



**BIGBANK**  
SIMPLE AS THAT



**2014**

THIRD QUARTER INTERIM REPORT

# Content

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# BIGBANK AS

## consolidated interim report for the third quarter of 2014

Business name BIGBANK AS

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the Republic of Estonia

Registration number 10183757

Date of entry 30 January 1997

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Financial year 1 January 2014 – 31 December 2014

Reporting period 1 January 2014 – 30 September 2014

Chairman of the management board Kaido Saar

Core business line Provision of consumer loans  
and acceptance of deposits

Auditor Ernst & Young Baltic AS

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 interim report can be accessed on the website of BIGBANK AS at [www.bigbank.ee](http://www.bigbank.ee). The version in English can be accessed at [www.bigbank.eu](http://www.bigbank.eu).

From 28 November 2014, *Interim report for the third quarter of 2014* will be available at the head office of BIGBANK AS at Rütli 23 in Tartu and all other branch offices of the company.

# Review of operations

## Significant economic events

Loan portfolio of BIGBANK AS (hereafter also "BIGBANK" or the "Group") grew by 6.4 million euros i.e. 2.2% during the third quarter of 2014. The largest contribution to the growth of the loan portfolio was made by Swedish branch.

The Group's net profit for the third quarter of 2014 amounted to 3.8 million euros. In the third quarter of 2014, profit before impairment allowances was 10.1 million euros. In the third quarter of 2013, the corresponding figure was 7.4 million euros (an increase of 35.7%).

Activities of BIGBANK did not undergo any significant changes in the third quarter of year 2014. BIGBANK introduced a satisfaction guarantee to the market immediately following the close of the reporting period, whereby an option is granted to the customer to repay a 300 - 10,000 euro loan within 60 calendar days without incurring additional expenses. The portfolio of BIGBANK offered products to

its customers is growing by car loan, as a new product offered from 19 November.

The supervisory board of BIGBANK AS has five members – the chairman of the supervisory board Parvel Pruunsild and the members Vahur Voll, Juhani Jaeger, Raul Eamets and Andres Koern.

At the end of the third quarter of 2014, BIGBANK employed a total of 463 people: 201 in Estonia, 100 in Latvia, 71 in Lithuania, 31 in Finland, 37 in Spain and 23 in Sweden.

At the end of the third quarter, the Group had 10 branch offices, of which 2 were located in Estonia, 2 in Latvia, 5 in Lithuania and 1 in Spain.

## Key performance indicators

Financial position indicators (in millions of euros)	30 Sept 2014	31 Dec 2013	Change
Total assets	316.089	311.935	1.3%
Loans to customers	268.277	261.369	2.6%
of which loan portfolio	296.665	281.426	5.4%
of which interest receivable	24.165	24.758	-2.4%
of which impairment allowances	-52.553	-44.815	17.3%
<i>of which impairment allowances for loans</i>	<i>-40.428</i>	<i>-32.647</i>	<i>23.8%</i>
<i>of which impairment allowances for interest receivables</i>	<i>-7.712</i>	<i>-6.305</i>	<i>22.3%</i>
<i>of which statistical impairment allowances</i>	<i>-4.413</i>	<i>-5.863</i>	<i>-24.7%</i>
Deposits from customers	237.127	238.648	-0.6%
Equity	76.807	69.665	10.3%

Financial performance indicators (in millions of euros)	Q3 2014	Q3 2013	Change
Interest income	16.047	13.537	18.5%
Interest expense	1.893	2.018	-6.2%
Expenses from impairment allowances	6.256	5.086	23.0%
Income from debt collection proceedings	1.781	1.637	8.8%
Profit before impairment allowances	10.050	7.407	35.7%
Net profit	3.794	2.321	63.5%

Ratios	Q3 2014	Q2 2014	1Q 2014	Q4 2013	Q3 2013
Return on equity (ROE)	20.2%	10.1%	14.7%	26.3%	14.7%
Equity multiplier (EM)	421.4%	430.0%	4.4	4.7	4.7
Profit margin (PM)	20.6%	11.2%	15.3%	25.8%	14.7%
Asset utilization ratio (AU)	23.3%	20.8%	21.8%	21.9%	21.1%
Return on assets (ROA)	4.8%	2.3%	3.3%	5.6%	3.1%
Price difference (SPREAD)	16.1%	13.8%	15.0%	14.9%	14.2%

### Explanations

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

The statement of financial position indicators used in calculating the ratios are found as the arithmetic means of respective data as at the end of the month preceding the reporting quarter and as at the end of each month of the reporting quarter. In the case of indicators of the consolidated statement of comprehensive income, the annualized actual data of the reporting quarter are used.

**Return on equity (ROE, %)** – net profit to equity

**Return on assets (ROA, %)** – net profit to total assets

**Equity multiplier (EM)** – total assets to total equity

**SPREAD (%)** – ratio of interest income to interest-bearing assets less ratio of interest expense to interest-bearing liabilities

**Profit margin (PM, %)** – net profit to total income

**Asset utilization ratio (AU, %)** – total income (incl. interest income, fee income, dividend income and other operating income) to total assets

### Financial review

#### Financial position

As at 30 September 2014, the consolidated assets of BIGBANK AS Group totalled 316.1 million euros, having increased by 1.1 million euros (+0.3%) during the quarter.

As at 30 September 2014, loans to customers accounted for 84.9% of total assets, the proportion of liquid assets (amounts due from

banks and held-to-maturity financial assets) was 11.2%.

At the end of the third quarter, liquid assets totalled 35.4 million euros.

Free funds are partly invested in short-term debt securities with fixed payments and maturities, which the Group intends to and is able to hold until maturity. At 30 September 2014, the Group had debt securities of 5.6 million euros.

## REVIEW OF OPERATIONS

At the end of the third quarter, the Group had 178 thousand loan agreements, 70 thousand of them in Latvia, 43 thousand in Estonia, 33 thousand in Lithuania, 16 thousand in Finland, 10 thousand in Spain and 6 thousand in Sweden.

