



**2016**  
**Interim report**  
**for the second quarter**

# Bigbank AS

## Consolidated interim report for the second quarter of 2016

<b>Business name</b>	Bigbank AS
<b>Registry</b>	Commercial Register of the Republic of Estonia
<b>Registration number</b>	10183757
<b>Date of entry</b>	30 January 1997
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<b>Corporate website</b>	www.bigbank.ee
<b>Financial year</b>	1 January 2016 – 31 December 2016
<b>Reporting period</b>	1 January 2016 – 30 June 2016
<b>Chairman of the management board</b>	Kaido Saar
<b>Core business line</b>	Provision of consumer loans and acceptance of deposits
<b>Auditor</b>	Ernst & Young Baltic AS
<b>Reporting currency</b>	The reporting currency is the euro and numerical financial data is presented in thousands of euros.

Interim report is available on the website of Bigbank AS at [www.bigbank.ee](http://www.bigbank.ee).  
The version in English is located at [www.bigbank.eu](http://www.bigbank.eu).

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# Review of operations

## Significant economic events

Loan portfolio of Bigbank AS (hereinafter also “Bigbank” and the “Group”) grew moderately during the second quarter of 2016. Group’s loan portfolio increased 3.7 million euros i.e. 1.1% during the quarter. The largest contributor to the growth of the loan portfolio was the Lithuanian branch.

The Group’s net profit for the second quarter of 2016 comprised 2.9 million euros. Profit before impairment allowances totalled 9.2 million euros in the second quarter of 2016. The corresponding figure was 9.2 million euros also in the second quarter of 2015.

Parent company Bigbank AS and daughter company OÜ Kaupmehe Järeilmaks concluded an enterprise sale agreement on 22 February 2016, whereby OÜ Kaupmehe Järeilmaks sold its loan portfolio to Bigbank AS. Other claims and commitments which were connected with main activities were also transferred to bank. Transfer is effective from 1 March 2016 and the enterprise continues to operate within parent company. Provision of UNO hire purchase products was discontinued from the same date and Bigbank started to offer hire purchase products directly under its own trade mark. OÜ Kaupmehe Järeilmaks was merged with another subsidiary of Bigbank – Balti Võlgade

Sissenõudmise Keskus OÜ in the 3<sup>rd</sup> quarter of year 2016, in order to increase the efficiency of operations and OÜ Kaupmehe Järeilmaks was subsequently deleted from Estonian Commercial Register on 25 August 2016.

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 of the bank has four members - the chairman of the management board Kaido Saar and the members Ingo Pöder, Agur Jõgi and Sven Raba. Sven Raba, head of the finance area of Bigbank Group, was elected to the management board of Bigbank with the decision of the Supervisory Board dd. 26 April 2016, effective from 1 May 2016.

Bigbank had 406 employees at the end of the second quarter of 2016: 196 in Estonia, 68 in Latvia, 65 in Lithuania, 34 in Finland, 28 in Spain and 15 in Sweden.

At the end of the second quarter, the Group had 3 branch offices, 1 of them located in Estonia, 1 in Latvia and 1 in Spain.

## Key performance indicators and ratios

Financial position indicators (in thousands of euros)	30 June 2016	31 Dec 2015	Change
Total assets	355,204	352,947	0.6%
Loans to customers	301,729	299,531	0.7%
of which loan portfolio	333,939	326,037	2.4%
of which interest receivable	20,837	22,974	-9.3%
of which impairment allowances	-53,047	-49,480	7.2%
of which impairment allowances for loans	-33,835	-32,942	2.7%
of which impairment allowances for interest receivables	-9,609	-9,530	0.8%
of which statistical impairment allowances	-9,603	-7,008	37.0%
Deposits from customers	254,565	257,181	-1.0%
Equity	96,011	91,107	5.4%

Financial performance indicators	Q2 2016	Q2 2015	Change
Interest income	16,774	16,314	2.8%
Interest expense	1,502	1,692	-11.2%
Expenses from impairment allowances	6,309	6,365	-0.9%
Income from debt collection proceedings	933	1,241	-24.8%
Profit before impairment allowances	9,228	9,158	0.8%
Net profit	2,919	2,793	4.5%

Ratios	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Return on equity (ROE)	12.4%	14.0%	12.4%	20.0%	13.5%
Equity multiplier (EM)	3.8	3.8	3.9	3.9	4.0
Profit margin (PM)	15.9%	17.1%	15.6%	17.0%	15.3%
Asset utilization ratio (AU)	20.7%	21.2%	20.5%	30.0%	22.0%
Return on assets (ROA)	3.3%	3.6%	3.3%	5.1%	3.4%
Price difference (SPREAD)	15.4%	16.2%	15.2%	24.0%	16.0%

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 June 2016, the consolidated assets of Bigbank AS Group totalled 355.2 million euros, having decreased by 1.7 million euros (-0.5%) during the quarter.

