

**BIGBANK AS**

Public interim report

Second quarter 2013

**BIGBANK AS****CONSOLIDATED INTERIM REPORT FOR THE SECOND QUARTER AND 6 MONTHS OF 2013**

<b>Business name</b>	BIGBANK AS
<b>Registry</b>	Commercial Register of the Republic of Estonia
<b>Registration number</b>	10183757
<b>Date of entry</b>	30 January 1997
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<b>Financial year</b>	1 January 2013 – 31 December 2013
<b>Reporting period</b>	1 January 2013 – 30 June 2013
<b>Chairman of the management board</b>	Kaido Saar
<b>Business line</b>	Provision of consumer loans and acceptance of deposits
<b>Auditor</b>	Ernst & Young Baltic AS
<b>Reporting currency</b>	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](http://www.bigbank.ee). The version in English can be accessed at [www.bigbank.eu](http://www.bigbank.eu).

From 30 August 2013, *Public interim report for the second quarter of 2013* will be available at the head office of BIGBANK AS at 23 Rüütli street in Tartu and all other offices of the company.

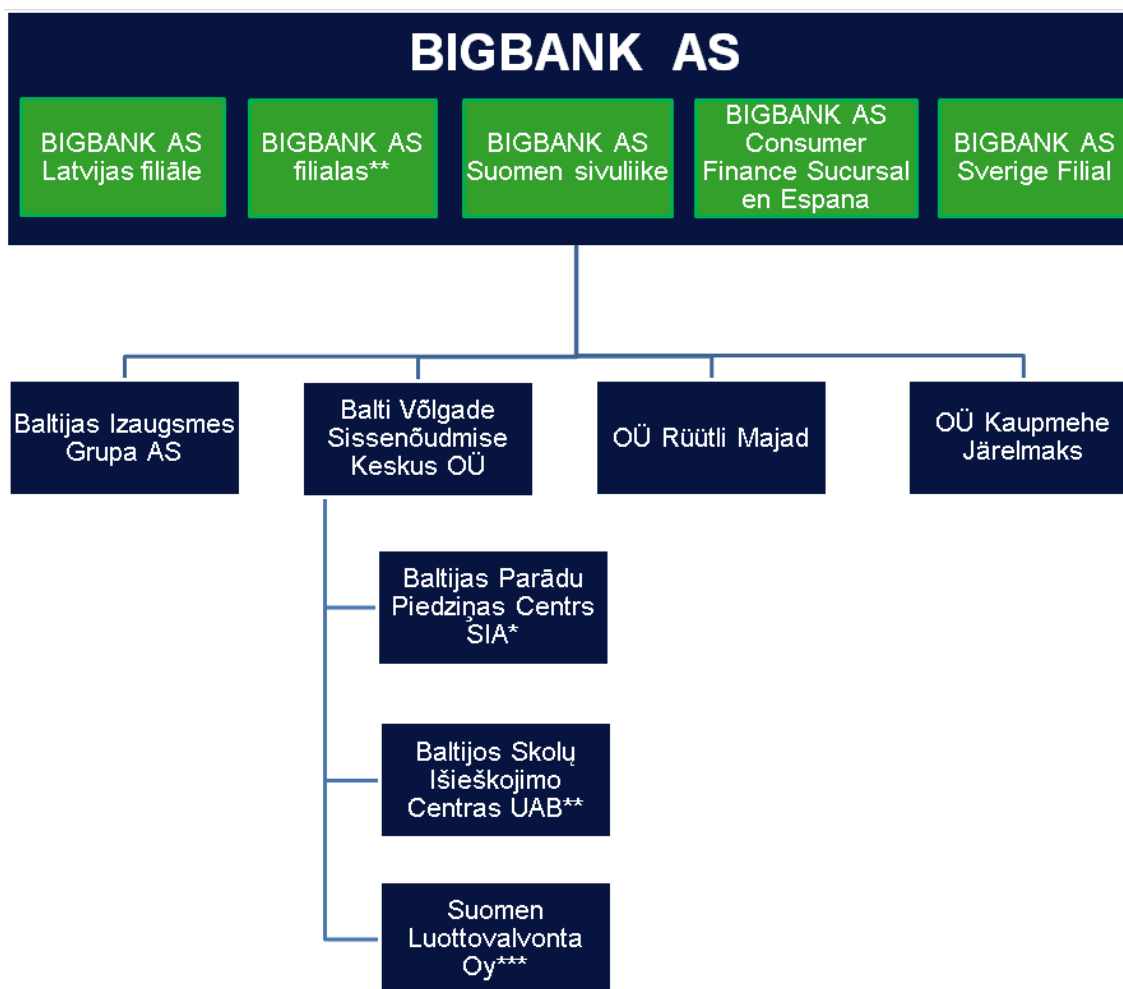
## CONTENTS

ABOUT BIGBANK GROUP .....	4
STATEMENT BY THE MANAGEMENT BOARD .....	5
REVIEW OF OPERATIONS .....	6
Significant economic events .....	6
Key performance indicators and ratios .....	7
Financial review .....	8
Group's capital adequacy .....	11
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS .....	13
Consolidated statement of financial position .....	13
Consolidated statement of comprehensive income .....	14
Consolidated statement of cash flows .....	15
Consolidated statement of changes in equity .....	16
Notes to the condensed consolidated interim financial statements .....	17
<i>Note 1. Accounting policies</i> .....	17
<i>Note 2. Cash equivalents</i> .....	17
<i>Note 3. Loans to customers</i> .....	17
<i>Note 4. Loan receivables from customers by due dates</i> .....	18
<i>Note 5. Ageing analysis of loan receivables</i> .....	18
<i>Note 6. Loan receivables from customers by contractual currency</i> .....	19
<i>Note 7. Impairment allowances by loan assessment category</i> .....	19
<i>Note 8. Past due loans</i> .....	20
<i>Note 9. Held-to-maturity financial assets</i> .....	20
<i>Note 10. Other receivables and prepayments</i> .....	21
<i>Note 11. Other assets</i> .....	21
<i>Note 12. Loans from central banks and banks</i> .....	21
<i>Note 13. Deposits from customers</i> .....	22
<i>Note 14. Other reserves</i> .....	22
<i>Note 15. Net currency positions</i> .....	22
<i>Note 16. Contingent liabilities and assets pledged as collateral</i> .....	23
<i>Note 17. Interest income</i> .....	23
<i>Note 18. Interest expense</i> .....	23
<i>Note 19. Other income</i> .....	24
<i>Note 20. Other operating expenses</i> .....	24
<i>Note 21. Other expenses</i> .....	24
<i>Note 22. Related parties</i> .....	24

## ABOUT BIGBANK GROUP

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

The Group's structure at the reporting date:



\* registered in the Republic of Latvia

\*\* registered in the Republic of Lithuania

\*\*\* registered in the Republic of Finland

