

BIGBANK AS

Public Interim Report

4 Q 2011

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CONSOLIDATED INFORMATION

Business name:	BIGBANK AS
Registry:	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:	31.12.2011
Reporting period:	1.01.2011 – 31.12.2011
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:	An audit has been conducted with regard to the financial information of the 4 th quarter of 2011.
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 at www.bigbank.ee.

The Public Interim Report for 4Q 2011 of BIGBANK AS will be available at the head office of BIGBANK AS at Rüütli 23, Tartu, and all other offices of the company starting from 29.02.2012.

DESCRIPTION OF THE CREDIT INSTITUTION GROUP

The core business of BIGBANK AS is provision of consumer loans and acceptance of deposits.

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

Business name: Baltijas Izaugsmes Grupa AS
Registered office: Brīvības iela 151, LV-1012 Riga, 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, Estonia
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 Riia, 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
Võlgade Sissenõudmise Keskus OÜ)
Location: Kampin Sähköitalo Kampinkuja 2 00100 Helsinki, Finland
Registry code: 2400904-2
Registry: National Board of Patents and Registration of Finland
Date of entry: 02 May 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 March 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 Riga, 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 4Q* 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 31 December 2011 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.

	date	signature
Targo Raus Chairman of the Management Board	29.02.2012	 <hr/>
Kaido Saar Member of the Management Board	29.02.2012	 <hr/>
Veiko Kandla Member of the Management Board	29.02.2012	 <hr/>
Ingo Pöder Member of the Management Board	29.02.2012	 <hr/>

OVERVIEW OF THE ECONOMIC ACTIVITY

KEY FINANCIAL INDICATORS

(in millions of euros)	31.12.2011	31.12.2010	Change %
Assets	229.706	207.394	10.8
Receivables from customers	174.985	137.848	26.9
incl. loan portfolio	185.935	150.493	23.6
incl. interest receivables	22.280	20.077	11.0
incl. impairment allowances	-33.230	-32.722	1.6
<i>incl. to loan receivables</i>	<i>-27.249</i>	<i>-26.871</i>	1.4
<i>incl. to interest receivables</i>	<i>-5.039</i>	<i>-4.922</i>	2.4
<i>incl. additional impairment allowances</i>	<i>-0.942</i>	<i>-0.929</i>	1.4
Deposits	170.235	153.845	10.7
Subordinated bonds	3.657	3.653	0.1
Equity	53.263	47.601	11.9

(in millions of euros)	4Q 2011	4Q 2010	Change %
Interest income	9.939	8.236	20.7
Interest expenses	1.686	1.715	-1.7
Impairment allowance costs	3.280	1.730	89.6
Revenue related to debt collection proceedings	1.450	1.572	-7.8
Profit before impairment allowances	3.913	3.984	-1.8
Net profit	0.633	2.254	-71.9

RATIOS

(in %)	4Q 2011	3Q 2011	2Q 2011	1Q 2011	4Q 2010
Return on equity (ROE)	4.8%	16.5%	12.4%	11.7%	19.4%
Equity multiplier (EM)	4.3	4.2	4.3	4.4	4.4
Profit margin (PM)	5.4%	19.3%	14.6%	14.6%	22.8%
Asset utilization ratio (AU)	20.7%	20.1%	20.0%	18.4%	19.3%
Return on assets (ROA)	1.1%	3.9%	2.9%	2.7%	4.4%
SPREAD	13.7%	13.8%	13.1%	11.8%	11.6%
TIER 1	27.8%	26.6%	28.1%	26.8%	27.6%

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 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 4th quarter of 2011. The loan portfolio of the BIGBANK Group grew a total of 9.2 million euros, i.e. 5.2%, 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 and Spanish branches.

In the 4th quarter, the volume of total assets grew by 11.6 million euros, reaching 229.7 million euros as of the end of the quarter. The volume of liabilities reached 176.4 million euros, having grown during the quarter by 6.5 million euros. Term deposits continue to form the largest part of liabilities.