As at 30 June 2016, loans to customers accounted for 84.9% of total assets, the proportion of liquid assets (amounts due from banks and financial assets held for trading) was 11.9%.

At the end of the second quarter, liquid assets totalled 42.2 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 14.8 million euros as at 30 June 2016.

At the end of the second quarter, the Group had 160 thousand loan agreements, 70 thousand of them in Latvia, 36 thousand in Estonia, 28 thousand in Lithuania, 11 thousand in Finland, 9 thousand in Spain and 6 thousand in Sweden.

Geographical distribution of loans to customers:

- 24.8% Latvia,
- 22.7% Lithuania,
- 17.4% Finland,
- 16.4% Estonia,
- 10.4% Sweden,
- 8.3% Spain.

At 30 June 2016, loans to customers totalled 301.7 million euros, comprising of:

- the loan portfolio of 333.9 million euros. Loans to individuals accounted for 93.2% of the total;
- interest receivable on loans of 20.8 million euros;
- impairment allowances for loans and interest receivables of 53.0 million euros (consisting of an impairment allowance for loans of 33.8 million euros, an impairment allowance for interest receivables of 9.6 million euros and a statistical impairment allowance of 9.6 million euros).

Bigbank's loan portfolio is diversified – at the reporting date the average loan was 2,089 euros and as at 30 June 2016, 40 largest loans accounted for 6.1% of the loan portfolio.

Bigbank AS focuses on the provision of consumer loans. In line with the corporate strategy, as at 30 June 2016 loans against income accounted for 88.2%, loans against surety for 2.8% and loans secured with real estate for 9.0% of the total loan portfolio.

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

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

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

To mitigate the risks arising from customers' payment behaviour and to cover potential credit losses, the Group makes impairment allowances, which are created on a conservative basis. At 30 June 2016, impairment allowances totalled 53.6 million euros, consisting of:

- impairment allowances for loan receivables of 33.8 million euros,
- impairment allowances for interest receivables of 9.6 million euros,
- statistical impairment allowances of 9.6 million euros,
- impairment allowances for other receivables of 0.6 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 second quarter of 2016, the Group's liabilities totalled 259.2 million euros. Most of the debt raised by the Group, i.e. 254.6 million euros (98.2%) consisted of term deposits (including subordinated deposits in the amount of 1.8 million euros).

In the second quarter of 2016, the Group's equity was 96.0 million euros. The equity to assets ratio amounted to 27.0%.

## Financial performance

Interest income for the second quarter reached 16.8 million euros, increasing by 0.5 million euros (2.8%) year over year. The increase in interest income results from growth in the loan portfolio.

The period's ratio of interest income (annualised) to average interest-earning assets was 17.8% and (annualised) return on the loan portfolio accounted for 20.0% of the average loan portfolio.

Interest expense for the second quarter of 2016 was 1.5 million euros, decreasing by 0.2 million euros year over year (-11.2%).

The ratio of interest expense to interest income was 9.0 %. The ratio of interest expense to average interest-bearing liabilities (annualised) was 2.4%.

Other operating expenses for the second quarter totalled 2.7 million euros (an increase of 0.5 million euros year over year).

Salaries and associated charges for the second quarter of 2016 amounted to 3.7 million euros, including remuneration of 2.3 million euros. As at the end of the period, the Group had 406 employees.

In the second quarter, impairment losses were 6.5 million euros, consisting of:

- impairment losses on loan receivables of 5.3 million euros,
- impairment losses on interest receivables of 1.3 million euros,
- impairment income on other receivables of 0.1 million euros.

Impairment allowances are made on a conservative basis.

Other income for the second quarter of 2016 was 1.0 million euros, the largest proportion of which resulted from debt collection income. In the same period of 2015, other income was 1.3 million euros.

Other expenses for the second quarter reached 0.7 million euros, remaining at the same level with the second quarter 2015.

The Group's net profit for the second quarter of 2016 amounted to 2.9 million euros. In comparison to the second quarter of 2015, net profit has increased by 0.1 million euros (4.5%).

Second-quarter profit before impairment allowances was 9.2 million euros, the corresponding figure for the second quarter of 2015 was the same.

