

Preatoni Bank

*Annual Report
for the year ended 31 December 1999*

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Auditors' Report

Introduction and Signatures for the Annual Report of the Financial Year ended on 31 December 1999

The business name of Preatoni Bank is limited company Preatoni Pank and it is operating at Roosikrantsi 2, Tallinn, Republic of Estonia. Preatoni Bank is registered in the Registration Department of Tallinn City Court on 14 October 1999 under registration code 10586461. Monetary paid-in share capital of Preatoni Bank in amount of 100,000,000 Estonian kroons is divided into 10,000,000 common shares with nominal value of ten Estonian kroons.

Preatoni Bank's auditor is authorised public accountant Veiko Hintsov (auditor's certificate no. 328) from Deloitte & Touche Estonia Ltd. (registration code 10503015, located at Suur-Karja 21, Tallinn). Financial Statements of Preatoni Bank are audited according to international auditing standards and audit has been carried through according to IFAC principles, standards and recommendations.

Balance Sheet date of the Annual Report is 31 December 1999 and accounting period is from 14 October 1999 to 31 December 1999. Annual Report of Preatoni Bank is compiled in Estonian kroons.

Annual Report of Preatoni Bank consists of management report, financial statements, management proposal for carrying forward the loss, independent external auditors' report and includes information according to requirements set forth by Bank of Estonia. Annual Report is signed by all members of the Management Board and the Council of Preatoni Bank.

The Management Board and the Council of Preatoni Bank confirm the truth and completeness of the data and additional information presented in the Annual Report and confirm that the data and the additional information is not missing or excluding anything which can influence their substance or meaning.

The Annual Report of Preatoni Bank shall be approved in the Council Meeting on 14 March 2000 and shall be proposed for approval to the General Meeting on 14 March 2000.

Name	Position	Signature	Date
Ott Karolin	Chairman of the Board		
Urmas Pütsepp	Member of the Board		
Sven Raba	Member of the Board		
Ernesto Preatoni	Chairman of the Council		
Giuseppe Lusuardi	Member of the Council		
Tiit Vähi	Member of the Council		
Jaak Saarniit	Member of the Council		
Aivar Pihlak	Member of the Council		

Management Report

Sole shareholder of Preatoni Bank is Ernesto Preatoni, citizen of the Republic of Estonia, residing at 13 Uus Street, Tallinn. Ernesto Preatoni is the Chairman of the Council of Preatoni Bank. The Council of Preatoni Bank consists of five members. In addition to Ernesto Preatoni the members of the Council are Giuseppe Lusuardi, Tiit Vähi, Jaak Saarniit and Aivar Pihlak. The members of the Council (excluding sole shareholder Ernesto Preatoni) do not have shares or options to acquire shares in Preatoni Bank.

The Management Board of Preatoni Bank consists of three members. Ott Karolin is the Chairman of the Board and the members of the Management Board are Urmas Pütsepp and Sven Raba. The Chairman of the Board and the members of the Board do not have shares or options to acquire shares in Preatoni Bank.

Preatoni Bank's main areas of operation are investment and private banking. The advantages of the bank are its small size and focusing to certain customers' segment and certain areas of operation. Caused by that, the Bank is flexible and quick in offering services and in case of changes in economical environment and market situation. Additionally, beforementioned advantages make the risk management and control system more effective, quicker and simpler. The advantage of Preatoni Bank is also qualified employees with banking experience.

Preatoni Bank is not going to pay significant dividends to its shareholders within upcoming few years. The Management Board of the Bank considers essential to direct earned profit for the Bank's development and reserves.

Preatoni Bank has one subsidiary, Beeta Varahaldus, in which the Bank owns 100% of shares. At the present moment there is no ongoing business activity in the company and it is not planned to make it active in the near future. The Bank purchased Beeta Varahaldus with a goal to get member status in Tallinn Stock Exchange. The Bank took over the customers of Beeta Varahaldus, the company's receivables and liabilities as well as employees, which is why economic activity of Beeta Varahaldus discontinued.

Essential economic events in the accounting period are as follows:

- issuance of banking permit to Preatoni Bank on 28 September 1999;
- Preatoni Bank's registration in Registration Department of Tallinn City Court on 14 October 1999;
- giving activity license to intermediate securities to Preatoni Bank on 1. November 1999;
- getting account holder status in Estonian Securities Depository on 26 November 1999;
- member status in Tallinn Stock Exchange from 13 December 1999.

