



**2015**

Interim report for the  
third quarter

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# Bigbank AS

## consolidated interim report for the third quarter of 2015

Business name Bigbank AS

Registry Commercial Register of the Republic of Estonia

Registration number 10183757

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Financial year 1 January 2015 – 31 December 2015

Reporting period 1 January 2015 – 30 September 2015

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](http://www.bigbank.ee).

The version in English can be accessed at [www.bigbank.eu](http://www.bigbank.eu).

# Review of operations

## Significant economic events

Loan portfolio of Bigbank AS (hereinafter also "Bigbank" and the "Group") grew moderately during the third quarter of 2015. Group's loan portfolio increased 10.6 million euros i.e. 3.4% during the quarter. The largest contributor to the growth of the loan portfolio was the Lithuanian branch.

The Group's net profit for the third quarter of 2015 comprised 4.3 million euros. Profit before impairment allowances totalled 16.1 million euros in the third quarter of 2015. The corresponding figure was 10.1 million euros in the third quarter of 2014 (an increase of 60.4%).

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. The management board has three members - the chairman of the management board Kaido Saar and the members Ingo Pöder and Agur Jõgi.

Bigbank had 425 employees at the end of the third quarter of 2015: 208 in Estonia, 80 in Latvia, 59 in Lithuania, 31 in Finland, 26 in Spain and 21 in Sweden.

At the end of the third quarter, the Group had 4

branch offices, 1 of them located in Estonia, 2 in Latvia and 1 in Spain.

Bigbank AS concluded a merger agreement with its subsidiary OÜ Kaupmehe Järelmaks on 18 August 2015. Merger process was been stopped following the precept of Estonian Financial Supervision Authority dd. 25 September 2015. Bank plans to start offering hire-purchase products under Bigbank's name and trademark in the first quarter 2016, and transfer of business activities of the subsidiary under the bank by means of sale of enterprise.

Bigbank has accepted subordinated term deposits in year 2014 in total volume of 1.797 million euros and included them as second tier own funds in capital adequacy calculations, informing Financial Supervision Authority on 1 October 2014. Estonian Financial Supervision Authority issued a precept to Bigbank on 16 October 2015 requiring to remove these subordinated deposits from second tier own funds. Bigbank has included appropriate corrections to reports, including the comparison data, starting from the current interim report.

## Key performance indicators and ratios

Financial position indicators (in millions of euros)	30 Sept 2015	31 Dec 2014	Change
Total assets	341.775	324.758	5.2%
Loans to customers	292.710	275.101	6.4%
of which loan portfolio	323.299	304.216	6.3%
of which interest receivable	26.631	23.405	13.8%
of which impairment allowances	-57.220	-52.520	8.9%
of which impairment allowances for loans	-38.656	-40.832	-5.3%
of which impairment allowances for interest receivables	-12.657	-7.615	66.2%
of which statistical impairment allowances	-5.907	-4.073	45.0%
Deposits from customers	249.273	239.033	4.3%
Equity	88.276	81.259	8.6%

Financial performance indicators (in millions of euros)	Q3 2015	Q3 2014	Change
Interest income	23.598	16.047	47.1%
Interest expense	1.628	1.893	-14.0%
Expenses from impairment allowances	11.815	6.256	88.9%
Income from debt collection proceedings	1.008	1.781	-43.4%
Profit before impairment allowances	16.122	10.050	60.4%
Net profit	4.307	3.794	13.5%

Ratios	3Q 2015	2Q 2015	1Q 2015	Q4 2014	Q3 2014
Return on equity (ROE)	20.0%	13.5%	6.5%	22.6%	20.2%
Equity multiplier (EM)	3.9	4.0	4.0	4.1	4.2
Profit margin (PM)	17.0%	15.3%	7.4%	25.6%	20.6%
Asset utilization ratio (AU)	30.0%	22.0%	21.6%	21.7%	23.3%
Return on assets (ROA)	5.1%	3.4%	1.6%	5.6%	4.8%
Price difference (SPREAD)	24.0%	16.0%	15.8%	15.0%	16.1%

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

## Financial review

### Financial position

As at 30 September 2015, the consolidated assets of Bigbank AS Group totalled 341.8 million euros, having increased by 6.2 million euros (+1.9%) during the quarter.

As at 30 September 2015, loans to customers accounted for 85.6% of total assets, the

proportion of liquid assets (amounts due from banks, financial assets held for trading and held-to-maturity financial assets) was 10.5%.

At the end of the third quarter, liquid assets totalled 36.0 million euros.

Part of bank's liquidity buffer was placed in a trading portfolio of debt securities, which are highly liquid, hold investment grade

credit ratings, and can be sold at any moment. Financial assets held for trading totalled 13.3 million euros as at 30 September 2015.

Free funds were partly invested also 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 2015, the Group had 0.6 million euros of such debt securities.

At the end of the third quarter, the Group had 167 thousand loan agreements, 70 thousand of them in Latvia, 39 thousand in Estonia, 29 thousand in Lithuania, 12 thousand in Finland, 10 thousand in Spain and 7 thousand in Sweden.

Geographical distribution of loans to customers:

- 23.7% Latvia,
- 18.2% Finland,
- 17.6% Lithuania,
- 16.9% Estonia,
- 13.7% Sweden,
- 9.9% Spain.