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 term deposits and providing 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 and its Latvian, Finnish and Swedish branches offer deposit services. The core business of OÜ Rütli Majad is managing the real estate used in the parent's business operations 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. In addition, BIGBANK AS provides cross-border deposit services in Germany, the Netherlands and Austria.

## 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 second quarter of 2013 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 2013 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

30 August 2013

*[signed]*

Veiko Kandla

Member of the Management Board

30 August 2013

*[signed]*

Ingo Põder

Member of the Management Board

30 August 2013

*[signed]*

## REVIEW OF OPERATIONS

### SIGNIFICANT ECONOMIC EVENTS

In the second quarter of 2013, BIGBANK AS (hereafter also "BIGBANK" or the "Group") continued to expand its loan portfolio. During the quarter, the loan portfolio of BIGBANK Group grew by 5.8 million euros, i.e. 2.3%. The largest contribution to the growth of the loan portfolio was made by BIGBANK's Lithuanian branch.

The Group's net profit for the second quarter of 2013 amounted to 2.4 million euros, the net profit of the second quarter of 2012 was 1.3 million euros (an increase of 90.8%). In the second quarter of 2013, profit before impairment allowances was 6.3 million euros. In the second quarter of 2012, the corresponding figure was 4.6 million euros (an increase of 36.4%).

In June, BIGBANK launched taking deposits in Sweden, which means that deposits are now taken in Estonia, Germany, Austria, Netherlands, Finland, Sweden and Latvia.

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 2013, BIGBANK employed a total of 560 people: 231 in Estonia, 140 in Latvia, 82 in Lithuania, 45 in Finland, 36 in Spain and 26 in Sweden.

At the end of the second quarter, the Group had 23 branch offices, of which 7 were located in Estonia, 6 in Latvia, 8 in Lithuania, 1 in Finland and 1 in Spain.

## KEY PERFORMANCE INDICATORS AND RATIOS

Financial position indicators (in millions of euros)	30 June 2013	31 Dec 2012	Change
Total assets	287.876	280.729	2.5%
Loans to customers	242.485	224.521	8.0%
of which loan portfolio	256.064	236.882	8.1%
of which interest receivable	24.775	24.787	0.0%
of which impairment allowances	-38.354	-37.148	3.2%
of which impairment allowances for loans	-27.462	-28.263	-2.8%
of which impairment allowances for interest receivables	-5.396	-5.327	1.3%
of which statistical impairment allowances	-5.496	-3.558	54.5%
Deposits from customers	221.492	212.936	4.0%
Equity	62.076	59.408	4.5%

Financial performance indicators (in millions of euros)	Q2 2013	Q2 2012	Change
Interest income	12.846	11.215	14.5%
Interest expense	1.953	1.868	4.6%
Expenses from impairment allowances	3.880	3.332	16.4%
Income from debt collection proceedings	1.726	1.692	2.0%
Profit before impairment allowances	6.293	4.597	36.9%
Net profit	2.413	1.265	90.8%

Ratios	Q2 2013	1Q 2013	Q4 2012	Q3 2012	Q2 2012
Return on equity (ROE)	15.9%	11.4%	17.6%	6.8%	9.1%
Equity multiplier (EM)	4.7	4.8	4.7	4.7	4.6
Profit margin (PM)	15.9%	11.2%	17.4%	7.1%	9.5%
Asset utilization ratio (AU)	21.3%	21.3%	21.3%	20.2%	20.9%
Return on assets (ROA)	3.4%	2.4%	3.7%	1.4%	2.0%
Price difference (SPREAD)	14.1%	14.0%	13.8%	13.4%	13.8%
Tier 1 capital ratio (TIER 1)	25.6%	24.1%	25.2%	24.2%	24.7%

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.