During next financial year the Bank has planned to increase its share capital by at least 50 million kroons. There is also a plan to change the structure of the Bank and to establish new structural unit – the Bank's representative office in Milan, in the Republic of Italy, with a purpose to introduce opportunities in Estonian economic environment and advantages as well as to deliver information related to that to foreign investors. There is also a plan to introduce to Estonian entrepreneurs new potential markets, primarily opportunities in the Republic of Italy and intermediate partnership. To gain that goal the Bank's representative office in Milan has planned to co-operate with Italian Chamber of Commerce and Industry, with Embassy of the Republic of Italy, with local banks and other institutions.

The accounting period was distinctive because of relatively big amount of investments, totalling 2,9 million Estonian kroons. Big amount of investments can be explained with starting the Bank's activity. Bigger investments has been done in the following areas of operation:

- | | |
|--------------------------|--------------------|
| - information technology | 0.6 million kroons |
| - software licenses | 1.2 million kroons |

- security equipment	0.3 million kroons
- office furniture and equipment	0.7 million kroons
- other investments	0.1 million kroons

In addition to investments, the expenses directly connected with establishing the Bank amounted to 3.3 million kroons.

As most of the investments needed for the Bank's everyday activities were done in 1999, the amount of investments this year is much smaller and it is primarily related to information technology development and software licenses. According to the plan total investments for the year 2000 will form 0.9 million Estonian kroons as follows:

- software licenses	0.6 million kroons
- information technology	0.3 million kroons.

No monetary compensation has been paid to the members of the Council and the members of the Management Board during the financial year 1999. Salary of the Management Board in the accounting period formed 280,000 kroons. Average number of employees was 13 and salaries paid to them comprised 696,605 kroons.

Risk management

Liquidity risk is a risk, which can occur in special market conditions, if the Bank is not available to finance its assets and fulfil its liabilities. At the present moment the Management Board of the Bank has decided to follow the matching principle for the assets involved from clients and third parties, according to what the maturities of the assets and the liabilities and shareholders' equity are fully matched. Everyday management of liquidity risk is a field of responsibility of the Director of Money and Capital Markets, but setting up liquidity principles and changing the limits belongs to the competency of the Management Board.

Credit risk is a risk, which is caused by counterparty's possible disability to fulfil its liabilities to the Bank. A system of limits has been used to minimise risk, which divides assets into different risk levels. The limits fix the Bank's investments position, shares trading position, loan portfolio and fixed money market instruments. The system for limits takes into account the need for diversification for every asset group, as well as need for evaluation of the counterparty's economical activity, representation of ratios and other details, which make possible to evaluate the counterpart's ability to fulfil its liabilities for the Bank. Setting up limits and changing them belongs to the competency of the Credit Committee, in case of bigger amounts the Council's approval is needed. The supervision over the credit risk and responsibility for functioning control mechanisms belongs to the Management Board competency.

To avoid country risk, the Management Board of the Bank has set a principle, according to which risks will be taken only in case there is a rating or in case it's missing against the collateral situated in Estonia.

The main task of the Bank's internal auditor is to guarantee the accordance of risk-taking, risk-evaluating and risk-controlling systems with goals set by the Management Board. To fulfil this task the internal auditor co-operates with the Management Board, the heads of structural units and with external auditor. From the viewpoint of all mentioned risks the systems for limits, different decision-making levels, functions separation, exact job descriptions and procedure regulations are very essential, as well as supporting IT systems and activity reports from it to the Management Board of the Bank. To hedge the risks accompanying IT activity, double systems and back-up copying from all supporting IT systems are used according to the regulations set by the IT Committee.

Balance Sheet**31.12.1999**
(EEK)

ASSETS	Notes	
Cash	13	179,101
Claims to the central bank	14	2,379,896
Claims to other banks	15	39,004,291
Claims to customers	16	19,627,644
Debt securities	17	46,587,062
Shares and other securities	18	2,596,023
Tangible and intangible fixed assets	19	2,677,889
Accrued income and prepaid expenses	20	428,624
TOTAL ASSETS		113,480,530
LIABILITIES		
Debts to customers	21	15,941,134
Other liabilities and accrued income	22	1,478,823
TOTAL LIABILITIES		17,419,957
SHAREHOLDERS' EQUITY	27	
Share capital		100,000,000
Net loss for the financial year		-3,939,427
TOTAL SHAREHOLDERS' EQUITY		96,060,573
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		113,480,530

