BIGBANK AS

Public Interim Report

Second Quarter of 2012

BIGBANK AS
CONSOLIDATED INTERIM REPORT FOR THE SECOND 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
Telephone	+372 737 7570
Fax	+372 737 7582
E-mail	bigbank@bigbank.ee
Corporate website	www.bigbank.ee
Financial year	1 January 2012 – 31 December 2012
Reporting period	1 January 2012 – 30 June 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 second 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 August 2012, *Public Interim Report for the Second 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.

CONTENTS

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 Riga, 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 Võlgade 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 Võlgade Sissenõudmise Keskus OÜ)
Registered office	Brīvības iela 151, LV-1012 Riga, 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 Võlgade 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 Võlgade Sissenõudmise Keskus OÜ)
Registered office	Kampin Sähkötalo 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 Second Quarter and 6 months 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 30 June 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 August 2012 *[signed digitally]*

Kaido Saar

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

Veiko Kandla

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

Ingo Põder

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

REVIEW OF OPERATIONS

KEY PERFORMANCE INDICATORS AND RATIOS

Financial position indicators *(in millions of euros)*	**30 June 2012**	**31 Dec 2011**	**Change**
Total assets	263.605	229.706	+14.7%
Loans to customers	194.843	174.985	+11.3%
of which loan portfolio	206.092	185.935	+10.8%
of which interest receivable	23.423	22.280	+5.1%
of which impairment allowances*	-34.672	-33.230	+4.3%
of which impairment allowances for loans	*-26.667*	*-27.249*	*-2.1%*
of which impairment allowances for interest receivables	*-4.987*	*-5.039*	*-1.0%*
of which statistical impairment allowances	*-3.018*	*-0.942*	*+220.4%*
Deposits from customers	200.783	170.235	+17.9%
Subordinated bonds issued	-	3.657	-100.0%
Equity	56.045	53.263	+5.2%

Financial performance indicators *(in millions of euros)*	**2Q 2012**	**2Q 2011**	**Change**
Interest income	11.215	8.862	+26.6%
Interest expense	1.868	1.483	+26.0%
Impairment allowance costs	3.332	2.334	+42.8%
Revenue related to dept collection proceedings	1.692	1.448	+16.9%
Profit before impairment allowances	4.597	3.856	+19.2%
Net profit	1.265	1.522	-16.9%

Ratios	**2Q 2012**	**1Q 2012**	**4Q 2011**	**3Q 2011**	**2Q 2011**
Return on equity (ROE)	9.1%	16.4%	11.7%	16.5%	4.8%
Equity multiplier (EM)	4.6	4,4	4.4	4.2	4.3
Profit margin (PM)	9.5%	17.4%	14.4%	19.3%	5.4%
Asset utilization ratio (AU)	20.9%	21.5%	18.6%	20.1%	20.7%
Return on assets (ROA)	2.0%	3.8%	2.7%	3.9%	1.1%
Price difference (SPREAD)	13.8%	14.6%	11.8%	13.8%	13.7%
Tier 1 capital ratio (TIER 1)	24.7%	24.9%	24.9%	26.6%	26.6%

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 2012, BIGBANK AS (hereafter also "BIGBANK" or the "Group") continued to expand its activities on both the existing and new markets.

During the quarter, the loan portfolio of BIGBANK Group grew by 11,6 million euros, i.e. 5.9%. The largest contribution to the growth of the loan portfolio was made by BIGBANK's Finnish and Spanish branches. The Swedish branch has also been successfully launched. The quarterly growth of the Baltic loan portfolio was moderate, reaching 1.4%.

In the second quarter, the volume of total assets grew by 19.2 million euros (7.8%), reaching 263.6 million euros as at the end of the quarter. The volume of liabilities totalled 207.6 million euros, a 17.6 million euro increase (9.2%). during the quarter. The largest part of liabilities continues to be formed by term deposits involved from six different countries – Estonia, Latvia, Finland, Germany, Austria and the Netherlands. In the second quarter of 2012, BIGBANK activated involving deposits on the Netherlands' market to ensure a heightened geographical dispersion of the bank's deposit portfolio.

