



Interim condensed
consolidated financial
statements for the period
ended 30 September 2016

Bigbank AS

Interim condensed consolidated financial statements for the period ended 30 September 2016

Business name	Bigbank AS
Registry	Commercial Register of the Republic of Estonia
Registration number	10183757
Date of entry	30 January 1997
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Corporate website	www.bigbank.ee
Financial year	1 January 2016 – 31 December 2016
Reporting period	1 January 2016 – 30 September 2016
Chairman of the management board	Kaido Saar
Core 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 thousands of euros.

Interim report is available on the website of Bigbank AS at www.bigbank.ee.
The version in English is located at www.bigbank.eu.

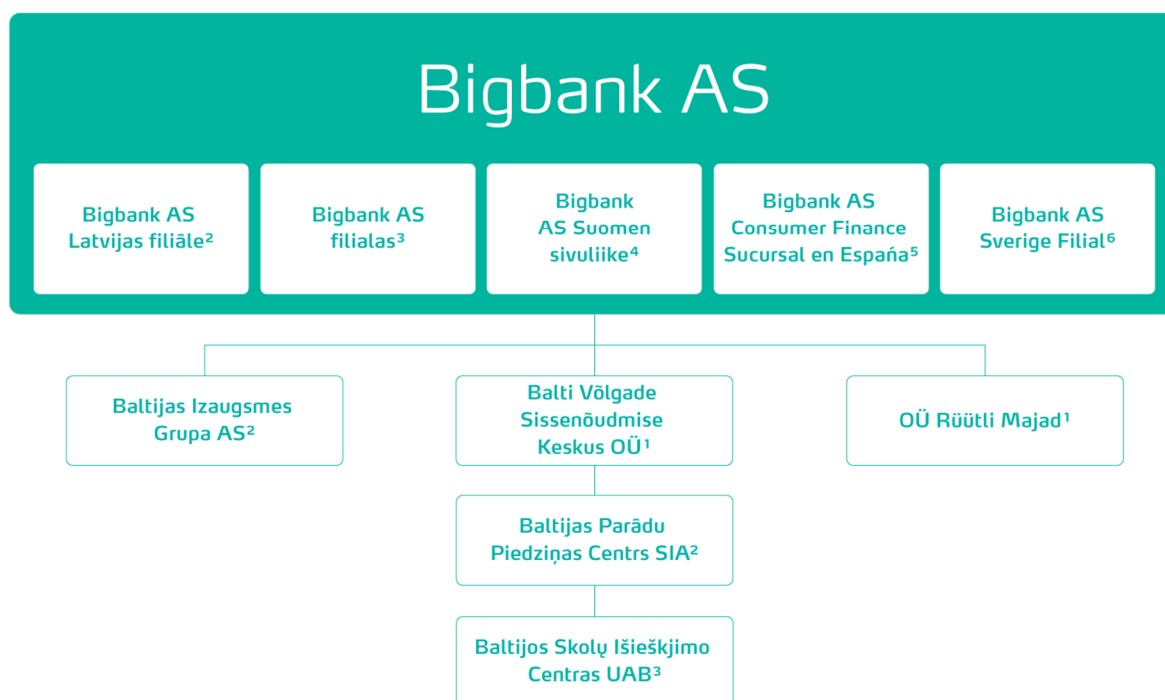
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Bigbank Group structure

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:



¹ registered in the Republic of Estonia

² registered in the Republic of Latvia

³ registered in the Republic of Lithuania

⁴ registered in the Republic of Finland

⁵ registered in the Kingdom of Spain

⁶ 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 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. OÜ Kaupmehe Järelmaks 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 Järelmaks was deleted from Estonian commercial register on 25 August 2016.

Review of operations

Significant economic events

Loan portfolio of Bigbank AS (hereinafter also “Bigbank” and the “Group”) grew during the nine months of 2016. Group’s loan portfolio increased 31.6 million euros i.e. 9.7% during the nine months and 23.7 million euros i.e. 7.1% during the third 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 2016 comprised 1.7 million euros. Profit before impairment allowances totalled 9.9 million euros in the third quarter of 2016. The corresponding figure was 16.1 million euros in the third quarter of 2015.