Geographical distribution of loans to customers:

- 24.1% Latvia,
- 19.8% Estonia,
- 18.7% Finland,
- 14.1% Sweden,
- 13.0% Lithuania,

At 30 September 2014, loans to customers totalled 268.3 million euros, comprising of:

- the loan portfolio of 296.7 million euros, loans to individuals accounting for 95.5% of the total;
- interest receivable on loans of 24.2 million euros;
- impairment allowances for loans and interest receivables of 52.5 million euros (consisting of an impairment allowance for loans of 40.4 million euros, an impairment allowance for interest receivables of 7.7 million euros and a statistical impairment allowance of 4.4 million euros).

BIGBANK's loan portfolio is diversified – at the reporting date the average loan was 2,078 euros and as at 30 September 2014, 40 largest loans accounted for 4.0% of the loan portfolio.

BIGBANK AS focuses on the provision of consumer loans. In line with the corporate strategy, as at 30 September 2014 loans against income accounted for 87.6%, loans against surety for 4.8%, loans secured with real estate for 7.2%, loans with insurance coverage for 0.3% and loans granted against other types of

collateral for 0.1% of the total loan portfolio.

As regards past due receivables, it is important to note that the collection of non-performing consumer loans differs significantly from the recovery of loans that have physical collateral (for example, mortgage-backed loans). Due to their nature (as a rule, consumer loans are backed with the customer's regular income), claims related to terminated consumer loans are satisfied in smaller instalments over an extended period rather than in a lump sum raised through the sale of the collateral.

Past due loans comprise loan principal that has fallen due. Under the terms and conditions of its loan agreements, the Group may terminate an agreement unilaterally if at least three scheduled payments are in arrears. When an agreement is terminated, the customer has to settle any outstanding loan principal, any accrued interest, and any collateral claims resulting from the settlement delay.

Loans past due for more than 90 days consist of past due principal payments plus the total amount of loan principal that has fallen due in connection with termination of agreements.

To mitigate the risks arising from customers' payment behaviour and to cover potential credit losses, the Group makes impairment allowances, which are created on a conservative basis. At 30 September 2014, impairment allowances totalled 53.7 million euros, consisting of:

- impairment allowances for loan receivables of 40.4 million euros,
- impairment allowances for interest receivables of 7.7 million euros,
- statistical impairment allowances of 4.4 million euros,
- impairment allowances for other receivables of 1.2 million euros.

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

At the end of the third quarter of 2014, the Group's liabilities totalled 239.3 million euros. Most of the debt raised by the Group, i.e. 235.3 million euros (98.3%) consisted of term deposits.

In the third quarter of 2014, the Group's equity grew by 1.9 million euros (5.2%) to 76.8 million euros. The equity to assets ratio amounted to 24.3%.

#### *Financial performance*

Interest income for the third quarter reached 16.0 million euros, increasing by 2.5 million euros (18.5%) year over year. The increase in interest income results from growth in the loan portfolio.

The period's ratio of interest income (annualised) to average interest-earning assets was 19.4% and (annualised) return on the loan portfolio accounted for 21.7% of the average loan portfolio.

Interest expense for the third quarter of 2014 was 1.9 million euros, decreasing by 0.1 million euros year over year (6.2%).

The ratio of interest expense to interest income was 11.8 %. The ratio of interest expense to average interest-bearing liabilities (annualised) was 3.3%.

Other operating expenses for the third quarter totalled 2.1 million euros (a decrease of 0.2 million euros year over year).

Salaries and associated charges for the third quarter of 2014 amounted to 2.8 million euros, including remuneration of 2.0 million euros. As at the end of the period, the Group had 463 employees.

In the third quarter, impairment losses in-

creased by 6.3 million euros, consisting of:

- impairment losses on loan receivables of 5.4 million euros,
- impairment losses on interest receivables of 0.7 million euros,
- impairment losses on other receivables of 0.2 million euros.

Impairment allowances are made on a conservative basis.

Other income for the third quarter of 2014 was 1.9 million euros, the largest proportion of which resulted from debt collection income. In the same period of 2013, other income was 1.7 million euros.

Other expenses for the third quarter reached 0.7 million euros, therefore remaining the same in comparison to the same period of 2013.

The Group's net profit for the third quarter of 2014 amounted to 3.8 million euros. In comparison to the third quarter of 2013, net profit has increased by 1.5 million euros (63.5%).

Third-quarter profit before impairment allowances was 10.1 million euros, the corresponding figure for the third quarter of 2013 was 7.4 million euros (an increase of 35.7%).

## Group's capital ratios

## Own funds

	Basel III 30 Sept 2014	Basel III 31 Dec 2013	Basel II 31 Dec 2013
Paid up capital instruments	8.000	8.000	8.000
Other reserves	0.800	0.800	0.800
Previous years retained earnings	58.898	49.183	49.183
Accumulated other comprehensive income	1.058	1.009	0.030
Other intangible assets	-1.215	-1.039	-1.039
Profit or loss eligible	3.808*	9.715	9.715
Adjustments to CET1 due to prudential filters	-0.172	-0.122	-0.122
<b>Common equity Tier 1 capital</b>	<b>71.177</b>	<b>67.546</b>	<b>66.567</b>
<b>Tier 1 capital</b>	<b>71.177</b>	<b>67.546</b>	<b>66.567</b>
<b>Asset revaluation reserve</b>	-	-	<b>0.979</b>
<b>Tier 2 capital</b>	-	-	<b>0.979</b>
<b>Deductions</b>	-	-	-
<b>Total own funds</b>	<b>71.177</b>	<b>67.546</b>	<b>67.546</b>

