

BIGBANK AS

Public Interim Report

2 Q 2011

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CONSOLIDATED INFORMATION

Business name:	BIGBANK AS
Register:	Commercial Register of the Republic of Estonia
Commercial registry code:	10183757
Date of entry:	30.01.1997
Address:	Rüütli 23, 51006 Tartu, Estonia
Phone:	+372 737 7570
Fax:	+372 737 7582
E-mail:	bigbank@bigbank.ee
Website:	www.bigbank.ee
Date of report:	30.06.2011
Reporting period:	1.04.2011 – 30.06.2011
Auditors:	KPMG Baltics OÜ audit company, entered in the list of auditors on 11 July 2001 under No. 17, Narva mnt 5 Tallinn 10117, registry code 10096082. Auditors: <ul style="list-style-type: none">- Andres Root, Sworn Auditor since 20 June 1990.- Eero Kaup, Sworn auditor since 10 December 1998.
Audit:	The review of the financial information of the 2nd quarter of 2011 has been performed in concordance with the international standard ISRE 2400 of the review of financial information
Reporting currency:	The reporting currency is euro; data has been presented in millions of euros. The degree of accuracy of figures in financial reports is three decimal places.

The Public Interim Report is available on the website of BIGBANK AS of www.bigbank.ee.

The Public Interim Report for 2Q 2011 of BIGBANK AS is available at the head office of BIGBANK AS of Rüütli 23, Tartu, and all other offices of the company starting from 31.08.2011.

DESCRIPTION OF THE CREDIT INSTITUTION GROUP

The principal activity of BIGBANK AS is granting consumer loans.

In addition to the parent company, the group of BIGBANK AS (Group) includes subsidiaries:

Business name: AS Baltijas Izaugsmes Grupa
Registered office: Brīvības iela 151, LV-1012 Rīga, Latvia
Registry code: 40003291179
Register: Register of Enterprises of the Republic of Latvia
Date of entry: 18 April 1996
Principal activity: Granting consumer loans in the Republic of Latvia
Holding: 100%

Business name: OÜ Rüütli Majad
Registered office: Rüütli 23, 51006 Tartu
Registry code: 10321320
Register: Commercial Register of the Republic of Estonia
Date of entry: 27 November 1997
Principal activity: Administration of real estate in use by the group
Holding: 100%

Business name: Balti Völgade Sissenõudmise Keskus OÜ
Registered office: Rüütli 23, 51006 Tartu
Registry code: 11652332
Register: Commercial Register of the Republic of Estonia
Date of entry: 11 May 2009
Principal activity: providing collection services
Holding: 100%

Business name: Baltijas Parādu Piedziņas Centrs SIA (owner Balti Völgade Sissenõudmise Keskus OÜ)
Registered office: Brīvības iela 151, LV-1012 Rīga, Latvia
Registry code: 40103305206
Register: Register of Enterprises of the Republic of Latvia
Date of entry: 07 July 2010
Principal activity: providing collection services
Holding: 100%

Business name: Baltijos Skolų Išieškojimo Centras UAB (owner Balti Völgade Sissenõudmise Keskus OÜ)
Registered office: Jogailos 4, Vilnius 01116, Lithuania
Registry code: 302534867
Register: Commercial Register of the Republic of Lithuania
Date of entry: 06 August 2010
Principal activity: providing collection services
Holding: 100%

Business name: Suomen Luottovalvonta Oy (owner Balti
 Völgade Sissenõudmise Keskus OÜ)
 Location: Kampin Sähköotalo Kampinkuja 2 00100 Helsinki, Finland
 Registry code: 2400904-2
 Registry: National Board of Patents and Registration of Finland
 Date of entry: 02.05.2011
 Principal activity: providing collection services
 Holding: 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: 10.03.2010
 Principal activity: Granting consumer loans
 Holding: 100%

Subsidiaries have been consolidated line-by-line.

The parent company has the following operating branches:

Business name	Registered office	Registry code	Date of entry
BIGBANK AS Latvijas filiāle	Brīvības iela 151, LV-1012 Rīga, Latvia	40103200513	11.11.2008
BIGBANK AS filialas	Jogailos 4, Vilnius 01116 Lithuania	301048563	27.09.2007
BIGBANK AS Suomen sivuliike	Kampinkuja 2, 00100 Helsinki, Finland	2292157-2	29.10.2009
BIGBANK AS Consumer Finance Sucursal en Espana	Calle de Orense 81, 28020, Madrid, Spain	W0531072G	06.10.2010

DECLARATION OF THE MANAGEMENT BOARD

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

- The data and additional information presented in the *Public Interim Report for 2Q* 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 of 30.06.2011 is in compliance with the international financial reporting standard IAS34 *Interim Financial Reporting* (IFRS) 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.

