



**Interim condensed consolidated
financial statements for the period
ended 31 December 2017**

Bigbank AS

Interim condensed consolidated financial statements for the period ended 31 December 2017

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 2017 – 31 December 2017
Reporting period	1 January 2017 – 31 December 2017
Chairman of the management board	Sven Raba
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.

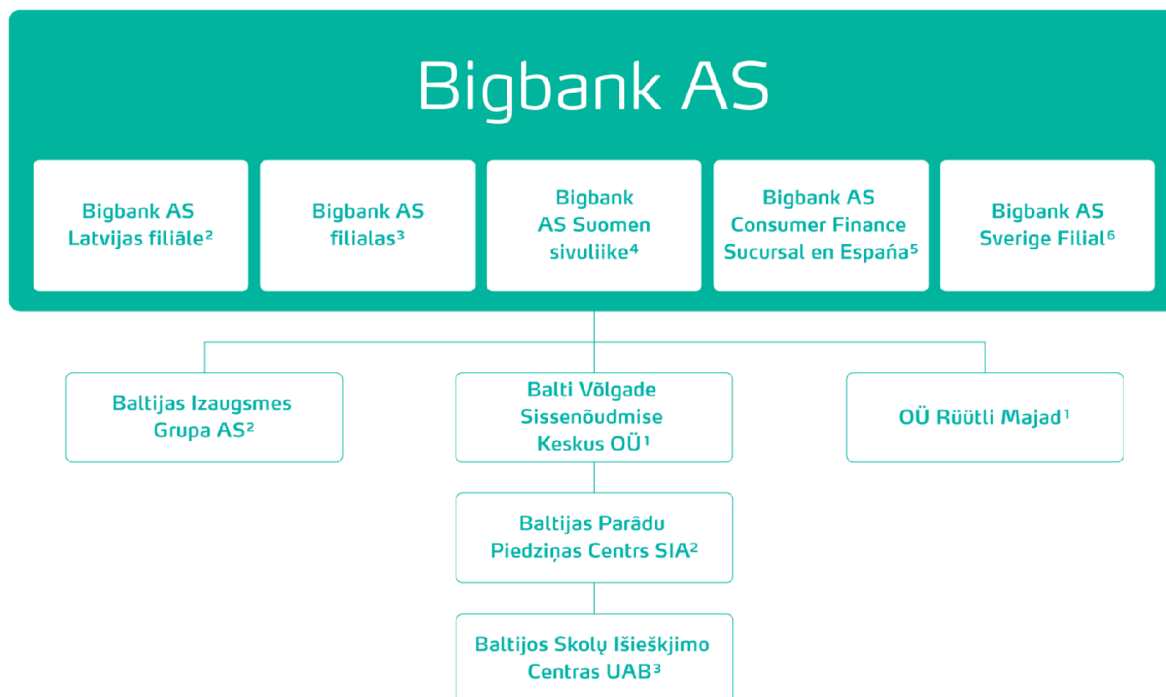
Contents

BIGBANK GROUP STRUCTURE	4
REVIEW OF OPERATIONS	5
Significant economic events	5
Key performance indicators and ratios	6
Financial review	7
Capital ratios	8
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS.....	10
Consolidated statement of financial position	10
Consolidated statement of comprehensive income	11
Consolidated statement of cash flows	12
Consolidated statement of changes in equity	13
Notes to the condensed consolidated interim financial statements	14
Note 1. Basis of preparation and accounting policies	14
Note 2. Cash and bank balances and cash equivalents	14
Note 3. Financial assets held for trading	14
Note 4. Loans to customers.....	15
Note 5. Loan receivables from customers by due dates.....	15
Note 6. Ageing analysis on loan receivables	16
Note 7. Loan receivables from customers by contractual currency	16
Note 8. Impairment allowances by loan assessment category	17
Note 9. Other receivables.....	17
Note 10. Prepayments.....	18
Note 11. Tangible assets	18
Note 12. Intangible assets	19
Note 13. Deposits from customers	19
Note 14. Subordinated notes.....	20
Note 15. Other reserves	20
Note 16. Net currency positions	20
Note 17. Fair values of financial assets and financial liabilities	20
Note 18. Contingent liabilities and assets pledged as collateral	21
Note 19. Interest income	22
Note 20. Interest expense	22
Note 21. Other income	22
Note 22. Other operating expenses.....	22
Note 23. Other expenses	22
Note 24. Related parties.....	23
STATEMENT BY THE MANAGEMENT BOARD	24

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.