## Total risk exposure amount

	Basel III 30 Sept 2014	Basel III 31 Dec 2013	Basel II 31 Dec 2013
<b>Risk weighted exposure amounts for credit and counterparty credit (standardized approach)</b>			
Central governments or central banks	2.285	8.373	8.373
Institutions	6.575	2.381	6.365
Corporates	13.805	14.882	14.882
Retail	140.385	131.878	131.878
Secured by mortgages on immovable property	4.649	5.329	5.429
Exposures in default	60.361	63.947	63.947
Other items	15.179	18.342	11.126
<b>Total risk weighted exposure amounts for credit and counterparty credit (standardized approach)</b>	<b>243.239</b>	<b>245.132</b>	<b>242.000</b>
<b>Total risk exposure amount for foreign exchange risk (standardized approach)</b>	<b>2.012</b>	<b>5.453</b>	<b>5.453</b>
<b>Total risk exposure amount for operational risk (standardized approach)</b>	<b>68.504</b>	<b>55.531</b>	<b>44.425</b>
<b>Total risk exposure amount for credit valuation adjustment (standardized approach)</b>	<b>3.009</b>	<b>3.794</b>	-
<b>Total risk exposure amount</b>	<b>316.764</b>	<b>309.910</b>	<b>291.878</b>

\*Auditors have conducted a review of the financial information of the first half year of 2014 in accordance with International Standard on Review Engagements (ISRE) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. The foreseeable dividends in the amount of 0.621 million euros have been deducted from the interim profit. Financial Supervision Authority has granted a permission to BIGBANK AS to include interim profit in Common Equity Tier 1 capital on 24 October 2014. Leverage ratio excluding the interim profit would have been 21.3%.



## Capital ratios

	Basel III 30 Sept 2014	Basel III 31 Dec 2013	Basel II 31 Dec 2013
CET1 Capital ratio	22.5%	21.8%	22.8%
T1 Capital ratio	22.5%	21.8%	22.8%
Total capital ratio	22.5%	21.8%	23.1%
Leverage ratio*	21.6%		

\* Obligation to calculate Leverage ratio is effective from January 2014.

Regulation (EU) no 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (hereafter "Banking regulation"), that incorporate the Basel III framework, applies from January 2014.

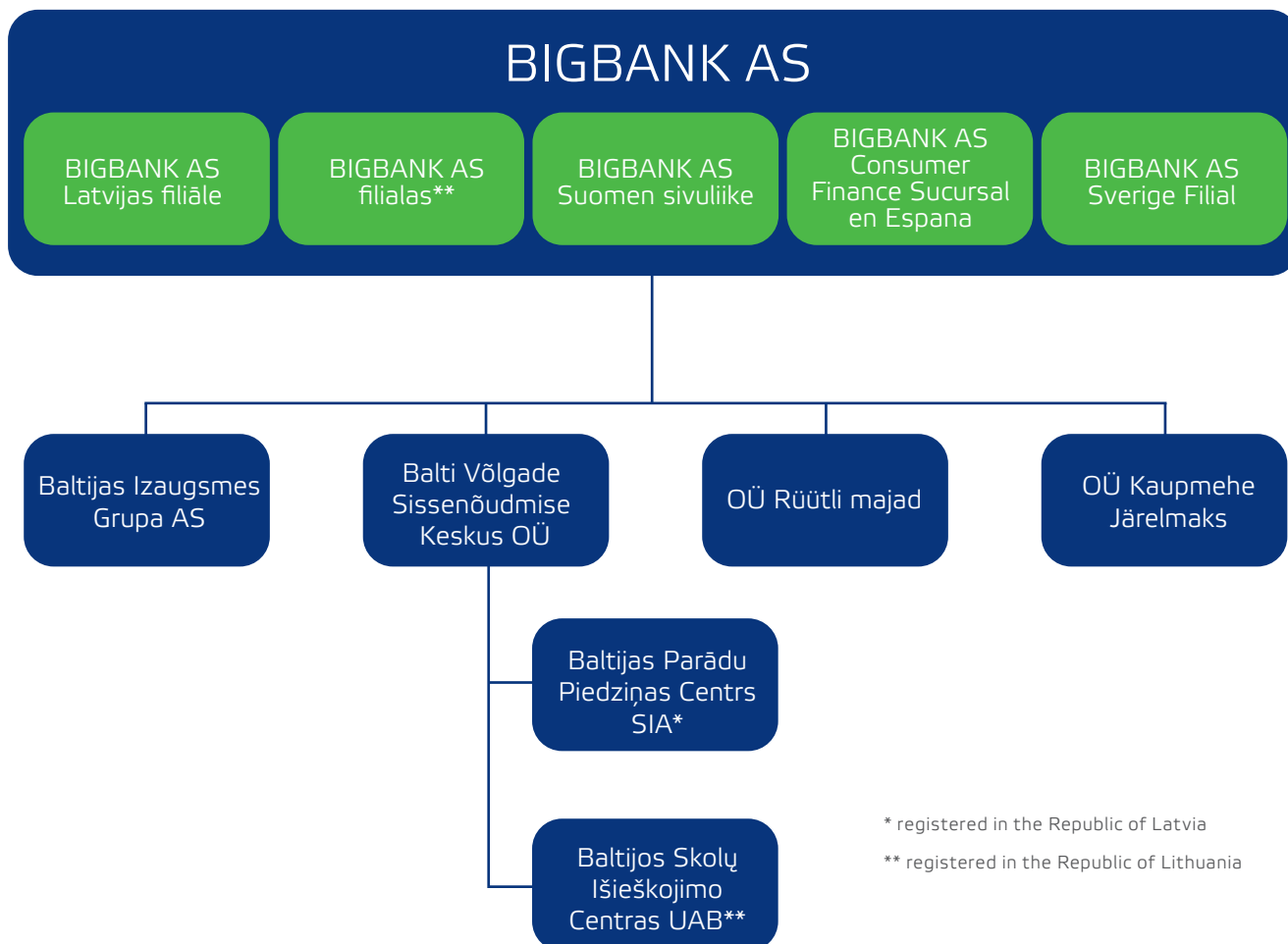
Capital elements used in calculations of capital ratios comply with the Banking regulation.

