



MARFIN BANK

MARFIN PANK EESTI AS

(Marfin Bank Estonia Ltd.)

**Public Interim Report
II Quarter 2009**

Translation from original in Estonian

Registry code: 10586461
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Internet home page: www.marfinbank.ee

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	http://www.marfinbank.ee

Auditor

Business name of auditor	Aktsiaselts PricewaterhouseCoopers
Registration code of auditor	10142876
Auditor's location and address	Pärnu mnt 15, 10141 Tallinn, Estonia
Partner in charge	Tiit Raimla
Engagement leader	Relika Mell
Report balance sheet date	30.06.2009
Report period	01.01.2009 – 30.06.2009
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 2009 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	777,302	49,679
Net profit / loss	-17,636	-1,127
Return on equity (ROE)	-40.41%	-40.41%
Asset utilisation (AU)	15.57%	15.57%
Overdue claims and loans	139,054	8,887
Loan loss provisions	38,357	2,451
Net own funds	164,216	10,495
Capital adequacy	25.91%	25.91%

“Public Interim Report II Quarter 2009” of MARFIN PANK EESTI AS is available in the office of MARFIN PANK EESTI in Tallinn, Pärnu mnt 12 and on the bank's internet web page www.marfinbank.ee from 31.08.2009.

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.

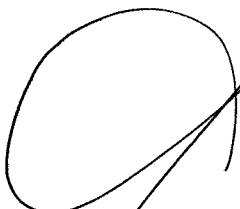
In Tallinn, 31.08.2009



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 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 11 countries with more than 500 branches. Group has more than 9000 employees. Year 2008 net profit of the Marfin Popular Bank group totalled 94.6 million euros and total assets 38.4 billion euros. Marfin Popular Bank has a BBB- / A-3 (outlook: negative) counterparty credit rating by Standard & Poor's from May 2009.

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

52.8379% 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;

2.4938% 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. There has been no changes in the Supervisory Board in the year 2009.

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 has been no changes in the Management Board in the year 2009.

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 Events

Total assets of the Bank increased 3% in the 2nd quarter, reaching 777.3 million kroons (49.7 million euros) as of 30.06.2009. Worsening economic environment resulted in the decrease of loan volumes in the second quarter, but at a slower pace than in the 1st quarter. Gross loan portfolio (excluding deposits with financial institutions and accrued interests) totalled 631.5 million kroons (40.4 million euros), decreasing 1% in 3 months and forming 81% of total assets as at quarter-end. Gross loan portfolio amounted 654.0 million kroons i.e. 41.8 million euros as of 31.12.2008. Loans to deposits ratio stood at 1.70 as of 30.06.2009 (1.83 at year-end 2008).

Despite of the worsening economic environment the Bank has managed to increase its client base continuously. Number of customers of the Bank increased 12% from the beginning of the year, number of depositors grew also more than 10%. Client (excluding credit institutions) deposits volume increased 4% from beginning of the year, mainly due to private persons. Client deposits with the Bank totalled 370.8 million kroons i.e. 23.7 million euros as of 30.06.2009 (357.0 million kroons i.e. 22.8 million euros as of 31.12.2008). Bank continues to pay higher than Estonian average market interest rates to time deposits. The Bank is still offering free of charge normal EEK payments within Estonia to its customers in its internet bank.

Conservative loan loss provisions and decrease in interest income caused the net loss of the Bank in the beginning of year 2009, although no loans were directly written off. Net loss of the 2nd quarter 2009 comprised 15.8 million kroons i.e. 1.0 million euros (net loss of the 2nd quarter 2008 was 9.6 million kroons i.e. 0.6 million euros).