## Capital ratios

### Own funds

	As at	Basel III 30 June 2016	Basel III 31 Dec 2015
Paid up capital instruments		8,000	8,000
Other reserves		800	800
Previous years retained earnings		79,959	70,065
Other accumulated comprehensive income		1,113	1,047
Other intangible assets		-2,404	-1,611
Profit or loss eligible		-	9,894
Adjustments to CET1 due to prudential filters		-	-
<b>Common equity Tier 1 capital</b>		<b>87,468</b>	<b>88,195</b>
<b>Tier 1 capital</b>		<b>87,468</b>	<b>88,195</b>
<b>Tier 2 capital</b>		-	-
<b>Deductions</b>		-	-
<b>Total own funds</b>		<b>87,468</b>	<b>88,195</b>

**Total risk exposure amount**

	Basel III 30 June 2016	Basel III 31 Dec 2015
<b>Risk weighted exposure amounts for credit and counterparty credit (standardized approach)</b>		
Central governments or central banks	1,094	1,214
Regional governments or local authorities	-	372
Institutions	8,241	5,423
Corporates	36,162	35,906
Retail	174,397	167,994
Secured by mortgages on immovable property	5,261	5,498
Exposures in default	37,728	42,032
Other items	10,411	8,901
<b>Total risk weighted exposure amounts for credit and counterparty credit (standardized approach)</b>	<b>273,294</b>	<b>267,340</b>
<b>Total risk exposure amount for foreign exchange risk (standardized approach)</b>	<b>-</b>	<b>84</b>
<b>Total risk exposure amount for operational risk (standardized approach)</b>	<b>93,588</b>	<b>80,860</b>
<b>Total risk exposure amount for credit valuation adjustment (standardized approach)</b>	<b>-</b>	<b>-</b>
<b>Total risk exposure amount</b>	<b>366,882</b>	<b>348,284</b>

**Capital ratios**

	Basel III 30 June 2016	Basel III 31 Dec 2015
CET1 Capital ratio	23.8%	25.3%
T1 Capital ratio	23.8%	25.3%
Total capital ratio	23.8%	25.3%
Leverage ratio	24.1%	24.4%

Own funds as of 31 December 2015 include all year 2015 eligible profits less dividends.

The own funds requirement for foreign exchange risk has not been calculated in the second quarter of year 2016, as it does not exceed corresponding limit.

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.

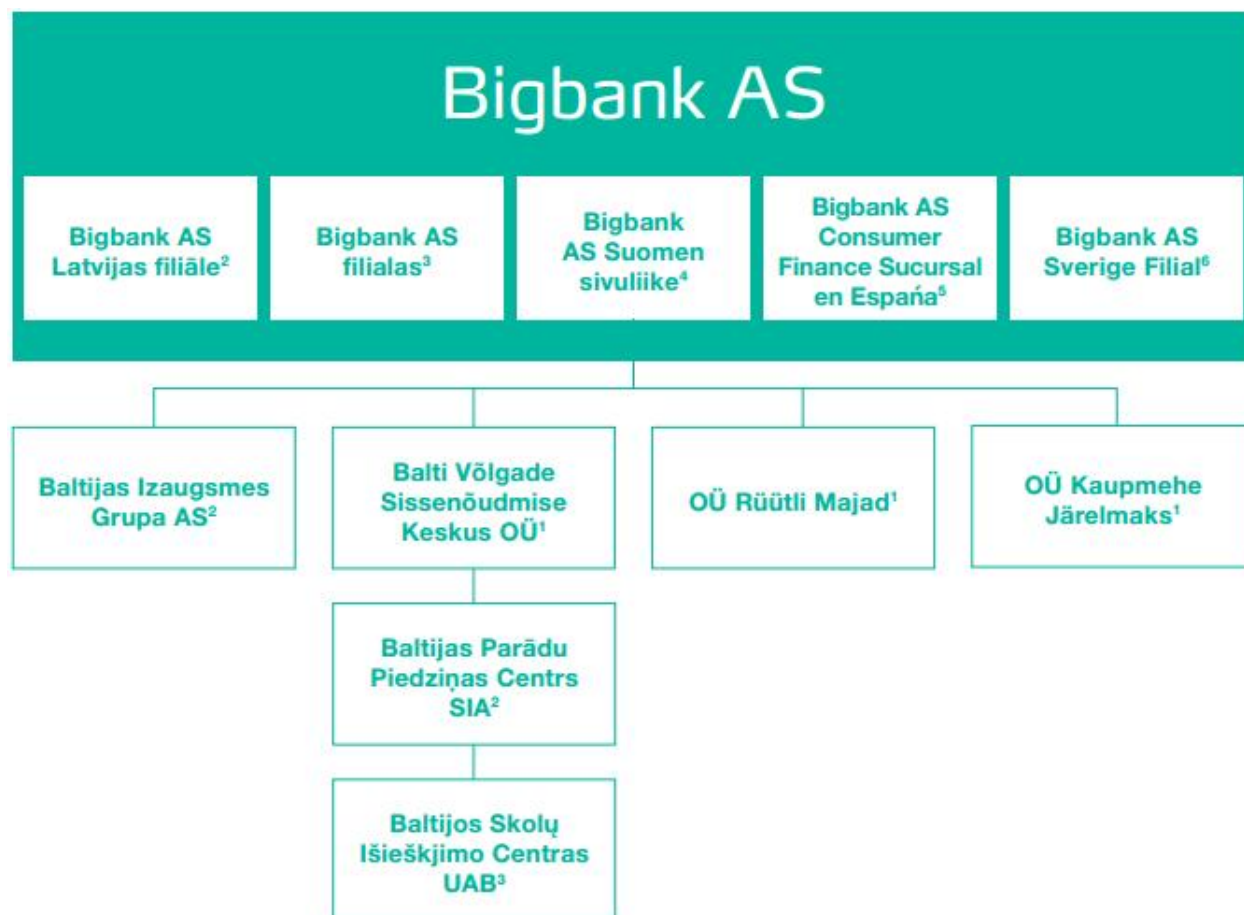
Leverage ratio is calculated by dividing the capital measure (Tier 1 capital) by total exposure measure and is expressed as a percentage.



