511
Earnings retained in prior years		43.211	38.799
Foreign currency translation reserve		0.208	0.288
Intangible assets		-0.716	-0.660
Profit for the year		-	5.665
Tier 1 capital		51.497	52.603
Tier 2 capital		-	-
Deductions		-	-
Total capital used to determine capital adequacy		51.497	52.603
Capital requirements			
Claims on central governments and central banks, standardized approach		1.532	0.567
Claims on credit institutions and investment firms, standardized approach		1.094	1.191
Claims on companies, standardized approach		1.016	0.936
Retail claims, standardized approach		8.762	8.123
Claims secured by real estate, standardized approach		0.621	0.660
Claims in arrears, standardized approach		6.504	6.283
Other assets, standardized approach		1.153	1.162
Total capital requirement for credit risk and counterparty risk		20.682	18.922
Capital requirement for foreign exchange risk		0.878	0.779
Capital requirement for operational risk, standardized approach		3.896	3.889
Total capital requirements		25.456	23.590
Capital adequacy		20.2%	22.3%

The capital adequacy standards are applied to BIGBANK AS. As at 31 March 2012, capital adequacy at the level of the parent company was 17.1%.

The definition of a consolidation group for the purposes of calculating capital adequacy does not differ from the definition of a consolidation group for the purposes of preparing financial statements.

Under Section 73 of the Credit Institutions Act, Tier 1 own funds (Tier 1 capital) consists of:

- paid-up share capital;
- capital reserve and other reserves formed based on the law and the articles of association using profit;
- audited profits retained in prior years;
- profit for the reporting year that has been checked by the credit institution's auditor.

In calculating Tier 1 capital, the following is deducted:

- intangible assets.

Under Section 77¹ of the Credit Institutions Act, when Tier 1 capital is calculated on a consolidated basis, the foreign currency translation reserve consisting of the unrealised exchange differences is added to Tier 1 capital.

The Group does not have Tier 2 and Tier 3 capital.

Capital requirements for credit risk and operational risk have been determined using the standardized approach.

In determining the capital requirement for foreign exchange risk, the Group has taken into account the exposures covered by the devaluation clause.

CONSOLIDATED FINANCIAL STATEMENTS**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at	Note	31 March 2012	31 Dec 2011
Assets			
Due from central banks		6.709	9.255
Due from banks		9.171	22.496
Loans to customers	2,3,4,5,6,7	183.570	174.985
Held-to-maturity financial assets	8	32.725	10.688
Other receivables and prepayments	9	5.724	5.662
Deferred tax assets		1.339	1.383
Intangible assets		0.716	0.660
Property and equipment		2.576	2.593
Other assets	10	1.889	1.984
Total assets		244.419	229.706
Liabilities			
Loans from central banks	11	3.903	-
Loans from banks	11	0.209	0.265
Deposits from customers	12	180.542	170.235
Other liabilities and deferred income		2.676	2.286
Subordinated bonds issued	13	2.662	3.657
Total liabilities		189.992	176.443
Equity			
Share capital		8.000	8.000
Capital reserve		0.794	0.511
Foreign currency translation reserve		0.208	0.288
Earnings retained in prior years		43.211	38.799
Profit for the year		2.214	5.665
Total equity		54.427	53.263
Total liabilities and equity		244.419	229.706

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Q1 2012	Q1 2011
Interest income	16	10.868	8.268
Interest expense	17	-1.740	-1.562
Net interest income		9.128	6.706
Net fees and commissions		0.174	0.059
Net gain/loss on financial transactions		0.006	0.072
Other income	18	1.677	1.457
Total income		10.985	8.294
Salaries and associated charges		-2.703	-1.945
Other operating expenses	19	-2.574	-1.803
Depreciation and amortisation expense		-0.109	-0.136
Impairment losses on loans and financial investments		-2.504	-2.401
Other expenses	20	-0.514	-0.506
Total expenses		-8.404	-6.791
Profit before income tax		2.581	1.503
Income tax expense		-0.367	-0.087
Profit for the year		2.214	1.416
Other comprehensive income/expense			
Foreign currency translation differences		-0.080	-0.039
Total comprehensive income for the year		2.134	1.377
Basic earnings per share (EUR)		28	18
Diluted earnings per share (EUR)		28	18

