



## **MARFIN PANK EESTI AS**

(Marfin Bank Estonia Ltd.)

### **Public Interim Report II Quarter 2008**

*Translation from original in Estonian*

Registration code:	10586461
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e-mail:	<a href="mailto:info@marfinbank.ee">info@marfinbank.ee</a>
Internet home page:	<a href="http://www.marfinbank.ee">www.marfinbank.ee</a>

## SUMMARY INFORMATION

### General Data of Credit Institution

Business name	MARFIN PANK EESTI AS
Location and address	Pärnu mnt 12, 10148 Tallinn, Estonia
Country of registration	Republic of Estonia
Registration date	14.10.1999
Registration code	10586461 (Estonian Commercial Register)
Telephone	(+372) 6 802 500
Fax	(+372) 6 802 501
S.W.I.F.T. BIC code	SBMBEE22
E-mail	info@marfinbank.ee
Internet home page	<a href="http://www.marfinbank.ee">http://www.marfinbank.ee</a>

### Auditor

Business name of auditor	Aktsiaselts PricewaterhouseCoopers
Registration code of auditor	1187696
Auditor's location and address	Pärnu mnt 15, 10141 Tallinn, Estonia
Engagement partner	Chris Butler

Report balance sheet date	30.06.2008
Report period	01.01.2008 – 30.06.2008
Report currency and units	Estonian kroon (EEK), in thousands of kroons
Comparison currency and units	Euro (EUR), in thousands of euros

Bank has not been rated by international rating agencies.

Public Interim Report II Quarter 2008 of MARFIN PANK EESTI AS is unaudited.  
Only the credit institution data and figures are disclosed in the report.

	EEK ths.	EUR ths.
Total assets	757,740	48,428
Net profit / loss	-7,810	-499
Return on equity (ROE)	-15.81%	-15.81%
Assets utilisation (AU)	18.79%	18.79%
Overdue claims and loans	30,928	1,977
Loan loss provisions	14,327	916
Net own funds	189,416	12,106
Capital adequacy	30.11%	30.11%

“Public Interim Report II Quarter 2008” of MARFIN PANK EESTI AS is available in the office of MARFIN PANK EESTI in Tallinn, Pärnu mnt 12 and on the bank's web page [www.marfinbank.ee](http://www.marfinbank.ee) from 18.08.2008.

## DECLARATION OF THE MANAGEMENT BOARD

The Management Board of MARFIN PANK EESTI AS is, after examining the information presented in this Public Interim Report, of opinion that:

1. Public Interim Report, consisting of summary information, declaration of the Management Board, management report and financial statements, discloses information meeting the requirements set by the rules of "Public Interim Report".
2. The data and additional information presented in the Public Interim Report is true and complete.
3. Nothing is missing or omitted from the data and information presented in the Public Interim Report, which could influence their content or meaning.
4. Financial statements have been compiled in accordance with International Financial Reporting Standards as adopted by the European Union, and give a true and fair view of the financial position of the bank and of the results of its operations and its cash flows.
5. MARFIN PANK EESTI AS is operating on a going concern basis.

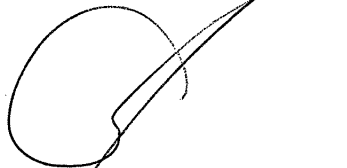
In Tallinn, 18.08.2008



Riho Rasmann  
Chairman of the Management Board



Sven Raba  
Member of the Management Board



Mart Veskimägi  
Member of the Management Board



Roul Tutt  
Member of the Management Board

## MANAGEMENT REPORT

### Description of Credit Institution and Management Bodies

MARFIN PANK EESTI AS (former business name AS SBM Pank) is a credit institution, established in 1999 and operating in Estonia. MARFIN PANK EESTI AS (hereinafter: the Bank) holds the activity license issued by Estonian Central Bank (the Bank of Estonia), which allows the Bank to engage in all banking operations. Bank has an account manager status of Estonian Central Depository for Securities and is the member of SWIFT and pan-Baltic member of Baltic stock exchanges. Bank has joined SEPA (Single Euro Payments Area) systems as an indirect member and on 19 May 2008 also the cross-border clearing system TARGET2-Eesti.