# 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 on consumer loans and term deposits.

The Group's structure at the reporting date:



<sup>1</sup> registered in the Republic of Estonia

<sup>2</sup> registered in the Republic of Latvia

<sup>3</sup> registered in the Republic of Lithuania

<sup>4</sup> registered in the Republic of Finland

<sup>5</sup> registered in the Kingdom of Spain

<sup>6</sup> registered in the Kingdom of Sweden

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 Rūütli 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. OÜ Kaupmehe Järeilmaks offered hire purchase products until 1 March 2016 when its active portfolio was sold to Bigbank, after which the subsidiary was merged with OÜ Balti Völgade Sissenõudmise Keskus and OÜ Kaupmehe Järeilmaks was deleted from Estonian commercial register on 25 August 2016.

# Condensed consolidated interim financial statements

## Consolidated statement of financial position

As at	Note	30 June 2016	31 Dec 2015
<b>Assets</b>			
Cash and balances at central banks		3,126	15,328
Cash and balances at banks		24,235	13,993
Financial assets held for trading	3	14,813	14,464
Loans to customers	4,5,6,7,8	301,729	299,531
Held-to-maturity financial assets		-	633
Other receivables	9	2,851	1,086
Prepayments	10	876	1,106
Property and equipment		3,491	3,389
Investment property	11	669	797
Intangible assets		2,404	1,611
Deferred tax assets		1,010	1,009
<b>Total assets</b>		<b>355,204</b>	<b>352,947</b>
<b>Liabilities</b>			
Deposits from customers	12	254,565	257,181
Provisions		129	-
Other liabilities		2,903	3,000
Deferred income and tax liabilities		1,596	1,659
<b>Total liabilities</b>		<b>259,193</b>	<b>261,840</b>
<b>Equity</b>			
Share capital		8,000	8,000
Capital reserve		800	800
Other reserves	13	1,113	1,048
Earnings retained in prior years		86,098	81,259
<b>Total equity</b>		<b>96,011</b>	<b>91,107</b>
<b>Total liabilities and equity</b>		<b>355,204</b>	<b>352,947</b>

**Consolidated statement of comprehensive income**

	Note	Q2 2016	Q2 2015	6M 2016	6M 2015
Interest income	16	16,774	16,314	34,070	32,193
Interest expense	17	-1,502	-1,692	-3,058	-3,440
<b>Net interest income</b>		<b>15,272</b>	<b>14,622</b>	<b>31,012</b>	<b>28,753</b>
Fee and commission income		633	572	1,256	1,124
Fee and commission expense		-45	-42	-93	-86
<b>Net fee and commission income</b>		<b>588</b>	<b>530</b>	<b>1,163</b>	<b>1,038</b>
Net gain/loss on financial transactions		43	-316	277	-406
Other income	18	986	1,319	1,903	2,591
<b>Total income</b>		<b>16,889</b>	<b>16,155</b>	<b>34,355</b>	<b>31,976</b>
Salaries and associated charges		-3,695	-3,793	-7,059	-7,094
Other operating expenses	19	-2,719	-2,222	-5,406	-5,144
Depreciation and amortisation expense		-187	-166	-368	-321
Impairment losses on loans and financial investments		-6,309	-6,365	-13,039	-13,606
Impairment losses on other assets		-	-	-70	-
Other expenses	20	-692	-660	-1,445	-1,403
<b>Total expenses</b>		<b>-13,602</b>	<b>-13,206</b>	<b>-27,387</b>	<b>-27,568</b>
<b>Profit before income tax</b>		<b>3,287</b>	<b>2,949</b>	<b>6,968</b>	<b>4,408</b>
Income tax expense/income		-368	-156	-829	-302
<b>Profit for the period</b>		<b>2,919</b>	<b>2,793</b>	<b>6,139</b>	<b>4,106</b>
<b>Other comprehensive income/expense</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translating foreign operations		65	-7	65	-21
Net profit on hedges of net investments in foreign operations		-	8	-	88
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>65</b>	<b>1</b>	<b>65</b>	<b>67</b>
<b>Other comprehensive income for the period</b>		<b>65</b>	<b>1</b>	<b>65</b>	<b>67</b>
<b>Total comprehensive income for the period</b>		<b>2,984</b>	<b>2,794</b>	<b>6,204</b>	<b>4,173</b>
Basic earnings per share (EUR)		36	35	77	51
Diluted earnings per share (EUR)		36	35	77	51

