

BIGBANK AS

Public Interim Report

2 Q 2011

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CONSOLIDATED INFORMATION

Business name: BIGBANK AS

Register: Commercial Register of the Republic of Estonia

Commercial registry code: 10183757

Date of entry: 30.01.1997

Address: Rüütli 23, 51006 Tartu, Estonia

Phone: +372 737 7570

Fax: +372 737 7582

E-mail: bigbank@bigbank.ee

Website: www.bigbank.ee

Date of report: 30.06.2011

Reporting period: 1.04.2011 – 30.06.2011

Auditors: KPMG Baltics OÜ audit company, entered in the list of auditors on 11 July 2001 under No. 17, Narva mnt 5 Tallinn 10117, registry code 10096082.

Auditors:

- Andres Root, Sworn Auditor since 20 June 1990.
- Eero Kaup, Sworn auditor since 10 December 1998.

Audit: The review of the financial information of the 2nd quarter of 2011 has been performed in concordance with the international standard ISRE 2400 of the review of financial information

Reporting currency: The reporting currency is euro; data has been presented in millions of euros.

The degree of accuracy of figures in financial reports is three decimal places.

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

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

DESCRIPTION OF THE CREDIT INSTITUTION GROUP

The principal activity of BIGBANK AS is granting consumer loans.

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

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

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

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

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

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

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

Business name: Kaupmehe järelmaks OÜ
Registered office: Rüütli 23, 51006 Tartu
Registration number: 11906650
Register: Commercial Register of the Republic of Estonia
Date of entry: 10.03.2010
Principal activity: Granting consumer loans
Holding: 100%

Subsidiaries have been consolidated line-by-line.

The parent company has the following operating branches:

| Business name | Registered office | Registry code | Date of entry |
|---|--|----------------------|----------------------|
| BIGBANK AS Latvijas filiāle | Brīvības iela 151, LV-1012 Rīga, Latvia | 40103200513 | 11.11.2008 |
| BIGBANK AS filialas | Jogailos 4, Vilnius 01116 Lithuania | 301048563 | 27.09.2007 |
| BIGBANK AS Suomen sivuliike | Porkkalankatu 20B, 00180, Helsinki, Finland | 2292157-2 | 29.10.2009 |
| BIGBANK AS Consumer Finance Sucursal en Espana | Calle de Orense 81, 28020, Madrid, Spain | W0531072G | 06.10.2010 |

DECLARATION OF THE MANAGEMENT BOARD

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

- The data and additional information presented in the *Public Interim Report for 2Q* are true and complete.
- The consolidated financial statement provides a true and fair view of the financial situation, financial results and cash flows of the Group.

The summary consolidated interim report as of 30.06.2011 is in compliance with the international financial reporting standard IAS34 *Interim Financial Reporting* (IFRS) as adopted by the European Union and with the requirements established by the Bank of Estonia for the disclosure of information.

BIGBANK AS is a continually operating company.

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

OVERVIEW OF THE ECONOMIC ACTIVITY

KEY FINANCIAL INDICATORS

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

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

RATIOS

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

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

The statement of financial position indicators used when calculating the ratios are found as the arithmetic mean of the respective data as of the end of the month preceding the reporting quarter and as of the end of each month of the reporting quarter. In case of the indicators of the consolidated income statement the annualized actual data of the reporting quarter shall serve as the basis.

Explanations of ratios:

- Return on equity (ROE) – net profit to equity,
- Equity multiplier (EM) – total assets to total equity,
- Profit margin (PM) – profit to total income,
- Asset utilisation (AU) – total income (incl. income from interest, service fees, dividends and other operating income) to total assets,
- Return on assets (ROA) – profit to total assets,
- SPREAD – ratio of interest expenses to interest-bearing liabilities deducted from the ratio of interest income to interest earning assets,
- TIER 1 own funds ratio (TIER 1 ratio) – ratio of TIER 1 funds to risk weighted assets.

IMPORTANT ECONOMIC EVENTS

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

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

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

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

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

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

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

ANALYSIS OF STATEMENT OF FINANCIAL POSITION AND CONSOLIDATED INCOME STATEMENT

Statement of Financial Position Indicators

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

In the case of overdue receivables an important fact needs to be noted, that in case of consumer loans the process of recovering non-performing receivables differs considerably from the process of recovering loans, which are secured with physical collateral (e.g. mortgage on property). Owing to the nature of the loans (as a rule, consumer loans are secured with the customer's regular income), amounts due under terminated loans are satisfied over an extended period in smaller instalments, not in a lump sum raised by the realisation of collateral.