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

Interest income in the 4th quarter reached 9.9 million euros, increasing in comparison to the same period of the previous year by 1.7 million euros. The increase in interest income results from the growth of the loan portfolio.

Net profit of Group in the 4th quarter of 2011 amounted to 0.6 million euros. In comparison to the 4th quarter of 2010, net profit has decreased by 1.6 million euros. The decrease in the net profit was affected by increasing impairment allowance reserves at the end of the year. In the 4th quarter of 2011, the profit before impairment allowances was 3.9 million euros. In the 4th quarter of 2010, the corresponding figure was 4.0 million euros.

As of the end of the 4th quarter of 2011, equity totalled 53.3 million euros (47.6 million euros as of the end of 2010). The share of equity in total assets amounted to 23.2%. As of the end of the 4th quarter, capital adequacy formed 22.3% (Basel II) in comparison to the 22.4% of the end of 2010.

As of the end of the 4th quarter of 2011, there were 531 employees working at BIGBANK, including 220 in Estonia, 142 in Latvia, 84 in Lithuania and 43 in Finland and 42 in Spain. As of 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.

ANALYSIS OF STATEMENT OF FINANCIAL POSITION AND CONSOLIDATED INCOME STATEMENT

Statement of Financial Position Indicators

Total assets	<p>As of 31 December 2011, total assets of BIGBANK AS Group totalled 229.7 million euros, increasing by 7.9 million euros during the quarter.</p> <p>As of 31 December 2011, receivables from customers accounted for 76.2% of total assets, liquid assets (monetary funds and held-to-maturity financial assets) accounted for 18.5%.</p>
Liquid assets	<p>As of the end of the 4th quarter, monetary funds totalled to 42.4 million euros, decreasing by 0.9 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 31 December 2011, the volume of financial investments reached 10.7 million euros.</p>
Receivables from customers	<p>By the end of the 4th quarter, the Group had 128 thousand loan contracts in total; including 39 thousand contracts in Estonia, 56 thousand contracts in Latvia, 18 thousand contracts in Lithuania, 12 thousand contracts in Finland and 3 thousand contracts in Spain.</p> <p>Geographically receivables from customers were distributed as follows:</p> <ul style="list-style-type: none">- 37.0% Estonia,- 30.4% Latvia,- 17.5% Finland,- 11.1% Lithuania,- 4.0% Spain. <p>As of 31 December 2011, receivables from customers reached 175.0 million euros, of which:</p> <ul style="list-style-type: none">- the volume of loan portfolio was 186.0 million euros. Loans to private persons accounted for 95.0% of the total loan portfolio,- interest receivables from loan customers totalled 23.3 million euros,- impairment reserve of loan receivables from customers amounted to 33.2 million euros (including impairment allowance for loan receivables in the amount of 27.3 million euros, impairment allowance for interest receivables in the amount of 5.0 million euros and additional impairment allowance of 0.9 million euros). <p>The bank's loan portfolio is dispersed – the average issued credit amount is 1742 euros and as of 31 December 2011, the 40 largest claims form a total of 5.0% of the loan portfolio.</p> <p>BIGBANK AS focuses on granting consumer loans. In line with the corporate strategy, as of 31 December 2011 loans against income accounted for 79.8% of the loan portfolio, loans against suretyship 10.7%, loans against real estate accounted for 7.7% and loans with insurance coverage 1.8%.</p>
Overdue loans	<p>Due to the customer's stabilised solvency and improved payment-readiness the ratio of customers making regular payments in the loan portfolio has increased along with the size of the average receipt in all proceeding stages.</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 31 December 2011 totalled 34.2 million euros. Reserve has been established on a conservative basis. The established reserve includes:

- impairment allowances for loan receivables in the amount of 27.3 million euros,
- impairment allowances for interest receivables in the amount of 5.0 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.