At 30 September 2015, loans to customers totalled 292.7 million euros, comprising of:

- the loan portfolio of 323.3 million euros, loans to individuals accounting for 94.0% of the total;
- interest receivable on loans of 26.6 million euros;
- impairment allowances for loans and interest receivables of 57.2 million euros (consisting of an impairment allowance for loans of 38.7 million euros, an impairment allowance for interest receivables of 12.6 million euros and a statistical impairment allowance of 5.9 million euros).

Bigbank's loan portfolio is diversified – at the reporting date the average loan was 1,934 euros and as at 30 September 2015, 40 largest loans accounted for 5.3% of the loan portfolio.

Bigbank AS focuses on the provision of consumer

loans. In line with the corporate strategy, as at 30 September 2015 loans against income accounted for 87.5%, loans against surety for 4.0%, loans secured with real estate for 8.3%, loans with insurance coverage for 0.1% 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.

The quality of new loans has steadily improved. Volume of non-performing loans has decreased through the write-offs of long term past due loans from the balance sheet and through the sale of claims in the Republic of Finland.

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 2015, impairment allowances totalled

58.0 million euros, consisting of:

- impairment allowances for loan receivables of 38.7 million euros,
- impairment allowances for interest receivables of 12.6 million euros,
- statistical impairment allowances of 5.9 million euros,
- impairment allowances for other receivables of 0.8 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 2015, the Group's liabilities totalled 253.5 million euros. Most of the debt raised by the Group, i.e. 249.3 million euros (98.3%) consisted of term deposits (including subordinated deposits in the amount of 1.8 million euros).

In the third quarter of 2015, the Group's equity was 88.3 million euros. The equity to assets ratio amounted to 25.8%.

### Financial performance

Interest income for the third quarter reached 23.6 million euros, increasing by 7.6 million euros (47.1%) year over year. The increase in interest income results from growth in the loan portfolio and from the transition to IFRS accounting on interest income according to which the revenue recognition of accrued interest shall not be suspended if the debtor has a delay with the payment for more than 90 days. The positive impact of transition on interest income was 6.2 million euros.

The period's ratio of interest income (annualised) to average interest-earning assets was 26.5% and (annualised) return on the loan portfolio accounted for 29.6% of the average loan portfolio.

Interest expense for the third quarter of 2015 was 1.6 million euros, decreasing by 0.3 million euros

year over year (14.0%).

The ratio of interest expense to interest income was 6.9 %. The ratio of interest expense to average interest-bearing liabilities (annualised) was 2.8%.

Other operating expenses for the third quarter totalled 2.1 million euros (an increase of 0.1 million euros year over year).

Salaries and associated charges for the third quarter of 2015 amounted to 3.3 million euros, including remuneration of 2.2 million euros. As at the end of the period, the Group had 425 employees.

In the third quarter, impairment losses increased by 11.8 million euros, consisting of:

- impairment losses on loan receivables of 5.5 million euros,
- impairment losses on interest receivables of 6.1 million euros, incl. 5.0 million euros related to the transition to IFRS on interest income from non-performing claims,
- impairment losses on other customer receivables of 0.2 million euros.

Impairment allowances are made on a conservative basis.

Other income for the third quarter of 2015 was 1.1 million euros, the largest proportion of which resulted from debt collection income. In the same period of 2014, other income was 1.9 million euros.

Other expenses for the third quarter reached 0.7 million euros, decreasing by 0.1 million euros year over year.

The Group's net profit for the third quarter of 2015 amounted to 4.3 million euros. In comparison to the third quarter of 2014, net profit has increased by 0.5 million euros (13.5%).

Third-quarter profit before impairment allowances was 16.1 million euros, the corresponding figure for the third quarter of 2014 was 10.0 million euros (an increase of 60.4%).

## Group's capital ratios

### Own funds

As at	Basel III 30 Sept 2015	Basel III 31 Dec 2014
Paid up capital instruments	8.000	8.000
Other reserves	0.800	0.800
Previous years retained earnings	70.065	58.897
Other accumulated comprehensive income	1.084	1.087
Other intangible assets	-1.396	-1.181
Profit or loss eligible	-	11.168
Adjustments to CET1 due to prudential filters	-0.085	-0.193
<b>Common equity Tier 1 capital</b>	<b>78.468</b>	<b>78.578</b>
<b>Tier 1 capital</b>	<b>78.468</b>	<b>78.578</b>
<b>Tier 2 capital</b>	<b>-</b>	<b>-</b>
<b>Deductions</b>	<b>-</b>	<b>-</b>
<b>Total own funds</b>	<b>78.468</b>	<b>78.578</b>

### Total risk exposure amount

	Basel III 30 Sept 2015	Basel III 31 Dec 2014
<b>Risk weighted exposure amounts for credit and counterparty credit (standardized approach)</b>		
Central governments or central banks	1.189	0.635
Regional governments or local authorities	0.383	-
Institutions	7.419	3.455
Corporates	21.566	13.680
Retail	164.063	146.966
Secured by mortgages on immovable property	5.248	4.488
Exposures in default	46.370	58.279
Other items	14.527	17.290
<b>Total risk weighted exposure amounts for credit and counterparty credit (standardized approach)</b>	<b>260.765</b>	<b>244.793</b>
<b>Total risk exposure amount for foreign exchange risk (standardized approach)</b>	<b>0.112</b>	<b>2.501</b>
<b>Total risk exposure amount for operational risk (standardized approach)</b>	<b>80.860</b>	<b>68.504</b>
<b>Total risk exposure amount for credit valuation adjustment (standardized approach)</b>	<b>0.645</b>	<b>2.924</b>
<b>Total risk exposure amount</b>	<b>342.382</b>	<b>318.722</b>