Review of operations

Significant economic events

Loan portfolio of Bigbank AS (hereinafter also “Bigbank” and the “Group”) increased 33.0 million euros i.e. 9.1% during the twelve months and during the fourth quarter the total loan portfolio decreased 21.9 million euros i.e. 5.2% that was related to sale of non-working loans.

The Group’s net profit for the fourth quarter of 2017 comprised 4.5 million euros, the corresponding figure was 3.8 million euros in the fourth quarter of 2016. Profitability of the Group has increased supported by the increase of the working loan portfolio. As the Group follows the strategy concentrating on lower credit risk customers than before, the loan interest rates have been lowered which has in turn affected interest income. Concentration on lower credit risk customers has on the other hand resulted in lower credit losses than planned.

In December, Bigbank issued subordinated notes of 5 million euros, with a term of 10 years, and a fixed interest rate of 6.5% per year. The private placement was organised in cooperation with LHV pension funds and in compliance with our strategy and growth objectives. The main purpose of the issue was to strengthen Bigbank’s capital base, since the notes qualify as Tier 2 capital.

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 Sven Raba and the members Pāvels Gilodo, Martin Länts and Mart Veskimägi. Former Chairman of the Management Board Kaido Saar left the post from 1 September 2017, whereby the management board continues with four members.

Bank is developing new information system Nest for supporting Bigbank’s development and growth, as well as to ensure the compliance of solutions with all the new regulatory and reporting requirements. Finnish branch of the bank was the first where the core was implemented in full in June 2017.

Bigbank had 417 employees at the end of the fourth quarter of 2017: 212 in Estonia, 75 in Latvia, 75 in Lithuania, 18 in Finland, 25 in Spain and 12 in Sweden.

At the end of the fourth 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)	31 Dec 2017	31 Dec 2016	Change
Total assets	459,336	394,128	16.5%
Loans to customers	377,458	332,725	13.4%
of which loan portfolio	396,138	363,130	9.1%
of which interest receivable	10,291	16,916	-39.2%
of which impairment allowances	-28,971	-47,321	-38.8%
of which impairment allowances for loans	-15,861	-27,699	-42.7%
of which impairment allowances for interest receivables	-3,875	-8,298	-53.3%
of which statistical impairment allowance	-9,235	-11,324	-18.4%
Deposits from customers	334,819	285,575	17.2%
Equity	113,246	100,836	12.3%

Financial performance indicators (in thousands of euros)	Q4 2017	Q4 2016	Change	12M 2017	12M 2016	Change
Interest income	17,392	17,174	1.3%	69,725	69,225	0.7%
Interest expense	1,425	1,452	-1.9%	5,776	5,940	-2.8%
Expenses from impairment allowances	4,214	4,688	-10.1%	17,581	25,887	-32.1%
Income from debt collection proceedings	559	655	-14.7%	2,401	3,184	-24.6%
Profit before impairment allowances	8,679	8,524	1.8%	34,787	37,590	-7.5%
Net profit	4,465	3,836	16.4%	17,206	11,703	47.0%

Ratios	Q4 2017	Q4 2016	12M 2017	12M 2016
Return on equity (ROE)	16.1%	15.6%	16.1%	12.3%
Equity multiplier (EM)	4.1	3.8	4.0	3.9
Profit margin (PM)	23.7%	20.6%	22.8%	15.6%
Asset utilization ratio (AU)	16.7%	19.7%	17.7%	20.1%
Return on assets (ROA)	4.0%	3.8%	4.0%	3.1%
Price difference (SPREAD)	13.7%	15.1%	15.1%	16.3%
Cost to income ratio (CIR)	47.0%	45.4%	46.0%	42.5%

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

Cost to income ratio (CIR) – total operating costs to net income

Financial review

Financial position

As at 31 December 2017, the consolidated assets of Bigbank AS Group totalled 459.3 million euros, having increased by 15.4 million euros (3.5%) during the quarter.

As at 31 December 2017, loans to customers accounted for 82.2% of total assets, the proportion of liquid assets (amounts due from banks and financial assets held for trading) was 11.6%.

At the end of the fourth quarter, liquid assets totalled 65.4 million euros.

Part of bank's liquidity buffer has been 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 11.2 million euros as at 31 December 2017.

At the end of the fourth quarter, the Group had 144 thousand loan agreements, 60 thousand of them in Latvia, 33 thousand in Estonia, 27 thousand in Lithuania, 11 thousand in Finland, 8 thousand in Sweden and 8 thousand in Spain.