Net interest income of the reporting period was 2.9 million kroons (0.2 million euros), earned mostly on loans. Net fees and commissions income totalled 0.3 million kroons (0.02 million euros). 0.6 million kroons (0.04 million euros) was earned as dealing profits from FX and securities' transactions. Total operating income from banking activities comprised 3.5 million kroons i.e. 0.2 million euros in the 2nd quarter 2009. Administrative expenses of the same period totalled 8.7 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 2nd quarter 2009. 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 2nd quarter 2009. Average number of employees was 47 (47 year earlier), number of employees was 47 at 30.06.2009 (48 year earlier).

Bank's equity totalled 165.0 million kroons (10.5 million euros) as of 30 June 2009 and the capital adequacy stood at 25.91% (market average being 21.80%). Bank is planning equity increase during the 2nd half-year of 2009 despite of sufficient capitalisation.

Ratios

		01.01.2009- 30.06.2009	01.01.2008- 30.06.2008
Return on equity	ROE	-40.41%	-15.81%
Equity multiplier	EM	4.52	3.94
Profit margin	PM	-57.37%	-21.36%
Asset utilisation	AU	15.57%	18.79%
Net interest margin	NIM	7.93%	12.02%
Basic earnings per share	Basic EPS	-3.52	-1.56
Diluted earnings per share	Diluted EPS	-3.52	-1.56
Spread	SPREAD	6.14%	4.83%
Yield on interest-earning assets	YIEA	14.14%	9.12%
Cost of interest-bearing liabilities	COL	8.00%	4.29%

Explanations to ratios

Total income includes the following income items: interest income, fees and commissions income, dealing profits, income from financial investments, other operating income, extraordinary income, income from value adjustments of fixed and intangible assets (+), income from value adjustments of advances and off-balance sheet commitments (+), income from value adjustments of long term financial investments.

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
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 (considering all convertible securities)
SPREAD	Yield on interest earning assets - Cost of interest bearing liabilities = YIEA - 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.

Legal Disputes

As of 30 June 2009 the Bank has submitted one statement of claim to the Harju County Court against a legal person, where the time of the second hearing has not yet been determined, and two petitions to initiate bankruptcy proceedings against legal persons. Third persons have submitted bankruptcy petitions against two legal entities, bankruptcy proceedings have commenced for one and bankruptcy declared for the other. Four applications for mandatory payment order regarding private persons have been submitted, and two bankruptcy petitions against private persons, where one bankruptcy proceeding has been terminated with the settlement of claim. Execution proceedings are taking place against legal persons in five claims.

FINANCIAL STATEMENTS

Balance Sheet

	EEK ths. 30.06.2009	EEK ths. 31.12.2008	EUR ths. 30.06.2009	EUR ths. 31.12.2008
ASSETS				
Cash	2,067	1,889	132	121
Loans and advances				
Balances with central bank	41,091	112,187	2,626	7,170
Due from other credit institutions	102,352	47,972	6,541	3,066
Due from customers	606,240	640,107	38,746	40,910
o/w allowance (-)	-38,357	-22,893	-2,451	-1,463
o/w interest	9,241	5,555	591	355
Financial assets held for trading	1,235	291	79	19
Available-for-sale financial assets	18,113	19,041	1,158	1,217
Property and equipment	3,650	4,518	233	289
Intangible assets	811	931	52	60
Other assets	1,742	2,414	111	154
TOTAL ASSETS	777,302	829,350	49,679	53,005
LIABILITIES				
Financial liabilities held for trading	163	103	10	7
Financial liabilities measured at amortised cost				
Due to credit institutions	234,971	266,519	15,017	17,034
Interest payable on credit institutions deposits	104	353	7	23
Due to customers	370,764	357,031	23,696	22,818
Government	1	0	0	0
Financial institutions	31	33	2	2
Companies	177,067	189,943	11,317	12,140
Non-profit organisations	20,911	26,277	1,336	1,679
Private persons	165,985	136,960	10,608	8,753
Interest payable	6,769	3,817	433	244
Borrowed funds from government and foreign aid	687	0	44	0
Taxes	807	802	52	51
Other liabilities	4,883	21,116	312	1,350
TOTAL LIABILITIES	612,275	645,571	39,132	41,260
SHAREHOLDERS' EQUITY				
Share capital	200,500	200,500	12,814	12,814
Fair value reserve of available-for-sale financial assets	-4,673	-3,557	-299	-227
Statutory legal reserve	559	559	36	36
Retained earnings	-13,723	-1,353	-877	-86
Profit / loss for the financial year	-17,636	-12,370	-1,127	-791
TOTAL SHAREHOLDERS' EQUITY	165,027	183,779	10,547	11,746
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	777,302	829,350	49,679	53,005