BIGBANK publishes the Leverage ratio according to the new regulations effective from January 2014. Leverage ratio is calculated by dividing the capital measure (Tier 1 capital) by total exposure measure and is expressed as a percentage.

**About BIGBANK group**

BIGBANK AS was founded on 22 September 1992. A licence for operating as a credit institution was obtained on 27 September 2005. BIGBANK’s core services are term deposits and consumer loans.

The Group’s structure at the reporting date:



The branches in Latvia, Lithuania, Finland, Sweden and Spain offer lending services similar to those of the parent. In addition, the parent and its Latvian, Finnish and Swedish branches offer deposit services. In addition, BIGBANK AS provides cross-border deposit services in Germany, the Netherlands and Austria. The core

business of OÜ Rütli Majad is managing the real estate used in the parent’s business in Estonia. OÜ Balti Völgade Sissenöudmise Keskus and its subsidiaries support the parent and its branches in debt collection and OÜ Kaupmehe Järelmaks offers hire purchase services.

# Condensed consolidated financial statements

## Consolidated statement of financial position

As at	Note	30 Sept 2014	31 Dec 2013
<b>Assets</b>			
Cash and balances at central banks		0.681	23.267
Cash and balances at banks		29.110	7.000
Loans to customers	3,4,5,6,7,8	268.277	261.369
Held-to-maturity financial assets	9	5.613	7.972
Derivatives with positive fair value		0.139	0.163
Other receivables and prepayments	10	3.499	3.293
Deferred tax assets		2.750	2.887
Intangible assets		1.215	1.039
Property and equipment		3.457	3.563
Other assets	11	1.348	1.382
<b>Total assets</b>		<b>316.089</b>	<b>311.935</b>
<b>Liabilities</b>			
Deposits from customers	12	235.321	238.648
Derivatives with negative fair value		0.140	0.182
Provisions		0.300	-
Other liabilities and deferred income		3.521	3.440
<b>Total liabilities</b>		<b>239.282</b>	<b>242.270</b>
<b>Equity</b>			
Share capital		8.000	8.000
Capital reserve		0.800	0.800
Other reserves	13	0.886	0.887
Earnings retained in prior years		58.898	49.183
Profit for the period		8.223	10.795
<b>Total equity</b>		<b>76.807</b>	<b>69.665</b>
<b>Total liabilities and equity</b>		<b>316.089</b>	<b>311.935</b>

## Consolidated statement of comprehensive income

	Note	Q3 2014	Q3 2013	9M 2014	9M 2013
Interest income	16	16.047	13.537	44.600	39.020
Interest expense	17	-1.893	-2.018	-5.776	-5.963
<b>Net interest income</b>		<b>14.154</b>	<b>11.519</b>	<b>38.824</b>	<b>33.057</b>
Net fee income		0.485	0.512	1.467	1.395
Net gain/loss on financial transactions		-0.054	-0.024	-0.238	-0.166
Other income	18	1.852	1.723	5.502	5.562
<b>Total income</b>		<b>16.437</b>	<b>13.730</b>	<b>45.555</b>	<b>39.848</b>
Salaries and associated charges		-2.827	-2.826	-9.037	-9.346
Other operating expenses	19	-2.060	-2.226	-6.035	-6.546
Depreciation and amortisation expense		-0.147	-0.148	-0.388	-0.427
Impairment losses on loans and financial investments		-6.256	-5.086	-18.481	-13.749
Impairment losses on other assets		-	-0.002	-	-0.002
Other expenses	20	-0.740	-0.669	-2.488	-2.122
<b>Total expenses</b>		<b>-12.030</b>	<b>-10.957</b>	<b>-36.429</b>	<b>-32.192</b>
<b>Profit before income tax</b>		<b>4.407</b>	<b>2.773</b>	<b>9.126</b>	<b>7.656</b>
Income tax expense		-0.613	-0.452	-0.903	-1.231
<b>Profit for the period</b>		<b>3.794</b>	<b>2.321</b>	<b>8.223</b>	<b>6.425</b>
<b>Other comprehensive income/expense</b>					
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>					
Exchange differences on translating foreign operations		-0.001	-0.051	0.049	-0.483
Net profit on hedges of net investments in foreign operations		0.011	0.012	-0.050	0.060
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>0.010</b>	<b>-0.039</b>	<b>-0.001</b>	<b>-0.423</b>
<b>Total comprehensive income for the period</b>		<b>3.804</b>	<b>2.282</b>	<b>8.222</b>	<b>6.002</b>
Basic earnings per share (EUR)		47	29	103	80
Diluted earnings per share (EUR)		47	29	103	80

## Consolidated statement of cash flows

	Note	9M 2014	9M 2013
<b>Cash flows from operating activities</b>			
Interest received		40.076	34.923
Interest paid		-5.673	-4.505
Salary and other operating expenses paid		-15.441	-16.456
Other income received		5.650	6.596
Other expenses paid		-3.004	-2.901
Fees received		1.276	1.085
Fees paid		-0.135	-1.099
Recoveries of receivables previously written off		2.223	2.339
Received for other assets		0.143	0.456
Paid for other assets		-0.178	-0.059
Loans provided		-103.437	-108.874
Repayment of loans provided		81.276	67.694
Change in mandatory reserves with central banks		1.565	0.029
Proceeds from customer deposits		41.890	55.330
Paid on redemption of deposits		-44.610	-31.551
Income tax paid/received		-1.251	0.257
Effect of movements in exchange rates		0.110	-0.014
<b>Net cash from operating activities</b>		<b>0.480</b>	<b>3.250</b>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment and intangible assets		-0.388	-0.428
Proceeds from sale of property and equipment		0.007	0.042
Proceeds from sale of investment in subsidiary		-	0.025
Change in term deposits		-	-0.193
Acquisition of financial instruments		-8.953	-13.184
Proceeds from redemption of financial instruments		11.342	13.101
<b>Net cash from/used in investing activities</b>		<b>2.008</b>	<b>-0.637</b>
<b>Cash flows from financing activities</b>			
Repayment of loans from central banks		-	-3.934
Repayment of loans from banks (with interest)		-	-0.038
Dividends paid		-1.080	-1.052
<b>Net cash used in financing activities</b>		<b>-1.080</b>	<b>-5.024</b>
Effect of exchange rate fluctuations		-0.189	-0.033
<b>Increase/decrease in cash and cash equivalents</b>		<b>1.219</b>	<b>-2.444</b>
Cash and cash equivalents at beginning of period		28.377	34.608
<b>Cash and cash equivalents at end of period</b>	2	<b>29.596</b>	<b>32.164*</b>