Geographical distribution of loans to customers:

- 26.7% Lithuania,
- 24.3% Latvia,
- 17.6% Finland,
- 16.9% Estonia,
- 9.6% Sweden,
- 4.9% Spain.

At 31 December 2017, loans to customers totalled 377.4 million euros, comprising of:

- the loan portfolio of 396.1 million euros. Loans to individuals accounted for 93.4% of the total;
- interest receivable on loans of 10.3 million euros;
- impairment allowances for loans and interest receivables of 29.0 million euros (consisting of an impairment allowance for loans of 15.9 million euros, an impairment allowance for interest receivables of 3.9 million euros and a statistical impairment allowance of 9.2 million euros).

Bigbank's loan portfolio is diversified – at the reporting date the average loan was 2,748 euros and as at 31 December 2017, 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 31 December 2017 loans against income accounted for 90.1%, loans against surety for 0.8% and loans secured with real estate for 9.1% of the total loan portfolio.

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

To mitigate the risks arising from customers' payment behaviour and to cover potential credit losses, the Group makes impairment allowances, which are based on historical data and are created on a conservative basis. At 31 December 2017, impairment allowances totalled 29.2 million euros, consisting of:

- impairment allowances for loan receivables of 15.9 million euros,
- impairment allowances for interest receivables of 3.9 million euros,
- statistical impairment allowances of 9.2 million euros,
- impairment allowances for other receivables of 0.2 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 fourth quarter of 2017, the Group's liabilities totalled 346.1 million euros. Most of the debt raised by the Group, i.e. 334.8 million euros (96.7%) consisted of term deposits.

As at the end of the fourth quarter of 2017, the Group's equity was 113.2 million euros. The equity to assets ratio amounted to 24.7%.

Financial performance

Interest income for the fourth quarter reached 17.4 million euros, increasing by 0.2 million euros (1.3%) compared to the same period in 2016.

The period's ratio of interest income (annualised) to average interest-earning assets was 15.4% and (annualised) return on the loan portfolio accounted for 17.0% of the average loan portfolio.

Interest expense for the fourth quarter of 2017 was 1.4 million euros, remaining the same level compared to the same period in 2016.

The ratio of interest expense to interest income was 8.2%. The ratio of interest expense to average interest-bearing liabilities (annualised) was 1.8%.

Other operating expenses for the fourth quarter 2.7 million euros, decreasing by 0.1 million euros compared to the corresponding figure of the same period in 2016.

Salaries and associated charges for the fourth quarter of 2017 amounted to 3.7 million euros, including remuneration of 3.1 million euros. As at the end of the period, the Group had 417 employees.

In the fourth quarter, impairment losses were 4.2 million euros, consisting of:

- impairment losses on loan receivables of 2.5 million euros; and
- impairment losses on interest receivables of 1.7 million euros.

Impairment allowances are based on historical data and are made on a conservative basis.

Other income for the fourth quarter of 2017 was 0.7 million euros, the largest proportion of which resulted from debt collection income. In the same period of 2016, other income was 0.7 million euros, as well.

Bigbank was accepted as a member of Estonian Banking Association from 19 October 2017.

Other expenses for the fourth quarter reached 1.3 million euros. Other expenses increased by 0.7 million euros (115.6%) compared to the same period in 2016.

The Group's net profit for the fourth quarter of 2017 amounted to 4.5 million euros. In comparison to the fourth quarter of 2016, net profit has increased by 0.6 million euros (16.4%).

Capital ratios

Own funds

As at	31 Dec 2017	31 Dec 2016
Paid up capital instruments	8,000	8,000
Other reserves	800	800
Previous years retained earnings	86,565	78,964
Other accumulated comprehensive income	674	1,369
Other intangible assets	-7,471	-4,037
Profit eligible	7,298	6,703
Adjustments to CET1 due to prudential filters	-	-
Common equity Tier 1 capital	95,866	91,799
Tier 1 capital	95,866	91,799
Tier 2 capital	5,000	-
Deductions	-	-
Total own funds	85,965	91,799