In the second quarter, there have been no significant changes in the settlement behaviour of customers. Both the number of customers making payments and the rate of receipts from the default portfolio have remained stable. The proportion of the Group's non-performing loans to the total loan portfolio has somewhat decreased.

Interest income in the second quarter reached 11.2 million euros, increasing in comparison to the same period of the previous year by 2.4 million euros (26.6%). The increase in interest income results from the growth of the loan portfolio on new markets.

Net profit of the Group in the second quarter of 2012 amounted to 1.3 million euros. In comparison to the second quarter of 2011, net profit has decreased by 0.3 million euros (16.9%). The decrease in the net profit was primarily affected by increase in the impairment allowances of loan receivables. In the second quarter of 2012, the profit before impairment allowances was 4.6 million euros. In the second quarter of 2011, the corresponding figure was 3.9 million euros (increase 19.2%).

At the end of the second quarter of 2012, equity totalled 56.0 million euros (53.3 million euros at the end of 2011). The equity to assets ratio amounted to 21.3%. At the end of the second quarter, capital adequacy formed 20.4% (Basel II) compared with 22.3% at the end of 2011.

Meelis Luht left the position of a Member of the Supervisory Board and the Supervisory Board continues with five members. The Supervisory Board includes Chairman of the Supervisory Board Parvel Pruunsild and Members Vahur Voll, Juhani Jaeger, Raul Eamets and Andres Koern.

At the end of the second quarter of 2012, BIGBANK employed a total of 608 people: 252 in Estonia, 151 in Latvia, 87 in Lithuania, 48 in Finland, 54 in Spain and 16 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

As at 30 June 2012, consolidated assets of BIGBANK AS Group totalled 263.6 million euros, increasing by 19.2 million euros (7.8%) during the quarter.

As at 30 June 2012, loans to customers accounted for 73.9% of total assets, the proportion of liquid assets (amounts due from banks and held-to-maturity financial assets) was 21.2%.

Liquid assets

At the end of the second quarter, liquid assets totalled 55.8 million euros, decreasing by 7.2 million euros (14.8%) during the quarter.

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. As at 30 June 2012, the Group had debt securities of 33.3 million euros.

Loans to customers

By the end of the second quarter, the Group had 143 thousand loan agreements in total; 39 thousand of them in Estonia, 61 thousand in Latvia, 21 thousand in Lithuania,15 thousand in Finland, 6 thousand in Spain and 1 thousand in Sweden.

Geographical distribution of loans to customers:

- 31.6% Estonia,
- 28.8% Latvia,
- 20.6% Finland,
- 11.2% Lithuania,
- 6.6% Spain,
- 1.2% Sweden.

As at 30 June 2012, loans to customers totalled 194.8 million euros, comprising of:

- the loan portfolio (loan receivables) of 206.1 million euros with loans to individuals accounting for 96.1% of the total;
- interest receivables on loans of 23.4 million euros;
- impairment allowances for loans and interest receivables of 34.7 million euros (consisting of an impairment allowance for loans of 26.7 million euros, an impairment allowance for interest receivables of 5.0 million euros and a statistical impairment allowance of 3.0 million euros).

The bank's loan portfolio is diversified – as at 30 June 2012 the average credit contract amount is 1,754 euros and the 40 largest claims accounted for 3.9% of the total loan portfolio.

BIGBANK AS focuses on granting consumer loans. In line with the corporate strategy, as at 30 June 2012 loans against income accounted for 83.4% of the total loan portfolio, loans against suretyship 9.4%, loans secured with real estate accounted for 6.0% and loans with insurance coverage 1.2%.

Past due loans

As regards past due loans, it is important to note that the collection of non-performing consumer loans differs significantly from the recovery of loans that have physical security (i.e. mortgage-backed loans). Due to their nature, (as a rule, the 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 sale of the collateral.

Past due loan receivables comprise loan payments that are in arrears and any loan principal that has fallen due because of termination. Under the terms 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.

Items past due for more than 90 days comprise overdue principal payments and the total amount of loan principal receivable under terminated agreements.