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
- SPREAD – ratio of interest income to interest-bearing assets less ratio of interest expense to interest-bearing liabilities
- TIER 1 capital ratio (TIER 1 ratio) – ratio of TIER 1 capital to risk-weighted assets

**FINANCIAL REVIEW****Financial position****Total assets**

As at 30 June 2013, the consolidated assets of BIGBANK AS Group totalled 287.9 million euros, having increased by 4.9 million euros (1.7%) during the quarter.

As at 30 June 2013, loans to customers accounted for 84.2% of total assets, the proportion of liquid assets (amounts due from banks and held-to-maturity financial assets) was 12.4%.

**Liquid assets**

At the end of the second quarter, liquid assets totalled 35.8 million euros.

**Held-to-maturity financial assets**

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 2013, the Group had debt securities of 7.4 million euros.

**Loans to customers**

At the end of the second quarter, the Group had 172 thousand loan agreements, 40 thousand of them in Estonia, 71 thousand in Latvia, 31 thousand in Lithuania, 18 thousand in Finland, 7 thousand in Spain and 5 thousand in Sweden.

Geographical distribution of loans to customers:

- 24.5% Estonia,
- 26.2% Latvia,
- 21.6% Finland,
- 11.8% Lithuania,
- 6.9% Spain,
- 9.0% Sweden.

At 30 June 2013, loans to customers totalled 242.5 million euros, comprising of:

- the loan portfolio of 256.1 million euros, loans to individuals accounting for 96.0% of the total;
- interest receivable on loans of 24.8 million euros;
- impairment allowances for loans and interest receivables of 38.4 million euros (consisting of an impairment allowance for loans of 27.5 million euros, an impairment allowance for interest receivables of 5.4 million euros and a statistical impairment allowance of 5.5 million euros).

BIGBANK's loan portfolio is diversified – at the reporting date the average loan was 1,857 euros and as at 30 June 2013, 40 largest loans accounted for 4.1% of the loan portfolio.

BIGBANK AS focuses on the provision of consumer loans. In line with the corporate strategy, as at 30 June 2013 loans against income accounted for 86.3%, loans against surety for 6.2%, loans secured with real estate for 6.0%, loans with insurance coverage for 0.5% and loans granted against other types of collateral for 1.0% of the total loan portfolio.

**Past due loans**

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.



**Impairment allowances**

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 2013, impairment allowances totalled 39.1 million euros, consisting of:

- impairment allowances for loan receivables of 27.5 million euros,
- impairment allowances for interest receivables of 5.4 million euros,
- statistical impairment allowances of 5.5 million euros,
- impairment allowances for other receivables of 0.7 million euros.

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

**Liabilities**

At the end of the second quarter of 2013, the Group's liabilities totalled 225.8 million euros. Most of the debt raised by the Group, i.e. 221.5 million euros (98.1%) consisted of term deposits.

**Equity**

In the second quarter of 2013, the Group's equity grew by 2.4 million euros (4.1%) to 62.1 million euros. The equity to assets ratio amounted to 21.6%. At the end of the second quarter, capital adequacy was 21.1% (Basel II) compared with 21.2% at the end of 2012.

## Financial performance

Interest income	<p>Interest income for the second quarter reached 12.8 million euros, increasing by 1.6 million euros (14.5%) year over year. The increase in interest income results from growth in the loan portfolio.</p> <p>The period's ratio of interest income (annualised) to average interest-earning assets was 17.8 % and (annualised) return on the loan portfolio accounted for 20.1% of the average loan portfolio.</p>
Interest expense	<p>Interest expense for the second quarter of 2013 was 2.0 million euros, an increase of 0.1 million euros (4.6%) year over year.</p> <p>The ratio of interest expense to interest income was 15.2 %. The ratio of interest expense to average interest-bearing liabilities (annualised) was 3.7%.</p>
Other operating expenses	<p>Other operating expenses for the second quarter totalled 2.2 million euros (a decrease of 0.4 million euros or 16.8% compared to the second quarter of 2012).</p>
Salaries and associated charges	<p>Salaries and associated charges for the second quarter of 2013 amounted to 3.4 million euros (growth in comparison to the same period of 2012 was 0.4 million euros), including remuneration of 2.5 million euros. As at the end of the period, the Group had 560 employees.</p>
Impairment losses	<p>The quality of the loan portfolio has improved but expenses from impairments have increased on account of growth in loan sales, an increase in the size of the loan portfolio and observance of the principle that impairment allowances have to be recognised prospectively.</p> <p>In the second quarter, impairment losses increased by 3.9 million euros, consisting of:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> impairment losses on loan receivables of 3.3 million euros,</li> <li><input type="checkbox"/> impairment losses on interest receivables of 0.5 million euros,</li> <li><input type="checkbox"/> impairment losses on other receivables of 0.1 million euros.</li> </ul> <p>Impairment allowances are made on a conservative basis.</p>
Other income and expenses	<p>Other income for the second quarter of 2013 was 1.8 million euros, the largest proportion of which resulted from debt collection income. In the same period of 2012, other income was 1.7 million euros</p> <p>Other expenses for the second quarter reached 0.7 million euros, therefore remaining the same in comparison to the same period of 2012.</p>
Profit for the period	<p>The Group's net profit for the second quarter of 2013 amounted to 2.4 million euros. In comparison to the second quarter of 2012, net profit has decreased by 1.1 million euros (90.1%).</p> <p>Second-quarter profit before impairment allowances was 6.3 million euros, the corresponding figure for the second quarter of 2012 was 4.6 million euros (an increase of 36.9%).</p>