Total risk exposure amount

	31 Dec 2017	31 Dec 2016
Risk weighted exposure amounts for credit and counterparty credit (standardized approach)		
Central governments or central banks	483	1,128
Institutions	4,966	5,159
Corporates	33,651	39,543
Retail	244,071	202,022
Secured by mortgages on immovable property	4,959	5,277
Exposures in default	16,552	26,297
Other items	9,014	7,558
Total risk weighted exposure amounts for credit and counterparty credit (standardized approach)	313,696	286,984
Total risk exposure amount for foreign exchange risk (standardized approach)	-	-
Total risk exposure amount for operational risk (standardized approach)	100,928	93,585
Total risk exposure amount for credit valuation adjustment (standardized approach)	-	-
Total risk exposure amount	414,624	380,569

Capital ratios

	31 Dec 2017	31 Dec 2016
CET1 Capital ratio	23.1%	24.1%
T1 Capital ratio	23.1%	24.1%
Total capital ratio	24.3%	24.1%
Leverage ratio	21.0%	23.1%

Own funds as of 31 December 2016 include include all year 2016 eligible profits less dividends.

Own funds as of 31 December 2017 include nine months eligible profits less dividends. Net profit for the reporting period that has been verified by an independent external auditor in the review of the financial information (2017: nine

months), less foreseeable dividends proportionally and following the permit of the Estonian Financial Supervision Authority.

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	31 Dec 2017	31 Dec 2016
Assets			
Cash and balances at central banks	2	36,235	20,551
Cash and balances at banks	2	17,947	14,382
Financial assets held for trading	3	11,210	14,891
Loans to customers	4,5,6,7,8	377,458	332,725
Other receivables	9	2,775	1,303
Prepayments	10	915	1,420
Property and equipment	11	3,446	4,299
Investment property		1,878	509
Intangible assets	12	7,472	4,037
Deferred tax assets		-	11
Total assets		459,336	394,128
Liabilities			
Deposits from customers	13	334,819	285,575
Subordinated notes	14	4,977	-
Provisions		667	133
Other liabilities		4,398	4,783
Deferred income and tax liabilities		1,229	2,801
Total liabilities		346,090	293,292
Equity			
Share capital		8,000	8,000
Capital reserve		800	800
Other reserves	15	675	1,369
Earnings retained		103,771	90,667
Total equity		113,246	100,836
Total liabilities and equity		459,336	394,128

Consolidated statement of comprehensive income

	Note	Q4 2017	Q4 2016	12M 2017	12M 2016
Interest income	18	17,392	17,174	69,725	69,225
Interest expense	19	-1,425	-1,452	-5,776	-5,940
Net interest income		15,967	15,722	63,949	63,285
Fee and commission income		818	663	3,031	2,510
Fee and commission expense		-83	-56	-346	-198
Net fee and commission income		735	607	2,685	2,312
Net gain/loss on financial transactions		-194	-96	-365	235
Other income	20	675	749	2,706	3,424
Total income		17,183	16,982	68,975	69,256
Salaries and associated charges		-3,663	-4,080	-16,362	-14,762
Other operating expenses	22	-2,676	-2,815	-10,431	-11,073
Depreciation and amortisation expense		-408	-200	-1,382	-764
Impairment losses on loans and financial investments		-4,214	-4,688	-17,581	-25,887
Impairment losses on other assets		-1	-	-1	-70
Other expenses	23	-1,324	-614	-3,580	-2,849
Total expenses		-12,286	-12,397	-49,337	-55,405
Profit before income tax		4,897	4,585	19,638	13,851
Income tax expense		-432	-749	-2,432	-2,148
Profit for the period		4,465	3,836	17,206	11,703
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		137	-47	204	98
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		137	-47	204	98
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Revaluation of land and buildings		-	223	-	223
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	223	-	223
Other comprehensive income for the period		137	176	204	321
Total comprehensive income for the period		4,602	4,012	17,410	12,024
Basic earnings per share (EUR)		56	48	215	146
Diluted earnings per share (EUR)		56	48	215	146