## Capital ratios

	Basel III 30 Sept 2015	Basel III 31 Dec 2014
CET1 Capital ratio	22.9%	24.7%
T1 Capital ratio	22.9%	24.7%
Total capital ratio	22.9%	24.7%
Leverage ratio	23.0%	22.9%

The comparison data (31 December 2014) of capital ratios has been corrected in accordance with the precept of the Estonian Financial Supervision Authority dd. 16 October 2015 about non-qualification of subordinated deposits as Tier 2 capital. Consequently, no subordinated deposits are included in the calculation of capital ratios in Tier 2 capital of the comparison data and therefore the total capital ratio decreased by 0.5 percentage points.

The profit for the reporting period has been verified by an auditor and the review of the financial information of the nine months of 2015 has been performed in accordance with the international standard ISRE 2410 Review of interim financial information performed by the independent auditor of the entity. Bigbank has applied for the con-

sent of the Financial Supervision Authority to include the interim profit in CET1.

If the respective consent would have been received and the foreseeable dividends (1.032 million euros) would be deducted from the interim profit (8.413 million euros), the total capital ratio would be 25.1%.

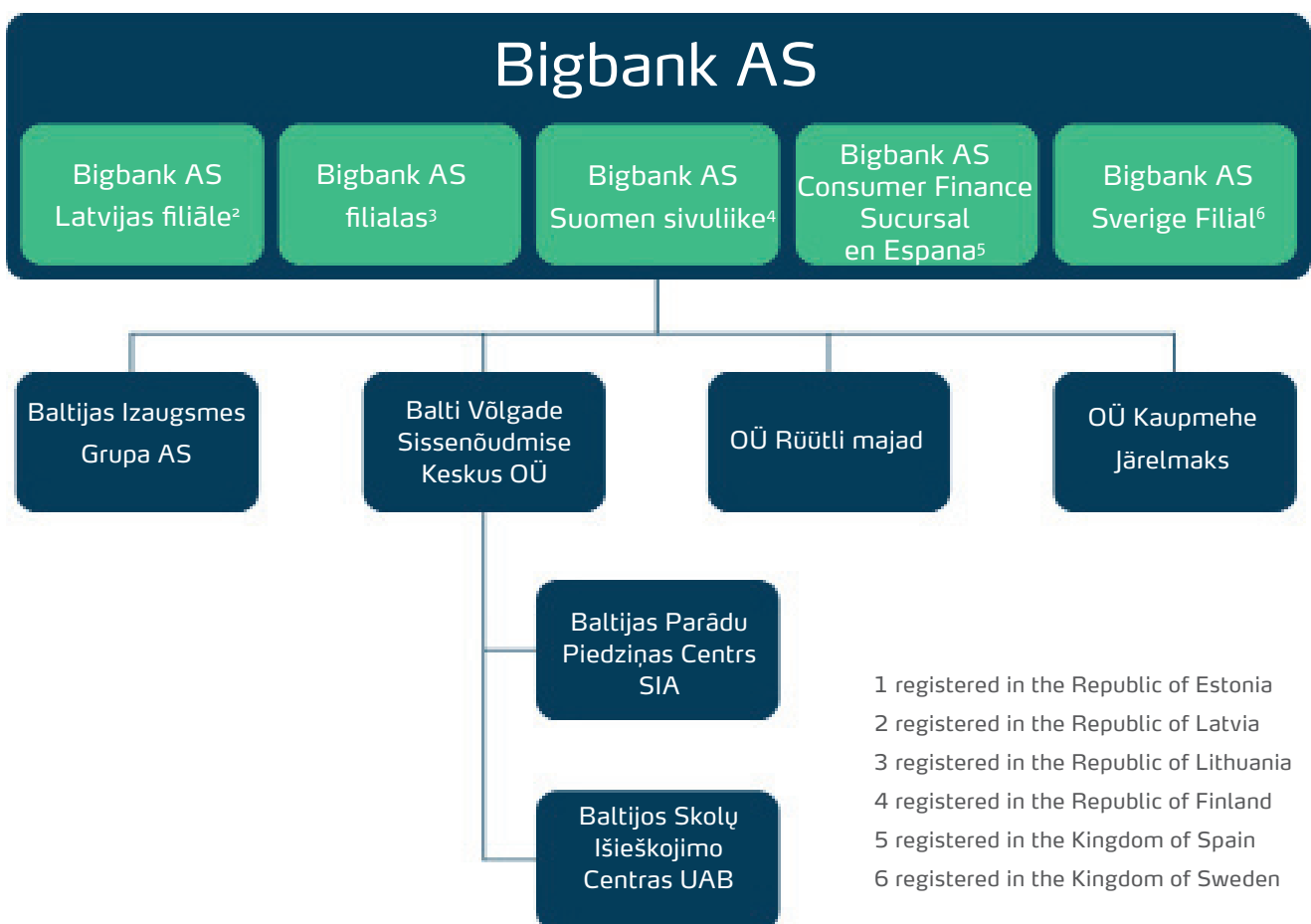
Own funds are calculated on the basis of Regulation (EU) no 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms that incorporate the Basel III framework.