**GROUP'S CAPITAL ADEQUACY**

<i>(In millions of euros)</i>	<b>30 June 2013</b>	<b>31 Dec 2012</b>
Paid-up share capital	8.000	8.000
Reserves established from profit (capital reserve)	0.800	0.794
Earnings retained in prior years	49.183	43.211
Foreign currency translation reserve	-0.011	0.481
Intangible assets	-1.030	-0.968
Profit for the year*	4.104	7.030
Other Tier 1 own funds	-0.060	-0.108
<b>Tier 1 capital</b>	<b>60.986</b>	<b>58.440</b>
<b>Total capital used to determine capital adequacy</b>	<b>60.986</b>	<b>58.440</b>
<b>Capital requirements</b>		
Claims on central governments and central banks, standardized approach	0.460	0.728
Claims on credit institutions and investment firms, standardized approach	1.637	1.707
Claims on companies, standardized approach	1.057	1.179
Retail claims, standardized approach	12.232	11.090
Claims secured by real estate, standardized approach	0.704	0.647
Claims in arrears, standardized approach	6.943	6.843
Other assets, standardized approach	0.822	0.991
<b>Total capital requirement for credit risk and counterparty risk</b>	<b>23.855</b>	<b>23.185</b>
<b>Capital requirement for foreign exchange risk</b>	<b>0.583</b>	<b>0.540</b>
<b>Capital requirement for operational risk, standardized approach</b>	<b>4.442</b>	<b>3.896</b>
<b>Total capital requirements</b>	<b>28.880</b>	<b>27.621</b>
<b>Capital adequacy</b>	<b>21.1%</b>	<b>21.2%</b>

\*The profit for the reporting period has been verified by an auditor and the requirements for entering the profit for period to own funds as provided in section 73 of the Credit Institutions Act have been met. The review of the financial information of 6 months of 2013 has been performed in accordance with the international standard ISRE 2400 of the review of financial information.

The capital adequacy standards are applied to BIGBANK AS and BIGBANK AS Group.

As at 30 June 2013, capital adequacy at the level of the parent company was 17.2%.

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;
- prior years' audited retained profits;
- 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 77<sup>1</sup> 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.

In addition, the net loss on hedges of net investments in foreign operations, which has been recognised in other reserves in equity, has been deducted from Tier 1 capital.

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

Capital requirements for both 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 clauses.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>As at</b>	Note	<b>30 June 2013</b>	<b>31 Dec 2012</b>
<b>Assets</b>			
Cash and balances at central banks		2.253	10.312
Cash and balances at banks		26.082	26.520
Loans to customers	3,4,5,6,7,8	242.485	224.521
Held-to-maturity financial assets	9	7.421	8.476
Derivatives		0.385	0.020
Other receivables and prepayments	10	3.023	4.327
Deferred tax assets		1.156	1.239
Intangible assets		1.029	0.968
Property and equipment		2.618	2.670
Other assets	11	1.424	1.676
<b>Total assets</b>		<b>287.876</b>	<b>280.729</b>
<b>Liabilities</b>			
Loans from central banks	12	-	3.928
Loans from banks	12	-	0.038
Deposits from customers	13	221.492	212.936
Derivatives		0.169	0.303
Other liabilities and deferred income		4.139	4.116
<b>Total liabilities</b>		<b>225.800</b>	<b>221.321</b>
<b>Equity</b>			
Share capital		8.000	8.000
Capital reserve		0.800	0.794
Other reserves	14	-0.011	0.373
Earnings retained in prior years		49.183	43.211
Profit for the period		4.104	7.030
<b>Total equity</b>		<b>62.076</b>	<b>59.408</b>
<b>Total liabilities and equity</b>		<b>287.876</b>	<b>280.729</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Q2 2013	Q2 2012	6M 2013	6M 2012
Interest income	17	12.846	11.215	25.483	22.083
Interest expense	18	-1.953	-1.868	-3.945	-3.608
<b>Net interest income</b>		<b>10.893</b>	<b>9.347</b>	<b>21.538</b>	<b>18.475</b>
Net fee income		0.467	0.210	0.883	0.384
Net loss on financial transactions		-0.187	-0.103	-0.142	-0.097
Other income	19	1.816	1.718	3.839	3.395
<b>Total income</b>		<b>12.989</b>	<b>11.172</b>	<b>26.118</b>	<b>22.157</b>
Salaries and associated charges		-3.325	-2.966	-6.520	-5.669
Other operating expenses	20	-2.188	-2.631	-4.320	-5.205
Depreciation and amortisation expense		-0.143	-0.111	-0.279	-0.220
Impairment losses on loans and financial investments	7	-3.880	-3.332	-8.663	-5.836
Other expenses	21	-0.724	-0.682	-1.453	-1.196
<b>Total expenses</b>		<b>-10.260</b>	<b>-9.722</b>	<b>-21.235</b>	<b>-18.126</b>
<b>Profit before income tax</b>		<b>2.729</b>	<b>1.450</b>	<b>4.883</b>	<b>4.031</b>
Income tax expense		-0.316	-0.185	-0.779	-0.552
<b>Profit for the period</b>		<b>2.413</b>	<b>1.265</b>	<b>4.104</b>	<b>3.479</b>
<b>Other comprehensive income/expense</b>					
Exchange differences on translating foreign operations		0.001	0.353	-0.432	0.273
Net profit on hedges of net investments in foreign operations		0.008	-	0.048	-
<b>Total comprehensive income for the period</b>		<b>2.422</b>	<b>1.618</b>	<b>3.720</b>	<b>3.752</b>
Basic earnings per share (EUR)		30	16	51	43
Diluted earnings per share (EUR)		30	16	51	43