MARFIN PANK EESTI AS uses the trademark MARFIN BANK, which is globally used by Marfin Popular Bank group in all international markets.

MARFIN PANK EESTI AS belongs to the banking group of Marfin Popular Bank, registered in Cyprus, and operating in 14 countries – Cyprus, Greece, United Kingdom, Romania, Serbia, Ukraine, Russia, Malta, Estonia, Australia, Guernsey, USA, Republic of South Africa, and Canada. Group has more than 8000 employees. Last year's net profit of the Marfin Popular Bank group totalled 563.4 million euros and total assets 30.3 billion euros. Marfin Popular Bank has a BBB+ credit rating by Standard & Poor's.

The owners of MARFIN PANK EESTI AS, as of the report date, are:

50.1247% of shares are owned by Marfin Popular Bank Public Company Ltd. (location Nicosia, Cyprus);

32.4229% of shares are owned by Mr. Nikolaos Sarros (place of residence Athens, Greece);

4.8883% of shares are owned by Sigma Real Estate OÜ (location Tallinn, Estonia), a private limited company under control of Mr. Nikolaos Sarros;

4.8883% is owned by Frösundaviksparken AB (location Ängelholm, Sweden), under control of Mr. Ulrich John;

2.7132% is owned by Koumbas Holdings S.A. (location Athens, Greece);

2.4938% of shares are owned by Mirage Investments OÜ (location Tallinn, Estonia) and 2.4688% is owned by Mr. Emmanouil Karavelakis (place of residence Athens, Greece).

The Supervisory Board of the Bank has seven members. Mr. Fotios Karatzenis (Chairman of the Supervisory Board), Mr. Nikolaos Sarros (Vice-Chairman of the Supervisory Board), Mr. Efthymios Bouloutas, Mr. Achillefs Giannisis, Mr. Frank Ulrich John, Mr. Emmanouil Karavelakis and Mr. Christos Stylianides were the members of the Supervisory Board as of report date.

The Management Board of the Bank has four members. Mr. Riho Rasmann is the Chairman of the Management Board, and the members of the Management Board are Mr. Sven Raba, Mr. Mart Veskimägi and Mr. Roul Tutt. The Chairman of the Management Board and the members of the Management Board do not own shares neither hold options to acquire shares of the Bank. There were no changes in the Management Board in the year 2008.

The Bank has neither subsidiaries nor participating interests, exceeding 20% shareholding in any company. Bank owns 16% of business development company European Business Development AS.

## **Major Economic Developments**

Year 2008 started with fast growth of the Bank, both in terms of customer numbers and volumes of loans. Total assets of the Bank grew 1.3 times from beginning of the year, reaching 757.7 million kroons (48.4 million euros) as of 30.06.2008, closing slightly lower than the total assets as of 31.03.2008 (793.0 million kroons i.e. 50.7 million euros). Gross loan portfolio (excluding deposits with financial institutions) comprised 625.4 million kroons (40.0 million euros), growing 1.4 times from beginning of the year and forming 82.5% of total assets. Gross loan portfolio stood at 539.2 million kroons i.e. 34.5 million euros as of 31.03.2008.

The growth rate of deposit volumes slowed down in the II quarter. Client (excluding credit institutions) deposits with the Bank totalled 339.5 million kroons i.e. 21.7 million euros at the end of II quarter, growing 1.2 times from beginning of the year. Deposits totalled 399.9 million kroons i.e. 25.6 million euros at the end of the I quarter. Bank continues to pay higher than Estonian average market interest rates to ordinary time deposits.