Leverage ratio is calculated by dividing the capital measure (Tier 1 capital) by total exposure measure and is expressed as a percentage.

# Bigbank group structure

Bigbank AS was founded on 22 September 1992. A licence for operating as a credit institution was issued to Bigbank AS on 27 September 2005. Bigbank is specialised in consumer loans and term deposits.

The Group's structure at the reporting date:



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. 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 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.

# Condensed consolidated interim financial statements

## Consolidated statement of financial position

As at	Note	30 Sept 2015	31 Dec 2014
<b>Assets</b>			
Cash and balances at central banks		1.069	20.150
Cash and balances at banks		21.030	13.665
Financial assets held for trading	3	13.271	-
Loans to customers	4,5,6,7,8,9	292.710	275.101
Held-to-maturity financial assets	10	0.633	1.186
Derivatives with positive fair value		0.096	0.225
Other receivables	11	2.070	2.064
Prepayments	12	3.146	3.967
Property and equipment		3.433	3.426
Investment property	13	0.950	1.100
Intangible assets		1.396	1.181
Deferred tax assets		1.971	2.693
<b>Total assets</b>		<b>341.775</b>	<b>324.758</b>
<b>Liabilities</b>			
Deposits from customers	14	249.273	239.033
Derivatives with negative fair value		0.070	0.075
Provisions		-	0.216
Other liabilities		2.859	3.032
Deferred income and tax liabilities		1.297	1.143
<b>Total liabilities</b>		<b>253.499</b>	<b>243.499</b>
<b>Equity</b>			
Share capital		8.000	8.000
Capital reserve		0.800	0.800
Other reserves	15	0.998	0.894
Earnings retained in prior years		78.478	71.565
<b>Total equity</b>		<b>88.276</b>	<b>81.259</b>
<b>Total liabilities and equity</b>		<b>341.775</b>	<b>324.758</b>

## Consolidated statement of comprehensive income

	Note	Q3 2015	Q3 2014	9M 2015	9M 2014
Interest income	18	23.598	16.047	55.791	44.600
Interest expense	19	-1.628	-1.893	-5.068	-5.776
<b>Net interest income</b>		<b>21.970</b>	<b>14.154</b>	<b>50.723</b>	<b>38.824</b>
Net fee income		0.552	0.485	1.590	1.467
Net gain/loss on financial transactions		-0.178	-0.054	-0.584	-0.238
Other income	20	1.113	1.852	3.704	5.502
<b>Total income</b>		<b>23.457</b>	<b>16.437</b>	<b>55.433</b>	<b>45.555</b>
Salaries and associated charges		-3.286	-2.827	-10.380	-9.037
Other operating expenses	21	-2.145	-2.060	-7.289	-6.035
Depreciation and amortisation expense		-0.166	-0.147	-0.487	-0.388
Impairment losses on loans and financial investments		-11.815	-6.256	-25.421	-18.481
Other expenses	22	-0.659	-0.740	-2.062	-2.488
<b>Total expenses</b>		<b>-18.071</b>	<b>-12.030</b>	<b>-45.639</b>	<b>-36.429</b>
<b>Profit before income tax</b>		<b>5.386</b>	<b>4.407</b>	<b>9.794</b>	<b>9.126</b>
<b>Income tax expense/income</b>		<b>-1.079</b>	<b>-0.613</b>	<b>-1.381</b>	<b>-0.903</b>
<b>Profit for the period</b>		<b>4.307</b>	<b>3.794</b>	<b>8.413</b>	<b>8.223</b>
<b>Other comprehensive income/expense</b>					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translating foreign operations		0.017	-0.001	-0.004	0.049
Net profit on hedges of net investments in foreign operations		0.020	0.011	0.108	-0.050
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>0.037</b>	<b>0.010</b>	<b>0.104</b>	<b>-0.001</b>
<b>Other comprehensive income for the period</b>		<b>0.037</b>	<b>0.010</b>	<b>0.104</b>	<b>-0.001</b>
<b>Total comprehensive income for the period</b>		<b>4.344</b>	<b>3.804</b>	<b>8.517</b>	<b>8.222</b>
Basic earnings per share (EUR)		54	47	105	103
Diluted earnings per share (EUR)		54	47	105	103

