

BIGBANK AS

Public Interim Report

Fourth Quarter 2013

BIGBANK AS
CONSOLIDATED INTERIM REPORT FOR THE FOURTH QUARTER AND
12 MONTHS OF 2013

Business name	BIGBANK AS
Registry	Commercial Register of the Republic of Estonia
Registration number	10183757
Date of entry	30 January 1997
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Corporate website	www.bigbank.ee
Financial year	1 January 2013 – 31 December 2013
Reporting period	1 January 2013 – 31 December 2013
Chairman of the management board	Kaido Saar
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 *Public Interim Report* can be accessed on the website of BIGBANK AS at www.bigbank.ee. The version in English can be accessed at www.bigbank.eu.

From 28 February 2014, *Public Interim Report for the Fourth Quarter of 2013* will be available at the head office of BIGBANK AS at Rüütli 23 in Tartu and all other branch offices of the company.

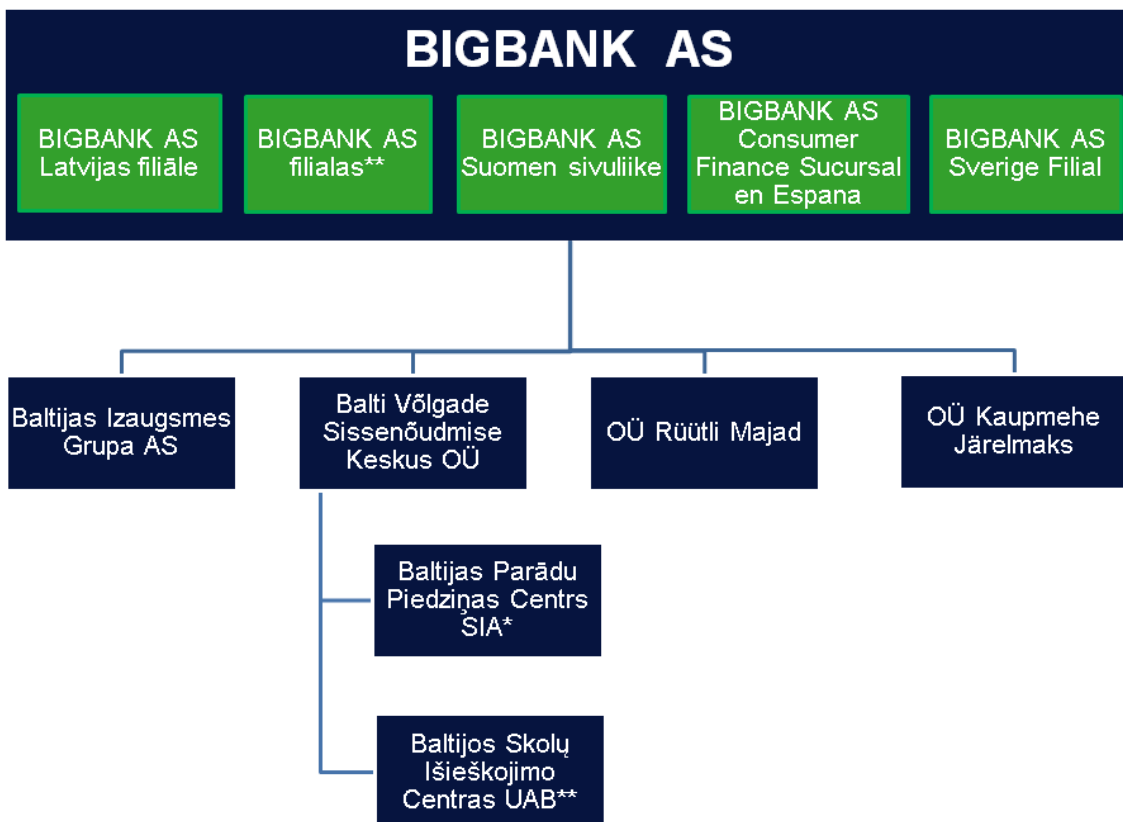
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ABOUT BIGBANK GROUP

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

The Group's structure at the reporting date:



* registered in the Republic of Latvia

** registered in the Republic of Lithuania

BIGBANK AS was founded on 22 September 1992. A licence for operating as a credit institution was obtained on 27 September 2005. BIGBANK specializes in taking term deposits and providing consumer loans.

