



BIGBANK AS
Public Interim Report
II Q 2009





TABLE OF CONTENTS

CONSOLIDATED INFORMATION	3
DESCRIPTION OF THE CREDIT INSTITUTION GROUP	4
DECLARATION OF THE MANAGEMENT BOARD	5
OVERVIEW OF THE ECONOMIC ACTIVITY	6
Key Financial Indicators	6
Ratios	7
Important Economic Events	8
Analysis of Statement of Financial Position and Statement of Comprehensive Income	9
Consolidated Capital Adequacy	13
FINANCIAL STATEMENTS	16
Consolidated Statement of Financial Position	16
Consolidated Statement of Comprehensive Income	18
Consolidated Statement of Cash Flows	20
Consolidated Statement of Changes in Equity	22
Notes to the Financial Statements	23
Note 1. Accounting Principles	23
Note 2. Receivables from Customers	24
Note 3. Distribution of Loan Receivables by Maturity	24
Note 4. Distribution of Loan Receivables by Geographic Areas	25
Note 5. Loan Receivables by Collateral	25
Note 6. Loan Receivables by Contract Currencies	25
Note 7. Impairment Allowances for Customer Receivables by Groups	26
Note 8. Overdue Loan Receivables	26
Note 9. Other Receivables and Prepaid Expenses	27
Note 10. Other Assets	28
Note 11. Payable to Credit Institutions	28
Note 12. Payable to Customers	28
Note 13. Issued Bonds and Subordinated Liabilities	29
Note 14. Net Currency Positions	30
Note 15. Interest Income and Other Operating Income	30
Note 16. Interest Expenses and Other Operating Expenses	31
Note 17. Other Expenses	31
Note 18. Segment Reporting	32
Note 19. Financial Indicators for Major Units	37
Note 20. Sensitivity Analysis	38

CONSOLIDATED INFORMATION

Business name:	BIGBANK AS
Register:	Commercial Register of the Republic of Estonia
Registration number:	10183757
Date of entry:	30.01.1997
Address:	Rüütli 23, 51006 Tartu, Estonia
Phone:	+372 737 7570
Fax:	+372 737 7582
E-mail:	bigbank@bigbank.ee
Website:	www.bigbank.ee
Raitings:	<i>Moody's Investors Service</i> Long-term Deposit Rating Caa1 Short-term Deposit Rating <i>not prime</i> Financial Strength Rating E Outlook negative
Date of report:	30.06.2009
Reporting period:	01.04.2009 – 30.06.2009
Auditors:	KPMG Baltics AS audit firm, entered in the list of auditors on 11 July 2001 under no. 17, address Narva mnt 5 Tallinn 10117, registration number 10096082. Auditors responsible for the audit: <ul style="list-style-type: none">- Andres Root, authorised public accountant since 20 June 1990- Eero Kaup, authorised public accountant since 10 December 1998
Audit:	A review of the financial information of 2Q of 2009 has been performed in compliance with the international standard ISRE 2400 for the review of financial information.
Reporting currency:	The reporting currencies are the Estonian kroon and euro; data has been presented in millions of kroons and millions of euros. The degree of accuracy of figures is three decimal places.

Public Interim Report is available on the website of BIGBANK AS at www.bigbank.ee.

From 28 August 2009 the *Public Interim Report for 2Q 2009* is available at the head office of BIGBANK AS at Rüütli 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 three subsidiaries:

Company:	AS Baltijas Izaugsmes Grupa
Address:	Citadelas 2, LV-1010 Riga, Latvia
Registration number:	40003291179
Register:	Register of Enterprises of the Republic of Latvia
Date of entry:	18 April 1996
Core activity:	Granting consumer loans in the Republic of Latvia
Ownership interest:	100%

Company:	OÜ Rütli Majad
Address:	Rütli 23, 51006 Tartu, Estonia
Registration number:	10321320
Register:	Commercial Register of the Republic of Estonia
Date of entry:	27 November 1997
Core activity:	Administration of real estate in use by the group
Ownership interest:	100%

Company:	Balti Völgade Sissenõudmise Keskus OÜ
Address:	Rütli 23, 51006 Tartu
Registration number:	11652332
Register:	Commercial Register of the Republic of Estonia
Date of entry:	11.05.2009
Core activity:	Collection services
Ownership interest:	100%

Subsidiaries have been consolidated line-by-line.

BIGBANK AS is operating a branch in Lithuania (registration number 301048563) that was registered in 2007 and a branch in Latvia (registration number 40103200513) that was registered in 2008.



DECLARATION OF THE MANAGEMENT BOARD

The Management Board of BIGBANK AS is of the following position as of the date of publication of the Report:

- The data and additional information presented in the Public Interim Report for 2Q 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 30.06.2009 is in compliance with the international financial reporting standard IAS 34 "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	26.08.2009	
Kaido Saar Member of the Management Board	26.08.2009	
Veiko Kandla Member of the Management Board	26.08.09	
Ingo Pöder Member of the Management Board	26.08.2009	

OVERVIEW OF THE ECONOMIC ACTIVITY

KEY FINANCIAL INDICATORS

(in millions of kroons)	30.06.2009	31.12.2008
Assets	2 777.443	2 913.250
Receivables from customers	2 130.060	2 293.781
incl. loan portfolio	2 240.478	2 321.090
incl. interest receivables	211.055	186.759
incl. interest prepayments	-2.567	-3.287
incl. impairment allowances	-318.906	-210.781
<i>incl. to loan receivables</i>	-241.141	-176.981
<i>incl. to interest receivables</i>	-40.462	-24.940
<i>incl. additional impairment allowances</i>	-37.303	-8.860
Equity	637.680	579.425

(in millions of kroons)	2Q 2009	2Q 2008
Interest income	151.330	166.864
Interest expenses	47.707	60.377
Net profit	44.772	40.493

(in millions of euros)	30.06.2009	31.12.2008
Assets	177.511	186.191
Receivables from customers	136.136	146.599
incl. loan portfolio	143.193	148.345
incl. interest receivables	13.489	11.936
incl. interest prepayments	-0.164	-0.211
incl. impairment allowances	-20.382	-13.471
<i>incl. to loan receivables</i>	-15.412	-11.311
<i>incl. to interest receivables</i>	-2.586	-1.594
<i>incl. additional impairment allowances</i>	-2.384	-0.566
Equity	40.755	37.032

(in millions of euros)	2Q 2009	2Q 2008
Interest income	9.672	10.665
Interest expenses	3.049	3.859
Net profit	2.861	2.588



RATIOS

(in % and in millions)	2Q 2009		2Q 2009	
	EEK	EUR	EEK	EUR
Return on equity (ROE)	29.8%	29.8%	15.8%	15.8%
Equity multiplier (EM)	4.6	4.6	4.8	4.8
Profit margin (PM)	24.6%	24.6%	10.0%	10.0%
Asset utilization ratio (AU)	26.5%	26.5%	32.9%	32.9%
Return on assets (ROA)	6.5%	6.5%	3.3%	3.3%
SPREAD	19.6%	19.6%	15.1%	15.1%
TIER 1 capital ratio	24.2%	24.2%	21.3%	21.3%

Ratios shall be 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 statement of comprehensive income indicators the annualized actual data of the reporting quarter shall serve as the basis.

Explanations on 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-bearing assets,
- TIER 1 own funds ratio (TIER 1 ratio) – ratio of Tier 1 funds to risk weighted assets.

IMPORTANT ECONOMIC EVENTS

The operating volumes of BIGBANK AS did not change considerably in the 2nd quarter of 2009. The volume of total assets increased by 18.8 million kroons in the 2nd quarter of 2009 and receivables from customers reduced by 18.2 million kroons. The reduction in the loan portfolio is associated with the surrounding economic environment. On one hand a considerably reduced consumer confidence reduces the customers' interest in taking loans and at the same time BIGBANK's criteria for granting loans are continually conservative.

Although the amount of issued loans increased to some extent in the 2nd quarter, BIGBANK AS does not forecast the loan sales volumes to increase to the previous level in 2009 and respectively the sales network has been optimised in order to respond to today's loan sales volumes. The number of sales offices has been reduced by 18 (including by 9 in Estonia, 8 in Latvia, and 1 in Lithuania) and the number of employees has reduced by 107 employees (including by 50 in Estonia, 51 in Latvia and 6 in Lithuania). The aim of restructuring is to keep optimal and efficient sales and support structure and to retain the profitability of the activities also in a complicated economic environment.

As of 30 June 2009 the volume of cash and equivalents totalled 475.7 million kroons (17.1% of total assets), at the end of the 1st quarter the respective figure was 463.9 million kroons (16.8% of total assets).

The structure of liabilities has not considerably changed in the 2nd quarter. Bonds (1 230.1 million kroons, reduction by 7.3 million kroons during the quarter) and term deposits (732.2 million kroons, decrease by 31.4 million kroons during the quarter) continue to form the largest share of liabilities. As of the end of the 2nd quarter the total volume of liabilities amounted to 2 139.8 million kroons, reducing by 36.5 million kroons during the quarter. As of the end of the quarter the weighted average maturity of interest-bearing liabilities was 17.9 months and weighted average interest rate was 8.7% (9.6% as of the year-end). The weighted average interest rate has reduced above all in connection with the decrease in Euribor.