CONSOLIDATED STATEMENT OF CASH FLOWS

	Q1 2012	Q1 2011
Cash flows from operating activities		
Interest received	8,721	5,807
Interest paid	-1,112	-1,437
Salary and other operating expenses paid	-5,322	-3,917
Other income received	1,633	1,556
Other expenses paid	-0,484	-0,477
Recoveries of receivables previously written off	0,197	0,082
Received for other assets	0,099	0,010
Loans granted	-22,330	-12,168
Repayment of loans granted	13,214	5,707
Change in mandatory reserves with central banks and related interest receivables	1,356	7,674
Proceeds from customer deposits	19,883	22,371
Paid on redemption of deposits	-10,257	-20,346
Income tax paid	-0,025	-
Effect of movements in exchange rates	-0,003	-0,004
Net cash used in/from operating activities	5,570	4,858
Cash flows from investing activities		
Acquisition of property and equipment and intangible assets	-0,154	-0,222
Proceeds from sale of property and equipment	0,031	-
Acquisition of financial instruments	-29,730	-0,345
Proceeds from redemption of financial instruments	6,962	2,218
Net cash from/used in investing activities	-22,891	1,651
Cash flows from financing activities		
Paid on redemption of bonds	-0,064	-
Received loans from central bank	4,400	-
Repayment of loans from central banks	-0,500	-
Repayment of loans from banks	-0,057	-0,057
Dividends paid	-0,970	-0,800
Net cash used in financing activities	2,809	-0,857
Effect of exchange rate fluctuations	-0,002	0,030
Decrease/increase in cash and cash equivalents	-14,514	5,682
Cash and cash equivalents at beginning of period	28,698	32,637
Cash and cash equivalents at end of period	14,184	38,319

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent				Total
	Share capital	Statutory capital reserve	Foreign currency translation reserve	Retained earnings	
Balance at 1 January 2011	5.113	0.511	-0.508	42.485	47.601
Profit for the period	-	-	-	1.416	1.416
Other comprehensive expense	-	-	-0.039	-	-0.039
Total comprehensive income for the period	-	-	-0.039	1.416	1.377
Dividend distribution	-	-	-	-0.800	-0.800
Increase of share capital	2.887	-	-	-2.887	-
Total transactions with shareholders	2.887	-	-	-3.687	-0.800
Balance at 31 March 2011	8.000	0.511	-0.547	40.214	48.178
Balance at 1 January 2012	8.000	0.511	0.288	44.464	53.263
Profit for the period	-	-	-	2.214	2.214
Other comprehensive expense	-	-	-0.080	-	-0.080
Total comprehensive income for the period	-	-	-0.080	2.214	2.134
Dividend distribution	-	-	-	-0.970	-0.970
Increase of statutory capital reserve	-	0.283	-	-0.283	-
Total transactions with shareholders	-	0.283	-	-1.253	-0.970
Balance at 31 March 2012	8.000	0.794	0.208	45.425	54.427

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**Note 1. Significant accounting policies**

The condensed consolidated interim statements of BIGBANK AS for the first quarter of 2012 have been prepared in accordance with the International Financial Reporting Standard IAS34 *Interim Financial Reporting* as adopted by the European Union. The interim financial statements do not include all information required for full annual financial statements and it should be read in conjunction with the Group's latest published annual financial statements as at and for the year ended 31 December 2011, which have been prepared in accordance with the International Financial Reporting Standards (IFRS). The report has 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 2011. The new and revised standards and interpretations effective from 1 January 2012 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 consolidated financial statements of the Group. The financial statements are presented in millions of euros, unless otherwise indicated, and numerical data is rounded to three digits after the decimal point.

Note 2. Loans to customers**Loans to customers as at 31 March 2012**

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Loan receivables from customers	65.731	60.814	21.593	35.243	10.312	0.842	194.535
Impairment allowance for loans	-9.984	-11.961	-2.892	-1.294	-0.375	-	-26.506
Interest receivables from customers	8.692	9.714	2.988	1.218	0.350	0.008	22.970
Impairment allowance for interest receivables	-1.803	-2.432	-0.512	-0.091	-0.028	-	-4.866
Statistical impairment allowance	-0.673	-1.588	-0.300	-	-	-0.002	-2.563
Total loans to customers, incl. interest and allowances	61.963	54.547	20.877	35.076	10.259	0.848	183.570
Share of region	33.7%	29.7%	11.4%	19.1%	5.6%	0.5%	100.0%