The branches in Latvia, Lithuania, Finland, Spain and Sweden offer lending services similar to those of the parent. In addition, the parent and its Latvian, Finnish and Swedish branches offer deposit services. The core business of OÜ Rütli Majad is managing the real estate used in the parent's business operations in Estonia. OÜ Balti Völgade Sissenõudmise Keskus and its subsidiaries support the parent and its branches in debt collection and OÜ Kaupmehe Järelmaks offers hire purchase services. In addition, BIGBANK AS provides cross-border deposit services in Germany, the Netherlands and Austria.

STATEMENT BY THE MANAGEMENT BOARD

According to the knowledge and belief of the Management Board of BIGBANK AS, as at the date of publication:

- the figures and additional information presented in the condensed consolidated interim report for the fourth quarter of 2013 are true and complete; and
- the condensed consolidated financial statements provide a true and fair view of the Group's financial position, financial performance and cash flows.

The condensed consolidated interim report as at 31 December 2013 has been prepared in accordance with the international financial reporting standard IAS 34 *Interim Financial Reporting* as adopted by the European Union and with the information disclosure requirements established by the Bank of Estonia.

BIGBANK AS is a going concern.

Kaido Saar

Chairman of the Management Board

28 February 2014 *[digitally signed]*

Veiko Kandla

Member of the Management Board

28 February 2014 *[digitally signed]*

Ingo Pöder

Member of the Management Board

28 February 2014 *[digitally signed]*

REVIEW OF OPERATIONS

SIGNIFICANT ECONOMIC EVENTS

In the fourth quarter of 2013, BIGBANK AS (hereafter also “BIGBANK” or the “Group”) continued to expand its loan portfolio. During the quarter, the loan portfolio of BIGBANK Group grew by 10.8 million euros, i.e. 4.0%. The largest contribution to the growth of the loan portfolio was made by BIGBANK’s Swedish branch.

The Group’s net profit for the fourth quarter of 2013 amounted to 4.4 million euros, the net profit of the fourth quarter of 2012 was 2.6 million euros (an increase of 69.1%). In the fourth quarter of 2013, profit before impairment allowances was 10.2 million euros. In the fourth quarter of 2012, the corresponding figure was 7.1 million euros (an increase of 43.1%).

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 fourth quarter of 2013, BIGBANK employed a total of 496 people: 218 in Estonia, 104 in Latvia, 78 in Lithuania, 36 in Finland, 37 in Spain and 23 in Sweden.

At the end of the fourth quarter, the Group had 15 branch offices, of which 4 were located in Estonia, 3 in Latvia, 7 in Lithuania and 1 in Spain.

KEY PERFORMANCE INDICATORS AND RATIOS

Financial position indicators (in millions of euros)	31 Dec 2013	31 Dec 2012	Change
Total assets	311.935	280.729	11.1%
Loans to customers	261.369	224.521	16.4%
of which loan portfolio	281.426	236.882	18.8%
of which interest receivable	24.758	24.787	-0.1%
of which impairment allowances	-44.815	-37.148	20.6%
of which impairment allowances for loans	-32.647	-28.263	15.5%
of which impairment allowances for interest receivables	-6.305	-5.327	18.4%
of which statistical impairment allowances	-5.863	-3.558	64.8%
Deposits from customers	238.648	212.936	10.2%
Equity	69.665	59.408	17.3%

Financial performance indicators (in millions of euros)	Q4 2013	Q4 2012	Change
Interest income	14.343	12.247	17.1%
Interest expense	2.018	2.010	0.4%
Expenses from impairment allowances	5.852	4.556	28.4%
Income from debt collection proceedings	1.775	1.526	16.3%
Profit before impairment allowances	10.222	7.141	43.1%
Net profit	4.370	2.585	69.1%

Ratios	Q4 2013	Q3 2013	Q2 2013	1Q 2013	Q4 2012
Return on equity (ROE)	26.3%	14.7%	15.9%	11.4%	17.6%
Equity multiplier (EM)	4.7	4.7	4.7	4.8	4.7
Profit margin (PM)	25.8%	14.7%	15.9%	11.2%	17.4%
Asset utilization ratio (AU)	21.9%	21.1%	21.3%	21.3%	21.3%
Return on assets (ROA)	5.6%	3.1%	3.4%	2.4%	3.7%
Price difference (SPREAD)	14.9%	14.2%	14.1%	14.0%	13.8%
Tier 1 capital ratio (TIER 1)	28.0%	24.7%	25.6%	24.1%	25.2%