\* At the end of third quarter of 2013, the cash and cash equivalents comprised term deposits with other credit institutions with original maturities of three months or less, at the end of third quarter of 2014 with original maturities of one year or less. If in 2013 the term deposits with original maturities over 3 months up to one year were stated as cash equivalents, the cash equivalents would have totalled 32.518 million euros.

## Consolidated statement of changes In equity

	Attributable to equity holders of the parent				Total
	Share capital	Statutory capital reserve	Other reserves	Retained earnings	
Balance at 1 January 2013	8.000	0.794	0.373	50.241	59.408
Profit for the period	-	-	-	6.425	6.425
<b>Other comprehensive income</b>					
Exchange differences on translating foreign operations	-	-	-0.483	-	-0.483
Net loss on hedges of net investments in foreign operations	-	-	0.060	-	0.060
<b>Total other comprehensive income</b>	-	-	<b>-0.423</b>	-	<b>-0.423</b>
<b>Total comprehensive income for the period</b>	-	-	<b>-0.423</b>	<b>6.425</b>	<b>6.002</b>
Dividend distribution	-	-	-	-1.052	-1.052
Increase of statutory capital reserve	-	0.006	-	-0.006	-
<b>Total transactions with owners</b>	-	<b>0.006</b>	-	<b>-1.058</b>	<b>-1.052</b>
<b>Balance at 30 September 2013</b>	<b>8.000</b>	<b>0.800</b>	<b>-0.050</b>	<b>55.608</b>	<b>64.358</b>
<b>Balance at 1 January 2014</b>	<b>8.000</b>	<b>0.800</b>	<b>0.887</b>	<b>59.978</b>	<b>69.665</b>
Profit for the period	-	-	-	8.223	8.223
<b>Other comprehensive income</b>					
Exchange differences on translating foreign operations	-	-	0.049	-	0.049
Net loss on hedges of net investments in foreign operations	-	-	-0.050	-	-0.050
<b>Total other comprehensive income</b>	-	-	<b>-0.001</b>	-	<b>-0.001</b>
<b>Total comprehensive income for the period</b>	-	-	<b>-0.001</b>	<b>8.223</b>	<b>8.222</b>
Dividend distribution	-	-	-	-1.080	-1.080
<b>Total transactions with owners</b>	-	-	-	<b>-1.080</b>	<b>-1.080</b>
<b>Balance at 30 September 2014</b>	<b>8.000</b>	<b>0.800</b>	<b>0.886</b>	<b>67.121</b>	<b>76.807</b>

## Notes to the consolidated financial statements

### Note 1. Accounting policies

The condensed consolidated interim financial statements of BIGBANK AS as at and for the third quarter having ended 30 September 2014 have been prepared in accordance with the international financial reporting standard IAS 34 Interim Financial Reporting as adopted by the European Union. The interim financial statements do not include all the information required for full annual financial statements and they should be read in conjunction with the Group's latest published annual financial statements as at and for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRS EU). The condensed

interim financial statements have been prepared using the same accounting policies and measurement bases that were applied in preparing the latest annual financial statements as at and for the ended 31 December 2013. The new and revised standards and interpretations effective from 1 January 2014 do not have a significant impact on the Group's financial statements as at the preparation of the interim report.

This interim report has not been audited or otherwise reviewed by auditors and only includes the condensed consolidated financial statements of the Group. The financial statements are presented in millions of euros, unless otherwise indicated and numerical data has been rounded to three digits after the decimal point.

### Note 2. Cash equivalents

As at	30 Sept 2014	31 Dec 2013	30 Sept 2013
Demand and overnight deposits with credit institutions*	15.179	5.488	16.985
Term deposits with credit institutions with maturity of less than 1 year*	13.925	1.507	15.205**
Surplus on mandatory reserves with central banks*	0.492	21.382	0.328
Mandatory reserves	0.189	1.884	1.930
Interest receivable from central banks	0.006	0.005	0.016
<b>Total cash and balances at banks</b>	<b>29.791</b>	<b>30.266</b>	<b>34.464</b>
<b>of which cash and cash equivalents</b>	<b>29.596</b>	<b>28.377</b>	<b>32.518</b>

\* Cash equivalents

\*\* The amount shown here does not correspond to the consolidated interim report for the third quarter of 2013. In 2013, the cash and cash equivalents comprised highly liquid term deposits with other credit institutions with original maturities of three months or less in amount of 14.851 million euros. In this consolidated interim report, the adjustment has been made in amount of 0.354 million euros to include the deposits with original maturities over 3 months up to one year.

