



AS SBM Pank

(SBM Bank Ltd.)

*Public Interim Report
IV Quarter 2007*

Translation from original in Estonian

1 Summary Information

Report date: 31.12.2007
Beginning & end of financial year: 01.01.2007 – 31.12.2007

Address: AS SBM Pank
Pärnu mnt 12, 10148 Tallinn, Estonia

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Fax: (+372) 6802 501
e-mail: info@sbmbank.ee
Internet: www.sbmbank.ee

The bank is not rated by international rating agencies.

	EEK ths.	EUR ths.
Total assets	599,725	38,329
Net profit / loss	2,242	143
Return on equity (ROE)	1.11%	1.11%
Assets utilisation (AU)	9.44%	9.44%
Overdue claims and loans	13,769	880
Loan loss provisions	3,940	252
Net own funds	199,706	12,764
Capital adequacy ratio	39.81%	39.81%

“Public Interim Report IV Quarter 2007” of AS SBM Pank is available in the office of SBM Bank in Tallinn, Pärnu mnt 12 and on the bank’s web page address <http://www.sbmbank.ee> from 25.02.2008.

2 Introduction

2.1 General Data of AS SBM Pank

Business name: AS SBM Pank
Address: Pärnu mnt 12, 10148 Tallinn, Estonia
Registration code: 10586461
Register: Tallinn Commercial Register
Date of entry: 14.10.1999

2.2 Auditor

Engagement partner: Taivo Epner
Manager: Eero Kaup
KPMG Baltics AS
Address: Narva mnt 5, 10117 Tallinn, Estonia
Registration code: 10096082

2.3 Report Period is 01.01.-31.12.2007, Report Balance Sheet Date 31.12.2007

Public Interim Report IV Quarter 2007 of AS SBM Pank is unaudited.
Only the credit institution data and figures are disclosed in the report.

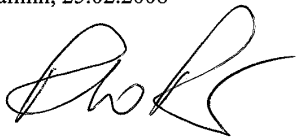
2.4 Report Currency is Estonian Kroons and Units are Thousands of Kroons

2.5 Declaration of the Management Board of AS SBM Pank

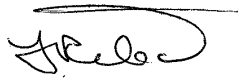
The Management Board of AS SBM Pank, after examining the information presented in the Public Interim Report, is of opinion that:

1. Public Interim Report, consisting of summary information, introduction, comments 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 EU, 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. AS SBM Pank is operating on a going concern basis.

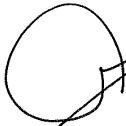
In Tallinn, 25.02.2008



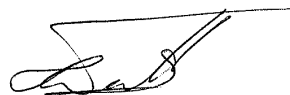
Riho Rasmann
Chairman of the Management Board



Sven Raba
Member of the Management Board



Mart Veskimägi
Member of the Management Board



Roul Tutt
Member of the Management Board

Management Report

3 Comments

3.1 Description of Group of AS SBM Pank

No other enterprise belongs to the AS SBM Pank group, as the bank has no subsidiaries.

3.2 Major Economic Developments

Year 2007 was an important growth year for AS SBM Pank, both in terms of customer numbers and volumes of deposits and loans. Total assets of the Bank grew 1.3 times from beginning of the year, reaching 599.7 million kroons (38.3 million euros) at 31.12.2007. Total assets grew 7.9% with the last quarter of 2007. Loan portfolio (excluding deposits in financial institutions) comprised 450.3 million kroons i.e. 28.8 million euros (growth 1.3 times from beginning of year), forming 75.1% of total assets. 111.9 million kroons (7.2 million euros) i.e. 18.7% of total assets was in liquid instruments as cash, with central bank and with credit and financial institutions.

While the growth rate of the loan portfolio has slowed down a little compared with 2006 (growth 1.3 times and 1.5 times respectively), the growth rate of deposit volumes has quickened significantly. Client (excluding credit institutions) deposits with the Bank totalled 280.2 million kroons i.e. 17.9 million euros at the end of the financial year (growing 2.2 times from beginning of year). 2.5% of deposits belonged to other financial institutions, 49.9% to other companies, 46.2% to private persons and 1.4% to non-profit organisations. Bank has structured an innovative investment deposit – AquaTerra, together with the parent bank for the Estonian market in the last quarter of 2007, the yield of which is determined by fixed interest rate and price indices of agricultural goods and stock of water companies. The bank is continuing to pay higher than average interest rates in Estonian market to ordinary time deposits as well.

Net profit of 2007 comprised 2.2 million kroons i.e. 0.1 million euros (in 2006: 3.5 million kroons i.e. 0.2 million euros). Net loss for the IV quarter 2007 was 3.9 million kroons (0.2 million euros), caused mainly by increased loan provisions. Net interest income of 2007 was 36.1 million kroons (2.3 million euros), earned mostly on loans. Net fee income totalled 0.6 million kroons (0.04 million euros). 3.0 million kroons (0.2 million euros) was earned as dealing profits from FX and securities' transactions. Total operating income from banking activities comprised 39.7 million kroons i.e. 2.5 million euros in 2007. Administrative expenses of 2007 totalled 30.1 million kroons (1.9 million euros).