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

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

Explanations of ratios:

- Return on equity (ROE) – net profit to equity
- Equity multiplier (EM) – total assets to total equity
- Profit margin (PM) – net profit to total income
- Asset utilisation (AU) – total income (incl. interest income, fee income, dividend income and other operating income) to total assets
- Return on assets (ROA) – net profit to total assets
- SPREAD – ratio of interest income to interest-bearing assets less ratio of interest expense to interest-bearing liabilities
- TIER 1 capital ratio (TIER 1 ratio) – ratio of TIER 1 capital to risk-weighted assets

FINANCIAL REVIEW**Financial position**

Total assets	<p>As at 31 December 2013, the consolidated assets of BIGBANK AS Group totalled 311.9 million euros, having increased by 4.8 million euros (1.6%) during the quarter.</p> <p>As at 31 December 2013, loans to customers accounted for 83.8% of total assets, the proportion of liquid assets (amounts due from banks and held-to-maturity financial assets) was 12.3%.</p>
Liquid assets	<p>At the end of the fourth quarter, liquid assets totalled 38.2 million euros.</p>
Held-to-maturity financial assets	<p>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 31 December 2013, the Group had debt securities of 8.0 million euros.</p>
Loans to customers	<p>At the end of the fourth quarter, the Group had 182 thousand loan agreements, 42 thousand of them in Estonia, 73 thousand in Latvia, 36 thousand in Lithuania, 17 thousand in Finland, 9 thousand in Spain and 5 thousand in Sweden.</p> <p>Geographical distribution of loans to customers:</p> <ul style="list-style-type: none"> • 22.8% Estonia, • 25.1% Latvia, • 19.3% Finland, • 13.1% Lithuania, • 8.1% Spain, • 11.6% Sweden. <p>At 31 December 2013, loans to customers totalled 261.4 million euros, comprising of:</p> <ul style="list-style-type: none"> • the loan portfolio of 281.4 million euros, loans to individuals accounting for 95.2% of the total; • interest receivable on loans of 24.8 million euros; • impairment allowances for loans and interest receivables of 44.8 million euros (consisting of an impairment allowance for loans of 32.6 million euros, an impairment allowance for interest receivables of 6.3 million euros and a statistical impairment allowance of 5.9 million euros). <p>BIGBANK's loan portfolio is diversified – at the reporting date the average loan was 1,889 euros and as at 31 December 2013, 40 largest loans accounted for 4.4% of the loan portfolio.</p> <p>BIGBANK AS focuses on the provision of consumer loans. In line with the corporate strategy, as at 31 December 2013 loans against income accounted for 86.3%, loans against surety for 5.3%, loans secured with real estate for 7.1%, loans with insurance coverage for 0.4% and loans granted against other types of collateral for 0.9% of the total loan portfolio.</p>
Past due loans	<p>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.</p>

Impairment allowances	<p>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.</p> <p>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.</p> <p>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 31 December 2013, impairment allowances totalled 45.5 million euros, consisting of:</p> <ul style="list-style-type: none"> • impairment allowances for loan receivables of 32.6 million euros, • impairment allowances for interest receivables of 6.3 million euros, • statistical impairment allowances of 5.9 million euros, • impairment allowances for other receivables of 0.7 million euros. <p>Where debt recovery proceedings do not yield expected results, the underlying receivable is written off the statement of financial position.</p>
Liabilities	<p>At the end of the fourth quarter of 2013, the Group's liabilities totalled 242.3 million euros. Most of the debt raised by the Group, i.e. 238.6 million euros (98.5%) consisted of term deposits.</p>
Equity	<p>In the fourth quarter of 2013, the Group's equity grew by 5.3 million euros (8.2%) to 69.7 million euros. The equity to assets ratio amounted to 22.3%. At the end of the fourth quarter, capital adequacy was 23.5% (Basel II) compared with 21.2% at the end of 2012.</p>