**Note 3. Loans to customers****Loans to customers as at 30 September 2014**

	<b>Estonia</b>	<b>Latvia</b>	<b>Lithuania</b>	<b>Finland</b>	<b>Spain</b>	<b>Sweden</b>	<b>Total</b>
Loan receivables from customers	58.479	74.444	39.576	54.272	30.883	39.011	296.665
Impairment allowances for loans	-9.032	-14.111	-5.494	-5.358	-4.281	-2.152	-40.428
Interest receivable from customers	7.572	9.942	2.419	1.568	1.506	1.158	24.165
Impairment allowances for interest receivables	-2.619	-3.258	-0.967	-0.290	-0.418	-0.160	-7.712
Statistical impairment allowance	-1.259	-2.234	-0.792	-0.063	-0.021	-0.044	-4.413
<b>Total loans to customers, incl. interest and allowances</b>	<b>53.141</b>	<b>64.783</b>	<b>34.742</b>	<b>50.129</b>	<b>27.669</b>	<b>37.813</b>	<b>268.277</b>
Share of region	19.8%	24.1%	13.0%	18.7%	10.3%	14.1%	100.0%

**Loans to customers as at 31 December 2013**

	<b>Estonia</b>	<b>Latvia</b>	<b>Lithuania</b>	<b>Finland</b>	<b>Spain</b>	<b>Sweden</b>	<b>Total</b>
Loan receivables from customers	63.856	72.264	37.835	52.506	23.691	31.274	281.426
Impairment allowances for loans	-8.445	-11.366	-4.347	-3.785	-3.298	-1.406	-32.647
Interest receivable from customers	8.061	10.085	2.899	1.911	1.099	0.703	24.758
Impairment allowances for interest receivables	-2.241	-2.571	-0.868	-0.244	-0.296	-0.085	-6.305
Statistical impairment allowance	-1.567	-2.846	-1.347	-0.056	-0.019	-0.028	-5.863
<b>Total loans to customers, incl. interest and allowances</b>	<b>59.664</b>	<b>65.566</b>	<b>34.172</b>	<b>50.332</b>	<b>21.177</b>	<b>30.458</b>	<b>261.369</b>
Share of region	22.8%	25.1%	13.1%	19.3%	8.1%	11.6%	100.0%

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

<b>As at</b>	<b>30 Sept 2014</b>	<b>31 Dec 2013</b>
Up to 1 year	158.237	146.591
1-2 years	43.659	45.859
2-5 years	80.813	73.671
More than 5 years	13.956	15.305
<b>Total</b>	<b>296.665</b>	<b>281.426</b>



**Note 5. Ageing analysis of loan receivables****Ageing analysis as at 30 September 2014**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
<b>Loans against income</b>						
Loan portfolio	153.951	18.636	6.195	2.618	78.578	259.978
Impairment allowance	-3.999	-0.682	-0.484	-0.256	-33.894	-39.315
<b>Surety loans</b>						
Loan portfolio	5.879	1.229	0.426	0.233	6.321	14.088
Impairment allowance	-0.463	-0.097	-0.089	-0.049	-3.130	-3.828
<b>Loans secured with real estate</b>						
Loan portfolio	15.398	1.706	1.297	0.094	2.988	21.483
Impairment allowance	-0.469	-0.082	-0.052	-0.011	-0.906	-1.520
<b>Loans with insurance cover</b>						
Loan portfolio	0.428	0.101	0.015	0.012	0.321	0.877
Impairment allowance	-0.024	-0.005	-0.003	-0.002	-0.137	-0.171
<b>Loans against other collaterals</b>						
Loan portfolio	0.236	0.000	-	0.003	-	0.239
Impairment allowance	-0.007	0.000	-	0.000	-	-0.007
<b>Total loan portfolio</b>	<b>175.892</b>	<b>21.672</b>	<b>7.933</b>	<b>2.960</b>	<b>88.208</b>	<b>296.665</b>
<b>Total impairment allowance</b>	<b>-4.962</b>	<b>-0.866</b>	<b>-0.628</b>	<b>-0.318</b>	<b>-38.067</b>	<b>-44.841</b>

**Ageing analysis as at 31 December 2013**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
<b>Loans against income</b>						
Loan portfolio	139.121	19.107	6.402	3.319	74.807	242.756
Impairment allowance	-4.112	-0.879	-0.374	-0,238	-27,585	-33,188
<b>Surety loans</b>						
Loan portfolio	5.732	1.452	0.476	0.174	7.132	14.966
Impairment allowance	-0.490	-0.156	-0.061	-0.021	-2.652	-3.380
<b>Loans secured with real estate</b>						
Loan portfolio	14.066	2.659	0.257	0.104	2.901	19.987
Impairment allowance	-0.608	-0.153	-0.047	-0.011	-0.950	-1.769
<b>Loans with insurance cover</b>						
Loan portfolio	0.625	0.171	0.043	0.015	0.183	1.037
Impairment allowance	-0.027	-0.010	-0.003	-0.002	-0.049	-0.091
<b>Loans against other collaterals</b>						
Loan portfolio	2.675	0.003	-	-	0.002	2.680
Impairment allowance	-0.080	-	-	-	-0.002	-0.082
<b>Total loan portfolio</b>	<b>162.219</b>	<b>23.392</b>	<b>7.178</b>	<b>3.612</b>	<b>85.025</b>	<b>281.426</b>
<b>Total impairment allowance</b>	<b>-5.317</b>	<b>-1.198</b>	<b>-0.485</b>	<b>-0.272</b>	<b>-31.238</b>	<b>-38.510</b>

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

As at	30 Sept 2014	31 Dec 2013
EUR (euro)	257.092	242.710
LTL (Lithuanian litas)	0.562	0.876
LVL (Latvian lats)	-	6.566
SEK (Swedish krona)	39.011	31.274
<b>Total loan receivables from customers</b>	<b>296.665</b>	<b>281.426</b>

**Note 7. Impairment of loans, receivables and financial investments****Impairment allowances as at 30 September 2014**

	Loan receivables	Impairment allowance for loans	Interest receivables	Impairment allowance for loan interest	Total impairment allowances
Collectively assessed items	263.927	-23.474	20.963	-4.906	-28.380
Individually assessed items	32.738	-16.954	3.202	-2.806	-19.760
Statistical impairment allowance	-	-4.413	-	-	-4.413
<b>Total</b>	<b>296.665</b>	<b>-44.841</b>	<b>24.165</b>	<b>-7.712</b>	<b>-52.553</b>

