

BIGBANK AS

Public Interim Report

1Q 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: Rütli 23, 51006 Tartu, Estonia

Phone: +372 737 7570

Fax: +372 737 7582

E-mail: bigbank@bigbank.ee

Website: www.bigbank.ee

Date of report: 31.03.2011

Reporting period: 1.01.2011 – 31.03.2011

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: An audit has been not performed with regard to the financial information of the 1st Q of 2011.

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 1Q 2011 of BIGBANK AS is available at the head office of BIGBANK AS Rütli 23, Tartu, and all other offices of the company.

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 Riga, 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 Rüütli Majad
Registered office: Rüütli 23, 51006 Tartu, Estonia
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: Rüütli 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 Riia, 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: 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:

Company	Address	Registration number	Date of entry
BIGBANK AS Latvijas filiāle	Brīvības iela 151, LV-1012 Riga, Latvia	40103200513	11.11.2008
BIGBANK AS filialas	Jogailos 4, Vilnius 01116 Lithuania	301048563	27.09.2007
BIGBANK AS Suomen sivuliike	Kampinkuja 2, 00100 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 1Q* 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 31.03.2011 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	31.05.2011	 <hr/>
Kaido Saar Member of the Management Board	31.05.2011	 <hr/>
Veiko Kandla Member of the Management Board	31.05.2011	 <hr/>
Ingo Pöder Member of the Management Board	31.05.2011	 <hr/>
Ruslan Mahhov Member of the Management Board	31.05.2011	 <hr/>

OVERVIEW OF THE ECONOMIC ACTIVITY

KEY FINANCIAL INDICATORS

(in millions of euros)	31.03.2011	31.12.2010	Change %
Assets	209.869	207.394	1.2
Receivables from customers	144.235	137.848	4.6
incl. loan portfolio	157.064	150.493	4.4
incl. interest receivables	21.404	20.077	6.6
incl. impairment allowances	-34.233	-32.722	4.6
<i>incl. to loan receivables</i>	-28.065	-26.871	4.4
<i>incl. to interest receivables</i>	-5.239	-4.922	6.4
<i>incl. additional impairment allowances</i>	-0.929	-0.929	0.0
Deposits	156.014	153.845	1.4
Bonds	-	0.011	-100.0
Subordinated bonds	3.651	3.653	-0.1
Equity	48.178	47.601	1.2

(in millions of euros)	1Q 2011	1Q 2010	Change %
Interest income	8.268	7.813	5.8
Interest expenses	1.562	2.508	-37.7
Impairment allowance costs	2.401	2.972	-19.2
Revenue related to debt collection proceedings	1.438	1.246	15.4
Profit before impairment allowances	3.817	3.702	3.1
Net profit	1.416	0.730	94.0

RATIOS

(in %)	1Q 2011	4Q 2010	3Q 2010	2Q 2010	1Q 2010
Return on equity (ROE)	11.7%	19.4%	9.6%	11.0%	6.7%
Equity multiplier (EM)	4.4	4.4	4.3	4.1	4.2
Profit margin (PM)	14.6%	22.8%	11.9%	13.3%	8.0%
Asset utilization ratio (AU)	18.4%	19.3%	18.8%	19.9%	19.9%
Return on assets (ROA)	2.7%	4.4%	2.2%	2.7%	1.6%
SPREAD	11.8%	11.6%	10.2%	10.8%	9.7%
TIER 1	26.8%	27.6%	26.9%	29.4%	25.8%

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

In the 1st quarter of 2011, BIGBANK began to offer consumer loans in Spain. The loan portfolio of the BIGBANK Group in total grew by 6.6 million euros, i.e. 4.4%. The largest contribution to the growth of the loan portfolio was made by BIGBANK's Finnish branch.

In the 1st quarter, the volume of total assets grew by 2.5 million euros, reaching 209.9 million euros as of the end of the quarter. The volume of liabilities reached 161.7 million euros, having increased during the quarter by 1.9 million euros. Term deposits continue to form the largest part of liabilities.