Loans to customers as at 31 December 2011

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Loan receivables from customers	68.524	59.534	20.317	30.570	6.990	-	185.935
Impairment allowance for loans	-10.483	-12.446	-3.141	-1.017	-0.162	-	-27.249
Interest receivables from customers	8.685	9.521	2.814	1.045	0.215	-	22.280
Impairment allowance for interest receivables	-1.895	-2.516	-0.561	-0.059	-0.008	-	-5.039
Statistical impairment allowance	-	-0.909	-0.033	-	-	-	-0.942
Total loans to customers, incl. interest and allowances	64.831	53.184	19.396	30.5391	7.035	-	174.985
Share of region	37.1%	30.4%	11.0%	17.5%	4.0%	-	100.0%

Note 3. Loan receivables from customers by due dates

As at	31 March 2012	31 Dec 2011
Up to 1 year	111.341	106.176
1-2 years	23.898	21.516
2-5 years	42.198	38.417
More than 5 years	17.098	19.827
Total	194.535	185.936

Note 4. Ageing analysis of loans receivables**Ageing analysis as at 31 March 2012**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Loans against income						
Loan portfolio	80.106	13.310	5.459	3.742	57.191	159.808
Impairment allowance	-2.936	-0.575	-0.315	-0.292	-20.135	-24.253
Surety loans						
Loan portfolio	8.551	1.640	0.749	0.630	8.135	19.705
Impairment allowance	-0.530	-0.142	-0.077	-0.074	-2.624	-3.447
Loans secured with real estate						
Loan portfolio	7.143	0.494	0.497	0.511	3.414	12.059
Impairment allowance	-0.298	-0.019	-0.029	-0.037	-0.825	-1.208
Loans with insurance cover						
Loan portfolio	2.118	0.424	0.116	0.059	0.246	2.963
Impairment allowance	-0.085	-0.016	-0.005	-0.002	-0.053	-0.161
Total loan portfolio	97.918	15.868	6.821	4.942	68.986	194.535
Total impairment allowance	-3.849	-0.752	-0.426	-0.405	-23.637	-29.069

Ageing analysis as at 31 December 2011

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Loans against income						
Loan portfolio	70.775	13.224	5.722	3.955	54.655	148.331
Impairment allowance	-2.329	-0.620	-0.404	-0.359	-19.993	-23.705
Surety loans						
Loan portfolio	8.259	1.786	0.815	0.608	8.406	19.874
Impairment allowance	-0.418	-0.208	-0.067	-0.071	-2.725	-3.489
Loans secured with real estate						
Loan portfolio	9.199	0.752	0.886	0.201	3.321	14.359
Impairment allowance	-0.108	-0.043	-0.019	-0.039	-0.665	-0.874
Loans with insurance cover						
Loan portfolio	2.424	0.431	0.139	0.073	0.304	3.371
Impairment allowance	-0.043	-0.011	-0.004	-0.003	-0.062	-0.123
Total loan portfolio	90.657	16.193	7.562	4.837	66.686	185.935
Total impairment allowance	-2.898	-0.882	-0.494	-0.472	-23.445	-28.191

Note 5. Loan receivables from customers by contractual currency

As at	31 March 2012	31 Dec 2011
EUR (euro)	179.736	170.807
LTL (Lithuanian litas)	1.725	2.046
LVL (Latvian lats)	12.232	13.082
SEK (Swedish kronor)	0.842	-
Total loan receivables from customers	194.535	185.935

Note 6. Impairment allowances by loan assessment category**Impairment allowances as at 31 March 2012**

	Loans receivables	Impairment allowance for loans	Interest receivables	Impairment allowance for loan interest	Total impairment allowances
Homogeneous groups	105.360	-	4.820	-	-
Individually assessed items	89.175	-26.506	18.150	-4.866	-31.372
Statistical impairment	-	-2.563	-	-	-2.563
Total	194.535	-29.069	22.970	-4.866	-33.935

Impairment allowances as at 31 December 2011

	Loans receivables	Impairment allowance for loans	Interest receivables	Impairment allowance for loan interest	Total impairment allowances
Homogeneous groups	97.570	-1.691	5.403	-0.228	-1.919
Individually assessed items	88.365	-25.558	17.463	-4.811	-30.369
Statistical impairment	-	-0.942	-	-	-0.942
Total	185.935	-28.191	22.866	-5.039	-33.230