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	6M 2013	6M 2012
<b>Cash flows from operating activities</b>			
Interest received		22.252	18.822
Interest paid		-2.907	-2.158
Salary and other operating expenses paid		-11.532	-11.250
Other income received		4.402	3.512
Other expenses paid		-1.765	-1.039
Fees received		0.611	0.237
Fees paid		-0.812	-0.065
Recoveries of receivables previously written off		2.059	0.445
Received for other assets		0.361	0.149
Paid for other assets		-	-0.447
Loans provided		-68.897	-47.486
Repayment of loans provided		43.897	25.686
Change in mandatory reserves with central banks		0.040	1.392
Proceeds from customer deposits		27.853	43.859
Paid on redemption of deposits		-20.132	-15.336
Income tax received/paid		0.440	-0.549
Effect of movements in exchange rates		-0.012	-0.007
<b>Net cash used in/from operating activities</b>		<b>-4.142</b>	<b>15.765</b>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment and intangible assets		-0.255	-0.396
Proceeds from sale of property and equipment		0.038	0.045
Change in term deposits		-3.580	-
Acquisition of financial instruments		-7.413	-47.179
Proceeds from redemption of financial instruments		8.532	23.776
<b>Net cash used in investing activities</b>		<b>-2.678</b>	<b>-23.754</b>
<b>Cash flows from financing activities</b>			
Paid on redemption of bonds		-	-2.757
Proceeds from loans from central bank		-	4.400
Repayment of loans from central banks		-3.934	-0.500
Repayment of loans from banks (with interest)		-0.038	-0.114
Dividends paid		-1.052	-0.970
<b>Net cash used in /from financing activities</b>		<b>-5.024</b>	<b>0.059</b>
Effect of exchange rate fluctuations		-0.104	0.026
<b>Decrease in cash and cash equivalents</b>		<b>-11.948</b>	<b>-7.904</b>
Cash and cash equivalents at beginning of period		34.608	28.698
<b>Cash and cash equivalents at end of period</b>	2	<b>22.660</b>	<b>20.794</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent				Total
	Share capital	Statutory capital reserve	Other reserves	Retained earnings	
Balance at 1 January 2012	8.000	0.511	0.288	44.464	53.263
Profit for the period	-	-	-	3.479	3.479
<b>Other comprehensive income</b>					
Exchange differences on translating foreign operations	-	-	0.273	-	0.273
<b>Total other comprehensive income</b>	-	-	<b>0.273</b>	-	<b>0.273</b>
<b>Total comprehensive income for the period</b>	-	-	<b>0.273</b>	<b>3.479</b>	<b>3.752</b>
Dividend distribution	-	-	-	-0.970	-0.970
Increase of statutory capital reserve	-	0.283	-	-0.283	-
<b>Total transactions with owners</b>	-	<b>0.283</b>	-	<b>-1.253</b>	<b>-0.970</b>
<b>Balance at 30 June 2012</b>	<b>8.000</b>	<b>0.794</b>	<b>0.561</b>	<b>46.690</b>	<b>56.045</b>
<b>Balance at 1 January 2013</b>	<b>8.000</b>	<b>0.794</b>	<b>0.373</b>	<b>50.241</b>	<b>59.408</b>
Profit for the period	-	-	-	4.104	4.104
<b>Other comprehensive income</b>					
Exchange differences on translating foreign operations	-	-	-0.432	-	-0.432
Net gain 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>



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****Note 1. Accounting policies**

The condensed consolidated interim financial statements of BIGBANK AS as at and for the second quarter and 6 months ended 30 June 2013 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 2012, 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 2012. The new and revised standards and interpretations effective from 1 January 2013 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**

<b>As at</b>	<b>30 June 2013</b>	<b>31 Dec 2012</b>
Demand and overnight deposits with credit institutions	15.177	6.362
Term deposits with credit institutions with maturity of less than 3 months	7.150	19.903
Surplus on mandatory reserves with central banks	0.333	8.343
<b>Total cash equivalents</b>	<b>22.660</b>	<b>34.608</b>