Impairment allowances

To mitigate the risks arising from settlement behaviour and to cover potential credit losses, the Group has established corresponding reserves, which as at 30 June 2012 totalled 35.4 million euros. Impairment allowances have been established on a conservative basis and they include:

- impairment allowances for loan receivables in the amount of 26.7 million euros;
- impairment allowances for interest receivables in the amount of 5.0 million euros;
- statistical impairment allowance in the amount of 3.0 million euros;
- impairment allowance for other customer receivables in the amount of 0.7 million euros.

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

Liabilities

As at the end of the second quarter of 2012, the Group's liabilities amounted to 207.6 million euros. Most of the liabilities raised by the Group, i.e. 200.8 million euros (96.7%) consisted of customers' term deposits.

Equity

In the second quarter of 2012 the Group's equity grew by 1.6 million euros (3.0%) to 56.0 million euros. As at the end of the second quarter, the equity to assets ratio was 21.3%, the capital adequacy was 20.4% (Basel II) compared with 22.3% as at the end of 2011.

Financial performance

Interest income	In the second quarter, interest income amounted to 11.2 million euros, increasing by 2.4 million euros (26.6%) compared to the same period of the previous year. The increase of interest income is a result of the growth of the loan portfolio. In the second quarter, the annual yield on interest-earning assets (ratio of interest income to average interest-earning assets) was 17.8 % and the annual return on the loan portfolio (interest income on the average loan portfolio) accounted for 21.9%.
Interest expense	In the second quarter of 2012, interest expense totalled 1.9 million euros, increasing by 0.4 million euros (26.0%) compared to the same period of the previous year. The ratio of interest expense to interest income was 16.7 %. The cost of interest-bearing liabilities (ratio of interest expense to average interest-bearing liabilities) was 3.9% in the second quarter.
Other operating expenses	In the second quarter other operating expenses totalled 2.6 million euros (increase by 0.7 million euros (38.0%) compared to the second quarter of 2011).
Salaries and associated charges	In the second quarter salaries and associated charges amounted to 3.0 million euros (growth in comparison to the same period of 2011 was 0.6 million euros), including remunerations 2.0 million euros. As at the end of the period, the Group had 608 employees.
Impairment losses	In the second quarter, the reserve for impairment losses increased by 3.3 million euros, including: • cost of impairment allowances for loan receivables in the amount of 2.8 million euros; • cost of impairment allowances for interest receivables in the amount of 0.5 million euros. Impairment allowances have been established on a conservative basis.
Other income and other expenses	In the second quarter of 2012 other income amounted to 1.7 million euros, of which the largest proportion resulted from debt recovery. In the same period of 2011, other income was 1.5 million euros. Other expenses totalled 0.7 million euros in the second quarter, having increased by 0.2 million euros (17.6%) in comparison to the second quarter of 2011.
Profit for the period	In the second quarter of 2012 the Group's consolidated net profit was 1.3 million euros. Compared to the second quarter of 2011 the net profit has decreased by 0.3 million euros (16.9%). In the second quarter of 2012, profit before impairment allowance costs totalled 4.6 million euros, in the second quarter of 2011 this indicator was 3.9 million euros, therefore it has increased 19.2%.

GROUP'S CAPITAL ADEQUACY

(In millions of euros)	**30 June 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	0.562	0.288
Intangible assets	-0.785	-0.660
Profit for the period*	3.479	5.665
Tier 1 capital	**55.261**	**52.603**
Tier 2 capital	-	**-**
Deductions	-	**-**
Total capital used to determine capital adequacy	**55.261**	**52.603**
Capital requirements		
Claims on central governments and central banks, standardized approach	0.988	0.567
Claims on credit institutions and investment firms, standardized approach	2.373	1.191
Claims on companies, standardized approach	0.932	0.936
Retail claims, standardized approach	9.357	8.123
Claims secured by real estate, standardized approach	0.619	0.660
Claims in arrears, standardized approach	6.885	6.283
Other assets, standardized approach	1.218	1.162
Total capital requirement for credit risk and counterparty risk	**22.372**	**18.922**
Capital requirement for foreign exchange risk	**0.781**	**0.779**
Capital requirement for operational risk, standardized approach	**3.896**	**3.889**
Total capital requirements	**27.049**	**23.590**
Capital adequacy	**20.4%**	**22.3%**

*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 the 2nd quarter of 2012 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. As at 30 June 2012, capital adequacy at the level of the parent company was 17.0%.