Parent company Bigbank AS and daughter company OÜ Kaupmehe Järeilmaks concluded a sale of business unit 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 Völgade

Sissenõudmise Keskus OÜ in the third 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 439 employees at the end of the third quarter of 2016: 217 in Estonia, 73 in Latvia, 71 in Lithuania, 34 in Finland, 30 in Spain and 14 in Sweden.

At the end of the third 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 Sept 2016	31 Dec 2015	Change
Total assets	360,512	352,947	2.1%
Loans to customers	320,208	299,531	6.9%
of which loan portfolio	357,682	326,037	9.7%
of which interest receivable	19,943	22,974	-13.2%
of which impairment allowances	-57,417	-49,480	16.0%
of which impairment allowances for loans	-35,845	-32,942	8.8%
of which impairment allowances for interest receivables	-9,708	-9,530	1.9%
of which statistical impairment allowances	-11,864	-7,008	69.3%
Deposits from customers	257,887	257,181	0.3%
Equity	96,824	91,107	6.3%

Financial performance indicators (in thousands of euros)	Q3 2016	Q3 2015	Change	9M 2016	9M 2015	Change
Interest income	17,981	23,598	-23.8%	52,051	55,791	-6.7%
Interest expense	1,430	1,628	-12.2%	4,488	5,068	-11.4%
Expenses from impairment allowances	8,160	11,815	-30.9%	21,199	25,421	-16.6%
Income from debt collection proceedings	725	1,008	-28.1%	2,529	3,442	-26.5%
Profit before impairment allowances	9,888	16,122	-38.7%	29,066	33,834	-14.1%
Net profit	1,728	4,307	-59.9%	7,867	8,413	-6.5%

Ratios	Q3 2016	Q3 2015	9M 2016	9M 2015
Return on equity (ROE)	7.2%	20.0%	11.2%	13.2%
Equity multiplier (EM)	3.7	3.9	3.8	3.9
Profit margin (PM)	8.9%	17.0%	18.5%	18.3%
Asset utilization ratio (AU)	21.8%	30.0%	21.1%	24.5%
Return on assets (ROA)	1.9%	5.1%	2.9%	3.4%
Price difference (SPREAD)	16.7%	24.0%	16.4%	19.1%

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

Price difference (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 2016, the consolidated assets of Bigbank AS Group totalled 360.5 million euros, having increased by 5.3 million euros (1.5%) during the quarter.

As at 30 September 2016, loans to customers accounted for 88.8% of total assets, the proportion of liquid assets (amounts due from banks and financial assets held for trading) was 8.6%.

At the end of the third quarter, liquid assets totalled 31.2 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 14.3 million euros as at 30 September 2016.

At the end of the third quarter, the Group had 161 thousand loan agreements, 69 thousand of them in Latvia, 38 thousand in Estonia, 27 thousand in Lithuania, 11 thousand in Finland, 9 thousand in Spain and 7 thousand in Sweden.

Geographical distribution of loans to customers:

- 24.2% Lithuania,
- 24.0% Latvia,
- 18.2% Finland,
- 16.6% Estonia,
- 9.1% Sweden,
- 7.9% Spain.

At 30 September 2016, loans to customers totalled 320.2 million euros, comprising of:

- the loan portfolio of 357.7 million euros. Loans to individuals accounted for 92.2% of the total;
- interest receivable on loans of 19.9 million euros;
- impairment allowances for loans and interest receivables of 57.4 million euros (consisting of an impairment allowance for loans of 35.8 million euros, an impairment allowance for interest receivables of 9.7 million euros and a statistical impairment allowance of 11.9 million euros).

Bigbank's loan portfolio is diversified – at the reporting date the average loan was 2,225 euros and as at 30 September 2016, 40 largest loans accounted for 7.1% of the loan portfolio.