**Note 3. Loans to customers****Loans to customers as at 30 June 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	62.452	68.146	30.850	53.953	18.455	22.208	256.064
Impairment allowances for loans	-7.695	-9.945	-3.437	-3.405	-2.398	-0.582	-27.462
Interest receivable from customers	8.247	10.278	3.013	2.032	0.799	0.406	24.775
Impairment allowances for interest receivables	-1.892	-2.285	-0.750	-0.243	-0.191	-0.035	-5.396
Statistical impairment allowance	-1.677	-2.586	-1.030	-	-	-0.203	-5.496
<b>Total loans to customers, incl. interest and allowances</b>	<b>59.435</b>	<b>63.608</b>	<b>28.646</b>	<b>52.337</b>	<b>16.665</b>	<b>21.794</b>	<b>242.485</b>
Share of region	24.5%	26.2%	11.8%	21.6%	6.9%	9.0%	100.0%

**Loans to customers as at 31 December 2012**

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Loan receivables from customers	64.501	66.652	25.979	51.518	15.318	12.914	236.882
Impairment allowance for loans	-8.237	-12.146	-3.118	-3.036	-1.611	-0.115	-28.263
Interest receivable from customers	8.361	10.625	3.069	1.906	0.615	0.211	24.787
Impairment allowances for interest receivables	-1.696	-2.616	-0.661	-0.217	-0.128	-0.009	-5.327
Statistical impairment allowance	-1.325	-1.513	-0.611	-	-	-0.109	-3.558
<b>Total loans to customers, incl. interest and allowances</b>	<b>61.604</b>	<b>61.002</b>	<b>24.658</b>	<b>50.171</b>	<b>14.194</b>	<b>12.892</b>	<b>224.521</b>
Share of region	27.4%	27.2%	11.0%	22.4%	6.3%	5.7%	100.0%

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

As at	30 June 2013	31 Dec 2012
Up to 1 year	136.613	134.739
1-2 years	36.978	32.996
2-5 years	66.177	53.060
More than 5 years	16.296	16.087
<b>Total</b>	<b>256.064</b>	<b>236.882</b>

**Note 5. Ageing analysis of loan receivables****Ageing analysis as at 30 June 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	126.144	17.707	5.842	3.793	67.365	220.851
Impairment allowance	-4.205	-0.719	-0.332	-0.336	-22.284	-27.876
<b>Surety loans</b>						
Loan portfolio	6.127	1.196	0.604	0.333	7.588	15.848
Impairment allowance	-0.567	-0.122	-0.076	-0.049	-2.508	-3.322
<b>Loans secured with real estate</b>						
Loan portfolio	9.615	0.997	1.391	0.420	3.042	15.465
Impairment allowance	-0.393	-0.047	-0.061	-0.028	-1.059	-1.588
<b>Loans with insurance cover</b>						
Loan portfolio	0.938	0.208	0.060	0.028	0.146	1.380
Impairment allowance	-0.041	-0.011	-0.004	-0.004	-0.035	-0.095
<b>Loans against other collaterals</b>						
Loan portfolio	2.516	0.004	-	-	-	2.520
Impairment allowance	-0.077	-	-	-	-	-0.077
Total loan portfolio	145.340	20.112	7.897	4.574	78.141	256.064
Total impairment allowance	-5.283	-0.899	-0.473	-0.417	-25.886	-32.958

**Ageing analysis as at 31 December 2012**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
<b>Loans against income</b>						
Loan portfolio	107.586	18.181	5.724	2.891	65.341	199.723
Impairment allowance	-2.989	-0.945	-0.335	-0.247	-22.089	-26.605
<b>Surety loans</b>						
Loan portfolio	8.246	1.857	0.642	0.356	8.258	19.359
Impairment allowance	-0.548	-0.239	-0.080	-0.038	-2.713	-3.618
<b>Loans secured with real estate</b>						
Loan portfolio	10.982	0.895	0.346	0.144	3.458	15.825
Impairment allowance	-0.323	-0.067	-0.041	-0.018	-1.043	-1.492
<b>Loans with insurance cover</b>						
Loan portfolio	1.371	0.330	0.062	0.036	0.176	1.975
Impairment allowance	-0.045	-0.015	-0.003	-0.004	-0.039	-0.106
Total loan portfolio	128.185	21.263	6.774	3.427	77.233	236.882
Total impairment allowance	-3.905	-1.266	-0.459	-0.307	-25.884	-31.821

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

As at	30 June 2013	31 Dec 2012
EUR (euro)	225.121	211.764
LTL (Lithuanian litas)	0.946	1.132
LVL (Latvian lats)	7.789	11.072
SEK (Swedish kronor)	22.208	12.914
<b>Total loan receivables from customers</b>	<b>256.064</b>	<b>236.882</b>

**Note 7. Impairment allowances by loan assessment category****Impairment allowances as at 30 June 2013**

	Loan receivables	Impairment allowance for loans	Interest receivables	Impairment allowance for loan interest	Total impairment allowances
Collectively assessed items	234.397	-21.537	23.187	-4.551	-26.088
Individually assessed items	21.667	-5.925	1.588	-0.845	-6.770
Statistical impairment allowance	-	-5.496	-	-	-5.496
<b>Total</b>	<b>256.064</b>	<b>-32.958</b>	<b>24.775</b>	<b>-5.396</b>	<b>-38.354</b>