Financial performance

Interest income	<p>Interest income for the fourth quarter reached 14.3 million euros, increasing by 2.1 million euros (17.1%) year over year. The increase in interest income results from growth in the loan portfolio.</p> <p>The period's ratio of interest income (annualised) to average interest-earning assets was 18.4 % and (annualised) return on the loan portfolio accounted for 20.6% of the average loan portfolio.</p>
Interest expense	<p>Interest expense for the fourth quarter of 2013 was 2.0 million euros, therefore remaining the same in comparison to the same period of 2012.</p> <p>The ratio of interest expense to interest income was 14.1 %. The ratio of interest expense to average interest-bearing liabilities (annualised) was 3.5%.</p>
Other operating expenses	<p>Other operating expenses for the fourth quarter totalled 2.1 million euros (growth in comparison to the same period of 2012 was 0.9 million euros).</p>
Salaries and associated charges	<p>Salaries and associated charges for the fourth quarter of 2013 amounted to 3.1 million euros, including remuneration of 2.0 million euros. As at the end of the period, the Group had 496 employees.</p>
Impairment losses	<p>In the fourth quarter, impairment losses increased by 5.9 million euros, consisting of:</p> <ul style="list-style-type: none"> • impairment losses on loan receivables of 4.7 million euros, • impairment losses on interest receivables of 1.0 million euros, • impairment losses on other receivables of 0.2 million euros. <p>Impairment allowances are made on a conservative basis.</p>

Other income and expenses	Other income for the fourth quarter of 2013 was 2.0 million euros, the largest proportion of which resulted from debt collection income. In the same period of 2012, other income was 2.1 million euros. Other expenses for the fourth quarter reached 0.7 million euros, therefore remaining the same in comparison to the same period of 2012.
Profit for the period	The Group's net profit for the fourth quarter of 2013 amounted to 4.4 million euros. In comparison to the fourth quarter of 2012, net profit has decreased by 1.8 million euros (69.1%). Third-quarter profit before impairment allowances was 10.2 million euros, the corresponding figure for the fourth quarter of 2012 was 7.1 million euros (an increase of 43.1%).

GROUP'S CAPITAL ADEQUACY

<i>(In millions of euros)</i>	31 Dec 2013	31 Dec 2012
Paid-up share capital	8.000	8.000
Reserves established from profit (capital reserve)	0.800	0.794
Earnings retained in prior years	49.183	43.211
Foreign currency translation reserve	0.030	0.481
Intangible assets	-1.039	-0.968
Profit for the year	10.795*	7.030
Other Tier 1 own funds	-0.122	-0.108
Tier 1 capital	67.647	58.440
Tier 2 capital	0.979	-
Deductions	-	-
Total capital used to determine capital adequacy	68.626	58.440
Capital requirements		
Claims on central governments and central banks, standardized approach	0.837	0.728
Claims on credit institutions and investment firms, standardized approach	0.637	1.707
Claims on companies, standardized approach	1.488	1.179
Retail claims, standardized approach	13.188	11.090
Claims secured by real estate, standardized approach	0.543	0.647
Claims in arrears, standardized approach	6.395	6.843
Other assets, standardized approach	1.112	0.991
Total capital requirement for credit risk and counterparty risk	24.200	23.185
Capital requirement for foreign exchange risk	0.545	0.540
Capital requirement for operational risk, standardized approach	4.442	3.896
Total capital requirements	29.187	27.621
Capital adequacy	23.5%	21.2%

The profit for reporting period has been verified by an auditor and the requirements for entering the profit for the period to own funds as provided in section 73 of the Credit Institutions Act have been met.

* Profit for the year has not been adjusted for the dividends proposed in the profit allocation proposal in the amount of 1.080 million euros. A dividend distribution of the proposed amount will lower capital adequacy by 0.4 percentage points (23.1%).

On 1 January 2014, the Republic of Latvia joined the euro area and therefore net currency position of Latvian lats has no effect on capital requirement for foreign exchange risk from 1 January 2014. Considering aforementioned change in net currency position, capital adequacy as at 31 December 2013 would have been 0.4 percentage points higher.

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

Capital adequacy has been calculated for BIGBANK AS group. At 31 December 2013, capital adequacy at the level of the parent company was 19.4%.

The definition of a consolidation group for the purposes of calculating capital adequacy does not differ from the definition of a consolidation group for the purposes of preparing financial statements.

Under Section 73 of the Credit Institutions Act, Tier 1 own funds (Tier 1 capital) consists of:

- paid-up share capital;
- capital reserve and other reserves formed based on the law and the articles of association using profit;
- prior years' audited retained profits;
- profit for the reporting year that has been checked by the credit institution's auditor.

In calculating Tier 1 capital, the following is deducted:

- intangible assets.

Under Section 77¹ of the Credit Institutions Act, when Tier 1 capital is calculated on a consolidated basis, the foreign currency translation reserve consisting of the unrealised exchange differences is added to Tier 1 capital.