Bigbank AS focuses on the provision of consumer loans. In line with the corporate strategy, as at 30 September 2016 loans against income accounted for 88.1%, loans against

surety for 2.6% and loans secured with real estate for 9.3% 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 September 2016, impairment allowances totalled 58.0 million euros, consisting of:

- impairment allowances for loan receivables of 35.8 million euros,
- impairment allowances for interest receivables of 9.7 million euros,
- statistical impairment allowances of 11.9 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 third quarter of 2016, the Group's liabilities totalled 263.7 million euros. Most of the debt raised by the Group, i.e. 257.9 million euros (97.8%) consisted of term deposits (including subordinated deposits in the amount of 1.8 million euros).

As at the end of the third quarter of 2016, the Group's equity was 96.8 million euros. The equity to assets ratio amounted to 26.9%.

Financial performance

Interest income for the third quarter reached 18.0 million euros, decreasing by 5.6 million euros (-23.8%) compared to the same period in 2015. 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 19.0% and (annualised) return on the loan portfolio accounted for 20.7% of the average loan portfolio.

Interest expense for the third quarter of 2016 1.4 million euros, decreasing by 0.2 million euros compared to the same period in 2015 (-12.2%).

The ratio of interest expense to interest income was 8.0 %. The ratio of interest expense to average interest-bearing liabilities (annualised) was 2.3%.

Other operating expenses for the third quarter 2.9 million euros, an increase of 0.7 million euros compared to the same period in 2015.

Salaries and associated charges for the third quarter of 2016 amounted to 3.6 million euros, including remuneration of 2.4 million euros. As at the end of the period, the Group had 439 employees.

In the third quarter, impairment losses were 8.2 million euros, consisting of:

- impairment losses on loan receivables of 7.0 million euros,
- impairment losses on interest receivables of 1.2 million euros.

Impairment allowances are made on a conservative basis.

Other income for the third quarter of 2016 was 0.8 million euros, the largest proportion of which resulted from debt collection income. In the same period of 2015, other income was 1.1 million euros.

Other expenses for the third quarter reached 0.8 million euros, increasing by 0.1 million euros (19.9%) compared to the same period in 2015.

The Group's net profit for the third quarter of 2016 amounted to 1.7 million euros. In comparison to the third quarter of 2015, net profit has decreased by 3.1 million euros (-59.9%).

Third-quarter profit before impairment allowances was 9.9 million euros, the corresponding figure for the third quarter of 2015 was 16.1 million euros.

Capital ratios

Own funds

	As at	Basel III 30 Sept 2016	Basel III 31 Dec 2015
Paid up capital instruments		8,000	8,000
Other reserves		800	800
Previous years retained earnings		78,964	70,065
Other accumulated comprehensive income		1,193	1,047
Other intangible assets		-2,992	-1,611
Profit or loss eligible		-	9,894
Adjustments to CET1 due to prudential filters		-	-
Common equity Tier 1 capital		85,965	88,195
Tier 1 capital		85,965	88,195
Tier 2 capital		-	-
Deductions		-	-
Total own funds		85,965	88,195

Total risk exposure amount

	Basel III 30 Sept 2016	Basel III 31 Dec 2015
Risk weighted exposure amounts for credit and counterparty credit (standardized approach)		
Central governments or central banks	1,113	1,214
Regional governments or local authorities	-	372
Institutions	5,245	5,423
Corporates	39,881	35,906
Retail	186,152	167,994
Secured by mortgages on immovable property	5,075	5,498
Exposures in default	35,187	42,032
Other items	6,173	8,901
Total risk weighted exposure amounts for credit and counterparty credit (standardized approach)	278,826	267,340
Total risk exposure amount for foreign exchange risk (standardized approach)	-	84
Total risk exposure amount for operational risk (standardized approach)	93,588	80,860
Total risk exposure amount for credit valuation adjustment (standardized approach)	-	-
Total risk exposure amount	372,414	348,284

Capital ratios

	Basel III 30 Sept 2016	Basel III 31 Dec 2015
CET1 Capital ratio	23.1%	25.3%
T1 Capital ratio	23.1%	25.3%
Total capital ratio	23.1%	25.3%
Leverage ratio	23.7%	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 third 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.