Income Statement

	EEK ths. 01.01.2009- 30.06.2009	EEK ths. 01.04.2009- 30.06.2009	EEK ths. 01.01.2008- 30.06.2008	EEK ths. 01.04.2008- 30.06.2008
Interest income	27,863	8,873	34,063	19,263
From loans	25,442	7,692	29,166	17,131
From deposits	805	520	1,562	1,010
From debt securities	1,023	501	2,567	783
From derivatives	307	155	435	171
Other income	286	5	333	168
Interest expense	12,503	5,940	11,980	6,844
On demand deposits	849	454	1,191	722
On time deposits	11,246	5,273	10,291	5,840
On derivatives	408	213	498	282
Net interest income	15,360	2,933	22,083	12,419
Fees and commissions income	1,529	728	687	430
Account opening and maintenance fees	144	86	138	83
Bank transaction fees	1,153	471	433	274
Securities' transaction fees	191	153	92	57
Other fees and commissions income	41	18	24	16
Fees and commissions expense	803	438	1,558	1,411
Securities' transactions expenses	123	92	30	19
Bank transaction expenses	435	201	219	135
S.W.I.F.T. expenses	245	145	128	76
Other fees and commissions expense	0	0	1,180	1,180
Net fees and commissions expense	726	290	-871	-981
Net trading income/expense	1,350	563	1,820	1,188
From foreign exchange	1,343	559	1,779	1,204
From shares and debt securities in trading portfolio	7	4	41	-16
Other operation expenses	558	278	1,698	1,044
Guarantee Fund payments	8	4	850	509
Financial Supervision Authority fees	427	213	420	210
Tallinn Stock Exchange fees	93	47	93	46
Other operating expenses	30	14	335	279
Total income	16,878	3,508	21,334	11,583
Administrative expenses	17,445	8,679	17,583	10,148
Personnel expense, payroll related taxes	11,219	5,775	10,681	5,716
Other administrative expense	6,226	2,904	6,902	4,432
Depreciation and amortisation of tangible and intangible assets	-1,291	-648	-1,173	-606
Impairment loss on assets (+/-)	-15,778	-9,982	-10,388	-10,399
Total operating expenses	34,514	19,309	29,144	21,153
NET PROFIT / LOSS FOR THE PERIOD	-17,636	-15,801	-7,810	-9,571
Basic earnings/loss per share	-3.52 EEK		-1.56 EEK	
Diluted earnings/loss per share	-3.52 EEK		-1.56 EEK	