Significant increase in loan loss provisions caused the net loss of the Bank in the II quarter. Net loss of the II quarter 2008 comprised 9.6 million kroons i.e. 0.6 million euros (net profit of the II quarter 2007: 2.2 million kroons i.e. 0.1 million euros). Net interest income of the reporting period was 12.4 million kroons (0.8 million euros), earned mostly on loans. Net fee loss totalled 1.0 million kroons (0.1 million euros). 1.2 million kroons (0.1 million euros) was earned as dealing profits from FX and securities' transactions. Total operating income from banking activities comprised 11.6 million kroons i.e. 0.7 million euros in the II quarter 2008. Administrative expenses of the same period totalled 10.1 million kroons (0.6 million euros).

Total of 0.2 million kroons (0.01 million euros) of membership fees were calculated to the Supervisory Board members in the I. Quarter 2008. No membership fees have been paid to the members of the Management Board. Calculated salaries of the members of the Management Board totalled 1.0 million kroons (0.06 million euros), of employees 3.0 million kroons (0.2 million euros) in the II quarter 2008. Average number of employees was 47 (27 year earlier), number of employees at the end of quarter was 48.

Bank's equity totalled 190.6 million kroons (12.2 million euros) as of 30 June 2008 and the capital adequacy stood at 30.11%.

Bank filed an application to join international card organisation Visa Europe Limited after the balance sheet date of the report, in August 2008, with the intention to start issuing international debit cards in the beginning of next year, later followed by credit cards.

Jõhvi branch office of the Bank opened doors in the new location, Keskväljak 6, on the 2nd floor of Jõhvi Kaubakeskus on 04 August 2008.

## Ratios

		<b>01.04.2008 - 30.06.2008</b>	<b>01.04.2007 - 30.06.2007</b>
Return on equity	ROE	-15.81%	3.48%
Equity multiplier	EM	3.94	2.67
Profit margin	PM	-21.36%	13.60%
Asset utilisation	AU	18.79%	9.59%
Return on assets	ROA	-4.01%	-22.36%
Net interest margin	NIM	12.02%	7.02%
Basic earnings per share	Basic EPS	-1.56	0.10
Diluted earnings per share	Diluted EPS	-1.56	0.10
Spread	SPREAD	4.83%	5.90%
Yield on interest-earning assets	YIEA	9.12%	8.89%
Cost of interest-bearing liabilities	COL	4.29%	3.41%

### Explanations to ratios

ROE	Net profit (loss) / Average equity * 100
EM	Average assets / Average equity
PM	Net profit (loss) / Total income * 100
AU	Total income / Average assets * 100
ROA	Net profit (loss) / Average assets * 100
NIM	Net interest income / Average interest earning assets * 100
Basic EPS	Net profit (loss) / Average number of shares
Diluted EPS	Net profit (loss) / Average number of shares (incl. all convertible securities)
SPREAD	Yield on interest earning assets (YIEA) – Cost of interest bearing liabilities (COL)
YIEA	Interest income / Average interest earning assets * 100
COL	Interest expense / Average interest bearing liabilities * 100

## Ratings

MARFIN PANK EESTI AS has not been rated by international rating agencies. Marfin Popular Bank has BBB+ credit rating from Standard & Poors.

## Legal Disputes

The Bank is not participating as of 30.06.2008 in any court cases where the bank could sustain substantial losses in the future. Court judgment has not entered into force in one court action which ended in compromise. Execution proceedings are taking place against one loan customer, with monthly payments to the bank; acknowledgement of obligation of one loan client was given to the bailiff for execution. Two execution proceedings have been initiated to realise encumbered registered immovables for proper fulfilment of loan obligations.