In the 2nd quarter of 2009 the interest income amounted to 151.3 million kroons, decreasing by 15.5 million kroons compared to the same period of the previous year. The reduction of the interest income is related to the reduction in loan portfolio. In the 2nd quarter the revenue related to debt collection proceedings amounted to 26.5 million kroons.

The volume of loans with payment delays over 90 days in the consolidation group has decreased in the 2nd quarter of 2009, the change by countries is different in relation to development cycle of the economy. In Estonia, the amount of such loans as of the end of the 2nd quarter has decreased compared to both 1Q of 2009 and 4Q of 2008. In Latvia, the volume of non-performing loans is at the same level as it was at the end of Q1 2009 and the rapid increase of loans with payment delays of the beginning of the year has been changed to a minimal growth of 4-5% on annual basis. In Lithuania, the growth of loans with payment delays over 90 days has decreased by half. In addition to some positive changes in macroeconomic situation and payment discipline of private individuals, the decrease in non-performing loan portfolio also relates to more effective debt management and collection methods used by the bank.

The impairment allowance costs totalled 54.4 million kroons in the 2nd quarter. As of 30 June 2009 the total volume of impairment allowances amounted to 343.3 million kroons.

In the 2nd quarter the net profit of the reporting period amounted to 44.8 million kroons (40.5 million kroons in the 2nd quarter of 2008). Profit before impairment allowances and one-off revenues from the premature termination of bonds and prepaid income tax assets totalled 80.2 million kroons in the 2nd quarter (in the 1st quarter the respective figure was 59.8 million kroons).

As of the end of the 2nd quarter of 2009 equity totalled 637.7 million kroons (579.4 million kroons as of the end of 2008). The share of equity amounted to 23.0% of total assets.

As of 30 June 2009 the Group had 28 offices all over the Baltics, of which 11 offices were located in Estonia, 7 in Latvia and 10 in Lithuania. As of 30 June 2009 there were 361 employees working in the Group, including 166 in Estonia, 125 in Latvia and 70 in Lithuania.

ANALYSIS OF STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME

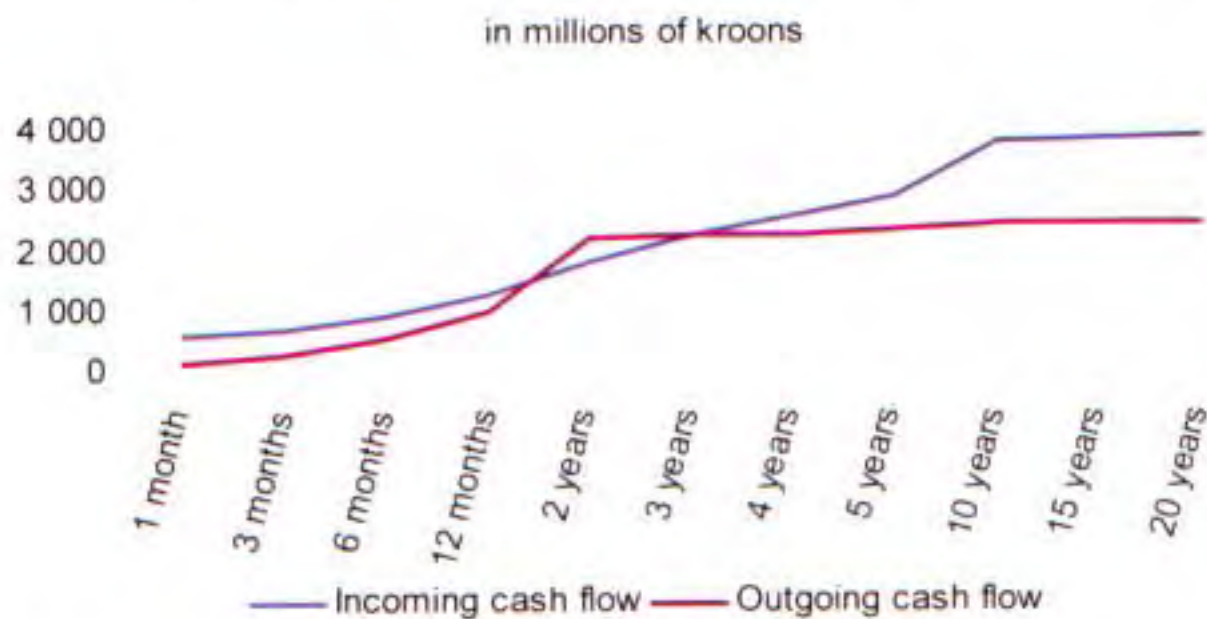
Statement of Financial Position Indicators

Total assets As of 30 June 2009 total assets of BIGBANK AS Group totalled 2 777.4 million kroons.

As of 30 June 2009 receivables from customers accounted for 76.7% of total assets, cash and equivalents accounted for 17.1%.

Monetary funds As of the end of the 2nd quarter of 2009 cash and equivalents amounted to 475.7 million kroons (17.1% of total assets).

The graph below demonstrates the future contract-based cash flows, which are increased by the cash based receivables from receivables to be collected and reduced by the deviations from the concluded payment schedule by the customers. The starting point of the graph takes into account the available monetary funds.



In the 2nd half-year of 2009 there will be maturity date for bonds directed to domestic market in the total amount of 54.0 million kroons and for subordinated liabilities in the amount of 15.5 million kroons. These bonds shall be redeemed from internal funds.

Receivables from customers By the end of the 2nd quarter the Group had 126 thousand active loan contracts, including 44 thousand in Estonia, 69 thousand in Latvia and 13 thousand in Lithuania.

At the end of the quarter, the volume of receivables from customers was divided as follows:

- 48.2% Estonia,
- 40.8% Latvia,
- 11.0% Lithuania.

As of 30 June 2009 receivables from customers totalled 2 130.1 million kroons, comprising of:

- volume of loan portfolio accounted for 2 240.5 million kroons. Loans to individuals account for 98.5% of the total loan portfolio,
- interest receivables from loan customers totalled 208.5 million kroons,
- impairment reserve amounted to 318.9 million kroons (including impairment allowance for loan receivables in the amount of 241.1 million kroons, impairment allowance for interest receivables in the amount of 40.5 million kroons and additional impairment of 37.3 million kroons)



In the 2nd quarter the ratio of impairment allowances to gross receivables from customers accounted for 13.0%, the respective figure as of 31 March 2009 was 11.0%.

Overdue loans

BIGBANK AS is currently the only bank in the region that focuses on the provision of consumer credit only. In line with the corporate strategy, as of 30 June 2009 loans against income accounted for 76.9% of the loan portfolio, loans secured with suretyship 14.8% and loans secured with real estate accounted for 8.3%.

Within recent quarters the payment behaviour has been influenced by the decrease in incomes and increase in unemployment at the company's domestic markets. At the same time BIGBANK has considerably increased the efficiency of credit management activity and the growth trend of the portfolio in payment delays has reduced since March.

Starting from the 1st quarter of 2009 more active debt management principles are implemented in the Group than previously, which has enabled to considerably slow down the process of the portfolio becoming nonperforming. More active debt management includes a greater frequency of seeking contact and more differentiated methods, more operative reaction to customers' needs for deferring the date of debt or restructuring the debt, debt consultancy by phone and in the office, making compromise proposals in all phases of the proceedings (including court proceedings, enforcement proceedings and collection). The preparedness of customers to make agreements with the bank has increased compared to the end of 2008 and 1st quarter of 2009.

The loan portfolio of BIGBANK is well diversified – the average loan amount was 20.5 thousand kroons, while as of 30 June 2009, 40 largest loans accounted for 2.8% of the total loan portfolio.

In case of overdue loans an important fact needs to be noted, that in case of consumer loans the process of recovering nonperforming receivables differs considerably from the process of recovering these loans, which are secured with physical security (e.g. mortgage on property). Owing to the nature of the loans (as a rule, consumer loans are backed with the customer's regular income), amounts due under terminated agreements are satisfied over an extended period in small installments, not in a lump sum raised by the realisation of collateral.

Overdue loans comprise of unpaid loan repayments according to the loan schedule and the principal amount of the loan that has become subject to enforcement. According to the terms of the loan agreements, the Group may terminate the agreement unilaterally when at least three consecutive loan payments are not met. Upon termination, the Group will demand repayment of the outstanding loan principal, any interest payments that have fallen due and any associated claims arising from the payment delay.

In the 2nd quarter of 2009 the payments (both loan principal as well as other receivables) from the 90 days overdue loan portfolio totalled 137.1 million kroons, on an annual basis accounting for 55.0% of the average 90 days overdue loan portfolio of that period. The respective figures in the 1st quarter of 2009 were 153.9 million kroons and 63.7%.