**Impairment allowances as at 31 December 2012**

	Loan receivables	Impairment allowance for loans	Interest receivables	Impairment allowance for loan interest	Total impairment allowances
Collectively assessed items	217.766	-23.337	23.548	-4.746	-28.083
Individually assessed items	19.116	-4.926	1.239	-0.581	-5.507
Statistical impairment allowance	-	-3.558	-	-	-3.558
<b>Total</b>	<b>236.882</b>	<b>-31.821</b>	<b>24.787</b>	<b>-5.327</b>	<b>-37.148</b>

**Change in impairment of loans, receivables and financial investments**

As at	30 June 2013	31 Dec 2012	30 June 2012
Balance at beginning of year	-37.148	-33.230	-33.230
Loan and interest receivables written off the statement of financial position	9.177	11.845	4.749
Increase in allowances for loan and interest receivables	-10.515	-15.720	-6.126
Effect of movements in exchange rates	0.132	-0.043	-0.065
<b>Balance at end of period</b>	<b>-38.354</b>	<b>-37.148</b>	<b>-34.672</b>

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

	Q2 2013	Q2 2012	6M 2013	6M 2012
Recovery of loan and interest receivables written off the statement of financial position	1.719	0.211	2.017	0.353
Increase in allowances for loan and interest receivables	-5.500	-3.501	-10.515	-6.126
Impairment losses on financial investments	-	-	0.018	-
Impairment losses on other receivables	-0.099	-0.042	-0.183	-0.063
<b>Total impairment losses</b>	<b>-3.880</b>	<b>-3.332</b>	<b>-8.663</b>	<b>-5.836</b>

**Note 8. Past due loans****Past due loans as at 30 June 2013**

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Up to 30 days	1.064	0.658	0.320	0.130	0.038	0.020	<b>2.230</b>
31 - 60 days	1.250	0.470	0.268	0.082	0.033	0.026	<b>2.129</b>
61-90 days	0.282	0.446	0.124	0.127	0.033	0.148	<b>1.160</b>
Over 90 days	19.218	28.291	7.812	10.498	3.800	1.675	<b>71.294</b>
<b>Total</b>	<b>21.814</b>	<b>29.865</b>	<b>8.524</b>	<b>10.837</b>	<b>3.904</b>	<b>1.869</b>	<b>76.813</b>

**Past due loans as at 31 December 2012**

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Up to 30 days	2.717	0.894	0.298	0.164	0.035	0.012	<b>4.120</b>
31 - 60 days	0.641	0.507	0.159	0.147	0.029	0.020	<b>1.503</b>
61-90 days	0.336	0.401	0.182	0.167	0.026	-	<b>1.112</b>
Over 90 days	20.349	31.262	6.971	9.187	2.786	0.533	<b>71.088</b>
<b>Total</b>	<b>24.043</b>	<b>33.064</b>	<b>7.610</b>	<b>9.665</b>	<b>2.876</b>	<b>0.565</b>	<b>77.823</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**

As at	30 June 2013	31 Dec 2012
Acquisition cost of the debt securities portfolio	7.414	8.327
Accrued interest	0.007	0.149
<b>Total held-to-maturity financial assets</b>	<b>7.421</b>	<b>8.476</b>
<b>Held-to-maturity financial assets by issuer</b>		
Debt securities of credit institutions	-	0.997
Government bonds	7.421	7.479

As at	30 June 2013	31 Dec 2012
<b>Held-to-maturity financial assets by currency</b>		
EUR (euro)	5.686	8.299
LTL (Lithuanian litas)	1.735	0.177
<b>Held-to-maturity financial assets by rating</b>		
Baa1-Baa3	7.421	6.402
Ba1-Ba3	-	2.074

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 2013	31 Dec 2012
Other receivables	2.201	2.422
Prepayments	0.822	1.905
<b>Total</b>	<b>3.023</b>	<b>4.327</b>

#### Other receivables

As at	30 June 2013	31 Dec 2012
Late payment interest and penalty payments receivable	0.026	0.031
Fees receivable	0.236	0.194
Collection, recovery and other charges receivable	2.252	2.223
Guarantee and deposit payments made	0.139	0.135
Miscellaneous receivables	0.263	0.480
Impairment allowance for other receivables	-0.715	-0.641
<b>Total</b>	<b>2.201</b>	<b>2.422</b>

#### Prepayments

As at	30 June 2013	31 Dec 2012
Prepaid taxes	0.431	1.585
Other prepayments	0.391	0.320
<b>Total</b>	<b>0.822</b>	<b>1.905</b>

#### Note 11. Other assets

As at	30 June 2013	31 Dec 2012
Collateral acquired	2.062	2.322
Impairment allowance	-0.638	-0.646
<b>Total other assets (total carrying value of collateral acquired)</b>	<b>1.424</b>	<b>1.676</b>

#### Note 12. Loans from central banks and banks

In the first quarter of 2013, the Group repaid the loan from Swedbank AS and the long-term loan from the Bank of Estonia before maturity. Principal and interest payments made amounted to 3.938 and 0.034 million euros respectively.