**Consolidated statement of cash flows**

	Note	6M 2016	6M 2015
<b>Cash flows from operating activities</b>			
Interest received		29,726	29,061
Interest paid		-2,217	-3,136
Salary and other operating expenses paid		-13,515	-13,531
Other income received		2,957	3,124
Other expenses paid		-1,746	-2,154
Fees received		546	569
Fees paid		-94	-83
Recoveries of receivables previously written off		4,574	5,479
Received for other assets		279	317
Paid for other assets		-243	-241
Loans provided		-94,439	-82,512
Repayment of loans provided		77,296	59,633
Change in mandatory reserves with central banks		-97	-35
Proceeds from customer deposits		25,813	31,653
Paid on redemption of deposits		-28,266	-24,899
Net acquisition and disposal of trading portfolio		181	-11,528
Income tax paid/received		-803	136
Effect of movements in exchange rates		-18	5
<b>Net cash used in operating activities</b>		<b>-66</b>	<b>-8,142</b>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment and intangible assets		-1,228	-207
Proceeds from sale of property and equipment		42	1
Proceeds from sale of investment properties		32	132
Change in term deposits		-120	100
Acquisition of financial instruments		-	-3,864
Proceeds from redemption of financial instruments		633	3,380
<b>Net cash used in investing activities</b>		<b>-641</b>	<b>-458</b>
<b>Cash flows from financing activities</b>			
Dividends paid		-1,300	-1,500
<b>Net cash used in financing activities</b>		<b>-1,300</b>	<b>-1,500</b>
Effect of exchange rate fluctuations		-173	168
<b>Decrease in cash and cash equivalents</b>		<b>-2,180</b>	<b>-9,932</b>
Cash and cash equivalents at beginning of period		28,894	33,602
<b>Cash and cash equivalents at end of period</b>	2	<b>26,714</b>	<b>23,670</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 2015	8,000	800	894	71,565	81,259
Profit for the period	-	-	-	4,106	4,106
<b>Other comprehensive income</b>					
Exchange differences on translating foreign operations	-	-	-21	-	-21
Net profit on hedges of net investments in foreign operations	-	-	88	-	88
<b>Total other comprehensive income</b>	-	-	<b>67</b>	-	<b>67</b>
<b>Total comprehensive income for the period</b>	-	-	<b>67</b>	<b>4,106</b>	<b>4,173</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 June 2015</b>	<b>8,000</b>	<b>800</b>	<b>961</b>	<b>74,171</b>	<b>83,932</b>
<b>Balance at 1 January 2016</b>	<b>8,000</b>	<b>800</b>	<b>1,048</b>	<b>81,259</b>	<b>91,107</b>
Profit for the period	-	-	-	6,139	6,139
<b>Other comprehensive income</b>					
Exchange differences on translating foreign operations	-	-	65	-	65
Total other comprehensive income	-	-	65	-	65
<b>Total comprehensive income for the period</b>	-	-	<b>65</b>	<b>6,139</b>	<b>6,204</b>
Dividend distribution	-	-	-	-1,300	-1,300
<b>Total transactions with owners</b>	-	-	-	<b>-1,300</b>	<b>-1,300</b>
<b>Balance at 30 June 2016</b>	<b>8,000</b>	<b>800</b>	<b>1,113</b>	<b>86,098</b>	<b>96,011</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 second quarter ended 30 June 2016 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 2015, 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 2015. The new and revised standards and interpretations effective from 1 January 2016 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 thousands of euros, unless otherwise indicated.