Impairment allowance for receivables	<p>To mitigate the risks arising from settlement behaviour and cover potential credit losses, the Group has established respective reserves, which as of 30 June 2009 totalled 343.3 million kroons. Reserve is established on a conservative basis. The established reserve includes:</p> <ul style="list-style-type: none"> - impairment allowances for loan receivables in the amount of 241.1 million kroons, - impairment allowances for interest receivables in the amount of 40.5 million kroons, - additional impairment allowance for potential negative change in macroeconomic environment in the amount of 37.3 million kroons, - impairment allowance for other customer receivables in the amount of 12.8 million kroons, - impairment allowance for other assets in the amount of 11.6 million kroons. <p>For receivables, regarding which enforcement proceedings have not provided the expected results, an impairment allowance of 100% has been formed or these receivables have been written off from the balance sheet. In the 2nd quarter of 2009 receivables in the total amount of 4.3 million kroons were written off from the balance sheet.</p>
Liabilities	<p>As of the end of 2nd quarter of 2009 the liabilities of the Group amounted to 2 139.8 million kroons. Issued bonds formed the bulk of liabilities, i.e. 1 230.1 million kroons (57.5%).</p> <p>As of 30 June 2009 term deposits accounted for 34.2% of total liabilities and amounted to 732.2 million kroons.</p> <p>Subordinated liabilities totalled 140.8 million kroons, forming 6.6% of liabilities.</p> <p>As of 30 June 2009 amounts due to credit institutions amounted to 13.1 million kroons, forming 0.6% of total liabilities.</p>
Equity	<p>In the 2nd quarter of 2009 the Group's equity increased by 55.3 million kroons, amounting to 637.7 million kroons. The share of equity in total assets totals to 23.0%. As of the end of the 2nd quarter the capital adequacy was 20.89% (Basel II) compared to 19.32% as of the end of 2008.</p> <p>As of 30 June 2009 TIER 1 and TIER 2 capital totalled 754.5 million kroons, accounting for 27.2% of total assets.</p>

Statement of Comprehensive Income Indicators

Interest income	<p>In the 2nd quarter interest income amounted to 151.3 million kroons, reducing by 9.3% compared to the same period of the previous year. The decrease in interest income is related to the reduction of loan portfolio.</p> <p>In the 2nd quarter the ratio of interest income (annualised) to average interest bearing assets was 28.7% and the interest income from loan portfolio accounted for 26.5% of the average loan portfolio (annualised).</p>
Interest expenses	<p>In the 2nd quarter of 2009 interest expenses totalled 47.7 million kroons, compared with 60.4 million kroons at the same period of the previous year. The ratio of interest expenses to interest income was 31.5%. The ratio of interest expenses (annualised) to average interest-bearing liabilities was 9.1% in the 2nd quarter.</p>
Other operating expenses	<p>In the 2nd quarter other operating expenses totalled 21.3 million kroons (decrease of 5.2 million kroons compared to the 2nd quarter of 2008).</p>

Salaries	In the 2 nd quarter salary costs amounted to 23.6 million kroons, decreasing by 6.9 million kroons (22.6%) compared to the same period of the previous year. As of the end of the period the Group had 361 employees (excluding employees on maternity leave).
Impairment costs for receivables	<p>In the 2nd quarter impairment allowances for receivables increased by 54.4 million kroons (growth of 66.9% compared to the 2nd quarter of 2008) including:</p> <ul style="list-style-type: none">- cost of impairment allowances for loan receivables in the amount of 41.4 million kroons,- cost of impairment allowances for interest receivables in the amount of 10.7 million kroons,- cost of impairment allowances for other client receivables in the amount of 0.3 million kroons,- cost of impairment allowances for other assets in the amount of 2.0 million kroons. <p>Impairment allowances are established on a conservative basis.</p>
Other operating income and expenses	<p>In the 2nd quarter of 2009 other income amounted to 30.8 million kroons. In the same period of 2008, other income was 33.8 million kroons. The most significant part of other income came from collection proceedings, which accounted for 26.5 million kroons of other income.</p> <p>Other expenses totalled 0.6 million kroons in 2nd quarter (compared to 1.3 million kroons in the 2nd quarter of 2008).</p>
Profit of the reporting period	<p>In the 2nd quarter of 2009 the Group's profit of the reporting period amounted to 44.8 million kroons. Compared to the 2nd quarter of 2008 the net profit has increased by 22.6 million kroons. Income from recording prepaid income tax asset in the amount of 16.8 million kroons and revenue from premature redemption of bonds in the amount of 2.2 million kroons appear as one-off revenue in the 2nd quarter of 2009.</p> <p>In the 2nd quarter of 2009 profit without the impairment allowance costs and one-off income totalled 80.2 million kroons, compared to 71.9 million kroons in the 2nd quarter of 2008.</p>

CONSOLIDATED CAPITAL ADEQUACY

(in millions of kroons)

	30.06.2009	31.12.2008
Paid in share capital	80.000	80.000
Reserves established from profits	8.000	8.000
Retained earnings/losses	480.370	354.600
Unrealised exchange differences	0.950	-7.945
Intangible assets	-4.989	-6.240
Profit for the reporting period	68.360	144.770
Total TIER 1 capital	632.691	573.185
Subordinated liabilities	121.790	121.381
Total TIER 2 capital	121.790	121.381
Deductions	-	-
Total TIER 3 capital	-	-
Total capital for calculation of capital adequacy	754.481	694.566
Capital requirements		
Central governments and central banks under standardised approach	6.246	6.614
Companies under standardised approach	1.075	1.782
Retail claims under standardised approach	85.026	96.341
Claims secured by real estate under standardised approach	9.284	8.171
Overdue claims under standardised approach	130.966	107.824
Short-term debt of credit institutions, investment firms and other companies under standardised approach	11.845	7.434
Other assets under standardised approach	16.665	31.288
Total capital requirements for credit and counterparty credit risk	261.107	259.454
Capital requirement for foreign currency risk	47.289	56.675
Capital requirement for operational risk, basic indicator approach	-	43.307
Capital requirement for operational risk, standardised method	52.726	-
Capital requirements for the calculation of capital adequacy	361.122	359.436
Capital adequacy	20.893%	19.320%



CONSOLIDATED CAPITAL ADEQUACY

(in millions of euros)	30.06.2009	31.12.2008
Paid in share capital	5.113	5.113
Reserves established from profits	0.511	0.511
Retained earnings/losses	30.701	22.663
Unrealised exchange differences	0.061	-0.507
Intangible assets	-0.319	-0.399
Profit for the reporting period	4.369	9.252
Total TIER 1 capital	40.436	36.633
Subordinated liabilities	7.784	7.758
Total TIER 2 capital	7.784	7.758
Deductions	-	-
Total TIER 3 capital	-	-
Total capital for calculation of capital adequacy	48.220	44.391
Capital requirements		
Central governments and central banks under standardised approach	0.399	0.423
Companies under standardised approach	0.069	0.114
Retail claims under standardised approach	5.434	6.157
Claims secured by real estate under standardised approach	0.594	0.522
Overdue claims under standardised approach	8.370	6.891
Short-term debt of credit institutions, investment firms and other companies under standardised approach	0.757	0.475
Other assets under standardised approach	1.065	2.000
Total capital requirements for credit and counterparty credit risk	16.688	16.582
Capital requirement for foreign currency risk	3.022	3.622
Capital requirement for operational risk, basic indicator approach	-	2.768
Capital requirement for operational risk, standardised method	3.370	-
Capital requirements for the calculation of capital adequacy	23.080	22.972
Capital adequacy	20.893%	19.320%

Capital requirements of AS Baltijas Izaugsmes Grupa belonging to the consolidation group

(in millions)	EEK		EUR	
	30.06.2009	30.06.2009	31.12.2008	31.12.2008
Central governments, central banks under standardised approach	-	-	-	-
Companies under standardised approach	-	-	-	-
Retail claims under standardised approach	18.268	1.168	39.224	2.507
Claims secured by real estate under standardised approach	0.622	0.040	0.706	0.045
Overdue claims under standardised approach	60.284	3.853	45.251	2.892
Short-term debt of credit institutions, investment firms and other companies under standardised approach	7.330	0.468	3.852	0.246
Other assets under standardised approach	8.329	0.532	13.313	0.851
Capital requirement for foreign currency risk	39.715	2.538	52.181	3.335
Capital requirement for operational risk, basic indicator approach	-	-	10.982	0.701
Capital requirement for operational risk, standardised method	18.189	1.162	-	-



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 the basis of law and the articles of association on account of the profits;
- audited retained earnings of previous years;
- profits for the current financial year, the size of which has been verified by an auditor.

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 unrealised 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.

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 credit institution does not have TIER 3 capital.