Consolidated statement of cash flows

	Note	12M 2017	12M 2016
Cash flows from operating activities			
Interest received		60,198	58,500
Interest paid		-6,373	-5,333
Salary and other operating expenses paid		-28,380	-25,199
Other income and fees received		6,634	6,462
Other expenses and fees paid		-4,952	-4,291
Recoveries of receivables previously written off		20,358	18,628
Received for other assets		116	495
Paid for other assets		-95	-622
Loans provided		-252,226	-220,578
Repayment of loans provided		179,776	153,085
Change in mandatory reserves with central banks		-419	-214
Proceeds from customer deposits		119,367	90,659
Paid on redemption of deposits		-69,870	-61,018
Net acquisition and disposal of trading portfolio		3,858	881
Income tax paid/received		-3,492	-1,331
Effect of movements in exchange rates		-117	-30
Net cash from / used in operating activities		24,383	10,094
Cash flows from investing activities			
Acquisition of property and equipment and intangible assets		-5,537	-3,405
Proceeds from sale of property and equipment		96	74
Proceeds from sale of investment properties		115	32
Acquisition of financial instruments		-	-713
Proceeds from redemption of financial instruments		-	762
Net cash used in investing activities		-5,326	-3,250
Cash flows from financing activities			
Received from issue of notes		5,000	-
Dividends paid		-5,000	-1,300
Net cash used in financing activities		-	-1,300
Effect of exchange rate fluctuations		-227	-147
Decrease in cash and cash equivalents		18,830	5,397
Cash and cash equivalents at beginning of period		34,291	28,894
Cash and cash equivalents at end of period	2	53,121	34,291

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 2016	8,000	800	1,048	80,264	90,112
Profit for the period	-	-	-	11,703	11,703
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	98	-	98
Revaluation of land and buildings	-	-	223	-	223
Total other comprehensive income	-	-	321	-	321
Total comprehensive income for the period	-	-	321	11,703	12,024
Dividend distribution	-	-	-	-1,300	-1,300
Total transactions with owners	-	-	-	-1,300	-1,300
Balance at 31 December 2016	8,000	800	1,369	90,667	100,836
Balance at 1 January 2017	8,000	800	1,369	90,667	100,836
Profit for the period	-	-	-	17,206	17,206
Other comprehensive income					
Exchange differences on translating foreign operations	-	-	204	-	204
Revaluation of land and buildings	-	-	-898	898	-
Total other comprehensive income	-	-	-694	898	204
Total comprehensive income for the period	-	-	-694	18,104	17,410
Dividend distribution	-	-	-	-5,000	-5,000
Total transactions with owners	-	-	-	-5,000	-5,000
Balance at 31 December 2017	8,000	800	675	103,771	113,246

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 twelve months ended 31 December 2017 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 2016, 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 2016, except for the adoption of new standards and interpretations effective as of 1 January 2017. Although these new standards and amendments apply for the first time in 2017, 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. Cash and bank balances and cash equivalents

As at	31 Dec 2017	31 Dec 2016
Demand and overnight deposits with credit institutions*	17,447	14,382
Term deposits with credit institutions with maturity of less than 1 year*	500	-
Surplus on mandatory reserves with central banks*	35,174	19,909
Mandatory reserves	1,061	642
Total cash and balances at banks	54,182	34,933
of which cash and cash equivalents	53,121	34,291

* Cash equivalents

Note 3. Financial assets held for trading

As at	31 Dec 2017	31 Dec 2016
Financial assets held for trading	11,210	14,891
Financial assets held for trading by issuer		
General government bonds	3,358	4,277
Bonds issued by credit institutions	2,718	4,082
Other financial corporations' bonds	522	1,241
Non-financial corporations' bonds	4,612	5,291
Financial assets held for trading by currency		
EUR (euro)	9,907	14,165
SEK (Swedish krona)	1,303	726
Financial assets held for trading by rating		
Aaa-Aa3	3,802	3,190
A1-A3	3,843	4,354
Baa1-Baa3	3,565	7,347

Note 4. Loans to customers**Loans to customers as at 31 December 2017**

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Loan receivables from customers	66,003	96,958	104,065	70,877	20,107	38,128	396,138
Impairment allowances for loans	-2,546	-8,095	-2,902	-1,742	-122	-454	-15,861
Interest receivable from customers	2,160	5,170	754	1,590	362	255	10,291
Impairment allowances for interest receivables	-1,184	-2,291	-116	-246	-13	-25	-3,875
Statistical impairment allowance	-603	-199	-1,033	-4,012	-1,687	-1,701	-9,235
Total loans to customers, incl. interest and allowances	63,830	91,543	100,768	66,467	18,647	36,203	377,458
Share of region	16.9%	24.3%	26.7%	17.6%	4.9%	9.6%	100.0%

Loans to customers as at 31 December 2016

	Estonia	Latvia	Lithuania	Finland	Spain	Sweden	Total
Loan receivables from customers	61,044	90,433	86,949	66,933	29,970	27,801	363,130
Impairment allowances for loans	-4,484	-14,343	-2,727	-1,906	-3,063	-1,176	-27,699
Interest receivable from customers	3,861	8,838	979	1,202	1,479	557	16,916
Impairment allowances for interest receivables	-2,324	-4,820	-191	-176	-635	-152	-8,298
Statistical impairment allowance	-1,504	-958	-1,692	-3,144	-2,115	-1,911	-11,324
Total loans to customers, incl. interest and allowances	56,593	79,150	83,318	62,909	25,636	25,119	332,725
Share of region	17.0%	23.8%	25.0%	18.9%	7.7%	7.6%	100.0%