Income Statement

	EUR ths.	EUR ths.	EUR ths.	EUR ths.
	01.01.2009- 30.06.2009	01.04.2009- 30.06.2009	01.01.2008- 30.06.2008	01.04.2008- 30.06.2008
Interest income	1,781	567	2,177	1,231
From loans	1,626	492	1,864	1,095
From deposits	51	33	100	65
From debt securities	65	32	164	50
From derivatives	20	10	28	11
Other income	18	0	21	11
Interest expense	799	380	766	437
On demand deposits	54	29	76	46
On time deposits	719	337	658	373
On derivatives	26	14	32	18
Net interest income	982	187	1,411	794
Fees and commissions income	98	47	44	27
Account opening and maintenance fees	9	5	9	5
Bank transaction fees	74	30	28	18
Securities' transaction fees	12	10	6	4
Other fees and commissions income	3	1	2	1
Fees and commissions expense	51	28	100	90
Securities' transactions expenses	8	6	2	1
Bank transaction expenses	28	13	14	9
S.W.I.F.T. expenses	16	9	8	5
Other fees and commissions expense	0	0	75	75
Net fees and commissions expense	46	19	-56	-63
Net trading income/expense	86	36	116	76
From foreign exchange	86	36	114	77
From shares and debt securities in trading portfolio	0	0	3	-1
Other operation expenses	36	18	109	67
Guarantee Fund payments	1	0	54	33
Financial Supervision Authority fees	27	14	27	13
Tallinn Stock Exchange fees	6	3	6	3
Other operating expenses	2	1	21	18
Total income	1,079	224	1,364	740
Administrative expenses	1,115	555	1,124	649
Personnel expense, payroll related taxes	717	369	683	365
Other administrative expense	398	186	441	283
Depreciation and amortisation of tangible and intangible assets	-83	-41	-75	-39
Impairment loss on assets (+/-)	-1,008	-638	-664	-665
Total operating expenses	2,206	1,234	1,863	1,352
NET PROFIT / LOSS FOR THE PERIOD	-1,127	-1,010	-499	-612
Basic earnings/loss per share	-0.22 EUR		-0.01 EUR	
Diluted earnings/loss per share	-0.22 EUR		-0.01 EUR	

Statement of Cash Flows

	EEK ths. 01.01.2009- 30.06.2009	EEK ths. 01.01.2008- 30.06.2008	EUR ths. 01.01.2009- 30.06.2009	EUR ths. 01.01.2008- 30.06.2008
Cash flows from operating activities	-12,592	-28,904	-805	-1,847
Interests received	18,529	34,063	1,184	2,177
Interests paid	-5,630	-11,980	-360	-766
Fees and commissions received	1,346	687	86	44
Fees and commissions paid	-803	-1,558	-51	-100
Administrative expenses	-15,829	-17,583	-1,012	-1,124
Trading income received	1,350	1,811	86	116
Other operating expenses	-558	-14,423	-36	-922
Change in operating assets:				
Deposits with credit institutions	3,642	-20,729	233	-1,325
Loans and claims to customers	23,143	-175,089	1,479	-11,190
Other assets	6,915	11,230	442	718
Securities purchased/sold	0	-2,451	0	-157
Change in operating liabilities:				
Deposits of credit institutions	-31,299	81,594	-2,000	5,215
Other deposits	10,781	59,290	689	3,789
Other liabilities	-24,179	26,234	-1,545	1,677
Cash flows from investing activities	-303	-430	-19	-27
Purchase of property and equipment	-166	-327	-11	-21
Purchase of intangible assets	-137	-103	-9	-7
Total cash flows	-12,895	-29,334	-824	-1,875
Cash and cash equivalents at the beginning of year	67,765	46,317	4,331	2,960
Net change in cash and cash equivalents	-12,895	-29,334	-824	-1,875
Cash and cash equivalents at the end of the year *	54,870	16,983	3,507	1,085

* Cash and cash equivalents at the end of the year comprise:

	EEK ths. 30.06.2009	EEK ths. 30.06.2008	EUR ths. 30.06.2009	EUR ths. 30.06.2008
Cash	2,067	1,360	132	87
Surplus of the reserve in the Bank of Estonia	-49,550	-42,828	-3,167	-2,737
Deposits with credit institutions	102,352	58,452	6,541	3,736
Total	54,870	16,984	3,507	1,085