Note 7. Past due loans**Past due loans as at 31 March 2012**

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Up to 30 days	0.501	0.327	0.371	0.120	0.021	-	1.340
31 - 60 days	0.346	0.252	0.116	0.109	0.029	-	0.852
61-90 days	0.526	0.255	0.117	0.156	0.021	-	1.075
Over 90 days	21.527	27.366	5.745	4.290	0.247	-	59.175
Total	22.900	28.200	6.349	4.675	0.318	-	62.442

Past due loans as at 31 December 2011

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Up to 30 days	0.457	0.433	0.229	0.102	0.013	-	1.234
31 - 60 days	0.475	0.329	0.148	0.307	0.019	-	1.278
61-90 days	0.559	0.319	0.091	0.223	0.018	-	1.21
Over 90 days	21.736	26.735	5.868	2.873	0.121	-	57.333
Total	23.227	27.816	6.336	3.505	0.171	-	61.055

The table above consists of only loan principals that are overdue according to payment schedule. 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 unilaterally terminated, the customer has to settle the entire loan amount.

Note 8. Held-to-maturity financial assets

As at	31 March 2012	31 Dec 2011
Acquisition cost of the debt securities portfolio	32.564	10.653
Accrued interest	0.161	0.035
Total held-to-maturity financial assets	32.725	10.688
Held-to-maturity financial assets by issuer		
Debt securities of credit institutions	10.127	-
Corporate bonds	3.214	-
Government bonds	19.384	10.688
Held-to-maturity financial assets by currency		
EUR (euro)	30.783	8.659
LTL (Lithuanian litas)	1.942	2.029
Held-to-maturity financial assets by rating		
Aaa-Aa3	-	-
A1-A3	13.159	7.021
Baa1-Baa3	6.684	3.667
Ba1-Ba3	12.882	-

Held-to-maturity financial assets include acquired bonds, in which case the Group has a firm intention and capability of holding them until the redemption deadline.

Note 9. Other receivables and prepayments

As at	31 March 2012	31 Dec 2011
Other receivables	3.792	3.700
Prepayments	1.932	1.962
Total other receivables and prepayments	5.724	5.662

Other receivables

As at	31 March 2012	31 Dec 2011
Late payment interest and penalty payments receivable	0.045	0.047
Commissions and fees receivable	0.126	0.090
Collection and other charges receivable	1.953	1.762
Guarantee and deposit payments made	0.173	0.170
Miscellaneous receivables	2.466	2.575
Impairment allowance for other receivables	-0.971	-0.944
Total	3.792	3.700

Prepayments

As at	31 March 2012	31 Dec 2011
Prepaid taxes	1.592	1.589
Other prepayments	0.340	0.373
Total	1.932	1.962

Note 10. Other assets

As at	31 March 2012	31 Dec 2011
Collateral acquired	2.704	2.841
Impairment allowance	-0.815	-0.857
Total other assets (total carrying value of collateral acquired)	1.889	1.984

Note 11. Loans from banks

As at	31 March 2012	31 Dec 2011
Current portion		
Current portion of loans from central banks	0.003	0.227
Current portion of loans from banks	0.209	-
Total current portion	0.212	0.227
Non-current portion		
Non-current portion of loans from central banks	3.900	-
Non-current portion of loans from banks	-	0.038
Total non-current portion	3.900	0.038
Total loans from central banks and banks	4.112	0.265

Loans from banks comprise a long-term bank loan from Swedbank AS. The interest rate of the loan is 1.95% plus 6 month EURIBOR. Loans from central banks comprise a long-term bank loan from the Bank of Estonia. The interest rate of the loan is 1.00%.

Note 12. Deposits from customers

As at	31 March 2012	31 Dec 2011
Term deposits	180.542	170.235
Term deposits by customer type		
Individuals	175.266	164.264
Legal persons	5.276	5.971
Term deposits by currency		
EUR (euro)	178.816	167.841
LVL (Latvian lats)	1.726	2.394
Term deposits by maturity		
Maturing within 6 months	19.547	29.764
Maturing between 6 and 12 months	26.845	19.237
Maturing between 12 and 18 months	25.850	23.797
Maturing between 18 and 24 months	26.639	26.293
Maturing in over 24 months	81.661	71.144
Average deposit amount	0.014	0.014
Weighted average interest rate	3.98%	3.95%
Weighted average duration until maturity (months)	26.041	24.203
Weighted average total contract term (months)	36.793	34.294