The customers' payment behaviour has been stable. The volume of the non-performing loan portfolio and its ratio in the whole loan portfolio decreased in the 1st quarter by falling under 40% for the first time in the past 27 months.

Net profit of the reporting period in the 1st quarter amounted to 1.4 million euros, compared to the 0.7 million euros of the same period of the previous year. In the 1st quarter, the profit before impairment allowances totalled to 3.8 million euros (in the same period of the previous year, the corresponding figure was 3.7 million euros):

As of the end of the 1st quarter of 2011, equity totalled 48.2 million euros (47.6 million euros as of the end of 2010). In the 1st quarter, 0.8 million euros were paid out as dividends. The share of equity in total assets amounted to 23.0%. Capital adequacy formed 21.9% as of 31 March 2011 (22.4% at the end of 2010).

In the 1st quarter, shareholders of BIGBANK AS made a decision to increase the share capital of the bank by 2.888 million euros. The share capital was increased by increasing the nominal value of a share at the expense of the bank's equity without making additional deposits. This change was registered in the Commercial Register of the Republic of Estonia on 18 May 2011.

As of the end of the 1st quarter of 2011, there were 506 employees working at BIGBANK, including 206 in Estonia, 155 in Latvia, 79 in Lithuania and 41 in Finland and 25 in Spain. As of the end of the quarter, the Group had 28 offices, of which 10 were located in Estonia, 7 in Latvia, 10 in Lithuania and 1 in Finland.

ANALYSIS OF STATEMENT OF FINANCIAL POSITION AND CONSOLIDATED INCOME STATEMENT

Statement of Financial Position Indicators

Total assets	<p>As of 31 March 2011, total assets of BIGBANK AS Group totalled 209.9 million euros. Increasing by 2.5 million euros during the quarter.</p> <p>As of 31 March 2011, receivables from customers accounted for 68.7% of total assets, liquid assets (monetary funds and held-to-maturity financial assets) accounted for 25.3%.</p>
Liquid assets	<p>As of the end of the 1st quarter, monetary funds totalled to 53.0 million euros, decreasing by 3.7 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 31 March 2011, the volume of held-to-maturity financial assets reached 11.0 million euros.</p>
Receivables from customers	<p>By the end of the 1st quarter, the Group had 112 thousand loan contracts in total; including 35 thousand contracts in Estonia, 56 thousand contracts in Latvia, 14 thousand contracts in Lithuania and 7 thousand contracts in Finland.</p> <p>Geographically receivables from customers were distributed as follows:</p> <ul style="list-style-type: none">- 41.7% Estonia,- 34.7% Latvia,- 11.7% Lithuania,- 11.9% Finland. <p>As of 31 March 2011, receivables from customers reached 144.2 million euros, of which:</p> <ul style="list-style-type: none">- the volume of loan portfolio was 157.1 million euros. Loans to private persons accounted for 97.0% of the total loan portfolio,- interest receivables from loan customers totalled 21.4 million euros,- impairment reserve of loan receivables from customers amounted to 34.2 million euros (including impairment allowance for loan receivables in the amount of 28.1 million euros, impairment allowance for interest receivables in the amount of 5.2 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 31 March 2011 loans against income accounted for 75.8% of the loan portfolio, loans against suretyship 12.1%, loans against real estate accounted for 9.1% and loans with insurance coverage 3.0%.</p> <p>In comparison to the 4th quarter of 2010, there were no significant changes in the customer's payment behaviour in the 1st quarter. The number of customers making regular payments or the rate of receipts did not increase due to the larger heating expenses of the winter months an increase in the prices of convenience goods. The volume of the non-performing loan portfolio and its ratio in the whole loan portfolio decreased in the 1st quarter, by falling under 40% for the first time in the past 27 months.</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 31 March 2011 totalled 36.2 million euros. Reserve has been established on a conservative basis. The established reserve includes:

- impairment allowances for loan receivables in the amount of 28.1 million euros,
- impairment allowances for interest receivables in the amount of 5.2 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 1st quarter of 2011, the liabilities of the Group amounted to 161.7 million euros. Term deposits formed the bulk of liabilities, i.e. 156.0 million euros (96.5%).