Standardised approach has been used for calculating the capital requirements for credit risk and for operation risk.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of kroons)

	Note	30.06.2009	31.12.2008 adjusted
Assets			
Receivables from Central Bank		312.310	330.720
Receivables from banks		163.439	148.672
Receivables from customers	2,3,4,5,6,7,8	2 130.060	2 293.781
Other receivables and prepaid expenses	9	94.895	62.337
Intangible assets		4.989	6.240
Tangible assets		45.183	49.137
Other assets	10	26.567	22.363
Total assets		2 777.443	2 913.250
Liabilities			
Payable to credit institutions	11	13.054	14.867
Payable to customers	12	732.274	630.612
Other payables and deferred income		23.506	28.397
Issued bonds	13	1 230.103	1 487.592
Subordinated liabilities	13	140.826	172.357
Total liabilities		2 139.763	2 333.825
Equity			
Share capital		80.000	80.000
Reserves		8.000	8.000
Unrealised exchange differences		0.950	-7.945
Retained earnings		480.370	354.600
Profit for the accounting period		68.360	144.770
Total equity		637.680	579.425
Total liabilities and equity		2 777.443	2 913.250

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of euros)

	Note	30.06.2009	31.12.2008 adjusted
Assets			
Receivables from Central Bank		19.960	21.137
Receivables from banks		10.446	9.502
Receivables from customers	2,3,4,5,6,7,8	136.135	146.599
Other receivables and prepaid expenses	9	6.065	3.984
Intangible assets		0.319	0.399
Tangible assets		2.888	3.141
Other assets	10	1.698	1.429
Total assets		177.511	186.191
Liabilities			
Payable to credit institutions	11	0.834	0.950
Payable to customers	12	46.801	40.303
Other payables and deferred income		1.503	1.816
Issued bonds	13	78.618	95.074
Subordinated bonds	13	9.000	11.016
Total liabilities		136.756	149.159
Equity			
Share capital		5.113	5.113
Reserves		0.511	0.511
Unrealised exchange differences		0.061	-0.508
Retained earnings		30.701	22.663
Profit for the accounting period		4.369	9.252
Total equity		40.755	37.032
Total liabilities and equity		177.511	186.191

GUARANTEES AND PLEDGED ASSETS

(in millions)	30.06.2009	
	EEK	EUR
Irrevocable transactions	18.193	1.163
incl. guarantees and other similar irrevocable transactions*	17.760	1.135
incl. credit lines and overdraft facilities	0.433	0.028
Assets pledged and encumbered with usufruct to secure liabilities**	23.400	1.496

* - Guarantee in the amount of 17.760 million kroons (1.135 million euros) has been issued in order to guarantee fulfilment of obligations of 100% subsidiary Rütli Majad OÜ, this liability has been recorded also in the consolidated report as a liability.

** - In addition, there are assets pledged and encumbered with usufruct in the amount of 14.920 million kroons (0.954 million euros), the related liabilities have been fulfilled as of the date of the report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of kroons)	Note	2Q 2009	1H 2009	2Q 2008	1H 2008
Interest income	15	151.330	299.336	166.864	348.044
Interest expenses	16	47.707	106.421	60.377	117.524
Net interest income		103.623	192.915	106.487	230.520
Net fees and commissions		-0.361	-1.055	-0.289	-0.561
Net profit/loss from financial transactions		-0.251	-0.500	-1.431	-1.791
Other operating income	15	30.818	118.588	33.796	55.288
Total income		133.829	309.948	138.563	283.456
Salaries		23.649	50.899	30.537	55.366
Other operating expenses	17	21.305	56.685	26.552	49.716
Depreciation and amortisation expense		2.846	5.624	2.459	4.735
Allowances for loans and receivables		52.378	125.994	31.385	69.986
Allowances for other assets		2.023	10.976	-	-
Other expenses	16	0.601	1.131	1.310	1.894
Total expenses		102.802	251.309	92.243	181.697
Profit before income tax		31.027	58.639	46.320	101.759
Income tax expense		-13.745	-9.721	5.827	12.554
Profit for the accounting period		44.772	68.360	40.493	89.205
Unrealised exchange differences		10.558	8.895	-7.746	-8.651
Total other income and expenses		10.558	8.895	-7.746	-8.651
Total profit for the accounting period		55.330	77.255	32.747	80.554
Basic earnings per share (EEK)		560	855	506	1 115
Diluted net profit per share (EEK)		560	855	506	1 115

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	Note	2Q 2009	1H 2009	2Q 2008	1H 2008
Interest income	15	9.672	19.131	10.665	22.244
Interest expenses	16	3.049	6.801	3.859	7.511
Net interest income		6.623	12.330	6.806	14.733
Net service charges		-0.023	-0.067	-0.019	-0.036
Net profit/loss from financial transactions		-0.016	-0.032	-0.092	-0.114
Other operating income	15	1.969	7.579	2.160	3.533
Total income		8.553	19.810	8.855	18.116
Salaries		1.511	3.253	1.951	3.539
Other operating expenses	17	1.362	3.623	1.697	3.177
Depreciation and amortisation expense		0.182	0.360	0.157	0.303
Allowances for loans and receivables		3.348	8.053	2.006	4.473
Allowances for other assets		0.129	0.701	-	-
Other expenses	16	0.038	0.072	0.084	0.121
Total expenses		6.570	16.062	5.895	11.613
Profit before income tax		1.983	3.748	2.960	6.503
Income tax expense		-0.878	-0.621	0.372	0.802
Profit for the accounting period		2.861	4.369	2.588	5.701
Unrealised exchange differences		0,675	0,569	-0,494	-0,552
Total other income and expenses		0,675	0,569	-0,494	-0,552
Total profit for the accounting period		3,536	4,938	2,094	5,149
Basic earnings per share (EUR)		36	55	32	71
Diluted net profit per share (EUR)		36	55	32	71

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of kroons)	1H 2009	1H 2008
Cash flow from operations		
Interest income received	218.445	289.658
Interest expenses paid	-110.020	-106.518
Administrative expenses paid	-116.160	-106.500
Other operating income received	55.900	43.575
Other operating expenses paid	-4.349	-2.060
Repayments of off-balance sheet receivables	1.019	0.453
Paid for other assets	-1.450	-
Loans granted	-95.545	-387.101
Repayment of loans granted	223.450	355.397
Change in mandatory reserve in Central Bank and related interest receivables	17.890	-28.598
Proceeds from customer deposits	303.835	289.387
Paid on redemption of deposits	-208.940	-70.522
Income tax paid	-17.293	-16.586
Effect of exchange rate fluctuations	-1.026	-0.658
Cash flow from operating activities	265.756	259.927
Cash flow from investing activities		
Acquisition of tangible and intangible assets	-1.587	-23.185
Cash flow from investing activities	-1.587	-23.185
Cash flow from financing activities		
Proceeds from debt securities issues	-	84.130
Paid on redemption of debt securities	-230.394	-171.145
Proceeds from loans from credit institutions	-	47.760
Repayments of loans from credit institutions	-1.776	-182.790
Dividends paid	-19.000	-10.000
Cash flow from financing activities	-251.170	-232.045
Effect of exchange rate fluctuations	1.206	-0.618
Increase in cash and cash equivalents	14.205	4.079
Cash and cash equivalents at the beginning of the year	149.298	93.405
Cash and cash equivalents at the end of the period	163.503	97.484
	30.06.2009	30.06.2008
Cash	-	0.004
Demand and overnight deposits with credit institutions	96.891	95.119
Term deposits with credit institutions	66.548	-
Surplus on mandatory reserve with Central Bank	-	1.600
Interest receivable from mandatory reserve to Central Bank	0.064	0.761
Total	163.503	97.484

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	1H 2009	1H 2008
Cash flow from operations		
Interest income received	13.961	18.513
Interest expenses paid	-7.032	-6.808
Administrative expenses paid	-7.424	-6.807
Other operating income received	3.572	2.785
Other operating expenses paid	-0.278	-0.132
Repayments of off-balance sheet receivables	0.065	0.029
Paid for other assets	-0.093	-
Loans granted	-6.106	-24.740
Repayment of loans granted	14.281	22.714
Change in mandatory reserve in Central Bank and related interest receivables	1.144	-1.828
Proceeds from customer deposits	19.419	18.495
Paid on redemption of deposits	-13.354	-4.507
Income tax paid	-1.105	-1.060
Effect of exchange rate fluctuations	-0.065	-0.042
Cash flow from operating activities	16.985	16.612
Cash flow from investing activities		
Acquisition of tangible and intangible assets	-0.101	-1.482
Cash flow from investing activities	-0.101	-1.482
Cash flow from financing activities		
Proceeds from debt securities issues	-	5.377
Paid on redemption of debt securities	-14.725	-10.938
Proceeds from loans from credit institutions	-	3.052
Repayments of loans from credit institutions	-0.114	-11.682
Dividends paid	-1.214	-0.639
Cash flow from financing activities	-16.053	-14.830
Effect of exchange rate fluctuations	0.077	-0.040
Increase in cash and cash equivalents	0.908	0.260
Cash and cash equivalents at the beginning of the year	9.542	5.970
Cash and cash equivalents at the end of the period	10.450	6.230
	30.06.2009	30.06.2008
Cash	-	-
Demand and overnight deposits with credit institutions	6.193	6.079
Term deposits with credit institutions	4.253	-
Surplus on mandatory reserve with Central Bank	-	0.102
Interest receivable from mandatory reserve to Central Bank	0.004	0.049
Total	10.450	6.230

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of kroons)

Equity belonging to the owners of the parent company

	Share capital	Statutory capital reserve	Unrealised exchange differences	Retained earnings	Total
Balance 01.01.2008	80.000	8.000	5.474	378.975	472.449
Total profit for the accounting period	-	-	-9.026	89.205	80.179
Dividends paid	-	-	-	-24.000	-24.000
Balance 30.06.2008	80.000	8.000	-3.552	444.180	528.628
Balance 01.01.2009	80.000	8.000	-7.945	499.370	579.425
Total profit for the accounting period	-	-	8.895	68.360	77.255
Dividends paid	-	-	-	-19.000	-19.000
Balance 30.06.2009	80.000	8.000	0.950	548.730	637.680

(in millions of euros)

Equity belonging to the owners of the parent company

	Share capital	Statutory capital reserve	Unrealised exchange differences	Retained earnings	Total
Balance 01.01.2008	5.113	0.511	0.350	24.221	30.195
Total profit for the accounting period	-	-	-0.577	5.701	5.124
Dividends paid	-	-	-	-1.534	-1.534
Balance 30.06.2008	5.113	0.511	-0.227	28.388	33.785
Balance 01.01.2009	5.113	0.511	-0.508	31.915	37.032
Total profit for the accounting period	-	-	0.569	4.369	4.938
Dividends paid	-	-	-	-1.214	-1.214
Balance 30.06.2009	5.113	0.511	0.061	35.070	40.755

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Accounting Principles

The accounting principles used in the consolidated interim report for the 2nd quarter of 2009 of BIGBANK AS are in accordance with the accounting principles used in the last annual report of the year ended on 31 December 2008. 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 2008.