Profit and Loss Account

	Notes	14.10.1999- 31.12.1999 (EEK)
Interest income	1	912,265
Interest expense	2	-6,520
Net interest income		905,745
Fees and commissions income	3	506,083
Fees and commissions expense	4	-59,124
Income from securities	5	-291,013
Net dealing profits	6	48,396
Administrative expenses		-4,849,274
Salary expense	7	-749,943
Social taxes	8	-247,281
Other administrative expenses	9	-3,851,850
Depreciation of tangible and intangible fixed assets	10	-183,486
Other operating income	11	33,246
Other operating expense	12	-50,000
Loss for the period		-3,939,427
Loss per share (EEK)		-0,39

Statement of Cash Flows

	1999 (EEK)
Cash flows from operating activities	-54,336,337
Interest income received	912,265
Interest expense paid	-6,520
Fees and commissions income received	539,330
Operating expense paid	-109,124
Administrative expenses	-4,849,274
Net dealing profits received	48,396
Changes in operating assets and liabilities (-/+)	
Loan portfolio	-19,543,413
Claims to other banks	-133,000
Other assets	-512,855
Securities	-48,102,099
Changes in operating external assets (+/-)	
Debts to customers	15,941,134
Other liabilities	1,478,823
Cash flows from investing activities	-4,233,375
Purchase of tangible fixed assets	-1,718,987
Purchase of intangible fixed assets	-1,142,388
Investments in subsidiaries	-1,372,000
Cash flows from financing activities	100,000,000
Proceeds from the issuance of share capital	100,000,000
Change in cash and cash equivalents (net cash flow)	41,430,288
Cash and cash equivalents at the beginning of the period	0
Cash and cash equivalents at the end of the period*	41,430,288

* Cash and cash equivalents include cash, demand deposits in other banks and correspondent account in central bank, from which compulsory reserves have been deducted.

Accounting Principles

The financial statements of Preatoni Bank have been compiled based on International Accounting Standards (IAS).

Consolidation

AS Beeta Varahaldus, an 100% subsidiary of the Bank is subject to consolidation. As the mentioned investment object is not listed on the public Stock and the balance sheet total of AS Beeta Varahaldus does not exceed 1% from the Bank's balance sheet total, the participation in the subsidiary has been reflected using the equity method.

Assets and liabilities in foreign currencies

Transactions with assets and liabilities denominated in foreign currencies are accounted for in a currency officially valid in Estonia, translated at the official rate of exchange on the day of the transaction, quoted by Eesti Pank (Bank of Estonia). Assets and liabilities denominated in foreign currencies have been recorded on the balance sheet in Estonian kroons in accordance with the exchange rate of the Bank of Estonia valid on balance sheet date. Changes in exchange rates are reflected in the profit and loss account as net dealing profits.

Investments in securities and bonds

Shares

All the Bank's securities to what the Bank has rights of possession have been reflected as securities. Investments in securities are divided into short-term or long-term financial investments depending on a purpose of owning them.

Shares, which were purchased with a strategical purpose to hold them long-term are reflected as long-term investments. Long-term investments are reflected in the reports in acquisition cost, FIFO method will be used to define sales in realising them. Long-term investments are carried at a lower cost, in acquisition or net realisable value. In realisable value in case it's permanently lower from acquisition cost. In case of changes in the conditions, caused by what reduction is not enough needed, there will be made corrections in cost of long-term investments, but for the upper limit of corrections will remain acquisition cost.

Shares, which are acquired with an aim of trading, are reflected as short-term investments. They are revalued to market value on the balance sheet date. Unlisted shares are reflected in acquisition cost. The value of these investments in the Bank's balance sheet will be reduced in case of decreasing enterprise's accounting value (according to financial information of the enterprise).

Debt securities

Debt securities with fixed interest and other securities are reflected as debt securities. Debt securities are reflected in the balance sheet in acquisition cost. In evaluating debt securities the interest formed as a difference between acquisition cost and nominal value will be amortised within the period to maturity of the bond. The result is reflected in the statement of profit and loss as an interest income. In case the debt securities will be realised, FIFO method to define sales will be used.

Intangible fixed assets

Intangible fixed assets are assets missing physical materiality. Patents, licenses and software are considered as intangible assets. Straight-line method is used in depreciation of intangible fixed assets. Depreciation rate for intangible fixed assets is 20% per year.