## Consolidated statement of cash flows

	Note	9M 2015	9M 2014
<b>Cash flows from operating activities</b>			
Interest received		43.590	40.076
Interest paid		-4.645	-5.673
Salary and other operating expenses paid		-19.493	-15.441
Other income received		4.711	5.650
Other expenses paid		-3.053	-3.004
Fees received		0.850	1.276
Fees paid		-0.127	-0.135
Recoveries of receivables previously written off		11.166	2.223
Received for other assets		0.562	0.143
Paid for other assets		-0.590	-0.178
Loans provided		-131.077	-103.437
Repayment of loans provided		91.009	81.276
Change in mandatory reserves with central banks		-0.111	1.565
Proceeds from customer deposits		50.794	41.890
Paid on redemption of deposits		-40.888	-44.610
Net acquisition and disposal of trading portfolio		-13.503	-
Income tax paid/received		-0.071	-1.251
Effect of movements in exchange rates		0.001	0.110
<b>Net cash used/from in operating activities</b>		<b>-10.875</b>	<b>0.480</b>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment and intangible assets		-0.289	-0.388
Proceeds from sale of property and equipment		0.013	0.007
Proceeds from sale of investment properties		0.091	-
Change in term deposits		0.100	-
Acquisition of financial instruments		-3.864	-8.953
Proceeds from redemption of financial instruments		4.420	11.342
<b>Net cash from investing activities</b>		<b>0.471</b>	<b>2.008</b>
<b>Cash flows from financing activities</b>			
Dividends paid		-1.500	-1.080
<b>Net cash used in financing activities</b>		<b>-1.500</b>	<b>-1.080</b>
Effect of exchange rate fluctuations		-0.011	-0.189
<b>Decrease/increase in cash and cash equivalents</b>		<b>-11.915</b>	<b>1.219</b>
Cash and cash equivalents at beginning of period		33.602	28.377
<b>Cash and cash equivalents at end of period</b>	2	<b>21.687</b>	<b>29.596</b>

## 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 2014	8.000	0.800	0.887	59.978	69.665
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
Total other comprehensive income	-	-	-0.001	-	-0.001
<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>
<b>Balance at 1 January 2015</b>	<b>8.000</b>	<b>0.800</b>	<b>0.894</b>	<b>71.565</b>	<b>81.259</b>
Profit for the period	-	-	-	8.413	8.413
<b>Other comprehensive income</b>					
Exchange differences on translating foreign operations	-	-	-0.004	-	-0.004
Net loss on hedges of net investments in foreign operations	-	-	0.108	-	0.108
Total other comprehensive income	-	-	<b>0.104</b>	-	<b>0.104</b>
<b>Total comprehensive income for the period</b>	-	-	<b>0.104</b>	<b>8.413</b>	<b>8.517</b>
Dividend distribution	-	-	-	-1.500	-1.500
<b>Total transactions with owners</b>	-	-	-	<b>-1.500</b>	<b>-1.500</b>
<b>Balance at 30 September 2015</b>	<b>8.000</b>	<b>0.800</b>	<b>0.998</b>	<b>78.478</b>	<b>88.276</b>

## 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 ended 30 September 2015 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 2014, 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 2014, except the transition to IFRS on interest income recognition from non-performing claims. Recognition of the accrued interest on non-performing claims was earlier based on the Bank of Estonia Governor's

decree No. 9 Servicing of loans of credit institutions and entering of uncollectible claims in expenses clauses 8.4 and 8.5 according to which the calculation of accrued interest on non-performing claims – claims of which the party to transaction delays the payment of interest or principal over 90 calendar days – was suspended. The Group applied IFRS for interest income on non-performing claims from the third quarter of 2015 according to which the revenue recognition of accrued interest is not suspended. The new and revised standards and interpretations effective from 1 January 2015 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 2015	31 Dec 2014	30 Sept 2014
Demand and overnight deposits with credit institutions *	10.947	11.079	15.179
Term deposits with credit institutions with maturity of less than 1 year*	10.028	2.585	13.925
Surplus on mandatory reserves with central banks *	0.712	19.938	0.492
Term deposits with credit institutions with maturity of over one year	0.050	-	-
Mandatory reserves	0.357	0.212	0.189
Interest receivable from central banks	0.005	0.001	0.006
<b>Total cash and balances at banks</b>	<b>22.099</b>	<b>33.815</b>	<b>29.791</b>
<b>of which cash and cash equivalents</b>	<b>21.687</b>	<b>33.602</b>	<b>29.596</b>

\* Cash equivalents

**Note 3. Financial assets held for trading**

As at	30 Sept 2015	31 Dec 2014
<b>Financial assets held for trading</b>	<b>13.271</b>	-
<b>Financial assets held for trading by issuer</b>		
Government bonds	3.518	-
Bonds issued by credit institutions	4.657	-
Corporate bonds	5.096	-
<b>Financial assets held for trading by currency</b>		
EUR (euro)	13.271	-
<b>Financial assets held for trading by rating</b>		
Aa1-Aa3	2.476	-
A1-A3	4.352	-
Baa1-Baa3	6.443	-

**Note 4. Loans to customers****Loans to customers as at 30 September 2015**

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Loan receivables from customers	54.873	79.644	56.551	54.164	33.779	44.288	323.299
Impairment allowances for loans	-7.439	-13.551	-5.680	-1.657	-5.557	-4.772	-38.656
Interest receivable from customers	6.919	11.730	2.083	1.214	3.113	1.572	26.631
Impairment allowances for interest receivables	-3.517	-5.500	-1.110	-0.216	-1.846	-0.468	-12.657
Statistical impairment allowance	-1.263	-2.922	-0.404	-0.375	-0.418	-0.525	-5.907
<b>Total loans to customers, incl. interest and allowances</b>	<b>49.573</b>	<b>69.401</b>	<b>51.44</b>	<b>53.13</b>	<b>29.071</b>	<b>40.095</b>	<b>292.710</b>
Share of region	16.9%	23.7%	17.6%	18.2%	9.9%	13.7%	100.0%