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

Liabilities

As of the end of the 4th quarter of 2011, the liabilities of the Group amounted to 176.4 million euros. Term deposits formed the bulk of liabilities, i.e. 170.2 million euros (96.5%).

Subordinated liabilities totalled 3.7 million euros, forming 2.1% of liabilities.

Equity

In the 4th quarter of 2011 the Group's equity grew by 1.5 million euros, amounting to 53.3 million kroons. The share of equity in total assets amounted to 23.2%. As of the end of the 4th quarter, the capital adequacy was 22.3% (Basel II) compared to 22.4% as of the end of 2010.

Consolidated Income Statement Indicators

Interest income	<p>In the 4th quarter, interest income amounted to 9.9 million euros, increasing by 1.7 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 4th quarter, the ratio of interest income (annualised) to average interest bearing assets was 17.7% and the interest income from loan portfolio (annualised) accounted for 21.6% of the average loan portfolio.</p>
Interest expenses	<p>In the 4th quarter of 2011, interest expenses totalled 1.7 million euros, compared to the same period of the previous year.</p> <p>The ratio of interest expenses to interest income was 17.0 %. The ratio of interest expenses (annualised) to average interest-bearing liabilities was 4.0% in the 4th quarter.</p>
Various operating expenses	<p>In the 4th quarter various operating expenses totalled 2.5 million euros (increase by 0.9 million euros compared to the 4th quarter of 2010).</p>
Salary costs	<p>In the 4th quarter salary costs amounted to 2.5 million euros (growth in comparison to the same period of 2010 was 0.6 million euros), including remunerations 1.8 million euros. As of the end of the period, the Group had 531 employees (excluding employees on maternity leave).</p>
Impairment allowance costs	<p>In the 4th quarter, the reserve for impairment allowances for receivables increased by 3.3 million euros, including:</p> <ul style="list-style-type: none">- 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 0.4 million euros,- cost of impairment allowances for financial investments in the amount of 0.1 million euros. <p>Impairment allowances have been established on a conservative basis.</p>
Other operating income and expenses	<p>In the 4th quarter of 2011 other operating income amounted to 1.5 million euros, of which a more significant part is constituted of collection proceedings. In the same period of 2010, other operating income was 1.7 million euros.</p> <p>Other operating expenses totalled 0.5 million euros in the 4th quarter (compared to 0.6 million euros in the 4th quarter of 2010).</p>
Profit of the reporting period	<p>In the 4th quarter of 2011 the Group's profit amounted to 0.6 million euros. Compared to the 4th quarter of 2010 the net profit has decreased by 1.6 million euros. The decrease of net profit was affected by increasing reserves for impairment allowances at the end of the year.</p> <p>In the 4th quarter of 2011, profit without the impairment allowance costs totalled 3.9 million euros, in the 4th quarter of 2010 this indicator was 4.0 million euros.</p>

CAPITAL ADEQUACY REPORT

(in millions of euros)	31.12.2011	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	0.288	-0.508
Intangible assets	-0.660	-0.709
Profit for the reporting period	5.665*	4.461
Total TIER 1 capital	52.603	46.092
Subordinated liabilities	-	2.495
Total TIER 2 capital	-	2.495
Deductions	-	-
Total capital for calculation of capital adequacy	52.603	48.587
Capital requirements		
Central governments and central banks under standardized approach	0.567	1.134
Credit institutions and investments firms under standardized approach	1.191	1.804
Companies under standardized approach	0.936	0.328
Retail claims under standardized approach	8.123	6.055
Claims secured by real estate under standardized approach	0.660	0.811
Overdue claims under standardized approach	6.283	5.343
Other assets under standardized approach	1.162	1.205
Total capital requirements for credit risk and counterparty credit risk	18.922	16.680
Capital requirement for foreign currency risk	0.779	1.035
Capital requirement for operational risk, standardized approach	3.889	3.959
Capital requirements for the calculation of capital adequacy	23.59	21.674
Capital adequacy	22.299%	22.417%

*Dividends in the amount of 0.970 million euros, that have been brought out in the profit distribution proposal, have not been deducted from the profit of the reporting period. The impact of appropriating dividends is decreasing by 0.411%.