Tangible fixed assets

Assets, which time of use is more than one year or which acquisition cost is more than 5,000 Estonian kroons, are treated as tangible fixed assets. New tangible fixed assets are depreciated from the month of exploitation, over the time its entirely depreciated. In depreciation of tangible fixed assets straight-line method is used and the following depreciation rates:

Computers, communication equipment	40% per year
Safe storage lockers	25% per year
Other tangible fixed assets	30% per year

Loans

Effective sum of debt as of the end of the financial period is reflected on the balance sheet as loans. Signed, but not yet granted loans will be reflected as off-balance sheet liabilities. Loans, which maturity is exceeded more than 150 days, will be removed from the balance sheet and will be calculated as off-balance sheet items.

Interests, fees and commissions

Interest income and expense are reflected in the profit and loss account on an accrual basis. Interest income is suspended when loan payments are overdue by more than 60 days and excluded from interest income until received. Fees and commissions income and expenses are reflected in the profit and loss account at the moment the service is provided or at the moment of purchase.

Vacation pay reserve

The amounts owned to the employees according to the employment agreements with taxes including them in the extent of accrued vacation pay as of year-end were transferred to the vacation pay reserve.

Rent calculation

Rent transaction is considered as a capital rent from 1999 in all cases, which does not conclude any of the following circumstances:

- the lessee may quit rental relationship unilaterally without making additional disbursements, before fulfilling the obligations stipulated in rental agreement or before the rental period is finished;
- right of possession of the rental object does not go over to the lessee during the rental period or after it is over.

Compulsary reserve

Compulsary reserve to the credit institutions has been established by the Bank of Estonia at 10% of three decades' average amount of deposits and issued financial guarantees, whereas credit institutions are obliged to hold everyday a minimum 40% of the sum of compulsory reserves in correspondent account with the Bank of Estonia. Three decades average cash residual in Estonian kroons can be deducted from compulsory reserves, but not more than 20% from compulsory reserves.

Loss per share

The calculation of the loss per share is based on weighted average number of shares during accounting period. The Bank does not have common shares that have to be potentially issued, therefore the diluted loss per share is equal with the loss per share for the same period. The weighted average number of shares during accounting period, used in the calculation of the loss per share, was 10,000,000 (ten million) shares.

Off-balance assets and liabilities

Guarantees, un-used loan limits, letters of credit and forward instruments are reflected as off-balance sheet transactions. The Bank did not have off-balance assets and liabilities as of 31 December 1999.

Open currency positions

Open net currency position is regulated by the Bank of Estonia. The short and long net positions in each currency are calculated to Estonian kroons using the rate of the Bank of Estonia on the last banking day of the accounting period. The net currency position of each freely convertible currency must not exceed 15% of the Bank's net own funds, the non-convertible currency 5% of the net own funds. The limit for open position in Latvian lats and Lithuanian lits is 10% of the Bank's net own funds and the total open net position in foreign currencies must not exceed 30% of the net own funds of the credit institution.

Risk concentration

The risk concentration of one client of one client group is considered high when the liabilities and potential liabilities to the credit institution exceed 10% of the net own funds of the credit institution (the allowed total maximum limit is 25% of net own funds). The sum of debts with high risk concentration must not exceed 800% of the net own funds of the credit institution.

Notes to the Financial Statements
(in Estonian kroons)

Note 1: Interest income

Interest income from loans	234,816
Interest income from demand deposits	45,070
Interest income from time deposits	73,187
Interest income from securities	264,680
Interest income from capital market funds	294,512
Total interest income	912,265

Note 2: Interest expense

Interest expense from demand deposits	1,108
Interest income from time deposits	5,412
Total interest expense	6,520

Note 3: Fees and commissions income

Loan arrangements and guarantees	411,700
Bank transaction fees	11,671
Security transaction fees	25,677
Accounts opening and maintenance fees	57,035
Total fees and commissions income	506,083

Note 4: Fees and commissions expense

Security transaction expenses	38,166
Other fees and commissions expense	20,958
Total fees and commissions expense	59,124

Note 5: Income from securities

Expense calculated using the equity method	-291,013
Total income from securities	-291,013

Note 6: Net dealing profits

Income from foreign exchange	8,169
Income from shares in trading portfolio	19,626
Income from debt securities in trading portfolio	20,601
Total net dealing profits	48,396

Note 7: Salary expense

Salaries	696,605
Vacation reserve	53,338
Total salary expense	749,943

Note 8: Social taxes

Social taxes from salaries	229,879
Social taxes from vacation reserve	17,602
Total social taxes expense	247,481