**Loans to customers as at 31 December 2014**

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Loan receivables from customers	57.137	75.336	43.159	53.088	33.205	42.291	304.216
Impairment allowances for loans	-8.690	-14.411	-5.663	-4.982	-4.508	-2.578	-40.832
Interest receivable from customers	7.180	9.689	2.158	1.421	1.573	1.384	23.405
Impairment allowances for interest receivables	-2.584	-3.279	-0.876	-0.239	-0.442	-0.195	-7.615
Statistical impairment allowance	-1.200	-2.035	-0.660	-0.065	-0.029	-0.084	-4.073
<b>Total</b>	<b>51.843</b>	<b>65.300</b>	<b>38.118</b>	<b>49.223</b>	<b>29.799</b>	<b>40.818</b>	<b>275.101</b>
Share of region	18.9%	23.7%	13.9%	17.9%	10.8%	14.8%	100.0%

**Note 5. Loan receivables from customers by due dates**

As at	30 Sept 2015	31 Dec 2014
Up to 1 year	153.218	158.722
1-2 years	54.951	51.482
2-5 years	96.928	80.481
More than 5 years	18.202	13.531
<b>Total</b>	<b>323.299</b>	<b>304.216</b>

**Note 6. Ageing analysis of loan receivables****Ageing analysis as at 30 September 2015**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
<b>Loans against income</b>						
Loan portfolio	185.380	22.368	6.506	2.894	65.917	283.065
Impairment allowance	-5.709	-0.796	-0.364	-0.249	-32.682	-39.800
<b>Surety loans</b>						
Loan portfolio	6.300	0.796	0.584	0.132	5.115	12.927
Impairment allowance	-0.367	-0.070	-0.054	-0.019	-2.741	-3.251
<b>Loans secured with real estate</b>						
Loan portfolio	21.442	2.527	0.333	0.152	2.412	26.866
Impairment allowance	-0.610	-0.064	-0.030	-0.007	-0.727	-1.438
<b>Loans with insurance cover</b>						
Loan portfolio	0.147	0.033	0.002	0.004	0.107	0.293
Impairment allowance	-0.010	-0.002	-	-	-0.054	-0.066
<b>Loans against other collaterals</b>						
Loan portfolio	0.139	0.002	-	0.004	0.003	0.148
Impairment allowance	-0.005	-	-	-	-0.003	-0.008
<b>Total loan portfolio</b>	<b>213.408</b>	<b>25.726</b>	<b>7.425</b>	<b>3.186</b>	<b>73.554</b>	<b>323.299</b>
Total impairment allowance	-6.701	-0.932	-0.448	-0.275	-36.207	-44.563

**Ageing analysis as at 31 December 2014**

	Not past due	30 days	31-60 days	61-90 days	Over 90 days	Total
<b>Loans against income</b>						
Loan portfolio	160.959	18.546	6.342	2.939	77.173	265.959
Impairment allowance	-3.916	-0.630	-0.426	-0.344	-34.195	-39.511
<b>Surety loans</b>						
Loan portfolio	6.003	1.224	0.301	0.471	5.865	13.864
Impairment allowance	-0.387	-0.089	-0.060	-0.096	-2.960	-3.592
<b>Loans secured with real estate</b>						
Loan portfolio	15.838	3.801	0.265	0.186	3.406	23.496
Impairment allowance	-0.403	-0.122	-0.017	-0.005	-1.114	-1.661
<b>Loans with insurance cover</b>						
Loan portfolio	0.374	0.075	0.010	0.013	0.269	0.741
Impairment allowance	-0.020	-0.005	-0.001	-0.002	-0.107	-0.135
<b>Loans against other collaterals</b>						
Loan portfolio	0.148	-	0.005	-	0.003	0.156
Impairment allowance	-0.004	-	-	-	-0.001	-0.005
<b>Total loan portfolio</b>	<b>183.322</b>	<b>23.646</b>	<b>6.923</b>	<b>3.609</b>	<b>86.716</b>	<b>304.216</b>
Total impairment allowance	-4.730	-0.846	-0.504	-0.447	-38.377	-44.904

**Note 7. Loan receivables from customers by contractual currency**

As at	30 Sept 2015	31 Dec 2014
EUR (euro)	279.011	261.417
LTL (Lithuanian litas)	-	0.508
SEK (Swedish krona)	44.288	42.291
<b>Total loan receivables from customers</b>	<b>323.299</b>	<b>304.216</b>

**Note 8. Impairment allowances by loan assessment category****Impairment allowances as at 30 September 2015**

	Loan receivables	Impairment allowance for loans	Interest receivables	Impairment allowance for loan interest	Total impairment allowances
Collectively assessed items	282.570	-20.452	21.019	-7.506	-27.958
Individually assessed items	40.729	-18.204	5.612	-5.151	-23.355
Statistical impairment allowance	-	-5.907	-	-	-5.907
<b>Total</b>	<b>323.299</b>	<b>-44.563</b>	<b>26.631</b>	<b>-12.657</b>	<b>-57.220</b>