**Note 13. Deposits from customers**

As at	30 June 2013	31 Dec 2012
<b>Term deposits</b>	<b>221.492</b>	<b>212.936</b>
<b>Term deposits by customer type</b>		
Individuals	215.298	206.800
Legal persons	6.194	6.136
<b>Term deposits by currency</b>		
EUR (euro)	217.297	210.840
LVL (Latvian lats)	1.795	2.096
SEK (Swedish krona)	2.400	-
<b>Term deposits by maturity</b>		
Maturing within 6 months	37.790	33.824
Maturing between 6 and 12 months	35.267	36.312
Maturing between 12 and 18 months	35.649	26.315
Maturing between 18 and 24 months	32.720	33.490
Maturing between 24 and 36 months	30.437	36.799
Maturing between 36 and 48 months	25.680	18.380
Maturing in over 48 months	23.949	27.816
Average deposit amount	0.016	0.016
Weighted average interest rate	3.7%	3.9%
Weighted average duration until maturity (months)	25.0	25.2
Weighted average total contract term (months)	42.1	40.6

**Note 14. Other reserves**

As at	30 June 2013	Change	31 Dec 2012	Change	31 Dec 2011
Exchange differences on translating foreign operations	0.049	-0.432	0.481	0.193	0.288
Net gain/loss on hedges of net investments in foreign operations	-0.060	0.048	-0.108	-	-
<b>Total other reserves</b>	<b>-0.011</b>	<b>-0.384</b>	<b>0.373</b>	<b>0.193</b>	<b>0.288</b>

**Note 15. Net currency positions****Net currency positions as at 30 June 2013**

	Position in the statement of financial position		Position off the statement of financial position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	253.277	220.409	-	1.002	31.866
LVL (Latvian lats)	5.370	2.334	-	-	3.036
LTL (Lithuanian litas)	2.470	0.224	-	-	2.246
GBP (British pound)	25.337	2.663	-	22.133	0.541
SEK (Swedish krona)	0.007	0.001	-	-	0.006

**Net currency positions as at 31 December 2012**

	Position in the statement of financial position		Position off the statement of financial position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	257.789	217.710	-	3.043	37.036
LVL (Latvian lats)	7.321	2.778	-	-	4.543
LTL (Lithuanian litas)	1.094	0.241	-	-	0.853
SEK (Swedish krona)	13.536	0.288	-	13.315	-0.067
GBP (British pound)	0.001	0.001	-	-	-

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

**Note 16. Contingent liabilities and assets pledged as collateral**

As at	30 June 2013	31 Dec 2012
<b>Irrevocable transactions, of which</b>	<b>1.002</b>	<b>4.178</b>
Guarantees and similar irrevocable transactions	-	1.135
Issued bank guarantees	0.121	0.046
Credit lines and overdrafts	0.881	2.997
<b>Assets pledged and encumbered with usufruct, of which**</b>	<b>1.870</b>	<b>6.524</b>
Mortgages	-	1.496
Bonds and deposits encumbered with collateral	1.870	5.028

\* 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 17. Interest income**

	Q2 2013	Q2 2012	6M 2013	6M 2012
Interest income on loans to customers	12.812	10.938	25.365	21.542
Interest income on deposits	0.017	0.033	0.048	0.086
Interest income on held-to-maturity financial assets	0.017	0.244	0.070	0.455
<b>Total interest income</b>	<b>12.846</b>	<b>11.215</b>	<b>25.483</b>	<b>22.083</b>

**Note 18. Interest expense**

	Q2 2013	Q2 2012	6M 2013	6M 2012
Interest expense on deposits	1.953	1.844	3.945	3.517
Interest expense on bonds	-	0.023	-	0.088
Interest expense on bank loans	-	0.001	-	0.003
<b>Total interest expense</b>	<b>1.953</b>	<b>1.868</b>	<b>3.945</b>	<b>3.608</b>

**Note 19. Other income**

	Q2 2013	Q2 2012	6M 2013	6M 2012
Income from debt recovery proceedings	1.726	1.693	3.654	3.282
Income from early redemption of bonds	-	-	-	0.068
Miscellaneous income	0.090	0.025	0.185	0.045
<b>Total other income</b>	<b>1.816</b>	<b>1.718</b>	<b>3.839</b>	<b>3.395</b>

**Note 20. Other operating expenses**

	Q2 2013	Q2 2012	6M 2013	6M 2012
Marketing expenses	1.208	1.615	2.320	3.019
Office, rental and similar expenses	0.416	0.485	0.857	1.001
Miscellaneous operating expenses	0.564	0.531	1.143	1.185
<b>Total other operating expenses</b>	<b>2.188</b>	<b>2.631</b>	<b>4.320</b>	<b>5.205</b>

**Note 21. Other expenses**

	Q2 2013	Q2 2012	6M 2013	6M 2012
Expenses related to enforcement proceedings	0.371	0.379	0.788	0.635
Legal regulation charges	0.138	0.140	0.274	0.243
Expenses from assets held for sale	0.006	0.002	0.012	0.013
Miscellaneous expenses	0.209	0.161	0.379	0.305
<b>Total other expenses</b>	<b>0.724</b>	<b>0.682</b>	<b>1.453</b>	<b>1.196</b>

**Note 22. 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 2013, the Group had 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.