Overdue receivables comprise of unpaid scheduled loan repayments and the principal amount of the loan that has become collectable. According to the terms of the loan contracts concluded with the customer, the Group may terminate the contract unilaterally when at least three consecutive loan payments are not met. Upon termination, the Group will demand repayment of the remaining loan principal, any interest payments that have fallen due and any associated claims arising from the payment delay.

The loans with payment delays over 90 days reflect the amount of the payments of overdue principal amounts, to which the entire credit amount will be added upon the termination of the contract.

Impairment allowance for receivables

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

- impairment allowances for loan receivables in the amount of 29.1 million euros,
- impairment allowances for interest receivables in the amount of 5.4 million euros,
- additional impairment allowance in the amount of 0.9 million euros,
- impairment allowance for other customer receivables in the amount of 1.0 million euros,
- impairment allowance for other assets in the amount of 1.0 million euros.

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

Liabilities

As of the end of the 2nd quarter of 2011, the liabilities of the Group amounted to 160.5 million euros. Term deposits formed the bulk of liabilities, i.e. 154.9 million euros (96.5%).

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

Equity

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

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

Consolidated Income Statement Indicators

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

CAPITAL ADEQUACY REPORT

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

The capital adequacy standards are applied to BIGBANK AS.

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

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

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

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

- intangible assets.

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

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

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

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

The Group does not have TIER 3 capital.

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

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

FINANCIAL STATEMENT

STATEMENT OF FINANCIAL POSITION

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

GUARANTEES AND PLEDGED ASSETS

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

* - A guarantee in the amount of 1.135 million euros has been issued to guarantee fulfilment of obligations of the 100% subsidiary OÜ Rütli Majad, this liability has been recorded also in the consolidated report as an liability.

** - In addition there are assets pledged and encumbered with usufruct in the amount of 0.954 million euros, the related liabilities have been fulfilled as of the date of the report.

CONSOLIDATED INCOME STATEMENT

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

STATEMENT OF CASH FLOWS

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

STATEMENT OF CHANGES IN EQUITY

| (in millions of euros) | Equity belonging to the owners of the parent company | | | | |
|--|--|---------------------------|---------------------------------|-------------------|---------------|
| | Share capital | Statutory capital reserve | Unrealized exchange differences | Retained earnings | Total |
| Balance 01.01.2010 | 5.113 | 0.511 | -0.503 | 38.183 | 43.304 |
| Total profit for the accounting period | - | - | 0.067 | 1.926 | 1.993 |
| Dividends paid | - | - | - | -0.959 | -0.959 |
| Balance 30.06.2010 | 5.113 | 0.511 | -0.436 | 39.150 | 44.338 |
| Balance 01.01.2011 | 5.113 | 0.511 | -0.508 | 42.485 | 47.601 |
| Total profit for the accounting period | - | - | -0.026 | 2.940 | 2.914 |
| Increase of share capital | 2.887 | - | - | -2.887 | - |
| Dividends paid | - | - | - | -0.800 | -0.800 |
| Balance 30.06.2011 | 8.000 | 0.511 | -0.534 | 41.739 | 49.716 |

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Accounting principles

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

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

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

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

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

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

Income tax in the consolidated income statement

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

Note 2. Receivables from Customers

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

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

Note 3. Distribution of Loan Receivables by Maturity

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

Note 4. Distribution of Loan Receivables by Geographic Areas

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

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

Note 5. Loan Receivables by Collateral

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

Note 6. Loan Receivables by Contract Currencies

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

Note 7. Impairment Allowances for Customer Receivables by Groups

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

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

Note 8. Overdue Loan Receivables

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

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

Note 9. Financial assets maintained until the redemption deadline

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

Note 10. Other Receivables and Prepaid Expenses

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

Note 11. Other Assets

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

Note 12. Payable to Credit Institutions

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

Note 13. Payable to Customers

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

Note 14. Issued Bonds and Subordinated Liabilities

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

Note 15. Net Currency Positions

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

31.12.2010

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

The loans granted by the Group have been nominated in the currency of the corresponding regions or in euro.

To mitigate the risk of losses arising from significant exchange rate fluctuations the agreements of loans denominated in the local currency of a region include a devaluation clause that ensures the proportions of contractual liabilities throughout the loan term.

Loan contracts that include terms of the contract, based on which in case of a devaluation of the national currency, the repayable amounts shall be adjusted within the extent of the devaluation of the currency.

Devaluation clause has been taken into account in the net currency positions.

Note 16. Interest Income and Other Operating Income

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

Note 17. Interest Expenses and Other Operating Expenses

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

Note 18. Various Operating Expenses

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