**Impairment allowances as at 31 December 2014**

	Loan receivables	Impairment allowance for loans	Interest receivables	Impairment allowance for loan interest	Total impairment allowances
Collectively assessed items	268.955	-24.065	20.380	-5.015	-29.080
Individually assessed items	35.261	-16.767	3.025	-2.600	-19.367
Statistical impairment allowance	-	-4.073	-	-	-4.073
<b>Total</b>	<b>304.216</b>	<b>-44.905</b>	<b>23.405</b>	<b>-7.615</b>	<b>-52.520</b>

**Change in impairment of loans, receivables and financial investments**

	30 Sept 2015	31 Dec 2014	30 Sept 2014
Balance at beginning of year	-52.520	-44.815	-44.815
Loan and interest receivables written off the statement of financial position	31.492	20.281	9.691
Increase in allowances for loan and interest receivables	-36.202	-28.117	-17.492
Effect of movements in exchange rates	0.010	0.131	0.063
<b>Balance at end of period</b>	<b>-57.220</b>	<b>-52.520</b>	<b>-52.553</b>

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

	Q3 2015	Q3 2014	9M 2015	9M 2014
Recovery of loan and interest receivables written off the statement of financial position	4.011	0.340	11.378	2.473
Increase in allowances for loan and interest receivables	-15.654	-6.416	-36.202	-20.466
Impairment losses on other receivables	-0.172	-0.180	-0.597	-0.488
<b>Total impairment losses</b>	<b>-11.815</b>	<b>-6.256</b>	<b>-25.421</b>	<b>-18.481</b>

The transition to IFRS (regarding interest income recognition on non-performing claims) had an impact on impairment losses on interest receivables of 5.0 million euros for the third quarter and for nine months period of year 2015.

**Note 9. Past due loans****Past due loans as at 30 September 2015**

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Up to 30 days	0.127	0.620	0.439	0.207	0.087	0.129	1.609
31 - 60 days	0.139	0.419	0.189	0.076	0.052	0.073	0.948
61-90 days	0.085	0.234	0.158	0.081	0.031	0.013	0.602
Over 90 days	12.922	21.344	8.612	3.411	8.682	11.121	66.092
<b>Total</b>	<b>13.273</b>	<b>22.617</b>	<b>9.398</b>	<b>3.775</b>	<b>8.852</b>	<b>11.336</b>	<b>69.251</b>

**Past due loans as at 31 December 2014**

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Up to 30 days	0.547	0.658	0.282	0.146	0.088	0.099	1.820
31 - 60 days	0.557	0.410	0.131	0.126	0.090	0.029	1.343
61-90 days	0.798	0.236	0.097	0.103	0.059	0.001	1.294
Over 90 days	17.351	25.833	10.046	12.195	6.951	7.260	79.636
<b>Total</b>	<b>1.100</b>	<b>19.253</b>	<b>27.137</b>	<b>12.570</b>	<b>7.188</b>	<b>7.389</b>	<b>84.093</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 10. Held-to-maturity financial assets

As at	30 Sept 2015	31 Dec 2014
Acquisition cost of the debt securities portfolio	0.632	1.186
Accrued interest	0.001	-
<b>Total held-to-maturity financial assets</b>	<b>0.633</b>	<b>1.186</b>
<b>Held-to-maturity financial assets by issuer</b>		
Government bonds	0.633	1.186
<b>Held-to-maturity financial assets by currency</b>		
EUR (euro)	0.633	-
LTL (Lithuanian litas)	-	1.186
<b>Held-to-maturity financial assets by rating</b>		
A1-A3	0.633	-
Baa1-Baa3	-	1.186

Held-to-maturity financial assets include acquired bonds that the Group has the intention and

ability to hold until maturity.

## Note 11. Other receivables

As at	30 Sept 2015	31 Dec 2014
Late payment interest and penalty payments receivable	-	0.010
Fees receivable	0.338	0.375
Collection, recovery and other charges receivable	1.402	2.454
Guarantee and deposit payments made	0.120	0.140
Miscellaneous receivables	0.978	0.266
Impairment allowance for other receivables	-0.768	-1.181
<b>Total</b>	<b>2.070</b>	<b>2.064</b>

## Note 12. Prepayments

As at	30 Sept 2015	31 Dec 2014
Prepaid taxes	2.579	3.238
Other prepayments	0.567	0.729
<b>Total</b>	<b>3.146</b>	<b>3.967</b>

**Note 13. Investment properties**

As at	30 Sept 2015	31 Dec 2014	30 Sept 2014
Opening balance at 1 January	1.100	1.382	1.382
Additions	0.013	-	-
Sales	-0.163	-0.050	-0.034
Net loss from fair value adjustment	-	-0.232	-
<b>Closing balance at end of period</b>	<b>0.950</b>	<b>1.100</b>	<b>1.348</b>

The investment properties comprise plots, houses and apartments originally pledged by customers as loan collateral and later bought by the Group

through auctions. In prior interim reports these items were recognised under other assets, reclassification was performed in the 4th quarter 2014.