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

Equity

In the 1st quarter of 2011 the Group's equity grew by 0.6 million euros, amounting to 48.2 million kroons. The share of equity in total assets amounts to 23.0%. As of the end of the 1st quarter, the capital adequacy was 21.9% (Basel II) compared to 22.4% as of the end of 2010.

As of 31 March 2011 TIER 1 and TIER 2 capital totalled 48.4 million euros, accounting for 23.1% of total assets.

Consolidated Income Statement Indicators

Interest income	<p>In the 1st quarter, interest income amounted to 8.3 million euros, increasing by 0.5 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 1st quarter, the ratio of interest income (annualised) to average interest bearing assets was 15.7% and the interest income from loan portfolio (annualised) accounted for 20.9% of the average loan portfolio.</p>
Interest expenses	<p>In the 1st quarter of 2011, interest expenses totalled 1.6 million euros, compared to the 2.5 million euros of the same period of the previous year. Reduction of the interest expenses is above all connected with the decrease in the deposit interest and the increase in the share of deposits and decrease in the share of bonds in the structure of liabilities.</p> <p>The ratio of interest expenses to interest income was 18.9 %. The ratio of interest expenses (annualised) to average interest-bearing liabilities was 4.0% in the 1st quarter.</p>
Various operating expenses	<p>In the 1st quarter various operating expenses totalled 1.8 million euros (increase by 0.5 million euros compared to the 1st quarter of 2010).</p>
Salaries	<p>In the 1st quarter salary costs amounted to 1.9 million euros (growth in comparison to the same period of 2010 was 0.6 million euros), including remunerations 1.4 million euros. As of the end of the period, the Group had 506 employees (excluding employees on maternity leave).</p>
Impairment allowance costs	<p>In the 1st quarter, the reserve for impairment allowances for receivables increased by 2.4 million euros, including:</p> <ul style="list-style-type: none">- cost of impairment allowances for loan receivables in the amount of 1.9 million euros,- cost of impairment allowances for interest receivables in the amount of 0.4 million euros,- cost of impairment allowances of other customer receivables 0.1 million euros. <p>Impairment allowances have been established on a conservative basis.</p>
Other operating income and expenses	<p>In the 1st 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 1st quarter (compared to 0.1 million kroons in the 1st quarter of 2010).</p>
Profit of the reporting period	<p>In the 1st quarter of 2011 the Group's profit amounted to 1.4 million euros. Compared to the 1st quarter of 2010 the net profit has increased by 0.7 million euros.</p> <p>In the 1st quarter of 2011, profit without the impairment allowance costs totalled 3.8 million euros, in the 1st quarter of 2010 this indicator was 3.7 million euros.</p>

CAPITAL ADEQUACY REPORT

(in millions of euros)	31.03.2011	31.12.2010
Paid in share capital	5.113	5.113
Reserves established from profits	0.513	0.511
Retained earnings/losses of previous periods	41.686	37.224
Unrealized exchange differences	-0.548	-0.508
Intangible assets	-0.673	-0.709
Profit for the reporting period	-	4.461
Total TIER 1 capital	46.091	46.092
Subordinated liabilities	2.315	2.495
Total TIER 2 capital	2.315	2.495
Deductions	-	-
Total capital for calculation of capital adequacy	48.406	48.587
Capital requirements		
Central governments and central banks under standardized approach	0.918	1.134
Credit institutions and investments firms under standardized approach	2.069	1.804
Companies under standardized approach	0.450	0.328
Retail claims under standardized approach	6.621	6.055
Claims secured by real estate under standardized approach	0.788	0.811
Overdue claims under standardized approach	5.146	5.343
Other assets under standardized approach	1.191	1.205
Total capital requirements for credit risk and counterparty credit risk	17.183	16.680
Capital requirement for foreign currency risk	1.040	1.035
Capital requirement for operational risk. standardized approach	3.889	3.959
Capital requirements for the calculation of capital adequacy	22.112	21.674
Capital adequacy	21.891%	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	31.03.2011	31.12.2010
Assets			
Receivables from Central Bank		3.756	16.611
Receivables from banks		38.315	27.460
Receivables from customers	2.3.4.5.6.7.8	144.235	137.848
Financial investments	9	10.978	12.717
Other receivables and prepaid expenses	10	5.598	5.648
Deferred income tax assets		1.530	1.601
Intangible assets		0.673	0.709
Tangible assets		2.688	2.631
Other assets	11	2.096	2.169
Total assets		209.869	207.394
Liabilities			
Payable to credit institutions	12	0.436	0.493
Payable to customers	13	156.014	153.845
Other payables and prepaid income		1.590	1.791
Issued bonds	14	-	0.011
Subordinated bonds	14	3.651	3.653
Total liabilities		161.691	159.793
Equity			
Share capital		5.112	5.113
Unregistered share capital		2.888	-
Obligatory reserves		0.511	0.511
Unrealized exchange differences		-0.547	-0.508
Retained earnings		38.798	37.224
Profit for the accounting period		1.416	5.261
Total equity		48.178	47.601
Total liabilities and equity		209.869	207.394