Total of 2.4 million kroons (0.2 million euros) of membership fees were calculated to the Supervisory Board members of SBM Bank in the financial year 2007, no membership fees were paid in 2006. No membership fees have been paid to the members of the Management Board in financial year 2007 nor 2006. Calculated salaries of the members of the Management Board totalled 3.3 million kroons (0.2 million euros) in financial year 2007, of other employees 7.2 million kroons (0.5 million euros). Average number of employees was 31 (year earlier 25), 36 on average in the IV quarter, number of employees was 39 at year-end.

2,672 thousand kroons (171 thousand euros) were invested in fixed assets during reporting period. Tartu branch was moved to renovated premises, with the new address in Tartu center – K uuni 2. Bank plans to open new branches in 2008 mainly in Tallinn.

Bank's equity totalled 199.7 million kroons (12.8 million euros) as of 31 December 2007 and the capital adequacy stood at 39.81%.

3.3 Prudential Ratios

Capital Adequacy

	EEK ths.	EEK ths.	EUR ths.	EUR ths.
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
1. First tier equity	195,210	191,970	12,476	12,269
Paid-in share capital	200,500	200,500	12,814	12,814
General banking reserve	0	0	0	0
Other reserves	446	271	29	17
Retained profit / loss from previous years	-4,424	-7,735	-283	-494
Profit for the reporting period	0	0	0	0
Own shares (minus)	0	0	0	0
Intangible assets (minus)	-1,312	-1,066	-84	-68
Loss for the reporting period (minus)	0	0	0	0
2. Second tier equity	0	0	0	0
3. Total gross own funds (1+2)	195,210	191,970	12,476	12,269
4. Deductions from gross own funds	0	0	0	0
5. Total net own funds (3-4)	195,210	191,970	12,476	12,269
6. Third tier equity	0	0	0	0
7. Risk weighted asset	455,530	363,139	29,114	23,209
I category (risk adjustment 0%)	91,353	74,524	5,839	4,763
II category (risk adjustment 20%)	12,143	1,790	776	114
III category (risk adjustment 50%)	27,083	19,933	1,731	1,274
IV category (risk adjustment 100%)	439,560	352,814	28,093	22,549
8. Risk weighted off-balance sheet commitments	26,721	2,656	1,708	170
Group I	25,056	2,656	1,601	170
Group II	1,665	0	106	0
9. Capital requirement for currency risk	0	0	0	0
10. Capital requirement for trading portfolio risks	652	380	42	24
To cover interest rate risk position	643	270	41	17
To cover stock position risk	9	110	1	7
To cover commodity risk	0	0	0	0
To cover options risk	0	0	0	0
To cover transfer risk of trading portfolio	0	0	0	0
To cover credit risk of trading portfolio	0	0	0	0
Capital requirement for trading portfolio positions open for credit risk exceeding risk concentration limits	0	0	0	0
12. Capital adequacy (5.+6.)/(7.+8.+9.x10+10x12.5+11x12.5)	39.81%	51.81%	39.81%	51.81%

Net Currency Positions

EEK ths., as of 31.12.2007

Currency	Balance sheet position		Off-balance sheet position		Net position
	long	short	long	short	
Joint EEK and EUR position	595,035	360,836	491,178	584,925	140,451

EUR ths., as of 31.12.2007

Currency	Balance sheet position		Off-balance sheet position		Net position
	long	short	long	short	
Joint EEK and EUR position	38,030	23,062	31,392	37,384	8,976

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

EEK ths., as of 31.12.2006

Currency	Balance sheet position		Off-balance sheet position		Net position
	long	short	long	short	
Joint EEK and EUR position	458,965	253,559	249,257	311,403	143,259

EUR ths., as of 31.12.2006

Currency	Balance sheet position		Off-balance sheet position		Net position
	long	short	long	short	
Joint EEK and EUR position	29,333	16,205	15,930	19,902	9,156

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

Assets and Liabilities by Maturities

EEK ths., as of 31.12.2007

Claims, liabilities	On demand	Overdue	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
Claims of the bank	112,594	13,769	9,650	36,039	185,067	62,879	168,112	5,372	593,482
Cash and claims to banks	101,496	0	2,000	0	0	0	0	0	103,496
Claims to clients	8,350	13,129	4,982	30,325	174,156	51,507	168,112	4,262	454,823
Securities	43	0	0	5,384	10,619	11,229	0	1,096	28,371
Other claims	2,705	640	2,668	330	292	143	0	14	6,792
Off-balance sheet claims	0	0	800,839	175,988	0	0	16,856	0	993,683
Bank's liabilities	22,004	0	203,920	87,236	33,288	40,546	13,025	0	400,019
Owed to banks	0	0	82,958	31,293	0	0	0	0	114,251
Owed to clients	19,610	0	120,851	54,540	32,853	39,645	12,678	0	280,177
Debts evidenced by certificates	0	0	0	0	0	0	0	0	0
Other liabilities	2,394	0	111	1,403	435	901	347	0	5,591
Off-balance sheet commitments	0	0	800,046	176,099	3,500	32,752	38,539	0	1,050,936