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

Tier 2 capital includes asset revaluation reserve. The Group has no Tier 3 capital.

Capital requirements for both credit risk and operational risk have been determined using the standardized approach.

In determining the capital requirement for foreign exchange risk, the Group has taken into account the exposures covered by the devaluation clauses.

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

As at	Note	31 Dec 2013	31 Dec 2012
Assets			
Cash and balances at central banks		23.267	10.312
Cash and balances at banks		7.000	26.520
Loans to customers	3,4,5,6,7,8	261.369	224.521
Held-to-maturity financial assets	9	7.972	8.476
Derivatives with positive fair value		0.163	0.020
Other receivables and prepayments	10	3.293	4.327
Deferred tax assets		2.887	1.239
Intangible assets		1.039	0.968
Property and equipment		3.563	2.670
Other assets	11	1.382	1.676
Total assets		311.935	280.729
Liabilities			
Loans from central banks	12	-	3.928
Loans from banks	12	-	0.038
Deposits from customers	13	238.648	212.936
Derivatives with negative fair value		0.182	0.303
Other liabilities and deferred income		3.440	4.116
Total liabilities		242.270	221.321
Equity			
Share capital		8.000	8.000
Capital reserve		0.800	0.794
Other reserves	14	0.887	0.373
Earnings retained in prior years		49.183	43.211
Profit for the period		10.795	7.030
Total equity		69.665	59.408
Total liabilities and equity		311.935	280.729

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Q4 2013	Q4 2012	2013	2012
Interest income	17	14.343	12.247	53.363	45.893
Interest expense	18	-2.018	-2.010	-7.981	-7.601
Net interest income		12.325	10.237	45.382	38.292
Net fee income		0.522	0.384	1.917	1.019
Net gain/loss on financial transactions		-0.138	0.109	-0.304	-0.146
Other income	19	2.038	2.137	7.600	7.125
Total income		14.747	12.867	54.595	46.290
Salaries and associated charges		-3.082	-3.225	-12.428	-11.631
Other operating expenses	20	-2.075	-1.133	-8.621	-8.649
Depreciation and amortisation expense		-0.154	-0.134	-0.581	-0.477
Impairment losses on loans and financial investments		-5.852	-4.556	-19.601	-14.631
Other expenses	21	-0.706	-0.739	-2.830	-2.608
Total expenses		-11.869	-9.787	-44.061	-37.996
Profit before income tax		2.878	3.080	10.534	8.294
Income tax expense/income		1.492	-0.495	0.261	-1.264
Profit for the period		4.370	2.585	10.795	7.030
Other comprehensive income/expense					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translating foreign operations		0.032	-0.138	-0.451	0.193
Net loss on hedges of net investments in foreign operations		-0.074	-0.108	-0.014	-0.108
Net other comprehensive income/expense to be reclassified to profit or loss in subsequent periods		-0.042	-0.246	-0.465	0.085
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Revaluation of land and buildings		0.979	-	0.979	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		0.979	-	0.979	-
Other comprehensive income for the year		0.937	-0.246	0.514	0.085
Total comprehensive income for the period		5.307	2.339	11.309	7.115
Basic earnings per share (EUR)		55	32	135	88
Diluted earnings per share (EUR)		55	32	135	88

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2013	2012
Cash flows from operating activities			
Interest received		48.142	38.327
Interest paid		-6.214	-4.462
Salary and other operating expenses paid		-21.916	-21.419
Other income received		8.686	6.741
Other expenses paid		-5.000	-3.197
Fees received		1.487	0.928
Fees paid		-1.208	-0.471
Recoveries of receivables previously written off		3.491	0.980
Received for other assets		0.539	0.312
Paid for other assets		-0.094	-0.447
Loans provided		-146.278	-109.511
Repayment of loans provided		93.113	57.439
Change in mandatory reserves with central banks		0.085	1.093
Proceeds from customer deposits		67.862	67.366
Paid on redemption of deposits		-43.869	-27.841
Income tax received/paid		-0.247	-1.068
Effect of movements in exchange rates		0.151	-0.044
Net cash used in/from operating activities		-1.270	4.726
Cash flows from investing activities			
Acquisition of property and equipment and intangible assets		-0.546	-0.746
Proceeds from sale of property and equipment		0.043	0.045
Proceeds from sale of investment in subsidiary		0.046	-
Change in term deposits		0.173	-0.138
Acquisition of financial instruments		-15.190	-48.175
Proceeds from redemption of financial instruments		15.852	50.210
Net cash from investing activities		0.378	1.196
Cash flows from financing activities			
Paid on redemption of bonds		-	-2.757
Proceeds from loans from central bank		-	4.400
Repayment of loans from central banks		-3.934	-0.500
Repayment of loans from banks (with interest)		-0.038	-0.232
Dividends paid		-1.052	-0.970
Net cash used in financing activities		-5.024	-0.059
Effect of exchange rate fluctuations		-0.315	0.047
Decrease/increase in cash and cash equivalents		-6.231	5.910
Cash and cash equivalents at beginning of period		34.608	28.698
Cash and cash equivalents at end of period	2	28.377	34.608