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 77[1] 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.

(In millions of euros, unaudited)

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	Note	30 June 2012	31 Dec 2011
Assets			
Due from central banks		1.679	9.255
Due from banks		20.784	22.496
Loans to customers	2,3,4,5,6,7	194.843	174.985
Held-to-maturity financial assets	8	33.338	10.688
Other receivables and prepayments	9	6.293	5.662
Deferred tax assets		1.304	1.383
Intangible assets		0.785	0.660
Property and equipment		2.728	2.593
Other assets	10	1.851	1.984
Total assets		**263.605**	**229.706**
Liabilities			
Loans from central banks	11	3.913	-
Loans from banks	11	0.152	0.265
Derivatives		0.123	-
Deposits from customers	12	200.783	170.235
Other liabilities and deferred income		2.589	2.286
Subordinated bonds issued	13	-	3.657
Total liabilities		**207.560**	**176.443**
Equity			
Share capital		8.000	8.000
Capital reserve		0.794	0.511
Foreign currency translation reserve		0.561	0.288
Earnings retained in prior years		43.211	38.799
Profit for the year		3.479	5.665
Total equity		**56.045**	**53.263**
Total liabilities and equity		**263.605**	**229.706**

(In millions of euros, unaudited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Q2 2012	Q2 2011	6M 2012	6M 2011
Interest income	16	11.215	8.862	22.083	17.130
Interest expense	17	-1.868	-1.483	-3.608	-3.045
Net interest income		**9.347**	**7.379**	**18.475**	**14.085**
Net fees and commissions		0.210	0.066	0.384	0.133
Net gain/loss on financial transactions		-0.103	-0.003	-0.097	0.069
Other income	18	1.718	1.461	3.395	2.913
Total income		**11.172**	**8.903**	**22.157**	**17.200**
Salaries and associated charges		-2.966	-2.419	-5.669	-4.364
Other operating expenses	19	-2.631	-1.906	-5.205	-3.709
Depreciation and amortisation expense		-0.111	-0.137	-0.220	-0.273
Impairment losses on loans and financial investments		-3.332	-2.333	-5.836	-4.733
Impairment losses on other assets		-	-0.001	-	-0.001
Other expenses	20	-0.682	-0.485	-1.196	-0.993
Total expenses		**-9.722**	**-7.281**	**-18.126**	**-14.073**
Profit before income tax		**1.450**	**1.622**	**4.031**	**3.127**
Income tax expense/income		-0.185	-0.100	-0.552	-0.187
Profit for the year		**1.265**	**1.522**	**3.479**	**2.940**
Other comprehensive income/expense					
Foreign currency translation differences		0.353	0.013	0.273	-0.026
Total comprehensive income for the year		**1.618**	**1.535**	**3.752**	**2.914**
Basic earnings per share (EUR)		16	19	43	37
Diluted earnings per share (EUR)		16	19	43	37

(In millions of euros, unaudited)

CONSOLIDATED STATEMENT OF CASH FLOWS

	6M 2012	6M 2011
Cash flows from operating activities		
Interest received	18.822	12.607
Interest paid	-2.158	-2.493
Salary and other operating expenses paid	-11.250	-8.379
Other income received	3.749	2.950
Other expenses paid	-1.104	-0.931
Recoveries of receivables previously written off	0.445	0.177
Received for other assets	0.149	0.154
Paid for other assets	-0.447	-0.003
Loans granted	-47.486	-28.429
Repayment of loans granted	25.686	12.540
Change in mandatory reserves with central banks and related interest receivables	1.392	7.928
Proceeds from customer deposits	43.859	37.388
Paid on redemption of deposits	-15.336	-36.946
Income tax paid	-0.549	-0.131
Effect of movements in exchange rates	-0.007	-0.006
Net cash used in/from operating activities	**15.765**	**-3.574**
Cash flows from investing activities		
Acquisition of property and equipment and intangible assets	-0.396	-0.452
Proceeds from sale of property and equipment	0.045	-
Acquisition of financial instruments	-47.179	-4.901
Proceeds from redemption of financial instruments	23.776	10.639
Net cash from/used in investing activities	**-23.754**	**5.286**
Cash flows from financing activities		
Paid on redemption of bonds	-2.757	-
Received loans from central bank	4.400	-
Repayment of loans from central banks	-0.500	-
Repayment of loans from banks	-0.114	-0.113
Dividends paid	-0.970	-0.800
Net cash used in financing activities	**0.059**	**-0.913**
Effect of exchange rate fluctuations	0.026	0.028
Decrease/increase in cash and cash equivalents	**-7.904**	**0.827**
Cash and cash equivalents at beginning of period	28.698	32.637
Cash and cash equivalents at end of period	**20.794**	**33.464**