	Date	Signature
Targo Raus Chairman of the Management Board	31.08.2011	 <hr/>
Kaido Saar Member of the Management Board	31.08.2011	 <hr/>
Veiko Kandla Member of the Management Board	31.08.2011	 <hr/>
Ingo Pöder Member of the Management Board	31.08.2011	 <hr/>
Ruslan Mahhov Member of the Management Board	31.08.2011	 <hr/>

OVERVIEW OF THE ECONOMIC ACTIVITY

KEY FINANCIAL INDICATORS

(in millions of euros)	30.06.2011	31.12.2010	Change %
Assets	210.177	207.394	1.3
Receivables from customers	153.822	137.848	11.6
incl. loan portfolio	167.099	150.493	11.0
incl. interest receivables	22.149	20.077	10.3
incl. impairment allowances	-35.426	-32.722	8.3
<i>incl. to loan receivables</i>	<i>-29.108</i>	<i>-26.871</i>	<i>8.3</i>
<i>incl. to interest receivables</i>	<i>-5.389</i>	<i>-4.922</i>	<i>9.5</i>
<i>incl. additional impairment allowances</i>	<i>-0.929</i>	<i>-0.929</i>	<i>0.0</i>
Deposits	154.869	153.845	0.7
Bonds	-	0.011	-100.0
Subordinated bonds	3.654	3.653	0.0
Equity	49.716	47.601	4.4

(in millions of euros)	2Q 2011	2Q 2010	Change %
Interest income	8.862	7.753	14.3
Interest expenses	1.483	2.081	-28.7
Impairment allowance costs	2.334	2.110	10.6
Revenue related to debt collection proceedings	1.448	1.215	19.2
Profit before impairment allowances	3.856	3.305	16.7
Net profit	1.522	1.195	27.4

RATIOS

	2Q 2011	1Q 2011	4Q 2010	3Q 2010	2Q 2010
Return on equity (ROE)	12.4%	11.7%	19.4%	9.6%	11.0%
Equity multiplier (EM)	4.3	4.4	4.4	4.3	4.1
Profit margin (PM)	14.6%	14.6%	22.8%	11.9%	13.3%
Asset utilization ratio (AU)	20.0%	18.4%	19.3%	18.8%	19.9%
Return on assets (ROA)	2.9%	2.7%	4.4%	2.2%	2.7%
SPREAD	13.1%	11.8%	11.6%	10.2%	10.8%
TIER 1	28.1%	26.8%	27.6%	26.9%	29.4%

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 of the end of the month preceding the reporting quarter and as of 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) – 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.

IMPORTANT ECONOMIC EVENTS

The rapid growth of the BIGBANK loan portfolio continued in the 2nd quarter of 2011. The loan portfolio of the BIGBANK Group grew a total of 10.0 million euros, i.e. 6.4%, in the quarter. The loan portfolio grew in all countries where the bank is active. The largest contribution to the growth of the loan portfolio was made by BIGBANK's Finnish branch.

In the 2nd quarter, the volume of total assets grew by 0.3 million euros, reaching 210.2 million euros as of the end of the quarter. The volume of liabilities reached 160.5 million euros, having decreased during the quarter by 1.2 million euros. Term deposits continue to form the largest part of liabilities.

The payment behaviour of customers has stabilised and the share of the non-performing loan portfolio to the whole loan portfolio has decreased by 2.1% during the first half of 2011.

Interest income in the 2nd quarter reached 8.9 million euros, increasing in comparison to the same period of the previous year by 1.1 million euros. The increase in interest income results from the growth of the loan portfolio.

Net profit of the reporting period in the 2nd quarter amounted to 1.5 million euros, compared to the 1.2 million euros of the same period of the previous year. In the 2nd quarter, the profit before impairment allowances totalled to 3.9 million euros (in the same period of the previous year, the corresponding figure was 3.3 million euros):

As of the end of the 2nd quarter of 2011, equity totalled 49.7 million euros (47.6 million euros as of the end of 2010). The share of equity in total assets amounted to 23.7%. Capital adequacy formed 23.0% as of 30 June 2011 (22.4% at the end of 2010).