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.

As of 31 December 2011, BIGBANK AS does not include 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	31.12.2011	31.12.2010
Assets			
Receivables from Central Bank		9.255	16.611
Receivables from banks		22.496	27.460
Receivables from customers	2,3,4,5,6,7,8	174.985	137.848
Held-to-maturity financial assets	9	10.688	12.717
Other receivables and prepaid expenses	10	5.662	5.648
Deferred income tax assets		1.383	1.601
Intangible assets		0.660	0.709
Tangible assets		2.593	2.631
Other assets	11	1.984	2.169
Total assets		229.706	207.394
Liabilities			
Payable to credit institutions	12	0.265	0.493
Payable to customers	13	170.235	153.845
Other payables and prepaid income		2.286	1.791
Issued bonds	14	-	0.011
Subordinated bonds	14	3.657	3.653
Total liabilities		176.443	159.793
Equity			
Share capital		8.000	5.113
Obligatory reserves		0.511	0.511
Unrealized exchange differences		0.288	-0.508
Retained earnings		38.799	37.224
Profit for the accounting period		5.665	5.261
Total equity		53.263	47.601
Total liabilities and equity		229.706	207.394

GUARANTEES AND PLEDGED ASSETS

(in millions of euros)	31.12.2011
	EUR
Irrevocable transactions	2.072
incl. guarantees and other similar irrevocable transactions*	1.135
incl. issued bank guarantees	0.050
incl. credit lines and overdraft facilities	0.887
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 Rüütli 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

(in millions of euros)	Note	4Q 2011	2011	4Q 2010	2010
Interest income	16	9.939	36.314	8.236	31.174
Interest expenses	17	-1.686	-6.310	-1.715	-8.131
Net interest income		8.253	30.004	6.521	23.043
Net service charges		0.138	0.359	-0.020	-0.089
Net profit/loss from financial transactions		-0.051	0.024	-0.024	-0.074
Other operating income	16	1.461	5.839	1.670	5.781
Total income		9.801	36.226	8.147	28.661
Salaries		-2.494	-8.993	-1.868	-6.152
Various operating expenses	18	-2.498	-8.331	-1.578	-5.026
Depreciation and decrease of value of assets		-0.128	-0.526	-0.141	-0.600
Allowances for loans and receivables		-3,280	-10.101	-1.730	-9.555
Other expenses	17	-0.502	-2.018	-0.606	-2.071
Total operating expenses		-8.902	-29.969	-5.923	-23.404
Profit before taxation		0.899	6.257	2.224	5.257
Income tax		-0.266	-0.592	0.030	0.004
Profit for the accounting period		0.633	5.665	2.254	5.261
Unrealized exchange differences		0.831	0.796	-0.015	-0.005
Total profit for the accounting period		1.464	6.461	2.239	5.256
Basic net profit per share (EUR)		8	71	28	66
Diluted net profit per share (EUR)		8	71	28	66