## Balance Sheet

	EEK ths.	EEK ths.	EUR ths.	EUR ths.
	30.06.2008	31.12.2007	30.06.2008	31.12.2007
<b>ASSETS</b>				
Cash and balances with central banks	94,892	109,346	6,065	6,989
Claims on credit institutions	58,452	12,143	3,736	776
Financial assets held for trading	9,668	931	618	59
Available-for-sale financial assets	22,042	28,328	1,409	1,810
Loans and similar claims (incl. capital lease)	621,698	456,965	39,734	29,205
Due from customers	633,446	458,763	40,485	29,320
Claims to financial institutions	58,527	28,249	3,741	1,805
Deposits with financial institutions	8,022	8,428	513	539
Loans to other financial institutions	50,504	19,821	3,228	1,267
Loans to other enterprises	508,011	383,082	32,468	24,483
Loans to private persons	66,908	47,432	4,276	3,031
<b>Total loan portfolio</b>	<b>625,424</b>	<b>450,335</b>	<b>39,972</b>	<b>28,782</b>
A incl. provision (-)	-14,327	-3,940	-916	-252
B incl. Interests	2,579	2,142	165	137
Fixed assets	4,723	4,931	302	315
Intangible assets	1,186	1,312	76	84
Other assets	3,532	3,763	226	240
<b>TOTAL ASSETS</b>	<b>757,740</b>	<b>599,726</b>	<b>48,428</b>	<b>38,329</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>LIABILITIES</b>				
Financial liabilities held for trading	2,196	0	140	0
Financial liabilities at amortised cost	535,314	394,429	34,213	25,209
Deposits of credit institutions	195,846	114,251	12,517	7,302
Interest payable on deposits of credit institutions	263	0	17	0
Other deposits	339,468	280,177	21,696	17,907
Amounts owed to government	1	10	0	1
Amounts owed to financial institutions	24,796	7,127	1,585	456
Amounts owed to other enterprises	159,281	139,745	10,180	8,931
Amounts owed to non-profit organisations	8,752	3,925	559	251
Amounts owed to private persons	143,124	129,370	9,147	8,268
Interest payable on deposits	3,514	0	225	0
Taxes	1,040	1,041	66	67
Other liabilities	28,588	4,550	1,827	291
<b>TOTAL LIABILITIES</b>	<b>567,139</b>	<b>400,020</b>	<b>36,247</b>	<b>25,566</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	200,500	200,500	12,814	12,814
Statutory legal reserve	559	446	36	29
Revaluation reserve	-351	942	-22	60
Retained earnings and other reserves	-2,296	-4,424	-147	-283
Profit / loss for the year (+/-)	-7,810	2,242	-499	143
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>190,602</b>	<b>199,706</b>	<b>12,182</b>	<b>12,764</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>757,740</b>	<b>599,726</b>	<b>48,428</b>	<b>38,329</b>