EUR ths., as of 31.12.2007

Claims, liabilities	On demand	Overdue	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
Claims of the bank	7,196	880	617	2,303	11,828	4,019	10,744	343	37,930
Cash and claims to banks	6,487	0	128	0	0	0	0	0	6,615
Claims to clients	534	839	318	1,938	11,131	3,292	10,744	272	29,068
Securities	3	0	0	344	679	718	0	70	1,813
Other claims	173	41	171	21	19	9	0	1	434
Off-balance sheet claims	0	0	51,183	11,248	0	0	1,077	0	63,508
Bank's liabilities	1,406	0	13,033	5,575	2,127	2,591	832	0	25,566
Owed to banks	0	0	5,302	2,000	0	0	0	0	7,302
Owed to clients	1,253	0	7,724	3,486	2,100	2,534	810	0	17,907
Debts evidenced by certificates	0	0	0	0	0	0	0	0	0
Other liabilities	153	0	7	90	28	58	22	0	357
Off-balance sheet commitments	0	0	51,132	11,255	224	2,093	2,463	0	67,167

Assets and Liabilities by Maturities

EEK ths., as of 31.12.2006

Claims, liabilities	On demand	Overdue	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
Claims of the bank	104,606	5,295	37,498	28,851	194,846	42,675	41,763	2,732	458,266
Cash and claims to banks	76,314	0	0	0	0	0	0	0	76,314
Claims to clients	14,245	5,232	35,467	28,772	194,846	42,675	41,763	2,636	365,636
Securities	12,873	0	0	0	0	0	0	96	12,969
Other claims	1,174	63	2,031	79	0	0	0	0	3,347
Off-balance sheet claims	0	0	506,977	0	0	0	0	0	506,977
Bank's liabilities	73,287	0	45,074	34,785	108,635	831	4,020	0	266,632
Owed to banks	0	0	31,200	31,294	15,646	0	0	0	78,140
Owed to clients	71,320	0	11,212	3,207	39,600	831	4,020	0	130,190
Debts evidenced by certificates	0	0	0	0	53,190	0	0	0	53,190
Other liabilities	1,967	0	2,662	284	199	0	0	0	5,112
Off-balance sheet commitments	50,380	0	509,329	56	100	0	0	0	559,865

EUR ths., as of 31.12.2006

Claims, liabilities	On demand	Overdue	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
Claims of the bank	6,686	338	2,397	1,844	12,453	2,727	2,669	175	29,289
Cash and claims to banks	4,877	0	0	0	0	0	0	0	4,877
Claims to clients	910	334	2,267	1,839	12,453	2,727	2,669	168	23,368
Securities	823	0	0	0	0	0	0	6	829
Other claims	75	4	130	5	0	0	0	0	214
Off-balance sheet claims	0	0	32,402	0	0	0	0	0	32,402
Bank's liabilities	4,684	0	2,881	2,223	6,943	53	257	0	17,041
Owed to banks	0	0	1,994	2,000	1,000	0	0	0	4,994
Owed to clients	4,558	0	717	205	2,531	53	257	0	8,321
Debts evidenced by certificates	0	0	0	0	3,399	0	0	0	3,399
Other liabilities	126	0	170	18	13	0	0	0	327
Off-balance sheet commitments	3,220	0	32,552	4	6	0	0	0	35,782

Risk Concentration

EEK ths., as of 31.12.2007

	Credit institution	
	no. / amount	% from net own funds
Number of customers with high risk concentration (client groups)	6	
Due from customers with high risk concentration	237,816	121.83%
Due from persons connected with credit institution	189	0.10%

EUR ths., as of 31.12.2007

	Credit institution	
	no. / amount	% from net own funds
Number of customers with high risk concentration (client groups)	6	
Due from customers with high risk concentration	15,199	121.83%
Due from persons connected with credit institution	12	0.10%

EEK ths., as of 31.12.2006

	Credit institution	
	no. / amount	% from net own funds
Number of customers with high risk concentration (client groups)	6	
Due from customers with high risk concentration	138,240	70.82%
Due from persons connected with credit institution	189	0.10%

EUR ths., as of 31.12.2006

	Credit institution	
	no. / amount	% from net own funds
Number of customers with high risk concentration (client groups)	6	
Due from customers with high risk concentration	8,835	70.82%
Due from persons connected with credit institution	12	0.10%

3.4 Ratios

		01.10.07-31.12.07	01.10.06-31.12.06
Return on equity	ROE	1.11%	1.78%
Equity multiplier	EM	2.87	2.36
Profit margin	PM	4.11%	9.71%
Asset utilisation	AU	9.44%	7.76%
Net interest margin	NIM	6.31%	5.23%
Basic earnings per share	Basic EPS	-0.19	0.09
Diluted earnings per share	Diluted EPS	-0.19	0.09
Spread	SPREAD	5.17%	3.43%
Yield on interest-earning assets	YIEA	8.75%	6.77%
Cost of interest-bearing liabilities	COL	3.58%	3.35%

Explanations to ratios

Total income includes the income items as per the decree of the president of Eesti Pank approving the principles of compiling "Interim Report": interest income, income from fees and commissions, dealing profits, income from financial investments, other operating income, extraordinary income, income/profit from value adjustments of real estate investments, tangible and intangible fixed assets (+), profit/income from value adjustments of claims and off-balance sheet commitments (+), income from value adjustment 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 (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

3.5 Ratings

AS SBM Pank has not been rated by international rating agencies. Marfin Popular Bank has BBB+ credit rating and positive rating outlook from Standard & Poors.