Condensed consolidated interim financial statements

Consolidated statement of financial position

As at	Note	30 Sept 2016	31 Dec 2015
Assets			
Cash and balances at central banks	3	2,248	15,328
Cash and balances at banks	3	14,582	13,993
Financial assets held for trading	4	14,332	14,464
Loans to customers	5,6,7,8,9	320,208	299,531
Held-to-maturity financial assets		-	633
Other receivables	10	1,211	1,086
Prepayments	11	891	1,106
Property and equipment	13	3,442	3,389
Investment property		589	797
Intangible assets	12	2,993	1,611
Deferred tax assets	2	16	1,009
Total assets		360,512	352,947
Liabilities			
Deposits from customers	14	257,887	257,181
Provisions		210	-
Other liabilities		3,477	3,000
Deferred income and tax liabilities		2,114	1,659
Total liabilities		263,688	261,840
Equity			
Share capital		8,000	8,000
Capital reserve		800	800
Other reserves	15	1,193	1,048
Earnings retained		86,831	81,259
Total equity		96,824	91,107
Total liabilities and equity		360,512	352,947

Consolidated statement of comprehensive income

	Note	Q3 2016	Q3 2015	9M 2016	9M 2015
Interest income	19	17,981	23,598	52,051	55,791
Interest expense	20	-1,430	-1,628	-4,488	-5,068
Net interest income		16,551	21,970	47,563	50,723
Fee and commission income		591	594	1,847	1,719
Fee and commission expense		-49	-42	-142	-129
Net fee and commission income		542	552	1,705	1,590
Net gain/loss on financial transactions		54	-178	331	-584
Other income	21	772	1,113	2,675	3,704
Total income		17,919	23,457	52,274	55,433
Salaries and associated charges		-3,623	-3,286	-10,682	-10,380
Other operating expenses	22	-2,852	-2,145	-8,258	-7,289
Depreciation and amortisation expense		-196	-166	-564	-487
Impairment losses on loans and financial investments		-8,160	-11,815	-21,199	-25,421
Impairment losses on other assets		-	-	-70	-
Other expenses	23	-790	-659	-2,235	-2,062
Total expenses		-15,621	-18,071	-43,008	-45,639
Profit before income tax		2,298	5,386	9,266	9,794
Income tax expense/income		-570	-1,079	-1,399	-1,381
Profit for the period		1,728	4,307	7,867	8,413
Other comprehensive income/expense					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translating foreign operations		80	17	145	-4
Net profit on hedges of net investments in foreign operations		-	20	-	108
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		80	37	145	104
Other comprehensive income for the period		80	37	145	104
Total comprehensive income for the period		1,808	4,344	8,012	8,517
Basic earnings per share (EUR)		22	54	98	105
Diluted earnings per share (EUR)		22	54	98	105

Consolidated statement of cash flows

	Note	9M 2016	9M 2015
Cash flows from operating activities			
Interest received		43,874	43,590
Interest paid		-3,659	-4,645
Salary and other operating expenses paid		-19,620	-19,493
Other income received		4,161	4,711
Other expenses paid		-2,674	-3,053
Fees received		818	850
Fees paid		-144	-127
Recoveries of receivables previously written off		9,065	11,166
Received for other assets		454	562
Paid for other assets		-537	-590
Loans provided		-156,049	-131,077
Repayment of loans provided		112,729	91,009
Change in mandatory reserves with central banks		-84	-111
Proceeds from customer deposits		49,467	50,794
Paid on redemption of deposits		-47,448	-40,888
Net acquisition and disposal of trading portfolio		881	-13,503
Income tax paid/received		-1,046	-71
Effect of movements in exchange rates		-49	1
Net cash used in operating activities		-9,861	-10,875
Cash flows from investing activities			
Acquisition of property and equipment and intangible assets		-1,896	-289
Proceeds from sale of property and equipment		63	13
Proceeds from sale of investment properties		32	91
Change in term deposits		-120	100
Acquisition of financial instruments		-	-3,864
Proceeds from redemption of financial instruments		633	4,420
Net cash used in / from investing activities		-1,288	471
Cash flows from financing activities			
Dividends paid		-1,300	-1,500
Net cash used in financing activities		-1,300	-1,500
Effect of exchange rate fluctuations		-249	-11
Decrease in cash and cash equivalents		-12,698	-11,915
Cash and cash equivalents at beginning of period		28,894	33,602
Cash and cash equivalents at end of period	3	16,196	21,687