STATEMENT OF CASH FLOWS

(in millions of euros)	2011	2010
Cash flow from operations		
Interest received	28.623	21.849
Interest paid	-4.556	-5.310
Various operating expenses paid	-17.516	-12.211
Other operating income received	5.565	6.279
Other operating expenses paid	-1.943	-2.072
Service fees received	0.388	-
Service fees paid	-0.089	-
Repayments of off-balance sheet receivables	0.493	0.238
Received from other assets	0.324	0.133
Paid for other assets	-0.010	-0.067
Loans granted	-70.515	-27.476
Repayment of loans granted	32.607	20.337
Change in mandatory reserve in Central Bank and related interest receivables	8.404	9.804
Receipts from depositing	76.225	121.960
Paid on redemption of deposits	-61.957	-45.737
Income tax paid	-0.198	-0.278
Effect of exchange rate fluctuations	-0.009	-0.115
Cash flow from operating activities in total	-4.164	87.334
Cash flow from investing activities		
Acquired tangible and intangible assets	-0.533	-0.832
Sold tangible and intangible assets	0.004	-
Paid when acquiring securities	-17.242	-14.216
Receipts from redemption of securities	19.008	1.696
Cash flow from investing activities in total	1.237	-13.352
Cash flow from financing activities		
Paid on redemption of bonds	-	-50.034
Paid on redemption of subordinated bonds	-	-4.133
Repayments of loans from credit institutions	-0.227	-0.227
Dividends paid	-0.800	-0.959
Cash flow from financing activities in total	-1.027	-55.353
Effect of currency exchange rate fluctuations	0.015	0.024
Increase in cash and cash equivalents	-3.939	18.653
Cash and cash equivalents at the beginning of the period	32.637	13.984
Cash and cash equivalents at the end of the period	28.698	32.637

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	38.184	43.305
Profit of the period	-	-	-	5.261	5.261
Other consolidated profit (loss)	-	-	-0.005	-	-0.005
Dividends paid	-	-	-	-0.959	-0.959
Balance 31.12.2010	5.113	0.511	-0.508	42.486	47.601
Balance 01.01.2011	5.113	0.511	-0.508	42.486	47.601
Profit of the period	-	-	-	5.665	5.665
Other consolidated profit	-	-	0.796	-	0.796
Dividends paid	-	-	-	-0.800	-0.800
Increase of share capital	2.887	-	-	-2.887	-
Balance 31.12.2011	8.000	0.511	0.288	44.464	53.263

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Accounting Principles

The accounting principles used in the consolidated interim report for the 4th quarter of 2011 of BIGBANK AS are in compliance with the international financial reporting standard (IFRS) IAS34 *Interim Financial Reporting* as adopted by the European Union. The accounting principles used in the report 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.

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 Consolidated Income Statement

(in millions of euros)	4Q 2011	12 months 2011	4Q 2010	12 months 2010
Income tax expense	0.237	0.374	0.101	0.210
Deferred income tax change	0.029	0.218	-0.131	-0.214
Income tax	0.266	0.592	-0.030	-0.004

Note 2. Receivables from Customers

(in millions of euros)	Estonia	Latvia	Lithuania	Finland	Spain	31.12.2011
Loan receivables from customers	68.524	59.534	20.317	30.570	6.990	185.935
Impairment allowance for loan receivables	-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
Additional impairment allowance	-	-0.909	-0.033	-	-	-0.942
Total receivables from customers	64.831	53.184	19.396	30.539	7.035	174.985

(in millions of euros)	Estonia	Latvia	Lithuania	Finland	Spain	31.12.2010
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)	31.12.2011	31.12.2010
Up to 1 year	106.176	80.736
1-2 years	21.516	12.850
2-5 years	38.417	26.588
More than 5 years	19.827	30.319
Total	185.936	150.493

Note 4. Distribution of Loan Receivables by Geographic Areas

				31.12.2011
(in millions of euros)	Receivables in balance sheet, including			Relative share of area
	Loan portfolio	Overdue loans	Impairment allowance (incl. additional)	
Estonia	68.524	23.227	10.483	36.9%
Latvia	59.534	27.816	13.355	32.0%
Lithuania	20.317	6.336	3.174	10.9%
Finland	30.570	3.505	1.017	16.4%
Spain	6.990	0.171	0.162	3.8%
Total	185.935	61.055	28.191	100%

				31.12.2010
(in millions of euros)	Receivables in balance sheet, including			Relative share of area
	Loan portfolio	Overdue loans	Impairment allowance (incl. additional)	
Estonia	65.434	24.285	11.486	43.5%
Latvia	55.054	27.760	13.364	36.6%
Lithuania	17.625	4.843	2.681	11.7%
Finland	12.380	0.654	0.269	8.2%
Spain	-	-	-	0.0%
Total	150.493	57.542	27.800	100%