## Income Statement

	EEK ths. 01.01.2008 - 30.06.2008	EEK ths. 01.04.2008 - 30.06.2008	EEK ths. 01.01.2007 - 30.06.2007	EEK ths. 01.04.2007 - 30.06.2007
<b>Interest income</b>	<b>34,063</b>	<b>19,263</b>	<b>23,304</b>	<b>12,654</b>
From cash and balances with central banks	1,562	1,010	1,131	737
From available-for-sale financial assets	2,567	783	812	630
Periodised income from debt securities	0	-1,175	0	0
From loans (incl. capital lease)	29,500	17,299	21,361	11,287
Guarantee fees income	0	-165	0	0
From derivatives hedging interest rate risk	435	171	0	0
<b>Interest expense (-)</b>	<b>-11,980</b>	<b>-6,844</b>	<b>-4,920</b>	<b>-2,763</b>
From financial liabilities at amortised cost	-11,482	-6,561	-4,920	-2,763
From demand deposits	0	469	0	0
From time and savings deposits	0	4,452	0	0
From debt securities and other fixed income securities	0	0	0	0
From derivatives hedging interest rate risk	-498	-282	0	0
<b>Net interest income/expense (+/-)</b>	<b>22,083</b>	<b>12,420</b>	<b>18,384</b>	<b>9,891</b>
Dividend income	9	9	6	6
<b>Fees and commissions income</b>	<b>687</b>	<b>430</b>	<b>762</b>	<b>361</b>
Fees and commissions income on accounts	138	83	187	80
Securities' transactions fee income	92	56	270	135
Cash transactions fee income	12	4	10	6
Payments fee income	422	272	279	129
Intermediation fee of bank cards	12	8	13	11
Other fees and commissions income	12	7	2	1
<b>Fees and commissions expense (-)</b>	<b>-1,558</b>	<b>-1,411</b>	<b>-444</b>	<b>-236</b>
SWIFT expenses	-128	-76	-151	-80
Fees and commissions expense on accounts etc.	-219	-135	-185	-100
Cash fee expenses	0	0	-1	-1
Securities' transactions fee expenses	-30	-19	-105	-52
Bank cards expenses	0	0	-2	-2
<b>Net fees and commissions income</b>	<b>-872</b>	<b>-981</b>	<b>324</b>	<b>132</b>
Net gain/loss (+/-):				
On financial assets and liabilities not measured at fair value	0	0	38	0
On financial assets and liabilities held for trading	-25	-25	30	18
On derivative instruments - hedging	57	0	0	0
From exchange differences	1,779	1,204	1,348	699
Other operating expense (-)	-1,698	-1,045	-803	-412
Financial Supervisory Authority	-420	-210	-333	-128
Guarantee Fund	-850	-509	-341	-222
Stock Exchange annual fee	-93	-47	-85	-42
Other operating expenses	-335	-279	-45	-19
<b>Operating income</b>	<b>21,333</b>	<b>11,581</b>	<b>19,322</b>	<b>10,328</b>
Administrative expenses (-)	-17,583	-10,148	-14,438	-7,283
Salaries, social taxes	-10,681	-5,716	-8,167	-3,832
General and administrative expenses	-6,902	-4,432	-6,272	-3,451
Depreciation and amortisation expense (-)	-1,173	-606	-886	-464
Operating profit	2,577	828	3,997	2,581
Value adjustment of assets (+/-)	-10,388	-10,399	-510	-350
<b>PROFIT / LOSS FROM CONTINUING OPERATIONS (+/-)</b>	<b>-7,810</b>	<b>-9,571</b>	<b>3,487</b>	<b>2,231</b>
<b>PROFIT / LOSS FOR THE PERIOD</b>	<b>-7,810</b>	<b>-9,571</b>	<b>3,487</b>	<b>2,231</b>



## Income Statement

	EUR ths. 01.01.2008 - 30.06.2008	EUR ths. 01.04.2008 - 30.06.2008	EUR ths. 01.01.2007 - 30.06.2007	EUR ths. 01.04.2007 - 30.06.2007
<b>Interest income</b>	<b>2,177</b>	<b>1,231</b>	<b>1,489</b>	<b>809</b>
From cash and balances with central banks	100	65	72	47
From available-for-sale financial assets	164	50	52	40
Periodised income from debt securities	0	-75	0	0
From loans (incl. capital lease)	1,885	1,106	1,365	721
Guarantee fees income	0	-11	0	0
From derivatives hedging interest rate risk	28	11	0	0
<b>Interest expense (-)</b>	<b>-766</b>	<b>-437</b>	<b>-314</b>	<b>-177</b>
From financial liabilities at amortised cost	-734	-419	-314	-177
From demand deposits	0	30	0	0
From time and savings deposits	0	285	0	0
From debt securities and other fixed income securities	0	0	0	0
From derivatives hedging interest rate risk	-32	-18	0	0
<b>Net interest income/expense (+/-)</b>	<b>1,411</b>	<b>794</b>	<b>1,175</b>	<b>632</b>
Dividend income	1	1	0	0
<b>Fees and commissions income</b>	<b>44</b>	<b>27</b>	<b>49</b>	<b>23</b>
Fees and commissions income on accounts	9	5	12	5
Securities' transactions fee income	6	4	17	9
Cash transactions fee income	1	0	1	0
Payments fee income	27	17	18	8
Intermediation fee of bank cards	1	0	1	1
Other fees and commissions income	1	0	0	0
<b>Fees and commissions expense (-)</b>	<b>-100</b>	<b>-90</b>	<b>-28</b>	<b>-15</b>
SWIFT expenses	-8	-5	-10	-5
Fees and commissions expense on accounts etc.	-14	-9	-12	-6
Cash fee expenses	0	0	0	0
Securities' transactions fee expenses	-2	-1	-7	-3
Bank cards expenses	0	0	0	0
<b>Net fees and commissions income</b>	<b>-56</b>	<b>-63</b>	<b>21</b>	<b>8</b>
Net gain/loss (+/-):	0	0	0	0
On financial assets and liabilities not measured at fair value	0	0	2	0
On financial assets and liabilities held for trading	-2	-2	2	1
On derivative instruments - hedging	4	0	0	0
From exchange differences	114	77	86	45
Other operating expense (-)	-109	-67	-51	-26
Financial Supervisory Authority	-27	-13	-21	-8
Guarantee Fund	-54	-33	-22	-14
Stock Exchange annual fee	-6	-3	-5	-3
Other operating expenses	-21	-18	-3	-1
<b>Operating income</b>	<b>1,363</b>	<b>740</b>	<b>1,235</b>	<b>660</b>
Administrative expenses (-)	-1,124	-649	-923	-465
Salaries, social taxes	-683	-365	-522	-245
General and administrative expenses	-441	-283	-401	-221
Depreciation and amortisation expense (-)	-75	-39	-57	-30
Operating profit	165	53	255	165
Value adjustment of assets (+/-)	-664	-665	-33	-22
<b>PROFIT / LOSS FROM CONTINUING OPERATIONS (+/-)</b>	<b>-499</b>	<b>-612</b>	<b>223</b>	<b>143</b>
<b>PROFIT / LOSS FOR THE PERIOD</b>	<b>-499</b>	<b>-612</b>	<b>223</b>	<b>143</b>