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 (as previously reported)	8,000	800	894	71,565	81,259
Correction of error	-	-	-	-995	-995
Restated total equity at the beginning of period	8,000	800	894	70,570	80,264
Profit for the period	-	-	-	8,413	8,413
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	-4	-	-4
Net profit on hedges of net investments in foreign operations	-	-	108	-	108
Total other comprehensive income	-	-	104	-	104
Total comprehensive income for the period	-	-	104	8,413	8,517
Dividend distribution	-	-	-	-1,500	-1,500
Total transactions with owners	-	-	-	-1,500	-1,500
Balance at 30 September 2015	8,000	800	998	77,483	87,281
Balance at 1 January 2016	8,000	800	1,048	80,264	90,112
Profit for the period	-	-	-	7,867	7,867
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	145	-	145
Total other comprehensive income	-	-	145	-	145
Total comprehensive income for the period	-	-	145	7,867	8,012
Dividend distribution	-	-	-	-1,300	-1,300
Total transactions with owners	-	-	-	-1,300	-1,300
Balance at 30 September 2016	8,000	800	1,193	86,831	96,824

Notes to the condensed consolidated interim financial statements

Note 1. Basis of preparation and accounting policies

The condensed consolidated interim financial statements of Bigbank AS as at and for the nine months ended 30 September 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 accounting policies adopted in the preparation of the interim condensed consolidated financial statements are

consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016. Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

This interim report has been 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. Correction of an error

In 2010, Bigbank AS Latvian subsidiary Baltijas Izaugsmes Grupa AS sold its portfolio to the branch Bigbank AS Latvijas filiāle and the income tax arising from the intragroup transaction was recognised as deferred tax asset. The income tax asset was reduced against the received interest and other claims of the sold portfolio using the Latvian income tax rate. In August 2016, the management conducted a detailed review and discovered the error in the tax recording model and as a consequence, the income tax asset was overstated in the prior periods' financial statements. The deferred tax asset has been derecognised and the error has been corrected by restating the earnings retained in prior years in the amount of 996 thousand euros.

Note 3. Cash equivalents

As at	30 Sept 2016	31 Dec 2015
Demand and overnight deposits with credit institutions*	11,960	13,823
Term deposits with credit institutions with maturity of less than 1 year*	2,500	170
Surplus on mandatory reserves with central banks*	1,736	14,901
Term deposits with credit institutions with maturity of over one year	120	-
Mandatory reserves	512	427
Interest receivable from central banks	1	-
Total cash and balances at banks	16,829	29,321
of which cash and cash equivalents	16,196	28,894

* Cash equivalents

Note 4. Financial assets held for trading

As at	30 Sept 2016	31 Dec 2015
Financial assets held for trading	14,332	14,464
Financial assets held for trading by issuer		
General government bonds	3,599	3,544
Bonds issued by credit institutions	4,123	4,661
Other financial corporations' bonds	1,247	1,229
Non-financial corporations' bonds	5,363	5,030
Financial assets held for trading by currency		
EUR (euro)	14,332	14,464
Financial assets held for trading by rating		
Aaa-Aa3	2,527	2,446
A1-A3	4,407	4,926
Baa1-Baa3	7,398	7,092

Note 5. Loans to customers**Loans to customers as at 30 September 2016**

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Loan receivables from customers	57,584	87,594	81,490	61,608	32,182	37,224	357,682
Impairment allowances for loans	-4,896	-13,372	-3,215	-1,710	-6,102	-6,550	-35,845
Interest receivable from customers	4,246	9,096	1,110	1,173	2,693	1,625	19,943
Impairment allowances for interest receivables	-2,443	-4,540	-267	-167	-1,620	-671	-9,708
Statistical impairment allowance	-1,430	-2,064	-1,451	-2,759	-1,877	-2,283	-11,864
Total loans to customers, incl. interest and allowances	53,061	76,714	77,667	58,145	25,276	29,345	320,208
Share of region	16.6%	24.0%	24.2%	18.2%	7.9%	9.1%	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
Total loans to customers, incl. interest and allowances	52,102	71,464	58,194	54,504	27,181	36,086	299,531
Share of region	17.4%	23.9%	19.4%	18.2%	9.1%	12.0%	100.0%