As of the end of the 2nd quarter of 2011, there were 534 employees working at BIGBANK, including 224 in Estonia, 152 in Latvia, 82 in Lithuania and 50 in Finland and 26 in Spain. As of the end of the quarter, the Group had 30 offices, of which 10 were located in Estonia, 7 in Latvia, 10 in Lithuania, 1 in Finland and 2 in Spain.

ANALYSIS OF STATEMENT OF FINANCIAL POSITION AND CONSOLIDATED INCOME STATEMENT

Statement of Financial Position Indicators

Total assets	<p>As of 30 June 2011, total assets of BIGBANK AS Group totalled 210.2 million euros. Increasing by 0.3 million euros during the quarter.</p> <p>As of 30 June 2011, receivables from customers accounted for 73.2 % of total assets, liquid assets (monetary funds and held-to-maturity financial assets) accounted for 20.9%</p>
Liquid assets	<p>As of the end of the 2nd quarter, monetary funds totalled to 43.9 million euros, decreasing by 9.2 million euros during the quarter.</p>
Held-to-maturity financial assets	<p>Liquid financial assets have partially been placed into short-term bonds with fixed payments and redemption deadlines, which the company intends to and is capable of maintaining until the redemption deadline. As of 30 June 2011, the volume of financial investments reached 6.9 million euros.</p>
Receivables from customers	<p>By the end of the 2nd quarter, the Group had 118 thousand loan contracts in total; including 37 thousand contracts in Estonia, 55 thousand contracts in Latvia, 16 thousand contracts in Lithuania and 9 thousand contracts in Finland and 1 thousand contracts in Spain.</p> <p>Geographically receivables from customers were distributed as follows:</p> <ul style="list-style-type: none">- 40.6% Estonia,- 33.0% Latvia,- 11.8% Lithuania,- 13.7% Finland,- 0.9% Spain. <p>As of 30 June 2011, receivables from customers reached 153.8 million euros, of which:</p> <ul style="list-style-type: none">- the volume of loan portfolio was 167.1 million euros. Loans to private persons accounted for 95.9% of the total loan portfolio,- interest receivables from loan customers totalled 22.1 million euros,- impairment reserve of loan receivables from customers amounted to 35.4 million euros (including impairment allowance for loan receivables in the amount of 29.1 million euros, impairment allowance for interest receivables in the amount of 5.4 million euros and additional impairment of 0.9 million euros).
Overdue loans	<p>BIGBANK AS is currently the only bank in the region that focuses on granting consumer loans. In line with the corporate strategy, as of 30 June 2011 loans against income accounted for 76.9% of the loan portfolio, loans against suretyship 11.3%, loans against real estate accounted for 9.2% and loans with insurance coverage 2.6%.</p> <p>In comparison to 1st quarter, there were no significant changes in the customer's payment behaviour in the 2nd quarter. The number of customers making regular payments or the rate of receipts on the default loan portfolio has stabilised. The volume of the non-performing loan portfolio of the Group has changed in similar proportion as the growth of the loan portfolio.</p>

In the case of overdue receivables an important fact needs to be noted, that in case of consumer loans the process of recovering non-performing receivables 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.

Overdue receivables comprise of unpaid scheduled loan repayments and the principal amount of the loan that has become collectable. 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, the Group will demand repayment of 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 overdue principal amounts, to which the entire credit amount will be added upon the termination of the contract.

Impairment allowance for receivables

To mitigate the risks arising from payment behaviour and cover potential credit losses, the Group has established corresponding reserves, which as of 30 June 2011 totalled 37.7 million euros. Reserve has been established on a conservative basis. The established reserve includes:

- impairment allowances for loan receivables in the amount of 29.1 million euros,
- impairment allowances for interest receivables in the amount of 5.4 million euros,
- additional impairment allowance in the amount of 0.9 million euros,
- impairment allowance for other customer receivables in the amount of 1.0 million euros,
- impairment allowance for other assets 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 of the end of the 2nd quarter of 2011, the liabilities of the Group amounted to 160.5 million euros. Term deposits formed the bulk of liabilities, i.e. 154.9 million euros (96.5%).

Subordinated liabilities totalled 3.7 million euros, forming 2.3% of liabilities.

Equity

In the 2nd quarter of 2011 the Group's equity grew by 1.5 million euros, amounting to 49.7 million euros. The share of equity in total assets amounts to 23.7%. As of the end of the 2nd quarter, the capital adequacy was 23.0% (Basel II) compared to 22.4% as of the end of 2010.

As of 30 June 2011 TIER 1 and TIER 2 capital totalled 51.2 million euros.