Compared to the annual report of the year ended on 31 December 2008 the following reclassifications have been performed in the consolidated statement of financial position:

The line "Receivables from customers" excludes the prepayments of loan interests, regarding which the customers have the right of claim and the Group has the obligation to return. In the statement of financial position, the line "Other payables and deferred income" has been increased by the same amount.

Consolidated statement of financial position

Balance sheet line	Change		31.12.2008 adjusted	
	in millions of kroons	in millions of euros	in millions of kroons	in millions of euros
Receivables from customers	+4.426	+0.283	2 293.781	146.599
Total assets	+4.426	+0.283	2 913.250	186.191
Other payables and deferred income	+4.426	+0.283	28.397	1.816
Total liabilities	+4.426	+0.283	2 333.825	149.159
Total liabilities and equity	+4.426	+0.283	2 913.280	185.908

The **consolidated statement of comprehensive income** of the comparative period has been improved in connection with the fact that the company calculates the Group's total profit and reflects all income and expenses of the period, including unrealised exchange differences formed when consolidating foreign subsidiary, in the statement of comprehensive income.

Line of statement of comprehensive income

Line of statement of comprehensive income	Change		1H 2008 adjusted	
	in millions of kroons	in millions of euros	in millions of kroons	in millions of euros
Unrealised exchange differences	-8.651	-0.552	-8.651	-0.552
Total other income and expenses	-8.651	-0.552	-8.651	-0.552
Total profit for the accounting period	+80.554	+5.149	+80.554	+5.149

Consolidated statement of changes in equity has been amended in connection with excluding changes in unrealised exchange differences from retained earnings.

Column in the statement of changes in equity

Column in the statement of changes in equity	Change		30.06.2008 adjusted	
	in millions of kroons	in millions of euros	in millions of kroons	in millions of euros
Unrealised exchange differences	-0.375	-0.024	-3.552	-0.227
Retained earnings	+0.375	+0.024	444.180	28.388



Starting from 30 June 2009 the deferred income tax receivables formed in the Latvian subsidiary is reflected as income tax asset in the statement of financial position and as deferred income tax revenue in the consolidated statement of comprehensive income.

Income tax in statement of comprehensive income

	2Q 2009	1H 2009	2Q 2008	1H 2008
Income tax expense	3.048	7.072	5.827	12.554
Deferred income tax	-16.793	-16.793	-	-
Income tax	-13.745	-9.721	5.827	12.554

Note 2. Receivables from Customers

(in millions of kroons)	30.06.2009	31.12.2008
Loan receivables from customers	2 240.478	2 321.090
Impairment allowance for loan receivables	-241.141	-176.981
Interest receivables from customers	211.055	186.759
Impairment allowance for interest receivables	-40.462	-24.940
Interest prepayments	-2.567	-3.287
Additional impairment allowance	-37.303	-8.860
Total receivables from customers	2 130.060	2 293.781

(in millions of euros)	30.06.2009	31.12.2008
Loan receivables from customers	143.193	148.345
Impairment allowance for loan receivables	-15.412	-11.311
Interest receivables from customers	13.489	11.936
Impairment allowance for interest receivables	-2.586	-1.594
Interest prepayments	-0.164	-0.211
Additional impairment allowance	-2.384	-0.566
Total receivables from customers	136.136	146.599

Note 3. Distribution of Loan Receivables by Maturity

(in millions of kroons)	30.06.2009	31.12.2008
Up to 1 year	1 202.798	1 278.829
1-2 years	186.190	236.241
2-5 years	357.969	403.207
More than 5 years	493.521	402.813
Total	2 240.478	2 321.090

(in millions of euros)	30.06.2009	31.12.2008
Up to 1 year	76.873	81.732
1-2 years	11.900	15.099
2-5 years	22.878	25.770
More than 5 years	31.542	25.744
Total	143.193	148.345

Note 4. Distribution of Loan Receivables by Geographic Areas

(in millions of kroons)	Loan portfolio in balance sheet, including			30.06.2009
	Loan portfolio	Overdue loans	Impairment allowance (incl. collective)	Relative share of area
Estonia	1 084.701	442.257	138.369	48.4%
Latvia	918.533	430.250	123.974	41.0%
Lithuania	237.244	61.991	16.101	10.6%
Total	2 240.478	934.498	278.444	100%

(in millions of euros)	Loan portfolio in balance sheet, including			30.06.2009
	Loan portfolio	Overdue loans	Impairment allowance (incl. collective)	Relative share of area
Estonia	69.325	28.265	8.844	48.4%
Latvia	58.705	27.498	7.923	41.0%
Lithuania	15.163	3.962	1.029	10.6%
Total	143.193	59.725	17.796	100.0%

Note 5. Loan Receivables by Collateral

(in millions of kroons)	30.06.2009	31.12.2008
Loan secured with income	1 723.604	1 777.312
Loan against surety	330.650	347.911
Loan secured with real estate	186.224	195.867
Total loan receivables	2 240.478	2 321.090

(in millions of euros)	30.06.2009	31.12.2008
Loan secured with income	110.159	113.591
Loan against surety	21.132	22.236
Loan secured with real estate	11.902	12.518
Total loan receivables	143.193	148.345

Note 6. Loan Receivables by Contract Currencies

(in millions of kroons)	30.06.2009	31.12.2008
EEK	586.308	776.093
EUR	1 232.939	1 025.804
LTL	64.932	83.819
LVL	356.299	435.374
Total loan receivables	2 240.478	2 321.090

(in millions of euros)	30.06.2009	31.12.2008
EEK	37.472	49.602
EUR	78.799	65.561
LTL	4.150	5.357
LVL	22.772	27.825
Total loan receivables	143.193	148.345



Note 7. Impairment Allowances for Customer Receivables by Groups

(in millions of kroons)					30.06.2009
	Loans to customers	Impairment allowance for loans	Interest receivable	Impairment allowance for interest receivables	Total impairment allowance
Homogeneous groups	1 222.109	24.627	56.261	7.481	32.108
Individually assessed groups	1 018.369	216.514	154.794	32.981	249.495
General impairment allowance	-	37.303	-	-	37.303
Total	2 240.478	278.444	211.055	40.462	318.906

(in millions of euros)					30.06.2009
	Loans to customers	Impairment allowance for loans	Interest receivable	Impairment allowance for interest receivables	Total impairment allowance
Homogeneous groups	78.107	1.574	3.596	0.478	2.052
Individually assessed groups	65.086	13.838	9.893	2.108	15.946
General impairment allowance	-	2.384	-	-	2.384
Total	143.193	17.796	13.489	2.586	20.382

Note 8. Overdue Loan Receivables

(in millions of kroons)*	30.06.2009	31.12.2008
Up to 30 days	3.369	7.071
31 - 60 days	2.661	8.312
61-90 days	4.467	15.772
91-180 days	18.069	124.167
Over 180 days	905.932	764.676
Total	934.498	919.998

* Overdue loans comprise of unpaid loan repayments according to the loan schedule and the principal amount of the loan which has become subject to enforcement. In accordance with the terms of the loan agreements, the Group may terminate the agreement unilaterally if the Customer is more than 90 days in arrears. When an agreement is cancelled, the customer has to settle the entire loan amount.

(in millions of euros)*	30.06.2009	31.12.2008
Up to 30 days	0.215	0.452
31 - 60 days	0.170	0.531
61-90 days	0.285	1.008
91-180 days	1.155	7.936
Over 180 days	57.900	48.872
Total	59.725	58.799

* Overdue loans comprise of unpaid loan repayments according to the loan schedule and the principal amount of the loan which has become subject to enforcement. In accordance with the terms of the loan agreements, the Group may terminate the agreement unilaterally if the Customer is more than 90 days in arrears. When an agreement is cancelled, the customer has to settle the entire loan amount.