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent				
	Share capital	Statutory capital reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2012	8.000	0.511	0.288	44.464	53.263
Profit for the period	-	-	-	7.030	7.030
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	0.193	-	0.193
Net loss on hedges of net investments in foreign operations	-	-	-0.108	-	-0.108
Total other comprehensive income	-	-	0.085	-	0.085
Total comprehensive income for the period	-	-	0.085	7.030	7.115
Dividend distribution	-	-	-	-0.970	-0.970
Increase of statutory capital reserve	-	0.283	-	-0.283	-
Total transactions with owners	-	0.283	-	-1.253	-0.970
Balance at 31 December 2012	8.000	0.794	0.373	50.241	59.408
Balance at 1 January 2013	8.000	0.794	0.373	50.241	59.408
Profit for the period	-	-	-	10.795	10.795
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	-0.451	-	-0.451
Net loss on hedges of net investments in foreign operations	-	-	-0.014	-	-0.014
Revaluation of land and buildings	-	-	0.979	-	0.979
Total other comprehensive income	-	-	0.514	-	0.514
Total comprehensive income for the period	-	-	0.514	10.795	11.309
Dividend distribution	-	-	-	-1.052	-1.052
Increase of statutory capital reserve	-	0.006	-	-0.006	-
Total transactions with owners	-	0.006	-	-1.058	-1.052
Balance at 31 December 2013	8.000	0.800	0.887	59.978	69.665

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1. Accounting policies

The condensed consolidated interim financial statements of BIGBANK AS as at and for the third quarter and 12 months having ended 31 December 2013 have been prepared in accordance with the international financial reporting standard IAS 34 *Interim Financial Reporting* as adopted by the European Union. The interim financial statements do not include all the information required for full annual financial statements and they should be read in conjunction with the Group's latest published annual financial statements as at and for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards (IFRS EU). The condensed interim financial statements have been prepared using the same accounting policies and measurement bases that were applied in preparing the latest annual financial statements as at and for the ended 31 December 2012. The new and revised standards and interpretations effective from 1 January 2013 do not have a significant impact on the Group's financial statements as at the preparation of the interim report.

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

Note 2. Cash equivalents

As at	31 Dec 2013	31 Dec 2012
Demand and overnight deposits with credit institutions	5.488	6.362
Term deposits with credit institutions with maturity of less than 1 year	1.507	19.903
Surplus on mandatory reserves with central banks	21.382	8.343
Total cash equivalents	28.377	34.608

Note 3. Loans to customers

Loans to customers as at 31 December 2013

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
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
Total loans to customers, incl. interest and allowances	59.664	65.566	34.172	50.332	21.177	30.458	261.369
Share of region	22.8%	25.1%	13.1%	19.3%	8.1%	11.6%	100.0%

Loans to customers as at 31 December 2012

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

Note 4. Loan receivables from customers by due dates

As at	31 Dec 2013	31 Dec 2012
Up to 1 year	146.591	134.739
1-2 years	45.859	32.996
2-5 years	73.671	53.06
More than 5 years	15.305	16.087
Total	281.426	236.882

Note 5. Ageing analysis of loan receivables**Ageing analysis as at 31 December 2013**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Loans against income						
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
Surety loans						
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
Loans secured with real estate						
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
Loans with insurance cover						
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
Loans against other collaterals						
Loan portfolio	2.675	0.003	-	-	-	2.678
Impairment allowance	0.080	-	-	-	-	0.080
Total loan portfolio	162.219	23.392	7.178	3.612	85.023	281.424
Total impairment allowance	5.317	1.198	0.485	0.272	31.236	38.508