## Statement of Cash Flows

	EEK ths.	EEK ths.	EUR ths.	EUR ths.
	01.01.2008 - 30.06.2008	01.01.2007 - 30.06.2007	01.01.2008 - 30.06.2008	01.01.2007 - 30.06.2007
<b>Cash flows from operating activities</b>	<b>-28,904</b>	<b>-7,270</b>	<b>-1,847</b>	<b>-465</b>
Interests received	34,063	23,178	2,177	1,481
Interests paid	-11,980	-4,920	-766	-314
Fees and commissions received	687	697	44	45
Fees and commissions paid	-1,558	-430	-100	-27
General administrative expenses	-17,583	-14,288	-1,124	-913
Net trading income	1,811	1,423	116	91
Other operating expenses	-14,423	-803	-922	-51
Change in assets and liabilities connected with operating activities				
Other claims on banks	-20,729	-10,718	-1,325	-685
Available-for-sale and trading financial assets	-2,451	-17,749	-157	-1,134
Due from customers of credit institution	-175,089	-65,290	-11,190	-4,173
Other assets connected with operating activities	11,230	8,443	718	540
Financial liabilities held for trading	2,196	0	140	0
Amounts owed to credit institutions	81,594	61,094	5,215	3,905
Amounts owed to customers of credit institutions	59,290	42,619	3,789	2,724
Debt certificate liabilities	0	-30,720	0	-1,963
Other liabilities connected with operating activities	24,038	194	1,536	12
			0	0
<b>Cash flows from investing activities</b>	<b>-430</b>	<b>-1,358</b>	<b>-27</b>	<b>-87</b>
purchase of tangible fixed assets	-327	-1,125	-21	-72
purchase of intangible assets	-103	-233	-7	-15
<b>Net change in cash and cash equivalents</b>	<b>-29,334</b>	<b>-8,628</b>	<b>-1,875</b>	<b>-551</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>46,317</b>	<b>44,301</b>	<b>2,960</b>	<b>2,831</b>
<b>Cash and cash equivalents at the end of II quarter</b>	<b>16,984</b>	<b>35,673</b>	<b>1,085</b>	<b>2,280</b>

\* Cash and cash equivalents at the end of period comprise:

	EEK ths.	EEK ths.	EUR ths.	EUR ths.
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
Cash	1,360	913	87	58
Change in mandatory reserve with Eesti Pank	-42,828	28,858	-2,737	1,844
Current accounts and overnight deposits with credit institutions	58,452	5,902	3,736	377
<b>Total</b>	<b>16,984</b>	<b>35,673</b>	<b>1,085</b>	<b>2,280</b>

## Statement of Changes in Equity

	EEK ths.	EEK ths.	EUR ths.	EUR ths.
	<b>01.01.2008- 30.06.2008</b>	<b>01.01.2007 - 30.06.2007</b>	<b>01.01.2008- 30.06.2008</b>	<b>01.01.2007 - 30.06.2007</b>
<b>Share capital</b>				
Balance at beginning of period	200,500	200,500	12,814	12,814
<b>Balance at end of period</b>	<b>200,500</b>	<b>200,500</b>	<b>12,814</b>	<b>12,814</b>
<b>Other reserves</b>				
Balance at beginning of period	446	271	29	17
Revaluation reserve	-352	0	-22	0
Statutory legal reserve	113	175	7	11
<b>Balance at end of period</b>	<b>207</b>	<b>446</b>	<b>13</b>	<b>29</b>
<b>Retained earnings</b>				
Balance at beginning of period	-2,295	-4,424	-147	-283
Profit / loss for the financial year	-7,810	3,461	-499	221
<b>Balance at end of period</b>	<b>-10,105</b>	<b>-963</b>	<b>-646</b>	<b>-62</b>
<b>Total shareholder's equity:</b>				
at beginning of period	<b>199,983</b>	<b>196,522</b>	<b>12,781</b>	<b>12,560</b>
at end of period	<b>190,602</b>	<b>199,983</b>	<b>12,182</b>	<b>12,781</b>

Share capital is divided into 20,500,000 common shares with nominal value of 10 Estonian kroons each, and has been paid-in in cash. The number of shares has not changed in reporting period. According to the articles of association, the minimum share capital of the Bank is 100,000,000 Estonian kroons and maximum share capital is 400,000,000 Estonian kroons. Common share gives its owner a right to participate in the management of the Bank and in distribution of the profit and in case of liquidation in distribution of remaining assets, also other rights as stipulated in the law and articles of association.

## Off-Balance Sheet Transactions

	30.06.2008		30.06.2008	
	EEK ths.	EEK ths.	EUR ths.	EUR ths.
	Claims Commitments		Claims Commitments	
<b>Irrevocable transactions</b>	<b>0</b>	<b>38,712</b>	<b>0</b>	<b>2,474</b>
Guarantees and other similar irrevocable transactions	0	25,495	0	1,629
Unused amount of credit lines and overdraft limits	0	13,217	0	845
<b>Derivatives</b>	<b>1,259,454</b>	<b>1,252,116</b>	<b>80,494</b>	<b>80,025</b>
Currency-related derivatives	1,236,864	1,229,526	79,050	78,581
Other base asset related derivatives	22,590	22,590	1,444	1,444

	31.12.2007		31.12.2007	
	EEK ths.	EEK ths.	EUR ths.	EUR ths.
	Claims Commitments		Claims Commitments	
<b>Irrevocable transactions</b>	<b>0</b>	<b>58,140</b>	<b>0</b>	<b>3,716</b>
Guarantees and other similar irrevocable transactions	0	25,056	0	1,601
Unused amount of credit lines and overdraft limits	0	33,084	0	2,114
<b>Derivatives</b>	<b>993,683</b>	<b>992,796</b>	<b>63,508</b>	<b>63,451</b>
Currency-related derivatives	976,827	975,940	62,431	62,374
Other base asset related derivatives	16,856	16,856	1,077	1,077

## Currency Risk

	30.06.2008				
Joint EEK and EUR position	Balance sheet position		Off-balance sheet position		Net position
	long	short	long	short	
Position, EEK ths.	741,418	520,931	631,004	61,306	790,186
Position, EUR ths.	47,385	33,294	40,329	3,918	50,502

	30.06.2007				
Joint EEK and EUR position	Balance sheet position		Off-balance sheet position		Net position
	long	short	long	short	
Position, EEK ths.	536,459	318,197	127,510	194,612	151,159
Position, EUR ths.	34,286	20,336	8,149	12,438	9,661

Net position of other currencies does not exceed 1% of own funds.