Note 9. Other Receivables and Prepaid Expenses

(in millions of kroons)	30.06.2009	31.12.2008
Other receivables		
Late payment and penalty fees	1.576	0.060
Service fees receivable	0.116	0.104
Enforcement and other costs receivable	14.879	13.559
Surety fees	1.125	1.179
Receivables from collection companies	53.101	54.494
Other receivables	0.430	0.366
Impairment allowances for other receivables and prepaid expenses	-12.861	-12.158
Total	58.366	57.604
Prepaid expenses		
Prepaid taxes	33.557	2.025
Other prepaid expenses	2.972	2.708
Total	36.529	4.733
Total other receivables and prepaid expenses	94.895	62.337

(in millions of euros)	30.06.2009	31.12.2008
Other receivables		
Late payment and penalty fees	0.101	0.004
Service fees receivable	0.007	0.007
Enforcement and other costs receivable	0.951	0.867
Surety fees	0.072	0.075
Receivables from collection companies	3.394	3.483
Other receivables	0.027	0.023
Impairment allowances for other receivables and prepaid expenses	-0.822	-0.777
Total	3.730	3.682
Prepaid expenses		
Prepaid taxes	2.145	0.129
Other prepaid expenses	0.190	0.173
Total	2.335	0.302
Total other receivables and prepaid expenses	6.065	3.984

Note 10. Other Assets

	EEK	EUR	EEK	EUR
(in millions)	30.06.2009	30.06.2009	31.12.2008	31.12.2008
Value of collateral at the acquisition	35.716	2.283	21.740	1.389
Additional expenses related to acquisition of the collateral	2.559	0.164	1.212	0.077
Impairment allowances for collateral	-11.588	-0.741	-0.589	-0.037
Sale of collateral	-0.120	-0.008	-	-
Balance sheet value	26.567	1.698	22.363	1.429

Note 11. Payable to Credit Institutions

	30.06.2009			31.12.2008		
(in millions of kroons)	Short-term	Long-term	Total	Short-term	Long-term	Total
Swedbank AS	1.806	11.248	13.054	3.619	11.248	14.867
Total	1.806	11.248	13.054	3.619	11.248	14.867

	30.06.2009			31.12.2008		
(in millions of euros)	Short-term	Long-term	Total	Short-term	Long-term	Total
Swedbank AS	0.115	0.719	0.834	0.231	0.719	0.950
Total	0.115	0.719	0.834	0.231	0.719	0.950

Note 12. Payable to Customers

(in millions of kroons)	30.06.2009	31.12.2008
Balance of term deposits	732.274	630.612
Distribution by customer type		
incl. private persons	674.746	540.724
incl. legal persons	57.528	89.888
Distribution by currency		
incl. EEK	512.594	512.437
incl. EUR	209.471	116.278
incl. LVL	10.209	1.897
Distribution by maturity date		
incl. redemption within 6 months	349.019	317.501
incl. redemption within 6-12 months	313.515	281.114
incl. redemption within 12-18 months	51.229	19.524
incl. redemption within 18-24 months	5.167	4.583
incl. redemption within 24+ months	13.344	7.890
Average deposit amount	0.107	0.105
Weighted average interest rate	7.6%	8.0%
Weighted average maturity (in months)	7.508	6.347
Weighted average total contract period (in months)	13.736	12.571



(in millions of euros)	30.06.2009	31.12.2008
Balance of term deposits	46.801	40.303
Distribution by customer type		
incl. private persons	43.124	34.559
incl. legal persons	3.677	5.745
Distribution by currency		
incl. EEK	32.761	32.751
incl. EUR	13.388	7.432
incl. LVL	0.652	0.121
Distribution by maturity date		
incl. redemption within 6 months	22.307	20.292
incl. redemption within 6-12 months	20.037	17.966
incl. redemption within 12-18 months	3.274	1.248
incl. redemption within 18-24 months	0.330	0.293
incl. redemption within 24+ months	0.853	0.504
Average deposit amount	0.007	0.007
Weighted average interest rate	7.6%	8.0%
Weighted average maturity (in months)	7.508	6.347
Weighted average total contract period (in months)	13.736	12.571

Note 13. Issued Bonds and Subordinated Liabilities

(in millions of kroons)	30.06.2009	31.12.2008
Balance of bonds and subordinated bonds	1 370.929	1 659.949
Distribution by customer type		
incl. private persons	52.695	76.163
incl. legal persons	1 318.234	1 583.786
Distribution by currency		
incl. EEK	78.888	175.488
incl. EUR	1 292.041	1 434.926
incl. LTL	-	49.535
Distribution by maturity date		
incl. redemption within 6 months	71.479	151.867
incl. redemption within 6-12 months	78.233	114.991
incl. redemption within 12-18 months	15.646	-
incl. redemption within 18-24 months	1 080.302	-
incl. redemption within 24+ months	125.269	1 393.091



(in millions of euros)	30.06.2009	31.12.2008
Balance of bonds and subordinated bonds	87.618	106.090
Distribution by customer type		
incl. private persons	3.368	4.868
incl. legal persons	84.250	101.222
Distribution by currency		
incl. EEK	5.042	11.216
incl. EUR	82.576	91.708
incl. LTL	-	3.166
Distribution by maturity date		
incl. redemption within 6 months	4.568	9.706
incl. redemption within 6-12 months	5.000	7.349
incl. redemption within 12-18 months	1.000	-
incl. redemption within 18-24 months	69.044	-
incl. redemption within 24+ months	8.006	89.035

Note 14. Net Currency Positions

(in millions of kroons)					30.06.2009
	Balance sheet position		Off-balance sheet position		Net position
	Assets	Liabilities	Assets	Liabilities	
EEK	1 015.815	597.994	-	-	417.821
EUR	1 259.455	1 517.478	-	0.433	-258.456
LVL	419.376	22.648	-	-	396.728
LTL	77.772	1.644	-	-	76.128
SEK	0.036	-	-	-	0.036

(in millions of euros)					30.06.2009
	Balance sheet position		Off-balance sheet position		Net position
	Assets	Liabilities	Assets	Liabilities	
EEK	64.922	38.218	-	-	26.704
EUR	80.494	96.984	-	0.028	-16.518
LVL	26.803	1.447	-	-	25.356
LTL	4.970	0.105	-	-	4.865
SEK	0.002	-	-	-	0.002

Note 15. Interest Income and Other Operating Income

(in millions of kroons)	2Q 2009	1H 2009	2Q 2008	1H 2008
Interest income	151.330	299.336	166.864	348.044
From loans to customers	149.013	294.848	162.989	340.835
From deposits	2.317	4.488	3.875	7.209
Other operating income	30.818	118.588	33.796	55.288
Income from redemption of bonds below nominal value	2.152	48.553	-	-
Late payment fees, penalty fees and other operating income received	28.666	70.035	33.796	55.288
Total	182.148	417.924	200.660	403.332

(in millions of euros)	2Q 2009	1H 2009	2Q 2008	1H 2008
Interest income	9.672	19.131	10.665	22.244
From loans to customers	9.524	18.844	10.417	21.783
From deposits	0.148	0.287	0.248	0.461
Other operating income	1.969	7.579	2.160	3.533
Income from redemption of bonds below nominal value	0.138	3.103	-	-
Late payment fees, penalty fees and other operating income received	1.831	4.476	2.160	3.534
Total	11.641	26.710	12.825	25.777

Note 16. Interest Expenses and Other Operating Expenses

(in millions of kroons)	2Q 2009	1H 2009	2Q 2008	1H 2008
Interest expenses	47.707	106.421	60.377	117.524
On debt securities	34.112	80.113	52.847	104.969
On deposits	13.467	25.955	5.147	7.879
On loans	0.128	0.353	2.383	4.676
Other operating expenses	0.601	1.131	1.310	1.894
Total	48.308	107.552	61.687	119.418

(in millions of euros)	2Q 2009	1H 2009	2Q 2008	1H 2008
Interest expenses	3.049	6.801	3.859	7.511
On debt securities	2.180	5.120	3.378	6.709
On deposits	0.861	1.658	0.329	0.503
On loans	0.008	0.023	0.152	0.299
Other operating expenses	0.038	0.072	0.084	0.121
Total	3.087	6.873	3.943	7.632

Note 17. Other Expenses

(in millions of kroons)	2Q 2009	1H 2009	2Q 2008	1H 2008
Expenses related to debt collection	1.712	16.317	5.661	9.408
Marketing expenses	6.438	10.986	7.088	13.026
Other operating expenses	13.155	29.382	13.803	27.282
Total other operating expenses	21.305	56.685	26.552	49.716

(in millions of euros)	2Q 2009	1H 2009	2Q 2008	1H 2008
Expenses related to debt collection	0.109	1.043	0.362	0.601
Marketing expenses	0.412	0.702	0.453	0.832
Other operating expenses	0.841	1.878	0.882	1.744
Total other operating expenses	1.362	3.623	1.697	3.177

Note 18. Segment Reporting

Based on the internal management structure segment information has been published according to the geographic segments. In the presentation of segments income, expenses, assets, and liabilities have been reflected according to the location. The consolidation group does not have various business segments.