Note 5. Loan receivables from customers by due dates

As at	31 Dec 2017	31 Dec 2016
Past due	23,831	44,930
Less than 1 month	10,245	10,500
1-12 months	98,927	91,806
1-2 years	82,761	71,354
2-5 years	150,649	121,870
More than 5 years	29,725	22,670
Total	396,138	363,130

Note 6. Ageing analysis on loan receivables**Ageing analysis as at 31 December 2017**

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Loans against income						
Loan portfolio	290,825	28,064	8,191	5,249	24,770	357,099
Impairment allowance	-9,133	-1,235	-607	-480	-12,452	-23,907
Surety loans						
Loan portfolio	2,241	161	36	38	567	3,043
Impairment allowance	-229	-31	-8	-20	-413	-701
Loans secured with real estate						
Loan portfolio	31,614	2,272	227	86	1,755	35,954
Impairment allowance	-338	-23	-2	-1	-121	-485
Loans against other collaterals						
Loan portfolio	34	4	-	-	4	42
Impairment allowance	-	-	-	-	-3	-3
Total loan portfolio	324,714	30,501	8,454	5,373	27,096	396,138
Total impairment allowance	-9,700	-1,289	-617	-501	-12,989	-25,096

Ageing analysis as at 31 December 2016

	Not past due	30 days or less	31-60 days	61-90 days	Over 90 days	Total
Loans against income						
Loan portfolio	239,726	24,486	7,420	4,297	41,892	317,821
Impairment allowance	-10,257	-1,289	-619	-425	-22,846	-35,436
Surety loans						
Loan portfolio	4,508	1,804	529	235	2,164	9,240
Impairment allowance	-3,11	-85	-24	-9	-1,499	-1,928
Loans secured with real estate						
Loan portfolio	27,725	3 941	493	762	2,863	35,784
Impairment allowance	-633	-99	-16	-16	-876	-1,640
Loans against other collaterals						
Loan portfolio	248	23	-	-	14	285
Impairment allowance	-8	-1	-	-	-10	-19
Total loan portfolio	272,207	30,254	8,442	5,294	46,933	363,130
Total impairment allowance	-11,209	-1,474	-659	-450	-25,231	-39,023

Note 7. Loan receivables from customers by contractual currency

As at	31 Dec 2017	31 Dec 2016
EUR (euro)	358,010	335,329
SEK (Swedish krona)	38,128	27,801
Total loan receivables from customers	396,138	363,130

Note 8. Impairment allowances by loan assessment category**Impairment allowances as at 31 December 2017**

	Loan receivables	Impairment allowance for loans	Interest receivables	Impairment allowance for loan interest	Total impairment allowances
Collectively assessed items	363,421	-11,957	8,068	-2,178	-14,135
Individually assessed items	32,717	-3,904	2,223	-1,697	-5,601
Statistical impairment allowance	-	-9,235	-	-	-9,235
Total	396,138	-25,096	10,291	-3,875	-28,971

Impairment allowances as at 31 December 2016

	Loan receivables	Impairment allowance for loans	Interest receivables	Impairment allowance for loan interest	Total impairment allowances
Collectively assessed items	317,230	-13,315	11,602	-3,324	-16,639
Individually assessed items	45,900	-14,384	5,314	-4,974	-19,358
Statistical impairment allowance	-	-11,324	-	-	-11,324
Total	363,130	-39,023	16,916	-8,298	-47,321

Change in impairment of loans, receivables and financial investments

As at	31 Dec 2017	31 Dec 2016
Balance at beginning of period	-47,321	-49,480
Write-off of fully impaired loan and interest receivables	50,132	47,152
Increase in allowances for loan and interest receivables	-31,874	-45,391
Effect of movements in exchange rates	92	398
Balance at end of period	-28,971	-47,321

Impairment losses on loans, receivables and financial investments

	Q4 2017	Q4 2016	12M 2017	12M 2016
Recovery of written-off loan and interest receivables	6,050	2,780	13,499	8,338
Increase in allowances for loan and interest receivables	-10,289	-11,055	-31,874	-29,855
Impairment losses on other receivables	25	115	794	318
Total impairment losses	-4,214	-8,160	-17,581	-21,199