(In millions of euros, unaudited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent				
	Share capital	Statutory capital reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2011	5.113	0.511	-0.508	42.486	**47.601**
Profit for the period	-	-	-	2.940	2.940
Other comprehensive expense	-	-	-0.026	-	-0.026
Total comprehensive income for the period	**-**	**-**	**-0.026**	**2.940**	**2.914**
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 30 June 2011	**8.000**	**0.511**	**-0.534**	**41.739**	**49.715**
Balance at 1 January 2012	**8.000**	**0.511**	**0.288**	**44.464**	**53.263**
Profit for the period	-	-	-	3.479	3.479
Other comprehensive expense	-	-	0.273	-	0.273
Total comprehensive income for the period	**-**	**-**	**0.273**	**3.479**	**3.752**
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 30 June 2012	**8.000**	**0.794**	**0.561**	**46.690**	**56.045**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant accounting policies

The condensed consolidated interim statements of BIGBANK AS for the second quarter and six months ended 30 June 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.

Derivative financial instruments

Derivative financial instruments (forward and swap contracts) are recognised initially in the statement of financial position at the fair value net of transaction costs at the trade date and are subsequently valued at fair value through profit or loss. If derivatives are quoted on an active market, market value is used as the fair value. Otherwise, the valuation techniques are used to find the fair value. Derivatives are presented in the statement of financial position as assets, if their fair value is positive and as liabilities, if the fair value is negative. The fair values of derivative assets and liabilities recorded in the statement of financial position are not netted. Profits and losses from derivatives are recognised in the profit or loss for the period within *Net gain/loss on financial transactions*. The Group does not apply hedge accounting principles for the accounting of derivative financial instruments.

Note 2. Loans to customers

Loans to customers as at 30 June 2012

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Loan receivables from customers	65.454	62.202	22.613	40.336	13.148	2.339	206.092
Impairment allowance for loans	-9.665	-11.761	-2.948	-1.577	-0.708	-0.008	-26.667
Interest receivables from customers	8.521	9.851	3.060	1.458	0.500	0.033	23.423
Impairment allowance for interest receivables	-1.848	-2.417	-0.554	-0.111	-0.056	-0.001	-4.987
Statistical impairment allowance	-0.835	-1.807	-0.361	-	-	-0.015	-3.018
Total loans to customers, incl. interest and allowances	**61.627**	**56.068**	**21.810**	**40.106**	**12.884**	**2.348**	**194.843**
Share of region	31.6%	28.8%	11.2%	20.6%	6.6%	1.2%	100.0%

(In millions of euros, unaudited)

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**	**30.539**	**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	30 June 2012	31 Dec 2011
Up to 1 year	120.491	106.176
1-2 years	25.985	21.516
2-5 years	44.953	38.417
More than 5 years	14.663	19.827
Total	**206.092**	**185.936**