Note 5. Loan Receivables by Collateral

(in millions of euros)	31.12.2011	31.12.2010
Loan secured with income	148.332	112.225
Loan against surety	19.874	19.271
Loan secured with real estate	14.358	14.048
Loan with insurance coverage	3.371	4.949
Total loan receivables	185.935	150.493

Note 6. Loan Receivables by Contract Currencies

(in millions of euros)	31.12.2011	31.12.2010
EUR	170.807	130.884
LTL	2.046	2.814
LVL	13.082	16.795
Total loan receivables from customers	185.935	150.493

Note 7. Impairment Allowances for Customer Receivables by Groups

						31.12.2011
(in millions of euros)	Loan receivables from customers	Impairment allowance for loans	Interest receivable	Impairment allowance for interest receivables	Total impairment allowance	
Homogeneous groups	97.570	1.691	5.403	0.228	1.919	
Individually assessed groups	88.365	25.558	17.463	4.811	30.369	
Collective impairment allowance	-	0.942	-	-	0.942	
Total	185.935	28.191	22.866	5.039	33.230	

	31.12.2010				
(in millions of euros)	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)	30.09.2011	31.12.2010
Up to 30 days	1.489	1.225
31 - 60 days	0.777	1.318
61- 90 days	0.755	1.027
Over 90 days	56.694	53.972
Total	59.715	57.542

* 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 contract unilaterally if the customer is more than 90 days in arrears. When a contract is unilaterally terminated, the customer has to settle the entire loan amount.

Note 9. Held-to-maturity financial assets

(in millions of euros)	31.12.2011	31.12.2010
Total bond portfolio	10.688	12.717
Distribution according to issuer		
incl. bonds of credit institutions	-	1.821
incl. bonds of governments	10.688	10.896
Distribution according to currency		
incl. EUR	8.659	8.131
incl. LTL	2.029	4.586

Note 10. Other Receivables and Prepaid Expenses

(in millions of euros)	31.12.2011	31.12.2010
Other receivables		
Receivable default interests and contract penalties	0.047	0.052
Receivable service fees	0.090	0.026
Receivable collection and other expenses	1.762	1.625
Surety fees	0.170	0.072
Other receivables	2.575	2.788
Impairment allowances for receivables	-0.944	-0.936
Total	3.700	3.627
Prepaid expenses		
Prepaid taxes	1.589	1.569
Other prepaid expenses	0.373	0.452
Total	1.962	2.021
Other receivables and prepaid expenses	5.662	5.648

Note 11. Other Assets

(in millions of euros)	31.12.2011	31.12.2010
Acquired collateral property	2.841	3.146
Impairment allowance	-0.857	-0.977
Balance sheet cost of collateral property	1.984	2.169

Note 12. Payable to Credit Institutions

(in millions of euros)	31.12.2011			31.12.2010		
	Short-term	Long-term	Total	Short-term	Long-term	Total
AS Swedbank	0.227	0.038	0.265	0.228	0.265	0.493

Note 13. Payable to Customers

(in millions of euros)	31.12.2011	31.12.2010
Balance of term deposits	170.235	153.845
Distribution by customer type		
incl. private persons	164.264	145.902
incl. legal persons	5.971	7.943
Distribution by currency		
incl. EUR	167.841	150.827
incl. LVL	2.394	3.018
Distribution by maturity date		
incl. redemption within 6 months	29.764	59.670
incl. redemption within 6-12 months	19.237	39.379
incl. redemption within 12-18 months	23.797	9.062
incl. redemption within 18-24 months	26.293	8.617
incl. redemption within 24+ months	71.144	37.117
Average deposit amount	0.014	0.013
Weighted average interest rate	3.95%	4.16%
Weighted average maturity (in months)	24.203	15.317
Weighted average total contract period (in months)	34.294	22.174