Note 9. Other receivables

As at	31 Dec 2017	31 Dec 2016
Collection, recovery and other charges receivable	444	805
Miscellaneous receivables	2,559	1,001
Impairment allowance for other receivables	-228	-503
Total	2,775	1,303

Note 10. Prepayments

As at	31 Dec 2017	31 Dec 2016
Prepaid taxes	428	436
Other prepayments	487	984
Total	915	1,420

Note 11. Tangible assets

	Land and buildings	Other items	Total
Cost			
Balance at 1 January 2016	3,051	2,709	5,760
Purchases	-	1,144	1,144
Sales	-	-84	-84
Write-off	-	-309	-309
Revaluation	7	-	7
Revaluation recognised in other comprehensive income	223	-	223
Transfer	-267	-	-267
Effect of movements in exchange rates	-	-2	-2
Balance at 31 December 2016	3,014	3,458	6,472
Balance at 1 January 2017	3,014	3,458	6,472
Purchases	-	1,513	1,513
Sales	-	-226	-226
Write-off	-	-1,228	-1,228
Transfer	-1,500	5	-1,495
Balance at 31 December 2017	1,514	3,522	5,036
Depreciation			
Balance at 1 January 2016	-181	-2,190	-2,371
Depreciation charge for the year	-86	-329	-415
Sales	-	40	40
Write-off	-	306	306
Transfer	267	-	267
Balance at 31 December 2016	-	-2,173	-2,173
Balance at 1 January 2017	-	-2,173	-2,173
Depreciation charge for the year	-58	-723	-781
Sales	-	165	165
Write-off	-	1,203	1,203
Transfer	-	-5	-5
Balance at 31 December 2017	-58	-1,532	-1,590
Carrying amount			
Balance at 1 January 2016	2,870	519	3,389
Balance at 31 December 2016	3,014	1,285	4,299
Balance at 31 December 2017	1,456	1,990	3,446

In 2017, due to the relocation of the Tartu office to new premises, the purpose of use of a building previously recognised in property and equipment changed and it was reclassified from land and buildings to investment property in an amount of 1,500 thousand euros. The reclassifications between other items and intangible assets amounted to 5 thousand euros.

Note 12. Intangible assets

	31 Dec 2017	31 Dec 2016
Cost at beginning of year	5,701	2,919
Purchases	4,036	2,782
Write-off	-529	-
Reclassification	-5	-
Cost at end of period	9,203	5,701
Amortisation at beginning of year	-1,664	-1,308
Amortisation charge for the period	-601	-356
Write-off	529	-
Reclassification	5	-
Amortisation at end of period	-1,731	-1,664
Carrying amount at beginning of year	4,037	1,611
Carrying amount at end of period	7,472	4,037

The Group has substantially increased its investments in the information and banking technology solution called NEST, the first stage of which was implemented in June 2017. The purchases also include the capitalised payroll and payroll-related costs for employees who were directly associated with the NEST development of 870 thousand euros.

Note 13. Deposits from customers

As at	31 Dec 2017	31 Dec 2016
Term deposits	334,819	285,575
Term deposits by customer type		
Individuals	322,754	274,281
Legal persons	12,065	11,294
Term deposits by currency		
EUR (euro)	284,606	251,289
SEK (Swedish krona)	50,213	34,286
Term deposits by maturity		
Maturing within 6 months	83,963	64,764
Maturing between 6 and 12 months	89,863	75,610
Maturing between 12 and 18 months	35,499	26,909
Maturing between 18 and 24 months	45,283	39,349
Maturing between 24 and 36 months	15,862	35,312
Maturing between 36 and 48 months	34,504	14,101
Maturing in over 48 months	29,845	29,530
Average deposit amount	23	22
Weighted average interest rate	1.7%	2.1%
Weighted average duration until maturity (months)	20	21
Weighted average total contract term (months)	36	40

Note 14. Subordinated notes

As at	31 Dec 2017	31 Dec 2016
Subordinated notes	4,977	-

In December 2017, Bigbank issued subordinated notes in the amount of 5,000 thousand euros with a term of 10 years and a fixed annual interest rate of 6.5%. The private placement was organised in cooperation with LHV pension funds and in compliance with the bank's strategy and growth objectives.