Note 9: Other administrative expenses

Rent	662,658
IT expense	623,554
Mail and communication expenses	177,241
Services bought	1,406,629
Advertising and printed documents	205,745
Notary and public fees	345,750
Training	283,313
Other expenses	146,960
Total other administrative expenses	3,851,850

Note 10: Depreciation of tangible and intangible fixed assets

Depreciation of tangible fixed assets	129,938
Depreciation of intangible fixed assets	53,548
Total depreciation of tangible and intangible fixed assets	183,486

Note 11: Other operating income	
Rent income	33,246
Total other operating income	33,246

Note 12: Other operating expenses	
Deposit Guarantee Fund payments	50,000
Total other operating expenses	50,000

Note 13: Cash	
Cash in Estonian kroons	179,101
Total cash	179,101

Note 14: Claims to the central bank	
Compulsory reserve	33,000
Residual surplus exceeding reserve in the central bank	2,346,896
Total claims to the central bank	2,379,896

Note 15: Claims to other banks	
Correspondent accounts	840
Overnight deposits	38,903,451
Other deposits	100,000
Total claims to other banks	39,004,291

Claims by countries	
Estonia	39,004,291
Total claims by countries	39,004,291

Note 16: Claims to customers	
Claims by customer types	
Claims to credit institutions	84,232
Loans to private enterprises	15,783,667
Loans to private persons	3,759,745
Total claims to customers	19,627,644

Claims by remaining maturity	
on demand	4,233
from 1 month to 3 months	1,600,000
from 3 months up to 12 months	9,750,000
from 1 year up to 2 years	180,000
from 2 years up to 5 years	4,041,516
over 5 years	4,051,895
Total claims to customers	19,627,644

The Bank did not have overdue loans in 1999.

Claims by countries	
Estonia	17,773,413
OECD countries	100,000
Other countries	1,754,231
Total claims by countries	19,627,644

Note 17: Debt securities
All purchased debt securities belong to the trading portfolio.

Debt securities by issuer's	
Debt securities of credit institutions	30,683,023
Debt securities of local authorities	1,700,000
Debt securities of private enterprises	6,288,535
Debt securities of financial institutions	7,915,504
Total debt securities	46,587,062

Debt securities by countries	
Estonia	24,510,934
OECD countries	22,076,128
Total debt securities by countries	46,587,062

Note 18: Shares and other securities	
Shares in trading portfolio	1,165,036
Strategic investments	350,000
Shares of subsidiaries	1,080,987
Total shares and other securities	2,596,023

Shares and other securities by countries	
Estonia	2,457,523
OECD countries	138,500
Total shares and other securities by countries	2,596,023

Note 19: Tangible and intangible fixed assets	
Intangible fixed assets	
Licenses	1,142,388
Depreciation	-53,548
Total intangible fixed assets	1,088,840

Tangible fixed assets	
Computers	610,975
Furniture	531,789
Other fixed assets	576,223
Depreciation	-129,938
Total tangible fixed assets	1,589,049

Note 20: Accrued income and prepaid expenses	
Interests receivable	334,392
Fees and commissions receivable	47,646
Prepaid expenses	45,222
Other accrued income	1,364
Total accrued income and prepaid expenses	428,624

Note 21: Debts to customers	
Demand deposits	13,176,838
Time deposits	2,764,296
Total debts to customers	15,941,134

Demand deposits by customers	
Financing institutions	758,459
Companies	8,215,224
Private persons	4,203,155
Total demand deposits	13,176,838

Note 22: Other liabilities and accrued income	
Payments in transmission	1,313,829
Interest payable	5,412
Payables to employees	70,940
Payables to suppliers	63,242
Other accrued expenses	25,400
Total other liabilities and accrued income	1,478,823

Note 23: Transactions with related parties	
Related parties deposits in the Bank as of 31.12.1999	
Beeta Varahalduse AS	758,459
Members of the Management Board	82,454

Payments to the Management Board in 1999	
Salaries	280,000

Note 24: Investments to subsidiaries and associated enterprises**Subsidiaries****AS Beeta Varahaldus (reg.no. 10426361)****Roosikrantsi 2, Tallinn**

Shareholders' equity 31.12.1999	1,080,987
Amount of shares	200,000
Ownership	100%
Acquisition cost	1,372,000
Loss according to equity method	291,013

Note 25: Operating leases liability

Preatoni Pank has concluded operating lease agreement for vehicles in 1999. Minimal operating lease liabilities in the following periods as of 31 December 1999 are as follows:

in the year of 2000	200,535
in the year of 2001	175,152
Total minimum lease liabilities	375,687

A rent expense in the financial period was 26,225 Estonian kroons.