GUARANTEES AND PLEDGED ASSETS

(in millions of euros)	31.03.2011
Irrevocable transactions	1.600
incl. guarantees and other similar irrevocable transactions*	1.135
incl. issued bank guarantees	0.030
incl. credit lines and overdraft facilities	0.435
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	1Q 2011	1Q 2010 adjusted
Interest income	16	8.268	7.813
Interest expenses	17	1.562	2.508
Net interest income		6.706	5.305
Net service charges		0.059	-0.023
Net profit/loss from financial transactions		0.072	-0.014
Other operating income	16	1.457	1.257
Total income		8.294	6.525
Salaries		1.945	1.343
Various operating expenses	18	1.803	1.276
Depreciation and decrease of value of assets		0.136	0.157
Allowances for loans and receivables		2.401	2.972
Allowances for other assets		-	-
Other expenses	17	0.506	0.068
Total operating expenses		6.791	5.816
Profit before taxation		1.503	0.709
Income tax		0.087	-0.021
Profit for the accounting period		1.416	0.730
Unrealized exchange differences		-0.039	0.073
Total other income and expenses		-0.039	0.073
Total profit for the accounting period		1.377	0.803
Basic net profit per share (EUR)		18	9
Diluted net profit per share (EUR)		18	9

STATEMENT OF CASH FLOWS

(in millions of euros)	1Q 2011	1Q 2010
Cash flow from operating activities		
Interest received	5.807	5.570
Interest paid	-1.437	-1.833
Various operating expenses paid	-3.917	-2.942
Other operating income received	1.556	1.405
Other operating expenses paid	-0.477	-0.008
Repayments of off-balance sheet receivables	0.082	0.044
Received from other assets	0.010	0.022
Paid for other assets	-	-0.007
Loans granted	-12.168	-2.244
Repayment of loans granted	5.707	4.472
Change in mandatory reserves with central banks and related interest receivables	7.674	0.252
Receipts from depositing	22.371	41.532
Paid on redemption of deposits	-20.346	-6.918
Income tax paid	-	-0.278
Effect of exchange rate fluctuations	-0.004	-0.036
Cash flow from operating activities in total	4.858	39.031
Cash flow from investing activities		
Acquired of tangible and intangible assets	-0.222	-0.029
Acquisition of financial assets	-0.345	-
Proceeds from redemption of financial instruments	2.218	-
Cash flow from investing activities in total	1.651	-0.029
Cash flows from financing activities		
Paid on redemption of bonds	-	-21.999
Repayments of loans from credit institutions	-0.057	-0.057
Dividends paid	-0.800	-0.959
Cash flow from financing activities in total	-0.857	-23.015
Effect of exchange rate fluctuations	0.030	0.016
Increase in cash and cash equivalents	5.682	16.003
Cash and cash equivalents at the beginning of the period	32.637	13.984
Cash and cash equivalents at the end of the period	38.319	29.987

STATEMENT OF CHANGES IN EQUITY

(in millions of euros)