Geographic segments, statement of financial position indicators

30.06.2009	Estonia	Latvia	Lithuania	Elimina- tions	Group
(in millions of kroons)					
Cash and receivables from banks	377.440	104.302	12.181	-18.174	475.749
<i>incl. Central Bank</i>	305.642	6.668	-	-	312.310
Receivables from customers	2.267.707	870.528	233.418	-1.241.593	2.130.060
<i>incl. loan receivables</i>	2.326.294	918.533	237.244	-1.241.593	2.240.478
<i>incl. impairment allowance for loan receivables</i>	-138.368	-123.975	-16.101	-	-278.444
<i>incl. interest receivables</i>	100.611	93.553	14.324	-	208.488
<i>incl. impairment allowance for interest receivables</i>	-20.830	-17.583	-2.049	-	-40.462
Other receivables and prepaid expenses	14.737	76.598	3.594	-0.034	94.895
Tangible and intangible assets	42.942	5.306	1.924	-	50.172
Other assets	28.049	5.497	-	-6.979	26.567
<i>incl. assets held for sale</i>	21.070	5.497	-	-	26.567
Segment's total assets	2.730.875	1.062.231	251.117	-1.266.780	2.777.443
Payable to credit institutions	13.054	983.168	259.516	-1.242.684	13.054
Payable to customers	714.981	35.444	-	-18.151	732.274
Other payables and deferred income	6.939	13.931	2.670	-0.034	23.506
Issued bonds and subordinated bonds	1.370.929	-	-	-	1.370.929
Segment's total liabilities	2.105.903	1.032.543	262.186	-1.260.869	2.139.763
Equity	624.970	29.689	-11.068	-5.911	637.680
31.12.2008					
(in millions of kroons)					
Cash and receivables from banks	395.681	78.478	5.233	-	479.392
<i>incl. Central Bank</i>	330.720	-	-	-	330.720
Receivables from customers	2.360.715	922.272	216.888	-1.206.094	2.293.781
<i>incl. loan receivables</i>	2.365.031	945.310	216.843	-1.206.094	2.321.090
<i>incl. impairment allowance for loan receivables</i>	-84.810	-91.363	-9.668	-	-185.841
<i>incl. interest receivables</i>	92.514	80.148	10.810	-	183.472
<i>incl. impairment allowance for interest receivables</i>	-12.020	-11.823	-1.097	-	-24.940
Other receivables and prepaid expenses	11.796	47.582	2.970	-0.011	62.337
Tangible and intangible assets	46.494	6.715	2.168	-	55.377
Other assets	23.219	6.123	-	-6.979	22.363
<i>incl. assets held for sale</i>	16.240	6.123	-	-	22.363
Segment's total assets	2.837.905	1.061.170	227.259	-1.213.084	2.913.250

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31.12.2008 (in millions of kroons)	Estonia	Latvia	Lithuania	Elimina- tions	Group
Payable to credit institutions	14.867	952.922	246.744	-1 199.666	14.867
Payable to customers	626.883	3.729	-	-	630.612
Other payables and deferred income	7.253	19.346	1.809	-0.011	28.397
Issued bonds and subordinated bonds	1 659.949	-	-	-	1 659.949
Segment's total liabilities	2 308.952	975.997	248.553	-1 199.677	2 333.825
Equity	528.953	85.173	-21.294	-13.407	579.425

Geographic segments, statement of comprehensive income indicators

2009 6 months (in millions of kroons)	Estonia	Latvia	Lithuania	Elimina- tions	Group
External revenue					
Interest income	139.160	122.694	37.482	-	299.336
Other income	72.331	34.930	11.327	-	118.588
<i>incl. income from redemption of bonds below nominal value</i>	49.112	-	-	-	-
Total external revenue	211.491	157.624	48.809	-	417.924
Inter-segment revenue					
Inter-segment interest income	69.145	0.546	-	-69.691	-
Dividend income	81.235	-	-	-81.235	-
Net service fees	-0.591	-0.294	-0.170	-	-1.055
Total revenue	361.280	157.876	48.639	-150.926	416.869
Interest expenses					
External interest expenses	105.664	0.757	-	-	106.421
Inter-segment interest expenses	0.549	54.699	14.191	-69.439	-
Total interest expenses	106.213	55.456	14.191	-69.439	106.421
Net profit/loss from financial transactions	0.148	-0.888	-	0.240	-0.500
Total net income	255.215	101.532	34.448	-81.247	309.948
Salaries	26.498	17.394	7.007	-	50.899
Other operating expenses	24.440	22.988	9.257	-	56.685
Depreciation and amortisation expense	3.458	1.768	0.398	-	5.624
Allowances for receivables	-77.100	-41.380	-7.514	-	-125.994
Allowances for other assets	-8.099	-2.877	-	-	-10.976
Other expenses	0.603	0.481	0.047	-	1.131
Profit/loss before tax	115.017	14.644	10.225	-81.247	58.639
Income tax expense	-	7.071	-	-	7.071
Deferred income tax	-	16.792	-	-	16.792
Profit of the accounting period	115.017	24.365	10.225	-81.247	68.360



2008 6 months (in millions of kroons)	Estonia	Latvia	Lithuania	Elimina- tions	Group
External revenue					
Interest income	176.777	150.627	20.640	-	348.044
Other income	28.798	24.702	1.788	-	55.288
<i>incl. income from redemption of bonds below nominal value</i>	-	-	-	-	-
Total external revenue	205.575	175.329	22.428	-	403.332
Inter-segment revenue					
Inter-segment interest income	55.609	-	-	-55.609	-
Dividend income	23.970	-	-	-23.97	-
Net service fees	-0.408	-0.056	-0.097	-	-0.561
Total revenue	284.746	175.273	22.331	-79.579	402.771
Interest expenses					
External interest expenses	117.524	-	-	-	117.524
Inter-segment interest expenses	-	48.874	7.016	-55.890	-
Total interest expenses	117.524	48.874	7.016	-55.890	117.524
Net profit/loss from financial transactions	-1.213	-0.123	-0.174	-0.281	-1.791
Total net income	166.009	126.276	15.141	-23.970	283.456
Salaries	28.249	22.487	4.630	-	55.366
Other operating expenses	22.490	17.674	9.552	-	49.716
Depreciation and amortisation expense	3.309	1.150	0.276	-	4.735
Allowances for receivables	-26.808	-38.813	-4.365	-	-69.986
Allowances for other assets	-	-	-	-	-
Other expenses	0.723	0.910	0.261	-	1.894
Profit/loss before tax	84.430	45.242	-3.943	-23.970	101.759
Income tax expense	-	12.554	-	-	12.554
Profit of the accounting period	84.430	32.688	-3.943	-	89.205

Geographic segments, statement of financial position indicators

30.06.2009 (in millions of euros)	Estonia	Latvia	Lithuania	Elimina- tions	Group
Cash and receivables from banks	24.122	6.666	0.779	-1.162	30.405
<i>incl. Central Bank</i>	19.534	0.426	-	-	19.960
Receivables from customers	144.932	55.637	14.918	-79.352	136.135
<i>incl. loan receivables</i>	148.677	58.705	15.163	-79.352	143.193
<i>incl. impairment allowance for loan receivables</i>	-8.844	-7.923	-1.029	-	-17.796
<i>incl. interest receivables</i>	6.431	5.979	0.915	-	13.325
<i>incl. impairment allowance for interest receivables</i>	-1.331	-1.124	-0.131	-	-2.586
Other receivables and prepaid expenses	0.942	4.896	0.229	-0.002	6.065
Tangible and intangible assets	2.745	0.339	0.123	-	3.207
Other assets	1.794	0.351	-	-0.446	1.699
<i>incl. assets held for sale</i>	1.347	0.351	-	-	1.698
Segment's total assets	174.535	67.889	16.049	-80.962	177.511

Continues on the next page

30.06.2009 (in millions of euros)	Estonia	Latvia	Lithuania	Eliminations	Group
Payable to credit institutions	0.834	62.836	16.586	-79.422	0.834
Payable to customers	45.696	2.265	-	-1.160	46.801
Other payables and deferred income	0.443	0.891	0.170	-0.002	1.502
Issued bonds and subordinated liabilities	87.618	-	-	-	87.618
Segment's total liabilities	134.592	65.992	16.756	-80.584	136.756
Equity	39.943	1.897	-0.707	-0.378	40.755

31.12.2008 (in millions of euros)	Estonia	Latvia	Lithuania	Eliminations	Group
Cash and receivables from banks	25.289	5.016	0.334	-	30.639
<i>incl. Central Bank</i>	21.137	-	-	-	21.137
Receivables from customers	150.877	58.944	13.862	-77.084	146.599
<i>incl. loan receivables</i>	151.153	60.417	13.859	-77.084	148.345
<i>incl. impairment allowance for loan receivables</i>	-5.420	-5.839	-0.618	-	-11.877
<i>incl. interest receivables</i>	5.912	5.122	0.691	-	11.725
<i>incl. impairment allowance for interest receivables</i>	-0.768	-0.756	-0.070	-	-1.594
Other receivables and prepaid expenses	0.754	3.041	0.190	-0.001	3.984
Tangible and intangible assets	2.972	0.429	0.139	-	3.540
Other assets	1.484	0.391	-	-0.446	1.429
<i>incl. assets held for sale</i>	1.038	0.391	-	-	1.429
Segment's total assets	181.376	67.821	14.525	-77.531	186.191
Payable to credit institutions	0.950	60.903	15.770	-76.673	0.950
Payable to customers	40.065	0.238	-	-	40.303
Other payables and deferred income	0.464	1.237	0.116	-0.001	1.816
Issued bonds and subordinated liabilities	106.090	-	-	-	106.090
Segment's total liabilities	147.569	62.378	15.886	-76.674	149.159
Equity	33.807	5.443	-1.361	-0.857	37.032