Note 26: Potential income tax liability from dividends

According to Income Tax Law, which came into force from 1 January 2000, legal persons registered in Estonia do not pay income tax calculated on the basis of earned profit but on the basis of distributed profit.

According to that law, a company shall pay income tax at a rate of 26/74 on all monetary or non-monetary paid-out dividends or other profit distributions to all private persons, non-profit organisations and special funds not included in the list of non-profit organisations with tax benefits and to non-residents. Dividends paid to resident companies are not taxed.

Note 27: Movements in shareholders' equity

	Share capital	Loss for the financial year	Total shareholders' equity
14 October 1999	0	0	0
Share capital paid-in	100,000,000	0	100,000,000
Loss for the financial year	0	-3,939,427	-3,939,427
31 December 1999	100,000,000	-3,939,427	96,060,573

Share capital is divided into 10,000,000 common shares with nominal value of 10 Estonian kroons and is paid-in in cash.

Note 28: Net foreign currency positions (th. EEK)

Currency	Balance sheet position		Off-balance sheet position		Net position	Net position (th.EEK)	Open net FX position / Net own funds
	long	short	long	short	foreign currency		
DEM	1,179	0	0	0	1,179	9,432	10.05 %
EEK	96,689	105,689	0	0	-9,000	-9,000	-9.59 %
EUR	461	498	0	0	-37	-579	-0.62 %
USD	9	0	0	0	9	140	0.15 %

Foreign currency rates as of 31 December 1999 were as follows:

DEM	8.00000
EUR	15.64660
USD	15.56183

Note 29: Capital adequacy (th. EEK)

I Shareholders' equity	93,891
1. PRELIMINARY OWN FUNDS (Tier 1)	94,972
1.1. Paid-in share capital	100,000
1.2. Loss for the financial period	-3,939
1.3. Intangible fixed assets (minus)	-1,089
2. Deductions from gross own funds	1,081
3. Total net own funds (1-2)	93,891
II CAPITAL REQUIREMENT FOR COVERING THE RISKS (1+2)	3,644
1. Capital requirement for covering the credit risk (1.1/10)	2,841
1.1 credit risk weighed assets	28,406
I category (credit risk 0 %)	2,559
II category (credit risk 20 %)	39,004
III category (credit risk 50 %)	2,777
IV category (credit risk 100 %)	19,217
2. Capital requirement for covering the trading portfolio risk	803
2.1. Capital requirement for covering the interest position risk	669
2.2. Capital requirement for covering the share position risk	134
III CAPITAL ADEQUACY (%) (I/II*10)	257.66%

Note 30: Claims and liabilities by maturity (th. EEK)

claims; liabilities\maturity	On demand	Overdue	Up to 1 month	From 1 month up to 3 months	From 3 months up to 12 months	1 year up to 2 years	From 2 years up to 5 years	Over 5 years
1. Claims of credit institution	42,599	0	47,003	1,600	9,895	1,611	4,042	4,052
Incl. Cash and claims to banks	41,430	0	33	0	100	0	0	0
Claims to customers	0	0	0	1,600	9,750	180	4,042	4,052
Shares	1,165	0	46,587	0	0	1,431	0	0
Other claims	4	0	383	0	45	0	0	0
2. Credit institutions' liabilities	14,491	0	1,929	0	1,000	0	0	0
Incl. Debts to customers	13,177	0	1,764	0	1,000	0	0	0
Other liabilities	1,314	0	165	0	0	0	0	0

Note 31: Risk concentration (th. EEK)

	Credit institution	
	number/sum	% of net own funds
1. Number of customers with high risk concentration	1	-
2. Net own funds as of 31.12.1999	93,891	-
3. Claims with high risk concentration	11,489	12,24 %

Proposal of the Management Board about carrying forward the loss

The Management Board of Preatoni Pank confirmed audited loss in amount of 3,939,427 Estonian kroons for the financial year 1999. The Management Board proposal is to carry the loss of the financial year 1999 in the sum of 3,939,427 forward to the next periods on the balance sheet line "Retained earnings (loss)".

Ott Karolin

Chairman of the Board

Urmas Pütsepp

Member of the Board

Sven Raba

Member of the Board