## Capital Adequacy

	EEK ths.	EUR ths.
	<b>30.06.2008</b>	<b>30.06.2008</b>
Paid-in share capital	200,500	12,814
Reserves from profit	559	36
Retained profit / loss from previous years	-2,296	-147
Intangible assets	-1,186	-76
<b>First tier equity total</b>	<b>189,767</b>	<b>12,128</b>
Minimum equity amount	189,609	12,118
First tier equity after deductions	189,767	12,128
<b>Own funds for capital adequacy calculations</b>	<b>189,767</b>	<b>12,128</b>
Credit institutions and investment companies under standard method	3,961	253
Other companies under standard method	22,159	1,416
Mass claims under standard method	25,226	1,612
Claims backed with real estate under standard method	3,244	207
Overdue claims under standard method	3,475	222
Other assets under standard method	835	53
<b>Total capital requirement for credit risk and counterparty credit risk</b>	<b>58,900</b>	<b>3,764</b>
Operational risk base method	4,116	263
<b>Total capital requirement for operational risk</b>	<b>4,116</b>	<b>263</b>
<b>Capital requirements for adequacy calculation</b>	<b>63,015</b>	<b>4,027</b>
<b>Capital adequacy</b>	<b>30.11 %</b>	<b>30.11 %</b>

	EEK ths.	EUR ths.
	<b>30.06.2007</b>	<b>30.06.2007</b>
<b>First tier equity</b>	<b>195,381</b>	<b>12,487</b>
Paid-in share capital	200,500	12,814
Other reserves	446	29
Retained profit / loss from previous years	-4,424	-283
Intangible assets (minus)	-1,141	-73
<b>Total gross own funds</b>	<b>195,381</b>	<b>12,487</b>
<b>Total net own funds</b>	<b>195,381</b>	<b>12,487</b>
<b>Risk weighted assets</b>	<b>420,611</b>	<b>26,882</b>
I category, risk adjustment 0%	72,503	4,634
II category, risk adjustment 20%	5,902	377
III category, risk adjustment 50%	20,408	1,304
IV category, risk adjustment 100%	409,227	26,154
<b>Risk weighted off-balance sheet transactions</b>	<b>27,656</b>	<b>1,768</b>
Group I	27,656	1,768
<b>Capital requirement for trading portfolio risks</b>	<b>763</b>	<b>49</b>
Capital requirement to cover interest position risk	691	44
Capital requirement to cover stock position risk	72	5
<b>Capital adequacy</b>	<b>42.68 %</b>	<b>42.68 %</b>

New capital adequacy calculation directive Basel II is in force from 01.01.2008. Interim report II Quarter 2008 has been calculated in accordance with the valid directive. Bank uses standard method for calculating capital requirements for credit risk and base method for calculating capital requirement for operational risk.

Financial Supervisory Authority has made an exemption freeing the Bank from capital requirement to cover trading portfolio risks as per credit institutions act § 79 clause 2 sub-clauses 2 and 3 from 01.01.2008.

Minimum capital adequacy rate required by Eesti Pank is 10%.

## Risk Concentration

30.06.2008

	no.	EEK ths.	EUR ths.	% from net own funds
Number of customers with high risk concentration (client groups)	12			
Due from customers with high risk concentration		338,232	21,617	178.57%
Due from persons connected with credit institution		8,977	574	4.74%

30.06.2007

	no.	EEK ths.	EUR ths.	% from net own funds
Number of customers with high risk concentration (client groups)	9			
Due from customers with high risk concentration		196,487	12,558	100.57%
Due from persons connected with credit institution		189	12	0.10%