Note 6. Loan receivables from customers by due dates

As at	30 Sept 2016	31 Dec 2015
Up to 1 year	157 820	147 045
1-2 years	68 390	61 128
2-5 years	111 829	98 916
More than 5 years	19 643	18 948
Total	357 682	326 037

Note 7. Ageing analysis on loan receivables**Ageing analysis as at 30 September 2016**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Loans against income						
Loan portfolio	221,132	24,190	7,190	3,383	59,057	314,952
Impairment allowance	-10,175	-1,273	-565	-332	-31,678	-44,023
Surety loans						
Loan portfolio	5,675	850	234	85	2,403	9,247
Impairment allowance	-324	-49	-29	-35	-1,622	-2,059
Loans secured with real estate						
Loan portfolio	25,167	4,312	1,253	408	2,242	33,382
Impairment allowance	-617	-104	-28	-10	-851	-1,610
Loans with insurance cover						
Loan portfolio	35	21	1	-	21	78
Impairment allowance	-1	-1	-	-	-13	-15
Loans against other collaterals						
Loan portfolio	21	2	-	-	-	23
Impairment allowance	-2	-	-	-	-	-2
Total loan portfolio	252,030	29,375	8,678	3,876	63,723	357,682
Total impairment allowance	-11,119	-1,427	-622	-377	-34,164	-47,709

Ageing analysis as at 31 December 2015

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Loans against income						
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
Surety loans						
Loan portfolio	6,775	932	557	122	2,974	11,360
Impairment allowance	-403	-64	-33	-8	-1,648	-2,156
Loans secured with real estate						
Loan portfolio	24,677	2,393	399	728	1,955	30,152
Impairment allowance	-659	-99	-13	-24	-702	-1,497
Loans with insurance cover						
Loan portfolio	56	21	4	-	42	123
Impairment allowance	-2	-1	-	-	-23	-26
Loans against other collaterals						
Loan portfolio	26	2	-	-	6	34
Impairment allowance	-1	-	-	-	-2	-3
Total loan portfolio	224,955	24,997	7,742	3,820	64,523	326,037
Total impairment allowance	-7,791	-965	-488	-227	-30,479	-39,950

Note 8. Loan receivables from customers by contractual currency

As at	30 Sept 2016	31 Dec 2015
EUR (euro)	320,458	285,735
SEK (Swedish krona)	37,224	40,302
Total loan receivables from customers	357,682	326,037

Note 9. Impairment allowances by loan assessment category

Impairment allowances as at 30 September 2016

	Loan receivables	Impairment allowance for loans	Interest receivables	Impairment allowance for loan interest	Total impairment allowances
Collectively assessed items	308,752	-17,242	14,185	-4,443	-21,685
Individually assessed items	48,930	-18,603	5,758	-5,265	-23,868
Statistical impairment allowance	-	-11,864	-	-	-11,864
Total	357,682	-47,709	19,943	-9,708	-57,417

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
Total	326,037	-39,950	22,974	-9,530	-49,480

Change in impairment of loans, receivables and financial investments

As at	30 Sept 2016	31 Dec 2015
Balance at beginning of period	-49,480	-52,520
Loan and interest receivables written off the statement of financial position	21,552	47,649
Increase in allowances for loan and interest receivables	-29,855	-44,475
Effect of movements in exchange rates	366	-134
Balance at end of period	-57,417	-49,480

Impairment losses on loans, receivables and financial investments

	Q3 2016	Q3 2015	9M 2016	9M 2015
Recovery of loan and interest receivables written off the statement of financial position	2,780	4,011	8338	11,378
Increase in allowances for loan and interest receivables	-11,055	-15,654	-29,855	-36,202
Impairment losses on other receivables	115	-172	318	-597
Total impairment losses	-8,160	-11,815	-21,199	-25,421