Note 14. Issued Bonds and Subordinated Liabilities

(in millions of euros)	Issued bonds		Subordinated bonds	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Balance of bonds	-	0.011	3.657	3.653
Distribution by customer type				
incl. private persons	-	0.011	1.150	1.204
incl. legal persons	-	-	2.507	2.449
Distribution by currency				
incl. EUR	-	0.011	3.657	3.653
Distribution by maturity date				
incl. redemption within 6 months	-	0.011	-	-
incl. redemption within 6-12 months	-	-	-	-
incl. redemption within 12-18 months	-	-	-	-
incl. redemption within 24+ months	-	-	3.657	3.653

Note 15 Net Currency Positions**31.12.2011**

(in millions of euros)	Balance sheet position		Off-balance sheet position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR	218.381	173.571	-	2.072	42.738
LVL	8.115	2.746	-	-	5.369
LTL	2.548	0.122	-	-	2.426
GBP	0.002	0.004	-	-	-0.002

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	-	1.470	35.071
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 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 16. Interest Income and Other Operating Income

(in millions of euros)	4Q 2011	12 months 2011	4Q 2010	12 months 2010
Interest income	9.939	36.314	8.236	31.174
From loans to customers	9.780	35.549	7.992	30.600
From deposits	0.125	0.468	0.093	0.370
From held-to-maturity financial assets	0.034	0.297	0.151	0.204
Other operating income	1.461	5.839	1.670	5.781
Income related to debt collection	1.451	5.785	1.572	5.663
Income from redemption of debt securities below nominal value	-	-	0.034	-
Other operating income	0.010	0.054	0.064	0.118
Total	11.400	42.153	9.906	36.955

Note 17. Interest Expenses and Other Operating Expenses

(in millions of euros)	4Q 2011	12 months 2011	4Q 2010	12 months 2010
Interest expenses	1.686	6.310	1.715	8.131
On debt securities	0.072	0.277	0.068	1.777
On deposits	1.611	6.020	1.643	6.335
On loans	0.003	0.013	0.004	0.019
Other operating expenses	0.502	2.018	0.606	2.071
Expenses from the redemption of debt securities below nominal value	-	-	0.033	0.354
Other operating expenses	0.502	2.018	0.573	1.717
Total	2.188	8.328	2.321	10.202

Note 18. Various Operating Expenses

(in millions of euros)	4Q 2011	12 months 2011	4Q 2010	12 months 2010
Marketing expenses	1.360	4.214	0.776	2.155
Expenses related to employment	0.476	1.934	0.360	1.401
Other operating expenses	0.662	2.183	0.442	1.470
Total various operating expenses	2.498	8.331	1.578	5.026

Note 19. Related Parties

Parties shall be considered as related, if one party has either control over the other party or significant impact on the business decisions of the other party. Related parties are:

- shareholders of BIGBANK AS;
- Members of the Management Boards and Supervisory Boards of the companies of the group;
- close relatives of the aforementioned persons;
- companies related to the aforementioned persons, except if these persons do not have the option of significantly affecting the business decisions of the company.

Company, in which Member of the Supervisory Board Linda Terras has a holding, OÜ Edelatuulik Invest, has concluded a term deposit contract with BIGBANK in 2010. As of 31 December 2011, the remaining amount of the deposit constituted 0.447 million euros and the incurred, but not disbursed, interest constituted 0.028 million euros. In total, interest in the amount of 0.030 million euros has been calculated on the deposits of OÜ Edelatuulik that were valid in 2011. At the moment of concluding the contracts, the interest rates of the deposits did not differ from interest rates offered to other clients who deposited similar amounts.

Shareholders of the group are minority shareholders in the Latvian collection agency SIA Vidzemes Inkasso (20% and 20% respectively). The shareholders of the group do not have control over SIA Vidzemes Inkasso and do not participate in management bodies of SIA's Vidzemes Inkasso.