Statement of Changes in Equity

	EEK ths.	EEK ths.	EUR ths.	EUR ths.
	01.01.2009- 30.06.2009	01.01.2008- 30.06.2008	01.01.2009- 30.06.2009	01.01.2008- 30.06.2008
Share capital				
Balance at the beginning of period	200,500	200,500	12,814	12,814
Balance at the end of period	200,500	200,500	12,814	12,814
Other reserves				
Balance at the beginning of period	559	446	36	29
Change in fair value reserve	-4,673	-352	-299	-22
Increase in statutory legal reserve	0	113	0	7
Balance at the end of period	-4,114	207	-263	13
Retained earnings				
Balance at the beginning of period	-13,723	-2,295	-877	-147
Profit/loss for the financial year	-17,636	-7,810	-1,127	-499
Balance at the end of period	-31,359	-10,105	-2,004	-646
Total shareholders' equity:				
at the beginning of period	190,602	199,983	12,182	12,781
at the end of period	165,027	190,602	10,547	12,182

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.

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.

Contingent Liabilities

	30.06.2009	
	EEK ths.	EUR ths.
	Liabilities	Liabilities
Irrevocable transactions	7,265	464
Guarantees and similar irrevocable transactions	4,199	268
Unused part of credit lines and overdraft limits	3,066	196

	30.06.2008	
	EEK ths.	EUR ths.
	Liabilities	Liabilities
Irrevocable transactions	38,712	2,474
Guarantees and similar irrevocable transactions	25,495	1,629
Unused part of credit lines and overdraft limits	13,217	845

Currency Risk

	30.06.2009				
EEK and EUR joint position	Balance sheet position		Off-balance sheet position		Net position
	long	short	long	short	
EEK position, EUR ths.	742,698	574,048	52,734	63,623	157,761
EUR position, EUR ths.	47,467	36,688	3,370	4,066	10,083

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

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

Risk Concentration

	30.06.2009			
	no.	EEK ths.	EUR ths.	% of net own funds
Number of customers (client groups) with high risk concentration	11			
Due from customers with high risk concentration		312,074	19,945	187.11%
Due from persons related with credit institution		7,799	498	4.68%

	30.06.2008			
	no.	EEK ths.	EUR ths.	% of net own funds
Number of customers (client groups) with high risk concentration	12			
Due from customers with high risk concentration		338,232	21,617	178.57%
Due from persons related with credit institution		8,977	574	4.74%

Capital Adequacy

	EEK ths. 30.06.2009	EEK ths. 30.06.2008	EUR ths. 30.06.2009	EUR ths. 30.06.2008
Share capital paid-in	200,500	200,500	12,814	12,814
Other reserves	559	559	36	36
Retained profit/loss of the previous years	-13,723	-2,296	-877	-147
Intangible assets	-811	-1,186	-52	-76
Net loss of the period	-17,636	0	-1,127	0
Total tier 1 own funds	168,889	197,577	10,794	12,627
Available-for-sale financial instruments	-2,103	0	-134	0
Minimum own funds	166,786	189,609	10,660	12,118
Tier 1 own funds after deductions	168,889	189,767	10,794	12,128
Tier 2 own funds after deductions	-2,103	0	-134	0
Own funds for capital adequacy calculations	168,889	197,553	10,794	12,626
Credit institutions and investment companies under standard method	4,178	3,961	267	253
Companies under standard method	13,807	22,159	882	1,416
Mass claims under standard method	18,927	25,226	1,210	1,612
Claims backed by mortgages under standard method	2,919	3,244	187	207
Overdue claims under standard method	19018	3,475	1,215	222
Other assets under standard method	549	835	35	53
Total capital requirement for credit risk and counterparty credit risk	59,398	58,900	3,796	3,764
Capital requirement for operational risk (base method)	5,797	4,116	370	263
Capital requirements for adequacy calculations	65,195	63,015	4,167	4,027
Capital adequacy	25.91%	30.11%	25.91%	30.11%

Minimum capital adequacy ratio, as required by the Bank of Estonia, is 10%.

New capital adequacy calculation directive Basel II is in force from 01.01.2008. Bank uses standard method for calculating capital requirements for credit risk and base method for calculating capital requirement for operational risk.

Estonian Financial Supervisory Authority has granted an exemption releasing 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.