Note 10. Other receivables

As at	30 Sept 2016	31 Dec 2015
Collection, recovery and other charges receivable	1,031	1,275
Miscellaneous receivables	809	512
Impairment allowance for other receivables	-629	-701
Total	1,211	1,086

Note 11. Prepayments

As at	30 Sept 2016	31 Dec 2015
Prepaid taxes	438	435
Other prepayments	453	671
Total	891	1,106

Note 12. Intangible assets

	30 Sept 2016	31 Dec 2015
Cost at beginning of year	2,919	2,243
Purchases	1,643	677
Write-off	-	-1
Cost at end of year	4,562	2,919
Amortisation at beginning of year	-1,308	-1,062
Amortisation charge for the year	-261	-247
Write-off	-	1
Amortisation at end of year	-1,569	-1,308
Carrying amount at beginning of period	1,611	1,181
Carrying amount at end of period	2,993	1,611

The Group has substantially increased its investments into intangible assets, mainly the new banking system, which will be gradually implemented to live use in next reporting periods. Related prepayments to vendors totalling 1,169 thousand euros as at 30 September 2016 have been recognised under intangible assets.

Note 13. Tangible assets

	Land and buildings	Other items	Total
Cost			
Balance at 1 January 2015	2,992	2,872	5,864
Purchases	21	335	356
Improvements	38	-	38
Sales	-	-81	-81
Write-off	-	-418	-418
Effect of movements in exchange rates	-	1	1
Balance at 31 December 2015	3,051	2,709	5,760
Balance at 1 January 2016	3,051	2,709	5,760
Purchases	-	376	376
Sales	-	-48	-48
Write-off	-	-40	-40
Effect of movements in exchange rates	-	-1	-1
Balance at 30 September 2016	3,051	2,996	6,047
Depreciation			
Balance at 1 January 2015	-87	-2,351	-2,438
Depreciation charge for the year	-94	-320	-414
Sales	-	66	66
Write-off	-	415	415
Balance at 31 December 2015	-181	-2,190	-2,371
Balance at 1 January 2016	-181	-2,190	-2,371
Depreciation charge for the year	-70	-233	-303
Sales	-	30	30
Write-off	-	39	39
Balance at 30 September 2016	-251	-2,354	-2,605
Carrying amount			
Balance at 1 January 2015	2,905	521	3,426
Balance at 31 December 2015	2,870	519	3,389
Balance at 30 September 2016	2,800	642	3,442

Note 14. Deposits from customers

As at	30 Sept 2016	31 Dec 2015
Term deposits	257,887	257,181
Term deposits by customer type		
Individuals	247,035	247,033
Legal persons	10,852	10,148
Term deposits by currency		
EUR (euro)	223,914	212,508
SEK (Swedish krona)	33,973	44,673
Term deposits by maturity		
Maturing within 6 months	59,941	57,428
Maturing between 6 and 12 months	67,299	63,021
Maturing between 12 and 18 months	30,149	34,437
Maturing between 18 and 24 months	28,211	32,540
Maturing between 24 and 36 months	33,986	30,330
Maturing between 36 and 48 months	12,963	17,794
Maturing in over 48 months	25,338	21,631
Average deposit amount	22	21
Weighted average interest rate	2.3%	2.5%
Weighted average duration until maturity (months)	20	21
Weighted average total contract term (months)	41	41

Note 15. Other reserves

As at	30 Sept 2016	Change	31 Dec 2015
Exchange differences on translating foreign operations	214	145	69
Asset revaluation reserve	979	-	979
Total other reserves	1,193	145	1,048

Note 16. Net currency positions**Net currency positions as at 30 September 2016**

	Position in the statement of financial position		Position off the statement of financial position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	322,883	228,945	-	8,639	85,299
SEK (Swedish krona)	34,601	34,740	-	-	-139
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 17. Fair values of financial assets and financial liabilities

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

The fair values of the assets and liabilities reported in the consolidated statement of financial position as at 30 September 2016 do not differ significantly from their carrying amounts.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The different levels have been defined as follows:

Fair value hierarchy as at 30 September 2016

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets held for trading (note 4)	14,332	-	-	14,332
Investment properties	-	-	589	589
Assets for which fair values are disclosed				
Loans to customers (note 5-9)	-	-	320,208	320,208
Land and buildings (note 12)	-	-	2,800	2,800
Other financial receivables (note 10)	-	-	1,211	1,211
Total assets	-	-	324,808	324,808
Liabilities for which fair values are disclosed				
Deposits from customers (note 14)	-	-	257,887	257,887
Other financial liabilities	-	-	3,477	3,477
Total liabilities	-	-	261,364	261,364

Fair value hierarchy as at 31 December 2016

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets held for trading (note 4)	14,464	-	-	14,464
Investment properties	-	-	797	797
Assets for which fair values are disclosed				
Loans to customers (note 5-6)	-	-	299,531	299,531
Held-to-maturity financial assets	633	-	-	633
Land and buildings (note 12)	-	-	2,870	2,870
Other financial receivables (note 10)	-	-	1,086	1,086
Total assets	633	-	304,284	304,917
Liabilities for which fair values are disclosed				
Deposits from customers (note 14)	-	-	257,181	257,181
Other financial liabilities	-	-	3,000	3,000
Total liabilities	-	-	260,181	260,181

Note 18. Contingent liabilities and assets pledged as collateral

As at	30 Sept 2016	31 Dec 2015
Irrevocable transactions, of which	8,639	9,760
Issued bank guarantees	90	90
Credit lines and overdrafts	8,549	9,670
Assets pledged and encumbered with usufruct*	2,449	2,449

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

Note 19. Interest income

	Q3 2016	Q3 2015	9M 2016	9M 2015
Interest income on loans to customers	17,877	23,523	51,739	55,651
Interest income on financial assets held for trading	94	71	279	124
Interest income on deposits	7	3	22	14
Interest income on held-to-maturity financial assets	-	1	-	2
Other assets	3	-	11	-
Total interest income	17,981	23,598	52,051	55,791

Note 20. Interest expense

	Q3 2016	Q3 2015	9M 2016	9M 2015
Interest expense on deposits	1,430	1,628	4,488	5,068

Note 21. Other income

	Q3 2016	Q3 2015	9M 2016	9M 2015
Income from debt recovery proceedings	725	1,008	2,529	3,442
Miscellaneous income	47	105	146	262
Total other income	772	1,113	2,675	3,704

Note 22. Other operating expenses

	Q3 2016	Q3 2015	9M 2016	9M 2015
Marketing expenses	1,787	1,158	4,915	4,090
Office, rental and similar expenses	345	265	963	1,000
Miscellaneous operating expenses	720	722	2,380	2,199
Total other operating expenses	2,852	2,145	8,258	7,289

Note 23. Other expenses

	Q3 2016	Q3 2015	9M 2016	9M 2015
Expenses related to enforcement proceedings	238	245	783	898
Expenses related to registry inquiries	242	201	694	616
Legal regulation charges	126	111	352	325
Expenses from investment properties	47	-5	52	7
Onerous contracts provisions	82	60	210	60
Miscellaneous expenses	55	47	144	156
Total other expenses	790	659	2,235	2,062

Note 24. 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 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 nine months 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 September 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.
- Financial statements have been prepared on a going concern basis.

Kaido Saar

Chairman of the Management Board

28 November 2016

[digitally signed]

Ingo Pöder

Member of the Management Board

28 November 2016

[digitally signed]

Agur Jõgi

Member of the Management Board

28 November 2016

[digitally signed]

Sven Raba

Member of the Management Board

28 November 2016

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Translation of the Estonian Original

Report on review of interim condensed consolidated financial statements

To the Shareholders of Bigbank AS

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Bigbank AS as at September 30, 2016, which comprise the interim statement of financial position as at September 30, 2016 and the related interim statements of comprehensive income, changes in equity and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Tallinn, 29 November 2016

/signed digitally/
Olesia Abramova
Authorised Auditor's number 561
Ernst & Young Baltic AS
Audit Company's Registration number 58

/signed digitally/
Tiina Leif
Authorised Auditor's number 441