Consolidated Income Statement Indicators

Interest income	<p>In the 2nd quarter, interest income amounted to 8.9 million euros, increasing by 1.1 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 2nd quarter, the ratio of interest income (annualised) to average interest bearing assets was 17.0% and the interest income from loan portfolio (annualised) accounted for 21.4% of the average loan portfolio.</p>
Interest expenses	<p>In the 2nd quarter of 2011, interest expenses totalled 1.5 million euros, compared to the 2.1 million euros of the same period of the previous year. Reduction of the interest expenses is connected with the decrease in the average deposit interest rate.</p> <p>The ratio of interest expenses to interest income was 16.7 %. The ratio of interest expenses (annualised) to average interest-bearing liabilities was 3.8% in the 2nd quarter.</p>
Various operating expenses	<p>In the 2nd quarter various operating expenses totalled 1.9 million euros (increase by 0.8 million euros compared to the 2nd quarter of 2010).</p>
Salary costs	<p>In the 2nd quarter salary costs amounted to 2.4 million euros (growth in comparison to the same period of 2010 was 0.9 million euros), including remunerations 1.8 million euros. As of the end of the period, the Group had 534 employees (excluding employees on maternity leave).</p>
Impairment allowance costs	<p>In the 2nd quarter, the reserve for impairment allowances for receivables increased by 2.3 million euros, including:</p> <ul style="list-style-type: none">- cost of impairment allowances for loan receivables in the amount of 2.0 million euros,- cost of impairment allowances for interest receivables in the amount of 0.3 million euros, <p>Impairment allowances have been established on a conservative basis.</p>
Other operating income and expenses	<p>In the 2nd quarter of 2010 other operating income amounted to 1.5 million euros. A more significant part of other income came from collection proceedings, which constituted 1.4 million euros of other operating income. In the same period of 2010, other operating income was 1.2 million euros.</p> <p>Other operating expenses totalled 0.5 million euros in the 2nd quarter (compared to 0.8 million kroons in the 2nd quarter of 2010).</p>
Profit of the reporting period	<p>In the 2nd quarter of 2011 the Group's profit amounted to 1.5 million euros. Compared to the 2nd quarter of 2010 the net profit has increased by 0.3 million euros.</p> <p>In the 2nd quarter of 2011, profit without the impairment allowance costs totalled 3.9 million euros, in the 2nd quarter of 2010 this indicator was 3.3 million euros.</p>

CAPITAL ADEQUACY REPORT

(in millions of euros)	30.06.2011	31.12.2010
Paid in share capital	8.000	5.113
Reserves established from profits	0.511	0.511
Retained earnings/losses of previous periods	38.799	37.224
Unrealized exchange differences	-0.534	-0.508
Intangible assets	-0.692	-0.709
Profit for the reporting period	2.940	4.461
Total TIER 1 capital	49.024	46.092
Subordinated liabilities	2.134	2.495
Total TIER 2 capital	2.134	2.495
Deductions	-	-
Total capital for calculation of capital adequacy	51.158	48.587
Capital requirements		
Central governments and central banks under standardized approach	0.678	1.134
Credit institutions and investments firms under standardized approach	1.753	1.804
Companies under standardized approach	0.601	0.328
Retail claims under standardized approach	6.912	6.055
Claims secured by real estate under standardized approach	0.771	0.811
Overdue claims under standardized approach	5.544	5.343
Other assets under standardized approach	1.179	1.205
Total capital requirements for credit risk and counterparty credit risk	17.438	16.680
Capital requirement for foreign currency risk	0.882	1.035
Capital requirement for operational risk, standardized approach	3.889	3.959
Capital requirements for the calculation of capital adequacy	22.209	21.674
Capital adequacy	23.035%	22.417%

The capital adequacy standards are applied to BIGBANK AS.

The specification of consolidation group used when calculating the capital adequacy does not differ from the specification of consolidation group used when preparing financial reports.

Pursuant to §73 of the Credit Institutions Act the following can be included in TIER 1 capital:

- paid-in share capital;
- reserves and reserve capital formed on account of the profits on the basis of law and the articles of association;
- audited retained earnings of previous years;
- profits of the current financial year, the size of which has been verified by an auditor of the credit institution

In order to calculate the size of TIER 1 capital, the following shall be deducted from the total of own funds:

- intangible assets.

Pursuant to §77¹ of the Credit Institutions Act the unrealized exchange rate differences created upon consolidation shall be added to the consolidated TIER 1 capital.