Note 4. Ageing analysis of loans receivables

Ageing analysis as at 30 June 2012

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Loans against income						
Loan portfolio	86.393	15.228	6.126	4.282	59.764	171.793
Impairment allowance	-3.046	-0.627	-0.419	-0.305	-20.181	-24.578
Surety loans						
Loan portfolio	8.118	1.640	0.888	0.529	8.246	19.421
Impairment allowance	-0.544	-0.125	-0.090	-0.070	-2.706	-3.535
Loans secured with real estate						
Loan portfolio	7.417	0.712	0.265	0.368	3.652	12.414
Impairment allowance	-0.383	-0.062	-0.026	-0.013	-0.979	-1.463
Loans with insurance cover						
Loan portfolio	1.770	0.378	0.133	0.071	0.112	2.464
Impairment allowance	-0.066	-0.012	-0.004	-0.002	-0.025	-0.109
Total loan portfolio	103.698	17.958	7.412	5.250	71.774	206.092
Total impairment allowance	-4.039	-0.826	-0.539	-0.390	-23.891	-29.685

(In millions of euros, unaudited)

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	30 June 2012	31 Dec 2011
EUR (euro)	191.038	170.807
LTL (Lithuanian litas)	1.535	2.046
LVL (Latvian lats)	11.180	13.082
SEK (Swedish kronor)	2.339	-
Total loan receivables from customers	**206.092**	**185.935**

Note 6. Impairment allowances by loan assessment category

Impairment allowances as at 30 June 2012

	Loans receivables	Impairment allowance for loans	Interest receivables	Impairment allowance for loan interest	Total impairment allowances
Homogeneous groups	112.096	-	4.489	-	-
Individually assessed items	93.996	-26.667	18.934	-4.987	-31.654
Statistical impairment	-	-3.018	-	-	-3.018
Total	**206.092**	**-29.685**	**23.423**	**-4.987**	**-34.672**

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**

(In millions of euros, unaudited)

Note 7. Past due loans

Past due loans as at 30 June 2012

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Up to 30 days	0.857	0.597	0.318	0.205	0.032	0.001	**2.010**
31 - 60 days	0.772	0.429	0.166	0.103	0.033	0.005	**1.508**
61-90 days	0.569	0.378	0.253	0.132	0.040	0.020	**1.392**
Over 90 days	22.788	29.806	6.058	5.846	1.152	0.017	**65.667**
Total	**24.986**	**31.210**	**6.795**	**6.286**	**1.257**	**0.043**	**70.577**

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	-	**1.210**
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	30 June 2012	31 Dec 2011
Acquisition cost of the debt securities portfolio	33.191	10.653
Accrued interest	0.147	0.035
Total held-to-maturity financial assets	**33.338**	**10.688**
Held-to-maturity financial assets by issuer		
Debt securities of credit institutions	15.103	-
Corporate bonds	2.176	-
Government bonds	16.059	10.688
Held-to-maturity financial assets by currency		
EUR (euro)	31.435	8.659
LTL (Lithuanian litas)	1.903	2.029
Held-to-maturity financial assets by rating		
A1-A3	8.546	7.021
Baa1-Baa3	17.591	3.667
Ba1-Ba3	7.201	-

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	30 June 2012	31 Dec 2011
Other receivables	4.409	3.700
Prepayments	1.884	1.962
Total other receivables and prepayments	**6.293**	**5.662**

(In millions of euros, unaudited)

Other receivables

As at	30 June 2012	31 Dec 2011
Late payment interest and penalty payments receivable	0.042	0.047
Commissions and fees receivable	0.150	0.090
Collection and other charges receivable	2.157	1.762
Guarantee and deposit payments made	0.168	0.170
Miscellaneous receivables	2.912	2.575
Impairment allowance for other receivables	-1.020	-0.944
Total	**4.409**	**3.700**

Prepayments

As at	30 June 2012	31 Dec 2011
Prepaid taxes	1.581	1.589
Other prepayments	0.303	0.373
Total	**1.884**	**1.962**

Note 10. Other assets

As at	30 June 2012	31 Dec 2011
Collateral acquired	2.617	2.841
Impairment allowance	-0.766	-0.857
Total other assets (total carrying value of collateral acquired)	**1.851**	**1.984**

Note 11. Loans from banks

As at	30 June 2012	31 Dec 2011
Current portion		
Current portion of loans from central banks	0.013	0.227
Current portion of loans from banks	0.152	-
Total current portion	**0.165**	**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	**4.065**	**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%.