**Note 14. Deposits from customers**

As at	30 Sept 2015	31 Dec 2014
<b>Term deposits</b>	<b>249.273</b>	<b>239.033</b>
<b>Term deposits by customer type</b>		
Individuals	239.774	233.489
Legal persons	9.499	5.544
<b>Term deposits by currency</b>		
EUR (euro)	205.972	202.239
SEK (Swedish krona)	43.301	36.794
<b>Term deposits by maturity</b>		
Maturing within 6 months	46.648	42.111
Maturing between 6 and 12 months	60.720	48.149
Maturing between 12 and 18 months	28.514	22.125
Maturing between 18 and 24 months	35.878	28.402
Maturing between 24 and 36 months	32.861	44.688
Maturing between 36 and 48 months	21.020	20.346
Maturing in over 48 months	23.632	33.212
Average deposit amount	0.021	0.019
Weighted average interest rate	2.7%	3.1%
Weighted average duration until maturity (months)	22.0	25.5
Weighted average total contract term (months)	41.7	45.3

**Note 15. Other reserves**

As at	30 Sept 2015	Change	31 Dec 2014	Change	31 Dec 2013
Exchange differences on translating foreign operations	0.104	-0.004	0.108	0.078	0.030
Net gain/loss on hedges of net investments in foreign operations	-0.085	0.108	-0.193	-0.071	-0.122
Asset revaluation reserve	0.979	-	0.979	-	0.979
<b>Total other reserves</b>	<b>0.998</b>	<b>0.104</b>	<b>0.894</b>	<b>0.007</b>	<b>0.887</b>

**Note 16. Net currency positions****Net currency positions as at 30 September 2015**

	Position in the statement of financial position		Position off the statement of financial position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	292.168	209.773	4.558	1.215	85.738
SEK (Swedish krona)	48.068	43.653	-	4.527	-0.112
GBP (British pound)	0.047	0.001	-	-	0.046

**Net currency positions as at 31 December 2014**

	Position in the statement of financial position		Position off the statement of financial position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	275.379	206.059	8.208	1.076	76.452
LTL (Lithuanian litas)*	1.755	0.256	-	-	1.499
SEK (Swedish krona)	46.086	37.108	-	8.107	0.871
GBP (British pound)	0.131	-	-	-	0.131

\* On 1 January 2015, the Republic of Lithuania joined the euro area and all currency positions in Lithuanian litas 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.

**Note 17. Contingent liabilities and assets pledged as collateral**

As at	30 Sept 2015	31 Dec 2014
<b>Irrevocable transactions, of which</b>	<b>1.215</b>	<b>1.076</b>
Issued bank guarantees	0.090	0.090
Credit lines and overdrafts	1.125	0.986
<b>Assets pledged and encumbered with usufruct, of which</b>	<b>3.081</b>	<b>3.619</b>
Mortgages*	2.449	2.449
Bonds and deposits encumbered with collateral	0.632	1.170

\* The liabilities related to mortgages have been settled by the date of release of this report.

**Note 18. Interest income**

	Q3 2015	Q3 2014	9M 2015	9M 2014
Interest income on loans to customers	23.523	16.020	55.651	44.508
Interest income on financial assets held for trading	0.071	-	0.124	-
Interest income on deposits	0.003	0.012	0.014	0.044
Interest income on held-to-maturity financial assets	0.001	0.015	0.002	0.048
<b>Total interest income</b>	<b>23.598</b>	<b>16.047</b>	<b>55.791</b>	<b>44.600</b>

The positive impact of transition to IFRS (in interest income recognition on non-performing claims) was 6.2 million euros for the third quarter and for nine months period of year 2015.

**Note 19. Interest expense**

	Q3 2015	Q3 2014	9M 2015	9M 2014
Interest expense on deposits	1.628	1.893	5.068	5.776

**Note 20. Other income**

	Q3 2015	Q3 2014	9M 2015	9M 2014
Income from debt recovery proceedings	1.008	1.781	3.442	5.317
Miscellaneous income	0.105	0.071	0.262	0.185
<b>Total other income</b>	<b>1.113</b>	<b>1.852</b>	<b>3.704</b>	<b>5.502</b>

**Note 21. Other operating expenses**

	Q3 2015	Q3 2014	9M 2015	9M 2014
Marketing expenses	1.158	1.000	4.090	3.015
Office, rental and similar expenses	0.265	0.341	1.000	1.015
Miscellaneous operating expenses	0.722	0.719	2.199	2.005
<b>Total other operating expenses</b>	<b>2.145</b>	<b>2.060</b>	<b>7.289</b>	<b>6.035</b>

**Note 22. Other expenses**

	Q3 2015	Q3 2014	9M 2015	9M 2014
Expenses related to enforcement proceedings	0.245	0.420	0.898	1.103
Legal regulation charges	0.111	0.129	0.325	0.420
Expenses from investment properties	-0.005	0.002	0.007	0.020
Onerous contracts provisions	0.060	-	0.060	0.300
Miscellaneous expenses	0.248	0.189	0.772	0.645
<b>Total other expenses</b>	<b>0.659</b>	<b>0.740</b>	<b>2.062</b>	<b>2.488</b>

**Note 23. 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 2015, 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 2015 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 2015 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 2015  
[digitally signed]

**Ingo Pöder**  
Member of the  
Management Board  
27 November 2015  
[digitally signed]

**Agur Jõgi**  
Member of the  
Management Board  
27 November 2015  
[digitally signed]