**Impairment allowances as at 31 December 2013**

	Loans receivables	Impairment allowances for loans	Interest receivables	Impairment allowances for loan interest	Total impairment allowances
Collectively assessed items	251.198	-22.470	22.228	-4.699	-27.169
Individually assessed items	30.228	-10.177	2.530	-1.606	-11.783
Statistical impairment allowance	-	-5.863	-	-	-5.863
<b>Total</b>	<b>281.426</b>	<b>-38.510</b>	<b>24.758</b>	<b>-6.305</b>	<b>-44.815</b>

**Change in impairment allowances for loans and related interest receivables**

As at	30 Sept 2014	31 Dec 2013	30 Sept 2013
Balance at beginning of year	-44.815	-37.148	-37.148
Loan and interest receivables written off the statement of financial position	9.691	14.801	12.266
Increase in allowances for loan and interest receivables	-17.492	-22.622	-15.721
Effect of movements in exchange rates	0.063	0.154	0.127
<b>Balance at end of period</b>	<b>-52.553</b>	<b>-44.815</b>	<b>-40.476</b>

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

	Q3 2014	Q3 2013	9M 2014	9M 2013
Recovery of loan and interest receivables written off the statement of financial position	0.340	0.168	2.473	2.185
Increase in allowances for loan and interest receivables	-6.416	-5.206	-20.466	-15.721
Impairment losses on financial investments	-	-	-	0.018
Impairment losses on other receivables	-0.180	-0.048	-0.488	-0.231
<b>Total impairment losses</b>	<b>-6.256</b>	<b>-5.086</b>	<b>-18.481</b>	<b>-13.749</b>

**Note 8. Past due loans****Past due loans as at 30 September 2014**

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Up to 30 days	0.877	0.469	0.279	0.149	0.096	0.089	1.959
31 - 60 days	0.732	0.397	0.253	0.088	0.128	0.042	1.639
61-90 days	0.249	0.260	0.134	0.102	0.047	0.001	0.794
Over 90 days	16.909	27.388	10.160	13.456	6.221	5.995	80.127
<b>Total</b>	<b>18.767</b>	<b>28.513</b>	<b>10.826</b>	<b>13.795</b>	<b>6.491</b>	<b>6.126</b>	<b>84.519</b>

**Past due loans as at 31 December 2013**

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Up to 30 days	1.930	0.640	0.691	0.142	0.092	0.073	3.568
31 - 60 days	0.451	0.436	0.243	0.116	0.056	0.038	1.340
61-90 days	0.185	0.316	0.144	0.171	0.030	0.014	0.860
Over 90 days	18.336	28.664	8.984	11.563	4.978	3.799	76.324
<b>Total</b>	<b>20.902</b>	<b>30.056</b>	<b>10.062</b>	<b>11.992</b>	<b>5.156</b>	<b>3.924</b>	<b>82.092</b>

The table above shows only loan principal that is past due. In accordance with the terms of the loan agreements, the Group may terminate the agreement unilaterally if at least three

scheduled payments are in arrears. When an agreement is terminated, the customer has to settle the entire loan amount.

**Note 9. Held-to-maturity financial assets****Debt securities portfolio**

As at	30 Sept 2014	31 Dec 2013
Acquisition cost of the debt securities portfolio	5.598	7.942
Accrued interest	0.015	0.030
<b>Total held-to-maturity financial assets</b>	<b>5.613</b>	<b>7.972</b>
<b>Held-to-maturity financial assets by issuer</b>		
Government bonds	4.297	5.870
Corporate bonds	1.316	2.102
<b>Held-to-maturity financial assets by currency</b>		
EUR (euro)	5.613	7.972
<b>Held-to-maturity financial assets by rating</b>		
Baa1-Baa3	5.613	7.792

Held-to-maturity financial assets include acquired bonds that the Group has the intention and ability to hold until maturity.

**Note 10. Other receivables and prepayments**

As at	30 Sept 2014	31 Dec 2013
Other receivables	2.182	2.207
Prepayments	1.317	1.086
<b>Total</b>	<b>3.499</b>	<b>3.293</b>

**Other receivables**

As at	30 Sept 2014	31 Dec 2013
Late payment interest and penalty payments receivable	0.011	0.017
Fees receivable	0.379	0.300
Collection, recovery and other charges receivable	2.633	2.496
Guarantee and deposit payments made	0.130	0.118
Miscellaneous receivables	0.233	0.185
Impairment allowance for other receivables	-1.204	-0.909
<b>Total</b>	<b>2.182</b>	<b>2.207</b>

**Prepayments**

As at	30 Sept 2014	31 Dec 2013
Prepaid taxes	0.578	0.410
Other prepayments	0.739	0.676
<b>Total</b>	<b>1.317</b>	<b>1.086</b>

**Note 11. Other assets**

As at	30 Sept 2014	31 Dec 2013
Collateral acquired	1.877	2.035
Impairment allowance	-0.529	-0.653
<b>Total other assets (total carrying value of collateral acquired)</b>	<b>1.348</b>	<b>1.382</b>

**Note 12. Deposits from customers**

As at	30 Sept 2014	31 Dec 2013
<b>Term deposits</b>	<b>235.321</b>	<b>238.648</b>
<b>Term deposits by customer type</b>		
Individuals	229.723	233.094
Legal persons	5.598	5.554
<b>Term deposits by currency</b>		
EUR (euro)	203.586	219.015
LVL (Latvian lats)	-	1.582
SEK (Swedish krona)	31.735	18.051
<b>Term deposits by maturity</b>		
Maturing within 6 months	41.695	36.392
Maturing between 6 and 12 months	47.818	50.979
Maturing between 12 and 18 months	20.128	33.237
Maturing between 18 and 24 months	28.501	27.259
Maturing between 24 and 36 months	40.970	32.222
Maturing between 36 and 48 months	20.498	28.575
Maturing in over 48 months	35.711	29.984
Average deposit amount	0.019	0.018
Weighted average interest rate	3.2%	3.7%
Weighted average duration until maturity (months)	26.5	25.5
Weighted average total contract term (months)	46.4	43.6