(In millions of euros, unaudited)

Note 12. Deposits from customers

As at	30 June 2012	31 Dec 2011
Term deposits	**200.783**	**170.235**
Term deposits by customer type		
Individuals	195.112	164.264
Legal persons	5.671	5.971
Term deposits by currency		
EUR (euro)	198.891	167.841
LVL (Latvian lats)	1.892	2.394
Tem deposits by maturity		
Maturing within 6 months	20.484	29.764
Maturing between 6 and 12 months	32.657	19.237
Maturing between 12 and 18 months	27.046	23.797
Maturing between 18 and 24 months	25.861	26.293
Maturing in over 24 months	94.735	71.144
Average deposit amount	0.015	0.014
Weighted average interest rate	3.86%	3.95%
Weighted average duration until maturity (months)	27.007	24.203
Weighted average total contract term (months)	38.054	34.294

Note 13. Subordinated bonds

As at	30 June 2012	31 Dec 2011
Balance of bonds	**-**	**3.657**
Bonds by holder type		
Individuals	-	1.150
Legal persons	-	2.507
Bonds by currency		
EUR (euro)	-	3.657
Bonds by maturity		
Redeemable in 24+ months	-	3.657

Note 14. Net currency positions

Net currency positions as at 30 June 2012

	Position in the statement of financial position		Position off the statement of financial position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	248.597	204.878	3.500	0.249	46.970
LVL (Latvian lats)	8.033	2.305	-	-	5.728
LTL (Lithuanian litas)	2.953	0.154	-	-	2.799
GBP (British pound)	0.007	0.001	-	-	0.006
SEK (Swedish krona)	3.231	0.099	-	3.853	-0,721

(In millions of euros, unaudited)

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	30 June 2012	31 Dec 2011
Irrevocable transactions, of which	**1.384**	**2.072**
Irrevocable transactions and other similar transactions*	1.135	1.135
Issued bank guarantees	0.096	0.050
Credit lines and overdrafts	0.153	0.887
Assets pledged as collateral, of which**	**5.964**	**1.496**
Mortgages	1.496	1.496
Bonds encumbered with collateral	4.468	-

* A guarantee in the amount of 1.135 million euros has been issued to guarantee fulfilment of obligations of the 100% subsidiary OÜ Rüütli 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

	Q2 2012	Q2 2011	6M 2012	6M 2011
Interest income on loans to customers	10.938	8.668	21.542	16.688
Interest income on deposits	0.033	0.106	0.086	0.207
Interest income on held-to-maturity financial assets	0.244	0.088	0.455	0.235
Total interest income	**11.215**	**8.862**	**22.083**	**17.130**

Note 17. Interest expense

	Q2 2012	Q2 2011	6M 2012	6M 2011
Interest expense on deposits	1.844	1.411	3.517	2.904
Interest expense on bonds	0.023	0.068	0.088	0.134
Interest expense on bank loans	0.001	0.004	0.003	0.007
Total interest expense	**1.868**	**1.483**	**3.608**	**3.045**

(In millions of euros, unaudited)

Note 18. Other income

	Q2 2012	Q2 2011	6M 2012	6M 2011
Income from debt recovery proceedings	1.693	1.448	3.282	2.886
Income from early redemption of bonds	-	-	0.068	-
Miscellaneous income	0.025	0.013	0.045	0.027
Total other income	**1.718**	**1.461**	**3.395**	**2.913**

Note 19. Other operating expenses

	Q2 2012	Q2 2011	6M 2012	6M 2011
Marketing expenses	1.615	0.956	3.019	1.713
Office. rental and similar expenses	0.485	0.501	1.001	0.989
Miscellaneous operating expenses	0.531	0.449	1.185	1.007
Total other operating expenses	**2.631**	**1.906**	**5.205**	**3.709**

Note 20. Other expenses

	Q2 2012	Q2 2011	6M 2012	6M 2011
Expenses related to enforcement proceedings	0.379	0.274	0.635	0.609
Legal regulation charges	0.140	0.094	0.243	0.155
Expenses from assets held for sale	0.002	0.012	0.013	0.021
Miscellaneous expenses	0.161	0.105	0.305	0.208
Total other expenses	**0.682**	**0.485**	**1.196**	**0.993**

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 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.