Equity belonging to the owners of the parent company

	Share capital	Unregistered 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	-	-	-	0.073	0.730	0.803
Dividends paid	-	-	-	-	-0.959	-0.959
Balance 31.03.2010	5.113	-	0.511	-0.430	37.954	43.148
Balance 01.01.2011	5.113	-	0.511	-0.508	42.485	47.601
Total profit for the accounting period	-	-	-	-0.039	1.416	1.377
Conversion difference	-0.001	-	-	-	0.001	-
Increase of share capital	-	2.888	-	-	-2.888	-
Dividends paid	-	-	-	-	-0.800	-0.800
Balance 31.03.2011	5.112	2.888	0.511	-0.547	40.214	48.178

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Accounting Principles

The accounting principles used in the consolidated interim report for the 1st 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 1st quarter of 2010 have been adjusted as follows:

Line of the consolidated income statement

(in millions of euros)	Change 1Q 2010
Other operating income	-0.003
Net service fees	+0.003

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)	1Q 2011	1Q 2010
Income tax expense	0.017	-
Deferred income tax change	0.070	-0.021
Income tax	0.087	-0.021

Note 2. Receivables from Customers

(in millions of euros)	Estonia	Latvia	Lithuania	Finland	Spain	31.03.2011
Loan receivables from customers	66.132	55.664	18.014	17.232	0.022	157.064
Impairment allowance for loan receivables	-12.223	-12.722	-2.699	-0.421	-	-28.065
Interest receivables from customers	8.675	10.139	2.188	0.402	-	21.404
Impairment allowance for interest receivables	-2.059	-2.726	-0.437	-0.017	-	-5.239
Additional impairment allowance	-	-0.896	-0.033	-	-	-0.929
Total receivables from customers	60.525	49.459	17.033	17.196	0.022	144.235

(in millions of euros)	Estonia	Latvia	Lithuania	Finland	Spain	31.12.2010
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)	31.03.2011	31.12.2010
Up to 1 year	83.980	80.736
1-2 years	14.959	12.850
2-5 years	29.504	26.588
More than 5 years	28.621	30.319
Total	157.064	150.493

Note 4. Distribution of Loan Receivables by Geographic Areas

(in millions of euros)	Receivables in balance sheet. including			31.03.2011
	Loan portfolio	Overdue loans	Impairment allowance (incl. additional)	Relative share of area
Estonia	66.132	24.322	12.223	42.1%
Latvia	55.665	27.502	13.618	35.4%
Lithuania	18.014	4.930	2.733	11.5%
Finland	17.232	0.990	0.420	11.0%
Spain	0.022	-	-	0.0%
Total	157.064	57.744	28.994	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)	31.03.2011	31.12.2010
Loan secured with income	119.035	112.225
Loan against surety	19.054	19.271
Loan secured with real estate	14.251	14.048
Loan with insurance coverage	4.724	4.949
Total loan receivables	157.064	150.493

Note 6. Loan Receivables by Contract Currencies

(in millions of euros)	31.03.2011	31.12.2010
EUR	138.248	130.884
LTL	2.579	2.814
LVL	16.237	16.795
Total loan receivables from customers	154.064	150.493

Note 7. Impairment Allowances for Customer Receivables by Groups

(in millions of euros)	31.03.2011				
	Loan receivables from customers	Impairment allowance for loans	Interest receivable	Impairment allowance for interest receivables	Total impairment allowance
Homogeneous groups	74.097	1.507	6.353	0.668	2.175
Individually assessed groups	82.967	26.558	15.051	4.571	31.129
Collective impairment allowance	-	0.929	-	-	0.929
Total	157.064	28.994	21.404	5.239	34.233

(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)	31.03.2011	31.12.2010
Up to 30 days	1.313	1.226
31 - 60 days	1.003	1.318
61-90 days	1.302	1.127
Over 90 days	54.126	53.972
Total	57.744	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. Held-to-maturity financial assets

(in millions of euros)	31.03.2011	31.12.2010
Total bond portfolio	10.978	12.717
Distribution according to issuer		
incl. bonds of credit institutions	-	1.821
incl. bonds of governments	10.978	10.896
Distribution according to currency		
incl. EUR	8.259	8.131
incl. LTL	2.718	4.586