### Note 2. Cash equivalents

As at	30 June 2016	31 Dec 2015	30 June 2015
Demand and overnight deposits with credit institutions*	19,491	13,823	11,999
Term deposits with credit institutions with maturity of less than 1 year*	4,622	170	10,877
Surplus on mandatory reserves with central banks*	2,601	14,901	794
Term deposits with credit institutions with maturity of over one year	120	-	50
Mandatory reserves	525	427	281
Interest receivable from central banks	2	-	4
<b>Total cash and balances at banks</b>	<b>27,361</b>	<b>29,321</b>	<b>24,005</b>
<b>of which cash and cash equivalents</b>	<b>26,714</b>	<b>28,894</b>	<b>23,670</b>

\* Cash equivalents

### Note 3. Financial assets held for trading

As at	30 June 2016	31 Dec 2015
<b>Financial assets held for trading</b>	<b>14,813</b>	<b>14,464</b>
<b>Financial assets held for trading by issuer</b>		
General government bonds	3,560	3,544
Bonds issued by credit institutions	4,734	4,661
Other financial corporations' bonds	1,263	1,229
Non-financial corporations' bonds	5,256	5,030
<b>Financial assets held for trading by currency</b>		
EUR (euro)	14,813	14,464
<b>Financial assets held for trading by rating</b>		
Aaa-Aa3	2,527	2,446
A1-A3	4,390	4,926
Baa1-Baa3	7,896	7,092

**Note 4. Loans to customers****Loans to customers as at 30 June 2016**

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Loan receivables from customers	54,103	84,490	72,160	54,414	31,012	37,760	333,939
Impairment allowances for loans	-5,472	-11,618	-3,463	-1,517	-6,046	-5,719	-33,835
Interest receivable from customers	4,612	9,428	1,222	1,141	2,790	1,644	20,837
Impairment allowances for interest receivables	-2,680	-4,121	-362	-158	-1,666	-622	-9,609
Statistical impairment allowance	-954	-3,298	-995	-1,390	-1,124	-1,842	-9,603
<b>Total loans to customers, incl. interest and allowances</b>	<b>49,609</b>	<b>74,881</b>	<b>68,562</b>	<b>52,490</b>	<b>24,966</b>	<b>31,221</b>	<b>301,729</b>
Share of region	16.4%	24.8%	22.7%	17.4%	8.3%	10.4%	100.0%

**Loans to customers as at 31 December 2015**

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Loan receivables from customers	55,657	79,673	62,022	55,867	32,516	40,302	326,037
Impairment allowance for loans	-5,235	-11,150	-4,161	-1,819	-6,018	-4,559	-32,942
Interest receivable from customers	5,260	10,141	1,629	1,313	3,021	1,610	22,974
Impairment allowances for interest receivables	-2,269	-4,103	-702	-203	-1,766	-487	-9,530
Statistical impairment allowance	-1,311	-3,097	-594	-654	-572	-780	-7,008
<b>Total loans to customers, incl. interest and allowances</b>	<b>52,102</b>	<b>71,464</b>	<b>58,194</b>	<b>54,504</b>	<b>27,181</b>	<b>36,086</b>	<b>299,531</b>
Share of region	17.4%	23.9%	19.4%	18.2%	9.1%	12.0%	100.0%

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

As at	30 June 2016	31 Dec 2015
Up to 1 year	149,377	147,045
1-2 years	64,631	61,128
2-5 years	102,383	98,916
More than 5 years	17,548	18,948
<b>Total</b>	<b>333,939</b>	<b>326,037</b>

**Note 6. Ageing analysis on loan receivables****Ageing analysis as at 30 June 2016**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
<b>Loans against income</b>						
Loan portfolio	201,014	23,941	6,959	4,334	58,174	294,422
Impairment allowance	-8,485	-1,123	-574	-504	-29,354	-40,040
<b>Surety loans</b>						
Loan portfolio	5,754	712	153	59	2,681	9,359
Impairment allowance	-357	-49	-26	-17	-1,542	-1,991
<b>Loans secured with real estate</b>						
Loan portfolio	24,324	2,526	695	504	1,994	30,043
Impairment allowance	-523	-59	-19	-14	-771	-1,386
<b>Loans with insurance cover</b>						
Loan portfolio	36	21	9	-	24	90
Impairment allowance	-1	-1	-	-	-17	-19
<b>Loans against other collaterals</b>						
Loan portfolio	23	2	-	-	0	25
Impairment allowance	-2	-	-	-	0	-2
<b>Total loan portfolio</b>	<b>231,151</b>	<b>27,202</b>	<b>7,816</b>	<b>4,897</b>	<b>62,873</b>	<b>333,939</b>
Total impairment allowance	-9,368	-1,232	-619	-535	-31,684	-43,438