Note 13. Subordinated bonds

As at	31 March 2012	31 Dec 2011
Balance of bonds	2.662	3.657
Bonds by holder type		
Individuals	1.615	1.150
Legal persons	1.047	2.507
Bonds by currency		
EUR (euro)	2.662	3.657
Bonds by maturity		
Redeemable in 24+ months	2.662	3.657

Note 14. Net currency positions**Net currency positions as at 31 March 2012**

	Position in the statement of financial position		Position off the statement of financial position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	232.539	187.612	-	0.541	44.386
LVL (Latvian lats)	7.746	2.184	-	-	5.562
LTL (Lithuanian litas)	2.316	0.154	-	-	2.162
GBP (British pound)	0.005	0.001	-	-	0.004
SEK (Swedish krona)	1.094	0.039	-	-	1.055

Net currency positions as at 31 December 2011

	Position in the statement of financial position		Position off the statement of financial position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	218.381	173.455	-	0.937	43.989
LVL (Latvian lats)	8.115	2.749	-	-	5.366
LTL (Lithuanian litas)	2.548	0.122	-	-	2.426
GBP (British pound)	0.002	0.004	-	-	-0.002

The loans granted by the Group have been nominated in the currency of the corresponding regions or in euro.

To mitigate the risk of losses arising from significant exchange rate fluctuations the contracts of loans denominated in the local currency of a region include a devaluation clause that ensures the proportions of contractual liabilities throughout the loan term.

Loan contracts that include terms of the contract, based on which in case of a devaluation of the national currency, the repayable amounts shall be adjusted within the extent of the devaluation of the currency.

Devaluation clause has been taken into account in the net currency positions.

Note 15. Potential liabilities and collateral property

As at	31 March 2012	31 Dec 2011
Irrevocable transactions, of which	1.676	2.072
Irrevocable transactions and other similar transactions*	1.135	1.135
Issued bank guarantees	0.107	0.050
Credit lines and overdrafts	0.434	0.887
Assets pledged as collateral**, of which	5.496	1.496
Mortgages	1.496	1.496
Bonds encumbered with collateral	4.000	-

* A guarantee in the amount of 1.135 million euros has been issued to guarantee fulfilment of obligations of the 100% subsidiary OÜ Rūütli Majad, this liability has been recorded also in the consolidated report as a liability.

** In addition there are assets pledged and encumbered with usufruct in the amount of 0.954 million euros, the related liabilities have been fulfilled as at the date of the report.

Note 16. Interest income

	Q1 2012	Q1 2011
Interest income on loans to customers	10.605	8.019
Interest income on deposits	0.053	0.102
Interest income on held-to-maturity financial assets	0.210	0.147
Total interest income	10.868	8.268

Note 17. Interest expense

	Q1 2012	Q1 2011
Interest expense on deposits	1.673	1.493
Interest expense on bonds	0.065	0.066
Interest expense on bank loans	0.002	0.003
Total interest expense	1.740	1.562

Note 18. Other income

	Q1 2012	Q1 2011
Income from debt recovery proceedings	1.589	1.438
Income from early redemption of bonds	0.068	-
Miscellaneous income	0.020	0.019
Total other income	1.677	1.457

Note 19. Other operating expenses

	Q1 2012	Q1 2011
Marketing expenses	1.404	0.756
Office, rental and similar expenses	0.516	0.488
Miscellaneous operating expenses	0.654	0.559
Total other operating expenses	2.574	1.803

Note 20. Other expenses

	Q1 2012	Q1 2011
Expenses related to enforcement proceedings	0.256	0.335
Legal regulation charges	0.103	0.061
Expenses from assets held for sale	0.011	0.009
Expenses from early redemption of bonds	-	0.002
Miscellaneous expenses	0.144	0.099
Total other expenses	0.514	0.506

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.

In the first quarter, interests in the amount of 0.005 million euros have been calculated to a company with the participation of a Member of the Supervisory Board. As at 31 March 2012, the Group has no interest and deposit liabilities to related parties.

The Group's shareholders are minority shareholders in the Latvian debt collection company SIA Vidzemes Inkasso (holding a 20% interest each). The Group's shareholders do not control SIA Vidzemes Inkasso and do not participate in its governing bodies.