3.6 Legal Disputes Concerning the Activities of AS SBM Pank

AS SBM Pank is not participating as of 31.12.2007 in any court cases where the bank could sustain substantial losses in the future. Action was filed to court against one loan customer and judicial proceedings are taking place. Execution proceedings have been started for three loan customers: one is partly finished, one is started and compromise agreed on joint property distribution to partly cover loan obligation, and for the rest monthly payments are received by the Bank during execution proceedings, and execution proceedings are taking place for one loan customer where the second auction has failed and the collateral property is sold under negotiations.

4 Financial Statements

4.1 Income Statement

	Note	EEK ths. 01.10.2007- 31.12.2007	EEK ths. 01.01.2007- 31.12.2007	EEK ths. 01.10.2006- 31.12.2006	EEK ths. 01.01.2006- 31.12.2006
Interest income	1	12,994	49,375	29,859	30,689
From loans		11,576	44,217	27,103	27,843
From deposits		1,031	3,029	2,505	2,571
From debt securities and other fixed income securities		-43	1,699	278	275
From derivatives		430	430	-27	0
Interest expense	2	4,577	13,227	6,711	7,004
From demand deposits		731	2,530	1,293	1,340
From time and savings deposits		3,687	9,376	2,730	2,966
From debts evidenced by certificates		40	1,202	2,695	2,698
From derivatives		119	119	-8	0
Net interest income/expense (+/-)		8,417	36,148	23,147	23,685
Fees and commissions income	3	377	1,466	1,940	1,964
Fees and commissions expense	4	214	858	1,231	1,245
Dealing profits (+/-)	5	827	2,950	2,344	2,397
Profit/income		871	3,738	3,186	3,242
Loss/expense		44	788	842	845
General administrative expenses		9,134	30,125	20,732	21,316
Salaries and compensations	6	4,001	13,049	8,401	8,657
Social taxes, unemployment insurance premium expense	7	1,147	4,143	2,797	2,870
Other administrative expenses	8	3,986	12,933	9,534	9,789
Value adjustments of investments in land and property, fixed and intangible assets (+/-)	9	-533	-1,914	-1,452	-1,486
Loss/expense		533	1,914	1,452	1,486
Value adjustments of loans and advances and off-balance sheet commitments (+/-)	10	-3,080	-3,590	1,255	1,058
Loss/expense		3,080	3,590	-1,255	-1,058
Other operating expense	11	551	1,835	1,536	1,571
Income/loss before taxes (+/-)		-3,891	2,242	3,735	3,486
Profit/loss for the period (+/-)		-3,891	2,242	3,735	3,486

Basic earnings per share (Basic EPS)

2007	EEK -0.19
2006	EEK 0.25

Diluted earnings per share (Diluted EPS)

2007	EEK -0.19
2006	EEK 0.25

Income Statement

	Note	EUR ths. 01.10.2007- 31.12.2007	EUR ths. 01.01.2007- 31.12.2007	EUR ths. 01.10.2006- 31.12.2006	EUR ths. 01.01.2006- 31.12.2006
Interest income	1	830	3,156	1,908	1,961
From loans		740	2,826	1,732	1,779
From deposits		66	194	160	164
From debt securities and other fixed income securities		-3	109	18	18
From derivatives		27	27	-2	0
Interest expense	2	293	845	429	448
From demand deposits		47	162	83	86
From time and savings deposits		236	599	175	190
From debts evidenced by certificates		3	77	172	172
From derivatives		8	8	0	0
Net interest income/expense (+/-)		538	2,310	1,479	1,514
Fees and commissions income	3	24	94	124	126
Fees and commissions expense	4	14	55	79	80
Dealing profits (+/-)	5	53	189	150	153
Profit/income		56	239	204	207
Loss/expense		3	50	54	54
General administrative expenses		584	1,925	1,325	1,362
Salaries and compensations	6	256	834	537	553
Social taxes, unemployment insurance premium expense	7	73	265	179	183
Other administrative expenses	8	255	827	609	626
Value adjustments of investments in land and property, fixed and intangible assets (+/-)	9	-34	-122	-93	-95
Loss/expense		34	122	93	95
Value adjustments of loans and advances and off-balance sheet commitments (+/-)	10	-197	-229	80	68
Loss/expense		197	229	-80	-68
Other operating expense	11	35	117	98	100
Income/loss before taxes (+/-)		-249	143	239	223
Profit/loss for the period (+/-)		-249	143	239	223

Basic earnings per share (Basic EPS)