**Ageing analysis as at 31 December 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	193,421	21,649	6,782	2,970	59,546	284,368
Impairment allowance	-6,726	-801	-442	-195	-28,104	-36,268
<b>Surety loans</b>						
Loan portfolio	6,775	932	557	122	2,974	11,360
Impairment allowance	-403	-64	-33	-8	-1,648	-2,156
<b>Loans secured with real estate</b>						
Loan portfolio	24,677	2,393	399	728	1,955	30,152
Impairment allowance	-659	-99	-13	-24	-702	-1,497
<b>Loans with insurance cover</b>						
Loan portfolio	56	21	4	-	42	123
Impairment allowance	-2	-1	-	-	-23	-26
<b>Loans against other collaterals</b>						
Loan portfolio	26	2	-	-	6	34
Impairment allowance	-1	-	-	-	-2	-3
<b>Total loan portfolio</b>	<b>224,955</b>	<b>24,997</b>	<b>7,742</b>	<b>3,820</b>	<b>64,523</b>	<b>326,037</b>
Total impairment allowance	-7,791	-965	-488	-227	-30,479	-39,950



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

As at	30 June 2016	31 Dec 2015
EUR (euro)	296,179	285,735
SEK (Swedish krona)	37,760	40,302
<b>Total loan receivables from customers</b>	<b>333,939</b>	<b>326,037</b>

**Note 8. Impairment allowances by loan assessment category****Impairment allowances as at 30 June 2016**

	Loan receivables	Impairment allowance for loans	Interest receivables	Impairment allowance for loan interest	Total impairment allowances
Collectively assessed items	294,435	-18,913	16,165	-5,267	-24,180
Individually assessed items	39,504	-14,922	4,672	-4,342	-19,264
Statistical impairment allowance	-	-9,603	-	-	-9,603
<b>Total</b>	<b>333,939</b>	<b>-43,438</b>	<b>20,837</b>	<b>-9,609</b>	<b>-53,047</b>

**Impairment allowances as at 31 December 2015**

	Loan receivables	Impairment allowance for loans	Interest receivables	Impairment allowance for loan interest	Total impairment allowances
Collectively assessed items	287,092	-19,651	19,144	-6,129	-25,780
Individually assessed items	38,945	-13,291	3,830	-3,401	-16,692
Statistical impairment allowance	-	-7,008	-	-	-7,008
<b>Total</b>	<b>326,037</b>	<b>-39,950</b>	<b>22,974</b>	<b>-9,530</b>	<b>-49,480</b>

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

As at	30 June 2016	31 Dec 2015	30 June 2015
Balance at beginning of year	-49,480	-52,520	-52,520
Loan and interest receivables written off the statement of financial position	15,054	47,649	21,993
Increase in allowances for loan and interest receivables	-18,800	-44,475	-20,548
Effect of movements in exchange rates	179	-134	-72
<b>Balance at end of period</b>	<b>-53,047</b>	<b>-49,480</b>	<b>-51,147</b>

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

	Q2 2016	Q2 2015	6M 2016	6M 2015
Recovery of loan and interest receivables written off the statement of financial position	3,569	5,838	5558	7,367
Increase in allowances for loan and interest receivables	-9,989	-11,897	-18,800	-20,548
Impairment losses on other receivables	111	-306	203	-425
<b>Total impairment losses</b>	<b>-6,309</b>	<b>-6,365</b>	<b>-13,039</b>	<b>-13,606</b>

**Note 9. Other receivables**

As at	30 June 2016	31 Dec 2015
Collection, recovery and other charges receivable	1,068	1,275
Miscellaneous receivables	2,377	512
Impairment allowance for other receivables	-594	-701
<b>Total</b>	<b>2,851</b>	<b>1,086</b>

**Note 10. Prepayments**

As at	30 June 2016	31 Dec 2015
Prepaid taxes	430	435
Other prepayments	446	671
<b>Total</b>	<b>876</b>	<b>1,106</b>

**Note 11. Investment properties**

As at	30 June 2016	31 Dec 2015	30 June 2015
Opening balance at 1 January	797	1,100	1,100
Additions	-	13	13
Sales	-58	-172	-127
Net loss from fair value adjustment	-70	-144	-
<b>Closing balance at end of period</b>	<b>669</b>	<b>797</b>	<b>986</b>