Pursuant to §74 of the Credit Institutions Act subordinated liabilities may be included in TIER 2 capital. Subordinated debt with unspecified and fixed terms with residual maturity of less than five years shall be shown at reduced value in accordance with subsection 74¹(7) of the Credit Institutions Act (during five years as from the residual maturity the initial sum shall be reduced by 20 per cent a year, i.e. by 5 per cent after every three months).

A liability of a credit institution is deemed to be subordinated if the claim arising out of such liability, in the event of the dissolution or bankruptcy of the credit institution is satisfied after the justified claims of all other creditors have been satisfied.

BIGBANK AS has requested for permission from the Financial Supervision Authority for including subordinated liabilities in TIER 2 capital.

The Group does not have TIER 3 capital.

Standardized approach has been used for calculating the capital requirements for credit risk and for operation risk.

Positions protected with devaluation clause have been deducted when calculating the capital requirement for foreign currency risk.

FINANCIAL STATEMENT

STATEMENT OF FINANCIAL POSITION

(in millions of euros)	Note	30.06.2011	31.12.2010
Assets			
Receivables from Central Bank		3.511	16.611
Receivables from banks		33.457	27.460
Receivables from customers	2,3,4,5,6,7,8	153.822	137.848
Financial investments	9	6.909	12.717
Other receivables and prepaid expenses	10	5.599	5.648
Deferred income tax assets		1.469	1.601
Intangible assets		0.692	0.709
Tangible assets		2.773	2.631
Other assets	11	1.945	2.169
Total assets		210.177	207.394
Liabilities			
Payable to credit institutions	12	0.379	0.493
Payable to customers	13	154.869	153.845
Other payables and prepaid income		1.559	1.791
Issued bonds	14	-	0.011
Subordinated bonds	14	3.654	3.653
Total liabilities		160.461	159.793
Equity			
Share capital		8.000	5.113
Obligatory reserves		0.511	0.511
Unrealized exchange differences		-0.534	-0.508
Retained earnings		38.799	37.224
Profit for the accounting period		2.940	5.261
Total equity		49.716	47.601
Total liabilities and equity		210.177	207.394

GUARANTEES AND PLEDGED ASSETS

(in millions of euros)	30.06.2011
Irrevocable transactions	1.350
incl. guarantees and other similar irrevocable transactions*	1.135
incl. issued bank guarantees	0.030
incl. credit lines and overdraft facilities	0.185
Assets pledged and encumbered with usufruct to secure liabilities**	1.496

* - 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 an 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 of the date of the report.

CONSOLIDATED INCOME STATEMENT

(millions of euros)	Note	2Q 2011	2H 2011	2Q 2010	2H 2010
Interest income	15	8.862	17.130	7.753	15.567
Interest expenses	16	1.483	3.045	2.081	4.589
Net interest income		7.379	14.085	5.672	10.978
Net service charges		0.066	0.133	-0.019	-0.042
Net profit/loss from financial transactions		-0.003	0.069	-0.005	-0.020
Other operating income	15	1.461	2.913	1.227	2.484
Total income		8.903	17.200	6.875	13.400
Salaries		2.419	4.364	1.479	2.822
Various operating expenses	17	1.906	3.709	1.121	2.397
Depreciation and decrease of value of assets		0.137	0.273	0.157	0.314
Allowances for loans and receivables		2.333	4.733	2.110	5.082
Allowances for other assets		0.001	0.001	-	-
Other expenses	16	0.485	0.993	0.822	0.890
Total operating expenses		7.281	14.073	5.689	11.505
Profit before taxation		1.622	3.127	1.186	1.895
Income tax		0.100	0.187	-0.009	-0.031
Profit for the accounting period		1.522	2.940	1.195	1.926
Unrealized exchange differences		0.013	-0.026	-0.005	0.067
Total other income and expenses		0.013	-0.026	-0.005	0.067
Total profit for the accounting period		1.535	2.914	1.190	1.993
Basic net profit per share (EUR)		19	37	15	24
Diluted net profit per share (EUR)		19	37	15	24