2007	EUR -0.01
2006	EUR 0.02

Diluted earnings per share (Diluted EPS)

2007	EUR -0.01
2006	EUR 0.02

4.2 Balance Sheet

		EEK ths. 31.12.2007	EEK ths. 31.12.2006	EUR ths. 31.12.2007	EUR ths. 31.12.2006
Cash	12	1,372	259	88	17
Balances with central bank	13	89,981	74,265	5,751	4,746
Demand loans		89,981	74,265	5,751	4,746
Due from credit institutions	14	12,143	1,790	776	114
Demand loans		12,143	1,790	776	114
Due from customers	15	458,763	365,986	29,320	23,391
incl. overdraft		3,164	1,990	202	127
incl. loans with mortgage collateral		352,168	217,640	22,508	13,910
Claims to financial institutions		28,249	36,915	1,805	2,359
Deposits with financial institutions		8,428	17,077	539	1,091
Loans to other financial institutions		19,821	19,838	1,267	1,268
Loans to other enterprises		383,082	295,472	24,483	18,884
Loans to private persons		47,432	33,599	3,031	2,147
Provisions for doubtful receivables (minus)	15	-3,940	-350	-252	-22
Provisions for doubtful loans to clients		-3,940	-350	-252	-22
Securities		28,371	12,969	1,813	829
Debt securities and other fixed income securities	16	28,232	12,353	1,804	790
Shares	17	139	616	9	39
Other shares		139	616	9	39
Intangible assets	18	1,312	1,066	84	68
Fixed assets	19	4,931	3,822	315	244
Other assets	20	888	148	57	9
Accrued revenue and prepaid expenses	21	5,904	3,199	377	204
incl. interest receivable		3,246	1,884	207	120
Total assets		599,725	463,154	38,329	29,601
Amounts owed to credit institutions	22	114,251	78,140	7,302	4,994
Amounts owed to customers	23	280,177	130,190	17,907	8,321
Amounts owed to government		10	93	1	6
Amounts owed to financial institutions		7,127	216	455	14
Amounts owed to other enterprises		139,745	43,853	8,931	2,803
Amounts owed to non-profit organisations		3,925	1,245	251	80
Amounts owed to private persons		129,370	84,783	8,268	5,419
Debt certificate liabilities		0	53,190	0	3,399
Bonds issued		0	53,190	0	3,399
Other liabilities	24	10	1,967	1	126
Accrued expenses and deferred income	25	5,581	3,145	357	201
incl. interest payable		2,537	1,667	162	107
Total liabilities		400,019	266,632	25,566	17,041
Share capital		200,500	200,500	12,814	12,814
Revaluation reserve		942	0	60	0
Other reserves		446	271	29	17
Retained earnings		-4,424	-7,735	-283	-494
Profit for the year		2,242	3,486	143	223
Total equity		199,706	196,522	12,764	12,560
Total liabilities and equity		599,725	463,154	38,329	29,601

4.3 Off-Balance Sheet Claims and Commitments

EEK ths., as of 31.12.2007

	Claims	Commitments
Irrevocable transactions	0	58,140
Guarantees and other similar irrevocable transactions	0	25,056
Unused amount of credit lines and overdraft limits	0	33,084
Derivatives	993,683	992,796
Currency-related derivatives	976,827	975,940
Other base asset related derivatives	16,856	16,856

EUR ths., as of 31.12.2007

	Claims	Commitments
Irrevocable transactions	0	3,716
Guarantees and other similar irrevocable transactions	0	1,601
Unused amount of credit lines and overdraft limits	0	2,114
Derivatives	63,508	63,451
Currency-related derivatives	62,431	62,374
Other base asset related derivatives	1,077	1,077

EEK ths., as of 31.12.2006

	Claims	Commitments
Irrevocable transactions	0	53,036
Guarantees and other similar irrevocable transactions	0	2,656
Unused amount of credit lines and overdraft limits	0	50,380
Derivatives	506,977	506,829
Currency-related derivatives	506,977	506,829

EUR ths., as of 31.12.2006

	Claims	Commitments
Irrevocable transactions	0	3,390
Guarantees and other similar irrevocable transactions	0	170
Unused amount of credit lines and overdraft limits	0	3,220
Derivatives	32,402	32,392
Currency-related derivatives	32,402	32,392

4.4 Statement of Changes in Equity

	EEK ths.	EEK ths.	EUR ths.	EUR ths.
	01.01.2007- 31.12.2007	01.01.2006- 31.12.2006	01.01.2007- 31.12.2007	01.01.2007- 31.12.2007
Share capital				
Balance at beginning of period	200,500	100,000	12,814	6,391
Share capital paid-in	0	100,500	0	6,423
Balance at end of period	200,500	200,500	12,814	12,814
Other reserves				
Balance at beginning of period	271	271	17	17
Revaluation reserve	942	0	60	0
Statutory legal reserve	175	0	11	0
Balance at end of period	1,388	271	89	17
Retained earnings				
Balance at beginning of period	-4,424	-4,606	-283	-294
Expenses of shares' issue	0	-3,129	0	-200
Profit / loss for the financial year	2,242	3,486	143	223
Balance at end of period	-2,182	-4,249	-139	-272
Total shareholder's equity:				
at beginning of period	196,522	95,666	12,560	6,114
at end of period	199,706	196,522	12,764	12,560

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.