Geographic segments statement of Comprehensive Income Indicators

2009 6 months (in millions of euros)	Estonia	Latvia	Lithuania	Eliminations	Group
External revenue					
Interest income	8.893	7.842	2.396	-	19.131
Other income	4.621	2.233	0.725	-	7.579
<i>incl. income from redemption of bonds below nominal value</i>	3.139	-	-	-	-
Total external revenue	13.514	10.075	3.121	-	26.710
Inter-segment revenue					
Inter-segment interest income	4.419	0.035	-	-4.454	-
Dividend income	5.192	-	-	-5.192	-
Net service fees	-0.037	-0.019	-0.011	-	-0.067
Total revenue	23.088	10.091	3.110	-9.646	26.643
Interest expenses					

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2009 6 months (in millions of euros)	Estonia	Latvia	Lithuania	Elimina- tions	Group
External interest expenses	6.753	0.048	-	-	6.801
Inter-segment interest expenses	0.036	3.496	0.907	-4.439	-
Total interest expenses	6.789	3.544	0.907	-4.439	6.801
Net profit/loss from financial transactions	0.009	-0.057	-	0.015	-0.032
Total net income	16.308	6.490	2.203	-5.192	19.810
Salaries	1.693	1.112	0.448	-	3.253
Other operating expenses	1.562	1.469	0.592	-	3.623
Depreciation and amortisation expense	0.221	0.113	0.026	-	0.360
Allowances for receivables	-4.927	-2.645	-0.481	-	-8.053
Allowances for other assets	-0.517	-0.184	-	-	-0.701
Other expenses	0.037	0.031	0.004	-	0.072
Profit/loss before tax	7.351	0.936	0.652	-5.192	3.748
Income tax expense	-	0.452	-	-	0.452
Deferred income tax	-	1.073	-	-	1.073
Profit of the accounting period	7.351	1.557	0.652	-5.192	4.369
2008 6 months (in millions of euros)	Estonia	Latvia	Lithuania	Elimina- tions	Group
External revenue					
Interest income	11.298	9.627	1.319	-	22.244
Other income	1.841	1.579	0.113	-	3.533
<i>incl. income from redemption of bonds below nominal value</i>	-	-	-	-	-
Total external revenue	13.139	11.206	1.432	-	25.777
Inter-segment revenue					
Inter-segment interest income	3.554	-	-	-3.554	-
Dividend income	1.532	-	-	-1.532	-
Net service fees	-0.026	-0.004	-0.006	-	-0.036
Total revenue	18.199	11.202	1.426	-5.086	25.741
Interest expenses					
External interest expenses	7.511	-	-	-	7.511
Inter-segment interest expenses	-	3.124	0.448	-3.572	-
Total interest expenses	7.511	3.124	0.448	-3.572	7.511
Net profit/loss from financial transactions	-0.078	-0.008	-0.010	-0.018	-0.114
Total net income	10.610	8.070	0.968	-1.532	18.116
Salaries	1.806	1.437	0.296	-	3.539
Other operating expenses	1.437	1.130	0.610	-	3.177
Depreciation and amortisation expense	0.212	0.073	0.018	-	0.303
Allowances for receivables	-1.713	-2.481	-0.279	-	-4.473
Allowances for other assets	-	-	-	-	-
Other expenses	0.046	0.058	0.017	-	0.121
Profit/loss before tax	5.396	2.891	-0.252	-1.532	6.503
Income tax expense	-	0.802	-	-	0.802
Profit of the accounting period	5.396	2.089	-0.252	-	5.701



Note 19. Financial Indicators for Major Units

	30.06.2009		
(in millions of kroons)	Group	Bank*	Baltijas Iz Grupa**
Assets	2 777.443	2 937.822	1 035.685
incl. cash and equivalents	475.749	402.424	91.472
incl. receivables from customers	2 130.060	2 467.375	860.616
incl. tangible assets	50.172	18.682	2.124
incl. other	121.462	49.341	81.473
Liabilities	2 139.763	2 338.209	995.355
Equity	637.680	599.613	40.330

	31.12.2008		
(in millions of kroons)	Group	Bank*	Baltijas Iz Grupa**
Assets	2 913.250	2 807.338	1 049.928
incl. cash and equivalents	479.392	402.346	77.040
incl. receivables from customers	2 293.781	2 341.823	912.641
incl. tangible assets	55.377	22.766	2.689
incl. other	84.700	40.403	57.558
Liabilities	2 333.825	2 304.829	963.028
Equity	579.425	502.509	86.901

	30.06.2009		
(in millions of euros)	Group	Bank*	Baltijas Iz Grupa**
Assets	177.511	187.761	66.192
incl. cash and equivalents	30.406	25.720	5.846
incl. receivables from customers	136.136	157.694	55.003
incl. tangible assets	3.207	1.194	0.136
incl. other	7.763	3.153	5.207
Liabilities	136.756	149.439	63.615
Equity	40.755	38.322	2.578

	31.12.2008		
(in millions of euros)	Group	Bank*	Baltijas Iz Grupa**
Assets	186.191	179.422	67.103
incl. cash and equivalents	30.639	25.715	4.924
incl. receivables from customers	146.599	149.670	58.328
incl. tangible assets	3.539	1.455	0.172
incl. other	5.414	2.582	3.679
Liabilities	149.159	147.305	61.549
Equity	37.032	32.116	5.554

* - Data about parent company and Lithuanian and Latvian branch

** - AS Baltijas Izaugsmes Grupa



	2Q 2009		
(in millions of kroons)	Group	Bank*	Baltijas Iz Grupa**
Interest income	151,330	133,847	48,529
Interest expenses	47,707	51,195	27,135
Net profit	44,772	20,518	25,438

	1H 2009		
(in millions of kroons)	Group	Bank*	Baltijas Iz Grupa**
Interest income	299,336	252,011	105,293
Interest expenses	106,421	109,999	53,495
Net profit	68,360	116,104	33,208

	2Q 2009		
(in millions of euros)	Group	Bank*	Baltijas Iz Grupa**
Interest income	9,672	8,554	3,102
Interest expenses	3,049	3,272	1,734
Net profit	2,861	1,311	1,626

	1H 2009		
(in millions of euros)	Group	Bank*	Baltijas Iz Grupa**
Interest income	19,131	16,106	6,729
Interest expenses	6,802	7,030	3,419
Net profit	4,369	7,420	2,122

* - Data about parent company and Lithuanian and Latvian branch

** - AS Baltijas Izaugsmes Grupa

Note 20. Sensitivity Analysis

Interest rate risk

The Group mitigates interest rate risk on loans granted by fixing the interest rate in the loan agreement. The Group manages interest rate risk by charging a higher rate of return on loans granted. Part of the Group's liabilities has fixed interest rates and part is linked to Euribor.

The following table provides an overview of the effect of changes in Euribor on the Group's profit and equity, provided that the volume and structure of liabilities remain constant within a year (based on the financial indicators of the end of the 2nd quarter of 2009).



(in millions of kroons)	Amount	Incl fixed interest rate	Incl linked to Euribor	30.06.2009	
				Change if 1% rise in Euribor	Change if 1% decrease in Euribor
Payable to credit institutions	13.024	-	13.024	-0.130	0.130
Issued debt securities (incl. subordinated)	1 368.619	54.533	1 314.086	-13.141	13.141
Term deposits	707.522	707.522	-	-	-
Total	2 089.165	762.055	1 327.110	-13.271	13.271

(in millions of euros)	Amount	Incl fixed interest rate	Incl linked to Euribor	30.06.2009	
				Change if 1% rise in Euribor	Change if 1% decrease in Euribor
Payable to credit institutions	0.832	-	0.832	-0.008	0.008
Issued debt securities (incl. subordinated)	87.471	3.485	83.985	-0.840	0.840
Term deposits	45.219	45.219	-	-	-
Total	133.522	48.704	84.818	-0.848	0.848

Currency risk

The Group operates in regions with stable exchange rates. The Estonian kroon is pegged to the euro at a fixed exchange rate by law. The Lithuanian litas and the Latvian lats are the national currencies of EU member states and their exchange rates are fixed by the central banks of their respective countries and pegged to the euro. Exchange rate fluctuations are limited to a permissible fluctuation corridor established by law. The currencies are based on the 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.

The following table provides an overview of the impact of a possible devaluation, without taking into account indirect impacts and the contractual protection against devaluation.

(in millions of kroons)	Exposure	30.06.2009	
		Change 10% Monetary impact	Percentage of equity
EEK	417.821	41.782	6.6%
LVL	396.728	39.673	6.2%
LTL	76.128	7.613	1.2%
SEK	0.036	0.004	0.0%
Total	890.713	89.071	14.0%



30.06.2009

(in millions of euros)	Exposure	Change 10%	
		Monetary impact	Percentage of equity
EEK	26.704	2.670	6.6%
LVL	25.356	2.536	6.2%
LTL	4.865	0.487	1.2%
SEK	0.002	-	0.0%
Total	56.927	5.693	14.0%