Ageing analysis as at 31 December 2012

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

Note 6. Loan receivables from customers by contractual currency

As at	31 Dec 2013	31 Dec 2012
EUR (euro)	242.710	211.764
LTL (Lithuanian litas)	0.876	1.132
LVL (Latvian lats)	6.566	11.072
SEK (Swedish krona)	31.274	12.914
Total loan receivables from customers	281.426	236.882

Note 7. Impairment allowances by loan assessment category**Impairment allowances as at 31 December 2013**

	Loan receivables	Impairment allowance for loans	Interest receivables	Impairment allowance 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
Total	281.426	-38.510	24.758	-6.305	-44.815

Impairment allowances as at 31 December 2012

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

Change in impairment of loans, receivables and financial investments

As at	31 Dec 2013	31 Dec 2012
Balance at beginning of year	-37.148	-33.230
Loan and interest receivables written off the statement of financial position	14.801	11.845
Increase in allowances for loan and interest receivables	-22.622	-15.720
Effect of movements in exchange rates	0.154	-0.043
Balance at end of period	-44.815	-37.148

Impairment losses on loans, receivables and financial investments

	Q4 2013	Q4 2012	2013	2012
Recovery of loan and interest receivables written off the statement of financial position	1.174	0.218	3.359	0.763
Increase in allowances for loan and interest receivables	-6.901	-5.185	-22.622	-15.720
Impairment losses on financial investments	0.053	-	0.071	0.009
Impairment losses on other receivables	-0.178	0.411	-0.409	0.317
Total impairment losses	-5.852	-4.556	-19.601	-14.631

Note 8. Past due loans**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
Total	20.902	30.056	10.062	11.992	5.156	3.924	82.092

Past due loans as at 31 December 2012

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

The table above shows only loan principal that is past due. In accordance with the terms of the loan agreements, the Group may terminate the agreement unilaterally if at least three scheduled payments are in arrears. When an agreement is terminated, the customer has to settle the entire loan amount.

Note 9. Held-to-maturity financial assets

As at	31 Dec 2013	31 Dec 2012
Acquisition cost of the debt securities portfolio	7.942	8.327
Accrued interest	0.030	0.149
Total held-to-maturity financial assets	7.972	8.476
Held-to-maturity financial assets by issuer		
Government bonds	5.870	7.479
Credit institutions	-	0.997
Corporate bonds	2.102	-
Held-to-maturity financial assets by currency		
EUR (euro)	7.972	8.299
LTL (Lithuanian litas)	-	0.177
Held-to-maturity financial assets by rating		
Baa1-Baa3	7.792	6.402
Ba1-Ba3	-	2.074

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

Note 10. Other receivables and prepayments

As at	31 Dec 2013	31 Dec 2012
Other receivables	2.207	2.422
Prepayments	1.086	1.905
Total	3.293	4.327
Other receivables		
As at	31 Dec 2013	31 Dec 2012
Late payment interest and penalty payments receivable	0.017	0.031
Fees receivable	0.300	0.194
Collection, recovery and other charges receivable	2.496	2.223
Guarantee and deposit payments made	0.118	0.135
Miscellaneous receivables	0.185	0.480
Impairment allowance for other receivables	-0.909	-0.641
Total	2.207	2.422
Prepayments		
As at	31 Dec 2013	31 Dec 2012
Prepaid taxes	0.410	1.585
Other prepayments	0.676	0.320
Total	1.086	1.905

Note 11. Other assets

As at	31 Dec 2013	31 Dec 2012
Collateral acquired	2.035	2.322
Impairment allowance	-0.653	-0.646
Total other assets (total carrying value of collateral acquired)	1.382	1.676

Note 12. Loans from central banks and banks

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

Note 13. Deposits from customers

As at	31 Dec 2013	31 Dec 2012
Term deposits	238.648	212.936
Term deposits by customer type		
Individuals	233.094	206.800
Legal persons	5.554	6.136
Term deposits by currency		
EUR (euro)	219.015	210.840
LVL (Latvian lats)	1.582	2.096
SEK (Swedish krona)	18.051	-
Term deposits by maturity		
Maturing within 6 months	36.392	33.824
Maturing between 6 and 12 months	50.979	36.312
Maturing between 12 and 18 months	33.237	26.315
Maturing between 18 and 24 months	27.259	33.490
Maturing between 24 and 36 months	32.222	36.799
Maturing between 36 and 48 months	28.575	18.380
Maturing in over 48 months	29.984	27.816
Average deposit amount	0.018	0.016
Weighted average interest rate	3.7%	3.9%
Weighted average duration until maturity (months)	25.5	25.2
Weighted average total contract term (months)	43.6	40.6