4.5 Statement of Cash Flows

	EEK ths.	EEK ths.	EUR ths.	EUR ths.
	01.01.07- 31.12.07	01.01.06- 31.12.06	01.01.07- 31.12.07	01.01.06- 31.12.06
Cash flows from operating activities	5,284	-93,784	338	-5,994
interests received	46,129	28,805	2,948	1,841
interests paid	-10,690	-5,336	-683	-341
fees and commissions received	1,176	1,797	75	115
fees and commissions paid	-858	-1,245	-55	-80
general administrative expenses	-27,859	-19,844	-1,781	-1,268
net trading income	2,950	2,397	189	153
other operating expenses	-1,835	-1,571	-117	-100
net increase/decrease in operating assets (-/+)				
loan portfolio	-101,426	-113,767	-6,482	-7,271
due from other banks	-25,166	-1,199	-1,608	-77
other assets	8,740	6,886	559	440
securities	-15,402	-12,378	-984	-791
net increase/decrease in operating liabilities (+/-)				
due to customers	186,098	33,336	11,894	2,131
debt certificate liabilities	-53,190	-11,135	-3,399	-712
other liabilities	-3,383	-530	-216	-34
Cash flows from investing activities	-3,268	-1,870	-209	-120
purchase of tangible fixed assets	-2,672	-1,390	-171	-89
purchase of intangible assets	-596	-480	-38	-31
Cash flows from financing activities	0	100,500	0	6,423
share capital paid-in	0	100,500	0	6,423
Net change in cash and cash equivalents	2,016	4,846	129	310
Cash and cash equivalents at beginning of year	44,301	39,455	2,831	2,522
Cash and cash equivalents at the year-end	46,317	44,301	2,960	2,831

* Cash and cash equivalents comprise cash, demand and overnight deposits in other credit institutions and correspondent account in central bank, deducted by mandatory reserve.

1. Bank did not pay income tax in 2007.
2. Bank did not have assets acquired under capital lease during year 2007.
3. Bank did not pay for any investments with Estonian Privatisation Vouchers (EVP) nor with non-monetary payment during year 2007.
4. Bank did not receive non-monetary dividends, in other assets, during year 2007.

4.6 Notes to the Financial Statements

Note 1. Interest Income

	EEK ths. 01.01.07- 31.12.07	EEK ths. 01.01.06- 31.12.06	EUR ths. 01.01.07- 31.12.07	EUR ths. 01.01.06- 31.12.06
From loans	44,217	27,843	2,826	1,779
From demand deposits	2,018	1,699	129	109
From time deposits	1,011	872	65	56
From debt securities	1,699	275	109	18
From derivatives	430	0	27	0
Total	49,375	30,689	3,156	1,961
Interest income by geographical area				
Estonia	47,478	29,949	3,034	1,914
OECD countries	1,897	740	121	47
Total	49,375	30,689	3,156	1,961

Note 2. Interest Expense

	EEK ths. 01.01.07- 31.12.07	EEK ths. 01.01.06- 31.12.06	EUR ths. 01.01.07- 31.12.07	EUR ths. 01.01.06- 31.12.06
Interest expense on demand deposits	2,530	1,340	162	86
Interest expense on time deposits	9,376	2,966	599	190
Interest expense on debts evidenced by certificates	1,202	2,698	77	172
Interest expense on derivatives	119	0	8	0
Total	13,227	7,004	845	448

Note 3. Fees and Commissions Income

	EEK ths. 01.01.07- 31.12.07	EEK ths. 01.01.06- 31.12.06	EUR ths. 01.01.07- 31.12.07	EUR ths. 01.01.06- 31.12.06
Account opening and maintenance fees	354	272	23	17
Bank transaction fees	644	287	41	18
Security transaction fees	425	1 370	27	88
Other fees and commissions income	43	34	3	2
Total	1,466	1,963	94	125
Fees and commissions income by geographical area				
Estonia	825	1,307	53	84
OECD countries	641	656	41	42
Total	1,466	1,963	94	125

Note 4. Fees and Commissions Expense

	EEK ths. 01.01.07- 31.12.07	EEK ths. 01.01.06- 31.12.06	EUR ths. 01.01.07- 31.12.07	EUR ths. 01.01.06- 31.12.06
Securities transactions expenses	169	752	11	48
Bank transaction expenses	385	187	25	12
S.W.I.F.T. expenses	302	289	19	18
Other fees and commissions expense	2	17	0	1
Total	858	1,245	55	80

Note 5. Dealing Profits (+/-)

	EEK ths. 01.01.07- 31.12.07	EEK ths. 01.01.06- 31.12.06	EUR ths. 01.01.07- 31.12.07	EUR ths. 01.01.06- 31.12.06
From foreign exchange	2 769	2 361	177	151
From shares and debt securities in trading portfolio	181	36	12	2
Total	2,950	2,397	189	153