STATEMENT OF CASH FLOWS

(in millions of euros)	1 H 2011	1 H 2010
Cash flow from operating activities		
Interest received	12.607	10.979
Interest paid	-2.493	-3.009
Various operating expenses paid	-8.379	-5.868
Other operating income received	2.950	2.846
Other operating expenses paid	-0.931	-0.850
Repayments of off-balance sheet receivables	0.177	0.122
Received from other assets	0.154	0.059
Paid for other assets	-0.003	-0.012
Loans granted	-28.429	-6.119
Repayment of loans granted	12.540	9.727
Change in mandatory reserves with central banks and related interest receivables	7.928	1.378
Receipts from depositing	37.388	69.677
Paid on redemption of deposits	-36.946	-16.043
Income tax paid	-0.131	-0.278
Effect of exchange rate fluctuations	-0.006	-0.059
Cash flow from operating activities in total	-3.574	62.550
Cash flow from investing activities		
Acquired of tangible and intangible assets	-0.452	-0.146
Sold tangible and intangible assets	-	0.006
Acquisition of financial assets	-4.901	-
Proceeds from redemption of financial instruments	10.639	-
Cash flow from investing activities in total	5.286	-0.140
Cash flows from financing activities		
Paid on redemption of bonds	-	-49.966
Repayments of loans from credit institutions	-0.113	-0.114
Dividends paid	-0.800	-0.959
Cash flow from financing activities in total	-0.913	-51.039
Effect of exchange rate fluctuations	0.028	0.036
Increase in cash and cash equivalents	0.827	11.407
Cash and cash equivalents at the beginning of the period	32.637	13.984
Cash and cash equivalents at the end of the period	33.464	25.391

STATEMENT OF CHANGES IN EQUITY

(in millions of euros)

Equity belonging to the owners of the parent company

	Share capital	Statutory capital reserve	Unrealized exchange differences	Retained earnings	Total
Balance 01.01.2010	5.113	0.511	-0.503	38.183	43.304
Total profit for the accounting period	-	-	0.067	1.926	1.993
Dividends paid	-	-	-	-0.959	-0.959
Balance 30.06.2010	5.113	0.511	-0.436	39.150	44.338
Balance 01.01.2011	5.113	0.511	-0.508	42.485	47.601
Total profit for the accounting period	-	-	-0.026	2.940	2.914
Increase of share capital	2.887	-	-	-2.887	-
Dividends paid	-	-	-	-0.800	-0.800
Balance 31.03.2011	8.000	0.511	-0.534	41.739	49.716

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Accounting principles

The accounting principles used in the consolidated interim report for the 2nd quarter of 2011 of BIGBANK AS are in accordance with the accounting principles used in the last annual report of the year ended on 31 December 2010. Consolidated interim report does not include all information necessary for presenting the annual report and it should be read with the Group's last published annual report as of 31 December 2010.

In order to get a better overview of the financial performance of BIGBANK AS, the costs in the consolidated statement have been reclassified in 2011. In connection thereto, the data submitted in the consolidated income statement and statement of cash flows of the 2nd quarter and 1st half of 2010 have been adjusted as follows:

Line of the consolidated income statement (in millions of euros)	Change	
	2Q 2010	1H 2010
Other operating income	-0.005	-0.008
Net service fees	+0.005	+0.008

Starting from 2009 the deferred income tax receivables formed in the Latvian subsidiary was reflected as income tax asset in the statement of financial position and as deferred income tax revenue in the consolidated income statement.

At the end of 2010, in connection with transferring the business activity of the subsidiary to the Latvian branch, the aforementioned reflection of income tax asset has been ended due to the loss of tax basis.

Starting from the end of 2010, the difference of deferred income tax receivables are reflected in the consolidated statement of financial position and consolidated income statement in the Latvian branch and Group statements of financial position.

Income tax in the consolidated income statement

(in millions of euros)	2Q 2011	1H 2011	2Q 2010	1H 2010
Income tax expense	0.038	0.055	0.033	0.033
Deferred income tax change	0.062	0.132	-0.042	-0.064
Income tax	0.100	0.187	-0.009	-0.031

Note 2. Receivables from Customers

(in millions of euros)	Estonia	Latvia	Lithuania	Finland	Spain	30.06.11
Loan receivables from customers	68.833	56.779	18.913	21.245	1.329	167.099
Impairment allowance for loan receivables	-12.951	-12.739	-2.791	-0.608	-0.019	-29.108
Interest receivables from customers	8.773	10.308	2.476	0.566	0.026	22.149
Impairment allowance for interest receivables	-2.188	-2.709	-0.464	-0.028	-	-5.389
Additional impairment allowance	-	-0.896	-0.033	-	-	-0.929
Total receivables from customers	62.467	50.743	18.101	21.175	1.336	153.822