Note 15. Other reserves

As at	31 Dec 2017	Change	31 Dec 2016
Exchange differences on translating foreign operations	371	204	167
Asset revaluation reserve	304	-	1,202
Total other reserves	675	-694	1,369

Note 16. Net currency positions**Net currency positions as at 31 December 2017**

	Position in the statement of financial position		Position off the statement of financial position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	401,165	295,535	-	8,493	97,137
SEK (Swedish krona)	50,672	50,555	-	-	117
GBP (British pound)	27	-	-	-	27

Net currency positions as at 31 December 2016

	Position in the statement of financial position		Position off the statement of financial position		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR (euro)	355,469	258,271	-	8,013	89,184
SEK (Swedish krona)	34,596	35,021	-	-	-425
GBP (British pound)	26	-	-	-	26

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 31 December 2017 do not differ significantly from their carrying amounts.

The different levels have been defined as follows:

- 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).

Fair value hierarchy as at 31 December 2017

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets held for trading (note 3)	11,210	-	-	11,210
Land and buildings (note 12)	-	-	1,456	1,456
Investment properties	-	-	1,878	1,878
Assets for which fair values are disclosed				
Loans to customers (note 4-8)	-	-	377,458	377,458
Other financial receivables (note 9)	-	-	2,775	2,775
Total assets	11,210	-	383,567	394,777
Liabilities for which fair values are disclosed				
Deposits from customers (note 13)	-	-	334,819	334,819
Subordinated notes (note 14)	-	-	4,977	4,977
Other financial liabilities	-	-	4,398	4,398
Total liabilities	-	-	344,194	344,194

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 3)	14,891	-	-	14,891
Land and buildings (note 12)	-	-	3,014	3,014
Investment properties	-	-	509	509
Assets for which fair values are disclosed				
Loans to customers (note 4-8)	-	-	332,725	332,725
Other financial receivables (note 9)	-	-	1,303	1,303
Total assets	14,891	-	337,551	352,442
Liabilities for which fair values are disclosed				
Deposits from customers (note 13)	-	-	285,575	285,575
Other financial liabilities	-	-	4,783	4,783
Total liabilities	-	-	290,358	290,358

Note 18. Contingent liabilities and assets pledged as collateral

As at	31 Dec 2017	31 Dec 2016
Irrevocable transactions, of which	8,493	8,013
Issued bank guarantees	90	90
Credit lines and overdrafts	8,403	7,923
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

	Q4 2017	Q4 2016	12M 2017	12M 2016
Interest income on loans to customers	17,308	17,073	69,363	68,812
Interest income on financial assets held for trading	80	92	350	371
Interest income on deposits	1	5	1	27
Other assets	3	4	11	15
Total interest income	17,392	17,174	69,725	69,225

Note 20. Interest expense

	Q4 2017	Q4 2016	12M 2017	12M 2016
Interest expense on deposits	1,422	1,452	5,773	5,940
Interest expense on bonds	3	-	3	-
Total interest expense	1,425	1,452	5,776	5,940

Note 21. Other income

	Q4 2017	Q4 2016	12M 2017	12M 2016
Income from debt recovery proceedings	559	655	2,401	3,184
Gains on derecognition of non financial assets	28	9	28	9
Miscellaneous income	88	85	277	231
Total other income	675	749	2,706	3,424

Note 22. Other operating expenses

	Q4 2017	Q4 2016	12M 2017	12M 2016
Marketing expenses	1,377	1,484	5,297	6,399
Office, rental and similar expenses	357	385	1,588	1,348
Miscellaneous operating expenses	942	946	3,546	3,326
Total other operating expenses	2,676	2,815	10,431	11,073

Note 23. Other expenses

	Q4 2017	Q4 2016	12M 2017	12M 2016
Expenses related to enforcement proceedings	189	254	1,030	1,037
Expenses related to registry inquires	422	265	1,225	959
Legal regulation charges	79	65	492	417
Expenses from investment properties	25	44	34	96
Onerous contracts provisions	535	-77	535	133
Miscellaneous expenses	74	63	264	207
Total other expenses	1,324	614	3,580	2,849

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 31 December 2017, 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 twelve months of 2017 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 31 December 2017 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.

Sven Raba

Chairman
of the Management Board
22 February 2018

[digitally signed]

Pāvels Gilodo

Member
of the Management Board
22 February 2018

[digitally signed]

Martin Länts

Member
of the Management Board
22 February 2018

[digitally signed]

Mart Veskimägi

Member
of the Management Board
22 February 2018

[digitally signed]