Note 6. Salaries and Compensations

	EEK ths. 01.01.07- 31.12.07	EEK ths. 01.01.06- 31.12.06	EUR ths. 01.01.07- 31.12.07	EUR ths. 01.01.06- 31.12.06
Salaries	10,501	8,492	671	543
Supervisory Board members' fees	2,400	0	153	0
Fringe benefits	134	41	9	3
Income tax on fringe benefits	57	12	4	1
Change in vacations pay reserve	-43	112	-3	7
Total	13,049	8,657	834	553

Note 7. Social Taxes, Unemployment Insurance Premium Expense

	EEK ths. 01.01.07- 31.12.07	EEK ths. 01.01.06- 31.12.06	EUR ths. 01.01.07- 31.12.07	EUR ths. 01.01.06- 31.12.06
From salaries	3,466	2,815	222	180
From Supervisory Board members' fees	621	0	40	0
From fringe benefits	70	18	4	1
From change in vacations pay reserve	-14	37	-1	2
Total	4,143	2,870	265	183

Note 8. Other Administrative Expenses

	EEK ths.	EEK ths.	EUR ths.	EUR ths.
	01.01.07- 31.12.07	01.01.06- 31.12.06	01.01.07- 31.12.07	01.01.06- 31.12.06
Rent of premises	4,096	3,120	262	199
IT expenses	1,932	1,719	123	110
Post and telecommunication expenses	694	532	44	34
Other professional services purchased	1,666	1,398	106	89
Office expenses	965	611	62	39
Training and business trip expenses	291	150	19	10
Advertising expenses	1,954	1,189	125	76
Transportation expenses	942	871	60	56
Other expenses	393	199	25	13
Total	12,933	9,789	827	626

Note 9. Value Adjustments of Property Investments, Fixed and Intangible Assets (+/-)

	EEK ths.	EEK ths.	EUR ths.	EUR ths.
	01.01.07- 31.12.07	01.01.06- 31.12.06	01.01.07- 31.12.07	01.01.06- 31.12.06
Depreciation of fixed assets	-1,564	-1,241	-100	-79
Amortisation of intangible assets	-350	-245	-22	-16
Total	-1,914	-1,486	-122	-95

Note 10. Value Adjustments of Loans and Advances and Off-Balance Sheet Commitments (+/-)

	EEK ths.	EEK ths.	EUR ths.	EUR ths.
	01.01.07- 31.12.07	01.01.06- 31.12.06	01.01.07- 31.12.07	01.01.06- 31.12.06
Doubtful receivables' expense	-3,590	-350	-229	-22
Doubtful receivables' paid	0	1,408	0	90
Total	-3,590	1,058	-229	68

Note 11. Other Operating Expenses

	EEK ths.	EEK ths.	EUR ths.	EUR ths.
	01.01.07- 31.12.07	01.01.06- 31.12.06	01.01.07- 31.12.07	01.01.06- 31.12.06
Guarantee Fund payments	821	505	52	32
Financial Supervision Authority fees	749	819	48	52
Tallinn Stock Exchange fees	186	169	12	11
Other operating expenses	79	78	5	5
Total	1,835	1,571	117	100

Note 12. Cash

	EEK ths. 31.12.07	EEK ths. 31.12.06	EUR ths. 31.12.07	EUR ths. 31.12.06
In Estonian kroons	692	87	44	6
In foreign currency	680	172	43	11
Total	1,372	259	88	17

Note 13. Balances with Central Bank

	EEK ths. 31.12.07	EEK ths. 31.12.06	EUR ths. 31.12.07	EUR ths. 31.12.06
Mandatory reserve	57,179	32,013	3,654	2,046
Surplus of the reserve with the central bank	32,802	42,252	2,096	2,700
Total	89,981	74,265	5,751	4,746

Note 14. Due from Credit Institutions

	EEK ths. 31.12.07	EEK ths. 31.12.06	EUR ths. 31.12.07	EUR ths. 31.12.06
Correspondent accounts	10,143	1,790	648	114
Overnight deposits	2,000	0	128	0
Total	12,143	1,790	776	114
Claims by country				
Estonia	8,009	566	512	36
OECD countries	4,134	1,224	264	78
Total	12,143	1,790	776	114

Note 15. Due from Customers

	EEK ths. 31.12.07	EEK ths. 31.12.06	EUR ths. 31.12.07	EUR ths. 31.12.06
Due by customer types				
Due from financial institutions	28,249	36,916	1,805	2,359
Loans to private companies	383,082	295,471	24,483	18,884
Loans to non-profit organisations	0	0	0	0
Loans to private persons	47,432	33,599	3,031	2,147
Loan revaluation	0	0	0	0
Total	458,763	365,986	29,320	23,391

Interest rates of loans do not exceed 18%.