(in millions of euros)	Estonia	Latvia	Lithuania	Finland	Spain	31.12.10
Loan receivables from customers	65.434	55.053	17.626	12.380	-	150.493
Impairment allowance for loan receivables	-11.486	-12.468	-2.648	-0.269	-	-26.871
Interest receivables from customers	8.275	9.609	1.935	0.258	-	20.077
Impairment allowance for interest receivables	-1.944	-2.569	-0.399	-0.010	-	-4.922
Additional impairment allowance	-	-0.896	-0.033	-	-	-0.929
Total receivables from customers	60.279	48.729	16.481	12.359	-	137.848

Note 3. Distribution of Loan Receivables by Maturity

(in millions of euros)	30.06.2011	31.12.2010
Up to 1 year	92.778	80.736
1-2 years	16.322	12.850
2-5 years	32.323	26.588
More than 5 years	25.676	30.319
Total	167.099	150.493

Note 4. Distribution of Loan Receivables by Geographic Areas

(in millions of euros)	Receivables in balance sheet, including			30.06.2011
	Loan portfolio	Overdue loans	Impairment allowance (incl. additional)	Relative share of area
Estonia	68.833	25.009	12.950	41.2%
Latvia	56.779	28.128	13.635	34.0%
Lithuania	18.913	5.850	2.825	11.3%
Finland	21.245	1.577	0.608	12.7%
Spain	1.329	0.003	0.019	0.8%
Total	167.099	60.567	30.037	100%

(in millions of euros)	Receivables in balance sheet, including			31.12.2010
	Loan portfolio	Overdue loans	Impairment allowance (incl. additional)	Relative share of area
Estonia	65.434	24.286	11.486	43.5%
Latvia	55.054	27.772	13.363	36.6%
Lithuania	17.625	4.844	2.681	11.7%
Finland	12.380	0.655	0.269	8.2%
Spain	-	-	-	0.0%
Total	150.493	57.555	27.800	100%

Note 5. Loan Receivables by Collateral

(in millions of euros)	30.06.2011	31.12.2010
Loan secured with income	128.480	112.225
Loan against surety	18.884	19.271
Loan secured with real estate	15.422	14.048
Loan with insurance coverage	4.313	4.949
Total loan receivables	167.099	150.493

Note 6. Loan Receivables by Contract Currencies

(in millions of euros)	30.06.2011	31.12.2010
EUR	149.073	130.884
LTL	2.378	2.814
LVL	15.648	16.795
Total loan receivables from customers	167.099	150.493

Note 7. Impairment Allowances for Customer Receivables by Groups

(in millions of euros)	30.06.2011				
	Loan receivables from customers	Impairment allowance for loans	Interest receivable	Impairment allowance for interest receivables	Total impairment allowance
Homogeneous groups	80.867	1.513	2.830	0.420	1.933
Individually assessed groups	86.232	27.594	9.699	4.969	32.563
Collective impairment allowance	-	0.930	-	-	0.930
Total	167.099	30.037	12.529	5.389	35.426

(in millions of euros)	31.12.2010				
	Loan receivables from customers	Impairment allowance for loans	Interest receivable	Impairment allowance for interest receivables	Total impairment allowance
Homogeneous groups	66.833	1.290	5.714	0.535	1.825
Individually assessed groups	83.660	25.581	15.055	4.387	29.968
Collective impairment allowance	-	0.929	-	-	0.929
Total	150.493	27.800	20.769	4.922	32.722

Note 8. Overdue Loan Receivables

(in millions of euros)	30.06.2011	31.12.2010
Up to 30 days	1.345	1.226
31 - 60 days	1.202	1.318
61-90 days	1.418	1.127
Over 90 days	56.602	53.972
Total	60.567	57.643

* Overdue loans comprise of unpaid principal amount of the loan. In accordance with the terms of the loan contract concluded with the customer, the Group may terminate the agreement unilaterally if the customer is more than 90 days in arrears. When an agreement is unilaterally terminated, the customer has to settle the entire loan amount.