**Note 12. Deposits from customers**

As at	30 June 2016	31 Dec 2015
<b>Term deposits</b>	<b>254,565</b>	<b>257,181</b>
<b>Term deposits by customer type</b>		
Individuals	244,725	247,033
Legal persons	9,840	10,148
<b>Term deposits by currency</b>		
EUR (euro)	217,917	212,508
SEK (Swedish krona)	36,648	44,673
<b>Term deposits by maturity</b>		
Maturing within 6 months	68,708	57,428
Maturing between 6 and 12 months	57,923	63,021
Maturing between 12 and 18 months	34,092	34,437
Maturing between 18 and 24 months	25,394	32,540
Maturing between 24 and 36 months	30,909	30,330
Maturing between 36 and 48 months	14,802	17,794
Maturing in over 48 months	22,737	21,631
Average deposit amount	22	21
Weighted average interest rate	2.4%	2.5%
Weighted average duration until maturity (months)	19	21
Weighted average total contract term (months)	41	41

**Note 13. Other reserves**

As at	30 June 2016	Change	31 Dec 2015	Change	31 Dec 2014
Exchange differences on translating foreign operations	134	65	69	-39	108
Net gain/loss on hedges of net investments in foreign operations	-	-	-	193	-193
Asset revaluation reserve	979	-	979	-	979
<b>Total other reserves</b>	<b>1,113</b>	<b>65</b>	<b>1,048</b>	<b>154</b>	<b>894</b>

**Note 14. Net currency positions****Net currency positions as at 30 June 2016**

	Position in the statement of financial position		Position off the statement of financial position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	316,132	222,175	-	10,322	83,635
SEK (Swedish krona)	36,632	37,018	-	-	-386
GBP (British pound)	36	-	-	-	36

**Net currency positions as at 31 December 2015**

	Position in the statement of financial position		Position off the statement of financial position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	306,030	216,618	-	9,761	79,651
SEK (Swedish krona)	45,270	45,222	-	-	48
GBP (British pound)	36	-	-	-	36

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

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

As at	30 June 2016	31 Dec 2015
<b>Irrevocable transactions, of which</b>	<b>10,322</b>	<b>9,760</b>
Issued bank guarantees	90	90
Credit lines and overdrafts	10,232	9,670
<b>Assets pledged and encumbered with usufruct*</b>	<b>2,449</b>	<b>2,449</b>

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

**Note 16. Interest income**

	Q2 2016	Q2 2015	6M 2016	6M 2015
Interest income on loans to customers	16,668	16,263	33,862	32,128
Interest income on financial assets held for trading	92	46	185	52
Interest income on deposits	10	4	15	11
Interest income on held-to-maturity financial assets	-	1	-	2
Other assets	4	-	8	-
<b>Total interest income</b>	<b>16,774</b>	<b>16,314</b>	<b>34,070</b>	<b>32,193</b>

**Note 17. Interest expense**

	Q2 2016	Q2 2015	6M 2016	6M 2015
Interest expense on deposits	1,502	1,692	3,058	3,440

**Note 18. Other income**

	Q2 2016	Q2 2015	6M 2016	6M 2015
Income from debt recovery proceedings	933	1,241	1,804	2,434
Miscellaneous income	53	78	99	157
<b>Total other income</b>	<b>986</b>	<b>1,319</b>	<b>1,903</b>	<b>2,591</b>

**Note 19. Other operating expenses**

	Q2 2016	Q2 2015	6M 2016	6M 2015
Marketing expenses	1,607	1,414	3,128	2,932
Office, rental and similar expenses	304	305	618	735
Miscellaneous operating expenses	808	503	1,660	1,477
<b>Total other operating expenses</b>	<b>2,719</b>	<b>2,222</b>	<b>5,406</b>	<b>5,144</b>

**Note 20. Other expenses**

	Q2 2016	Q2 2015	6M 2016	6M 2015
Expenses related to enforcement proceedings	310	282	545	653
Expenses related to registry inquires	233	222	452	415
Legal regulation charges	102	107	226	214
Expenses from investment properties	-	4	5	12
Onerous contracts provisions	-	-	128	-
Miscellaneous expenses	47	45	89	109
<b>Total other expenses</b>	<b>692</b>	<b>660</b>	<b>1,445</b>	<b>1,403</b>

**Note 21. Related parties**

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

- shareholders of Bigbank AS;
- members of Group companies' management and supervisory boards;

- close family members of the above;
- companies connected with the above persons, except where the persons cannot exert significant influence on the company's business decisions.

As at 30 June 2016, 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 second quarter of 2016 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 June 2016 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

30 August 2016

[digitally signed]

**Ingo Põder**

Member of the Management Board

30 August 2016

[digitally signed]

**Agur Jõgi**

Member of the Management Board

30 August 2016

[digitally signed]

**Sven Raba**

Member of the Management Board

30 August 2016

[digitally signed]