Note 14. Other reserves

As at	31 Dec 2013	Change	31 Dec 2012	Change	31 Dec 2011
Exchange differences on translating foreign operations	0.030	-0.451	0.481	0.193	0.288
Net gain/loss on hedges of net investments in foreign operations	-0.122	-0.014	-0.108	-	-
Asset revaluation reserve	0.979	0.979	-	-	-
Total other reserves	0.887	0.514	0.373	0.193	0.288

Note 15. Net currency positions**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	-	0.770	62.035
LVL (Latvian lats)*	6.315	1.966	-	-	4.349
LTL (Lithuanian litas)	0.880	0.331	-	-	0.549
GBP (British pound)	32.747	18.229	-	14.028	0.490
SEK (Swedish krona)	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.

Net currency positions as at 31 December 2012

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

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

To mitigate the risk of losses arising from significant exchange rate fluctuations, loan agreements signed in Lithuania and Latvia in earlier periods include 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 16. Contingent liabilities and assets pledged as collateral

As at	31 Dec 2013	31 Dec 2012
Irrevocable transactions, of which	0.770	4.178
Guarantees and similar irrevocable transactions	-	1.135
Issued bank guarantees	0.070	0.046
Credit lines and overdrafts	0.700	2.997
Assets pledged and encumbered with usufruct, of which*	2.968	6.524
Mortgages	1.496	1.496
Bonds and deposits encumbered with collateral	1.472	5.028

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

Note 17. Interest income

	Q4 2013	Q4 2012	2013	2012
Interest income on loans to customers	14.292	12.113	53.135	45.018
Interest income on deposits	0.027	0.058	0.106	0.198
Interest income on held-to-maturity financial assets	0.024	0.076	0.122	0.677
Total interest income	14.343	12.247	53.363	45.893

Note 18. Interest expense

	Q4 2013	Q4 2012	2013	2012
Interest expense on deposits	2.018	2.010	7.981	7.509
Interest expense on bonds	-	-0.001	-	0.087
Interest expense on bank loans	-	0.001	-	0.005
Total interest expense	2.018	2.010	7.981	7.601

Note 19. Other income

	Q4 2013	Q4 2012	2013	2012
Income from debt recovery proceedings	1.775	2.054	7.066	6.861
Income from early redemption of bonds	-	-	-	0.068
Income from assets held for sale	-	-0.008	-	-
Miscellaneous income	0.263	0.091	0.534	0.196
Total other income	2.038	2.137	7.600	7.125

Note 20. Other operating expenses

	Q4 2013	Q4 2012	2013	2012
Marketing expenses	1.071	0.056	4.582	4.443
Office, rental and similar expenses	0.377	0.503	1.661	1.984
Miscellaneous operating expenses	0.627	0.574	2.378	2.222
Total other operating expenses	2.075	1.133	8.621	8.649

Note 21. Other expenses

	Q4 2013	Q4 2012	2013	2012
Expenses related to enforcement proceedings	0.361	0.467	1.491	1.469
Legal regulation charges	0.150	0.133	0.566	0.506
Expenses from assets held for sale	0.005	-0.004	0.023	0.009
Miscellaneous expenses	0.190	0.143	0.750	0.624
Total other expenses	0.706	0.739	2.830	2.608

Note 22. Related parties

For the purposes of these financial statements, parties are related if one controls the other or exerts significant influence on the other's business decisions. Related parties include:

- shareholders of BIGBANK AS;
- members of Group companies' management and supervisory boards;
- close family members of the above;
- companies connected with the above persons, except where the persons cannot exert significant influence on the company's business decisions.

As at 31 December 2013, the Group had no interest and deposit liabilities to related parties.

In September 2013, the Group's shareholders acquired the remaining of the 60% shares of the Latvian debt collection company SIA Vidzemes Inkasso and as a result of this transaction they became the 100% holders of the company. During the fourth quarter, the SIA Vidzemes Inkasso was merged into the Group's company Baltijas Parādu Piedziņas Centrs SIA. In the merging process, the 100% of the shares of the Group's shareholders were transferred to Baltijas Parādu Piedziņas Centrs SIA.