Note 10. Other Receivables and Prepaid Expenses

(in millions of euros)	31.03.2011	31.12.2010
Other receivables		
Receivable default interests and contract penalties	0.050	0.052
Receivable service fees	0.037	0.026
Receivable collection and other expenses	1.698	1.625
Surety fees	0.172	0.072
Other receivables	2.679	2.788
Impairment allowances for receivables	-0.961	-0.936
Total	3.675	3.627
Prepaid expenses		
Prepaid taxes	1.569	1.569
Other prepaid expenses	0.354	0.452
Total	1.923	2.021
Total other receivables and prepaid expenses	5.598	5.648

Note 11. Other Assets

(in millions of euros)	31.03.2011	31.12.2010
Acquired collateral property	3.068	3.146
Impairment allowance	-0.972	-0.977
Balance sheet cost of collateral property	2.096	2.169

Note 12. Payable to Credit Institutions

(in millions of euros)	31.03.2011			31.12.2010		
	Short-term	Long-term	Total	Short-term	Long-term	Total
AS Swedbank	0.171	0.265	0.436	0.228	0.265	0.493

Note 13. Payable to Customers

(in millions of euros)	31.03.2011	31.12.2010
Balance of term deposits	156.014	153.845
Distribution by customer type		
incl. private persons	148.833	145.902
incl. legal persons	7.181	7.943

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(in millions of euros)	31.03.2011	31.12.2010
Distribution by currency		
incl. EUR	152.565	150.827
incl. LVL	3.449	3.018
Distribution by maturity date		
incl. redemption within 6 months	48.165	61.111
incl. redemption within 6-12 months	39.864	37.937
incl. redemption within 12-18 months	8.870	10.574
incl. redemption within 18-24 months	15.779	7.293
incl. redemption within 24+ months	43.336	36.930
Average deposit amount	0.013	0.013
Weighted average interest rate	3.84%	4.16%
Weighted average maturity (in months)	17.991	15.317
Weighted average total contract period (in months)	25.188	22.174

Note 14. Issued Bonds and Subordinated Liabilities

(in millions of euros)	Issued bonds		Subordinated bonds	
	31.03.2011	31.12.2010	31.03.2011	31.12.2010
Balance of bonds	-	0.011	3.650	3.653
Distribution by customer type				
incl. private persons	-	0.011	1.148	1.204
incl. legal persons	-	-	2.502	2.449
Distribution by currency				
incl. EUR	-	0.011	3.650	3.653
Distribution by maturity date				
incl. redemption within 6 months	-	0.011	-	-
incl. redemption within 24+ months	-	-	3.650	3.653

Note 15 Net Currency Positions

(in millions of euros)	31.03.2011				Net position
	Balance sheet position		Off-balance sheet position		
	Assets	Liabilities	Assets	Liabilities	
EUR	194.800	157.694	-	0.465	36.641
LVL	8.775	3.903	-	-	4.873
LTL	5.620	0.086	-	-	5.534
GBP	0.001	0.008	-	-	-0.007
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	-	
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)	1Q 2011	1Q 2010
Interest income	8.268	7.813
From loans to customers	8.019	7.694
From deposits	0.102	0.119
From financial investments maintained until the redemption deadline	0.147	-
Other operating income	1.457	1.257
Income related to debt collection	1.438	1.246
Other operating income	0.019	0.011
Total	9.725	9.070

Note 17. Interest Expenses and Other Operating Expenses

(in millions of euros)	1Q 2011	1Q 2010
Interest expenses	1.562	2.508
On debt securities	0.066	1.090
On deposits	1.493	1.413
On loans	0.003	0.005
Other operating expenses	0.506	0.068
Expenses from the redemption of debt securities below nominal value	0.002	0.039
Other operating expenses	0.504	0.029
Total	2.068	2.576

Note 18. Various Operating Expenses

(in millions of euros)	1Q 2011	1Q 2010
Marketing expenses	0.756	0.590
Expenses related to employment	0.488	0.363
Other operating expenses	0.559	0.323
Total various operating expenses	1.803	1.276