**Note 13. Other reserves**

As at	30 Sept 2014	Change	31 Dec 2013	Change	31 Dec 2012
Exchange differences on translating foreign operations	0.079	0.049	0.030	-0.451	0.481
Net gain/loss on hedges of net investments in foreign operations	-0.172	-0.050	-0.122	-0.014	-0.108
Asset revaluation reserve	0.979	-	0.979	0.979	-
<b>Total other reserves</b>	<b>0.886</b>	<b>-0.001</b>	<b>0.887</b>	<b>0.514</b>	<b>0.373</b>

**Note 14. Net currency positions****Net currency positions as at 30 September 2014**

	Position in the statement of financial position		Position off the statement of financial position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	272.002	206.746	8.208	0.183	73.281
LTL (Lithuanian litas)	0.973	0.337	-	-	0.636
SEK (Swedish krona)	41.532	32.058	-	8.326	1.148
GBP (British pound)	0.229	0.001	-	-	0.228

**Net currency positions as at 31 December 2013**

	Position in the statement of financial position		Position off the statement of financial position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	270.723	221.559	13.641	0.770	62.035
LVL (Latvian lats)*	6.315	1.966	-	-	4.349
LTL (Lithuanian litas)	0.880	0.331	-	-	0.549
SEK (Swedish krona)	32.747	18.229	-	14.028	0.490
GBP (British pound)	0.068	0.003	-	-	0.065

\* On 1 January 2014, the Republic of Latvia joined the euro area and all currency positions in Latvian lats were converted to euros on that date.

The loans provided by the Group are denominated in the currency of the corresponding region or in euros.

To mitigate the risk of losses arising from significant exchange rate fluctuations, loan agreements signed in Lithuania in earlier periods in-

clude a devaluation clause that ensures that the proportions of contractual liabilities are maintained throughout the loan term. Devaluation clause has been taken into account in the net currency positions.

**Note 15. Contingent liabilities and assets pledged as collateral**

As at	30 Sept 2014	31 Dec 2013
Irrevocable transactions, of which	0.183	0.770
Guarantees and similar irrevocable transactions	-	-
Issued bank guarantees	0.110	0.070
Credit lines and overdrafts	0.073	0.700
Assets pledged and encumbered with usufruct, of which**	2.756	2.968
Mortgages	1.496	1.496
Bonds and deposits encumbered with collateral	1.260	1.472

\* In addition, assets of 2.449 million euros are pledged and encumbered with usufruct to serve as collateral for liabilities that have been settled by the date of release of this report.

**Note 16. Interest income**

	Q3 2014	Q3 2013	9M 2014	9M 2013
Interest income on loans to customers	16.020	13.478	44.508	38.843
Interest income on deposits	0.012	0.031	0.044	0.079
Interest income on held-to-maturity financial assets	0.015	0.028	0.048	0.098
<b>Total interest income</b>	<b>16.047</b>	<b>13.537</b>	<b>44.600</b>	<b>39.020</b>

**Note 17. Interest expense**

	Q3 2014	Q3 2013	9M 2014	9M 2013
Interest expense on deposits	1.893	2.018	5.776	5.963
<b>Total interest expense</b>	<b>1.893</b>	<b>2.018</b>	<b>5.776</b>	<b>5.963</b>

**Note 18. Other income**

	Q3 2014	Q3 2013	9M 2014	9M 2013
Income from debt recovery proceedings	1.781	1.637	5.317	5.291
Miscellaneous income	0.071	0.086	0.185	0.271
<b>Total other income</b>	<b>1.852</b>	<b>1.723</b>	<b>5.502</b>	<b>5.562</b>

**Note 19. Other operating expenses**

	Q3 2014	Q3 2013	9M 2014	9M 2013
Marketing expenses	1.000	1.191	3.015	3.511
Office, rental and similar expenses	0.341	0.427	1.015	1.284
Miscellaneous operating expenses	0.719	0.608	2.005	1.751
<b>Total other operating expenses</b>	<b>2.060</b>	<b>2.226</b>	<b>6.035</b>	<b>6.546</b>

**Note 20. Other expenses**

	Q3 2014	Q3 2013	9M 2014	9M 2013
Expenses related to enforcement proceedings	0.420	0.342	1.103	1.130
Legal regulation charges	0.129	0.142	0.420	0.416
Expenses from assets held for sale	0.002	0.006	0.020	0.018
Onerous contracts provisions	-	-	0.300	-
Miscellaneous expenses	0.189	0.179	0.645	0.558
<b>Total other expenses</b>	<b>0.740</b>	<b>0.669</b>	<b>2.488</b>	<b>2.122</b>

**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 September 2014, the Group had no interest and deposit liabilities to related parties.



# Statement by the management board

According to the knowledge and belief of the management board of BIGBANK AS, as at the date of publication:

- the figures and additional information presented in the condensed consolidated interim report for the third quarter of 2014 are true and complete; and
- the condensed consolidated financial statements provide a true and fair view of the Group's financial position, financial performance and cash flows.

The condensed consolidated interim report as at 30 September 2014 has been prepared in accordance with the international financial reporting standard IAS 34 Interim Financial Reporting as adopted by the European Union and with the information disclosure requirements established by the Bank of Estonia.

BIGBANK AS is a going concern.

**Kaido Saar**

*Chairman of  
the Management Board*

*27 November 2014*  
[signed digitally]

**Veiko Kandla**

*Member of  
the Management Board*

*27 November 2014*  
[signed digitally]

**Ingo Pöder**

*Member of  
the Management Board*

*27 November 2014*  
[signed digitally]