Note 9. Financial assets maintained until the redemption deadline

(in millions of euros)	30.06.2011	31.12.2010
Total bond portfolio	6.909	12.717
Distribution according to issuer		
incl. bonds of credit institutions	-	1.821
incl. bonds of governments	6.909	10.896
Distribution according to currency		
incl. EUR	5.172	8.131
incl. LTL	1.737	4.586

Note 10. Other Receivables and Prepaid Expenses

(in millions of euros)	30.06.2011	31.12.2010
Other receivables		
Receivable default interests and contract penalties	0.049	0.052
Receivable service fees	0.052	0.026
Receivable collection and other expenses	1.744	1.625
Surety fees	0.168	0.072
Other receivables	2.674	2.788
Impairment allowances for receivables	-0.995	-0.936
Total	3.692	3.627
Prepaid expenses		
Prepaid taxes	1.569	1.569
Other prepaid expenses	0.338	0.452
Total	1.907	2.021
Total other receivables and prepaid expenses	5.599	5.648

Note 11. Other Assets

(in millions of euros)	30.06.2011	31.12.2010
Acquired collateral property	2.903	3.146
Impairment allowance	-0.958	-0.977
Balance sheet cost of collateral property	1.945	2.169

Note 12. Payable to Credit Institutions

(in millions of euros))	30.06.2011			31.12.2010		
	Short-term	Long-term	Total	Short-term	Long-term	Total
AS Swedbank	0.114	0.265	0.379	0.228	0.265	0.493

Note 13. Payable to Customers

(in millions of euros)	30.06.2011	31.12.2010
Balance of term deposits	154.869	153.845
Distribution by customer type		
incl. private persons	148.341	145.902
incl. legal persons	6.528	7.943
Distribution by currency		
incl. EUR	151.886	150.827
incl. LVL	2.983	3.018
Distribution by maturity date		
incl. redemption within 6 months	43.898	61.111
incl. redemption within 6-12 months	28.445	37.937
incl. redemption within 12-18 months	8.916	10.574
incl. redemption within 18-24 months	23.353	7.293
incl. redemption within 24+ months	50.257	36.930
Average deposit amount	0.013	0.013
Weighted average interest rate	3.83%	4.16%
Weighted average maturity (in months)	20.098	15.317
Weighted average total contract period (in months)	28.354	22.174

Note 14. Issued Bonds and Subordinated Liabilities

(in millions of euros)	Issued bonds		Subordinated bonds	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
Balance of bonds	-	0.011	3.654	3.653
Distribution by customer type				
incl. private persons	-	0.011	1.149	1.204
incl. legal persons	-	-	2.505	2.449
Distribution by currency				
incl. EUR	-	0.011	3.654	3.653
Distribution by maturity date				
incl. redemption within 6 months	-	0.011	-	-
incl. redemption within 24+ months	-	-	3.654	3.653

Note 15. Net Currency Positions

(in millions of euros)	30.06.2011				
	Balance sheet position		Off-balance sheet position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR	197.213	157.005	-	0.215	39.993
LVL	8.543	3.343	-	-	5.200
LTL	3.727	0.107	-	-	3.620
GBP	0.001	0.006	-	-	-0.005

31.12.2010

(in millions of euros)	Balance sheet position		Off-balance sheet position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR	192.734	156.193	-	0.335	36.206
LVL	7.543	3.498	-	-	4.045
LTL	6.407	0.100	-	-	6.307
GBP	0.001	0.002	-	-	-0.001

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 agreements 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 16. Interest Income and Other Operating Income

(in millions of euros)	2Q 2011	1H 2011	2Q 2010	1H 2010
Interest income	8.862	17.130	7.753	15.567
From loans to customers	8.668	16.688	7.683	15.377
From deposits	0.106	0.207	0.070	0.190
From financial investments maintained until the redemption deadline	0.088	0.235	-	-
Other operating income	1.461	2.913	1.227	2.484
Income related to debt collection	1.448	2.886	1.215	2.462
Other operating income	0.013	0.027	0.012	0.022
Total	10.323	20.043	8.980	18.051

Note 17. Interest Expenses and Other Operating Expenses

(in millions of euros)	2Q 2011	1H 2011	2Q 2010	1H 2010
Interest expenses	1.483	3.045	2.081	4.589
On debt securities	0.068	0.134	0.474	1.564
On deposits	1.411	2.904	1.603	3.016
On loans	0.004	0.007	0.004	0.009
Other operating expenses	0.485	0.993	0.822	0.890
Expenses from the redemption of debt securities below nominal value	-	-	0.349	0.388
Other operating expenses	0.485	0.993	0.473	0.502
Total	1.968	4.038	2.903	5.479

Note 18. Various Operating Expenses

(in millions of euros)	2Q 2011	1H 2011	2Q 2010	1H 2010
Marketing expenses	0.956	1.713	0.470	1.061
Expenses related to employment	0.501	0.989	0.329	0.691
Other operating expenses	0.449	1.007	0.322	0.645
Total various operating expenses	1.906	3.709	1.121	2.397