Loan collaterals

Mortgage	329,627	221,640	21,067	14,165
Commercial pledge	12,708	19,510	812	1,247
Pledge of shares	39,717	45,196	2,538	2,889
Deposit	6,272	1,361	401	87
Other pledge of movables	36,876	61,789	2,357	3,949
Other	32,788	15,871	2,096	1,014
Without collateral	775	619	50	40
Total	458,763	365,986	29,320	23,391

Due by remaining maturity

On demand	8,350	14,245	534	910
Up to 3 months	35,307	64,239	2,257	4,106
3 to 12 months	174,156	194,846	11,131	12,453
1 to 2 years	51,507	42,675	3,292	2,727
2 to 5 years	168,112	41,763	10,744	2,669
over 5 years	4,262	2,636	272	168
overdue	13,129	5,232	839	334
doubtful receivables	3,940	350	252	22
Total	458,763	365,986	29,320	23,391

Due by country

Estonia	437,127	335,217	27,938	21,424
OECD countries	21,636	30,769	1,383	1,966
Total	458,763	365,986	29,320	23,391

Overdue claims and loans

Loans to private enterprises	13,731	5,933	878	379
Loans to private persons	38	0	2	0
Total	13,769	5,933	880	379

Specific loan loss provisions	-3,940	-350	-252	-22
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Note 16. Debt Securities and Other Fixed Income Securities

	EEK ths.	EEK ths.	EUR ths.	EUR ths.
	31.12.07	31.12.06	31.12.07	31.12.06
Debt securities by issuer				
Debt securities of credit institutions available-for-sale	4,994	0	319	0
Debt securities of private companies available-for-sale	23,238	12,353	1,485	790
Total	28,232	12,353	1,804	790
Debt securities by countries				
Estonia	28,029	11,947	1,791	764
OECD countries	203	406	13	26
Total	28,232	12,353	1,804	790

Debt securities portfolio of the Bank was earlier reported as held-to-maturity. Due to larger than insignificant sales transactions, the method ceased to comply with the conditions provided in the international financial reporting standards, and with the decision of the Management Board all remaining debt securities were reclassified to available-for-sale from 16 November 2007 and the gain on available-for-sale financial assets (822 thousand kroons, i.e. 53 thousand euros) was recognised through the statement of changes in equity directly in equity, in the fair value reserve. The debt securities portfolio amounted to 28,112 thousand kroons (1,797 thousand euros) on the reclassification.

Note 17. Shares

	EEK ths.	EEK ths.	EUR ths.	EUR ths.
	31.12.07	31.12.06	31.12.07	31.12.06
Financial assets in fair value with change through income statement	43	520	3	33
incl. shares listed in stock exchange	43	520	3	33
Shares in investment portfolio available-for-sale	96	96	6	6
Total	139	616	9	39

Shares by countries

Estonia	96	261	6	17
OECD countries	43	355	3	23
Total	139	616	9	39

Note 18. Intangible Assets

	EEK ths. 31.12.07	EEK ths. 31.12.06	EUR ths. 31.12.07	EUR ths. 31.12.06
Computer software	4,113	3,517	263	225
Accumulated amortisation	-2,801	-2,451	-179	-157
Total	1,312	1,066	84	68

Note 19. Fixed Assets

	EEK ths. 31.12.07	EEK ths. 31.12.06	EUR ths. 31.12.07	EUR ths. 31.12.06
Computers	1,364	1,120	87	72
Furniture	1,498	1,229	96	79
Other fixed assets	7,303	5,158	467	330
Accumulated depreciation	-5,234	-3,685	-335	-236
Total	4,931	3,822	315	244

Note 20. Other Assets

	EEK ths. 31.12.07	EEK ths. 31.12.06	EUR ths. 31.12.07	EUR ths. 31.12.06
Currency-related derivatives	888	148	57	9
Total	888	148	57	9

Note 21. Accrued Revenue and Prepaid Expenses

	EEK ths. 31.12.07	EEK ths. 31.12.06	EUR ths. 31.12.07	EUR ths. 31.12.06
Interests receivable	3,245	1,884	207	120
Fees and commissions receivable	290	167	19	11
Prepaid expenses	1,734	1,072	111	69
Debtors	0	0	0	0
Other accrued revenue	635	76	41	5
Total	5,904	3,199	377	204

Note 22. Amounts Owed to Credit Institutions

	EEK ths. 31.12.07	EEK ths. 31.12.06	EUR ths. 31.12.07	EUR ths. 31.12.06
Time deposits	114,251	78,140	7,302	4,994
Total	114,251	78,140	7,302	4,994

Note 23. Amounts Owed to Customers

	EEK ths. 31.12.07	EEK ths. 31.12.06	EUR ths. 31.12.07	EUR ths. 31.12.06
Demand deposits	88,323	71,320	5,645	4,558
Time deposits	191,854	58,870	12,262	3,762
Total	280,177	130,190	17,907	8,321
Demand deposits by customer groups				
Government	10	93	1	6
Financial institutions	180	216	12	14
Companies	76,014	25,912	4,858	1,656
Non-profit organisations	1,170	1,240	75	79
Private persons	10,949	43,859	700	2,803
Total	88,323	71,320	5,645	4,558
Time deposits by customer groups				
Financial institutions	6,947	0	444	0
Companies	63,731	17,940	4,073	1,147
Non-profit organisations	2,755	5	176	0
Private persons	118,421	40,925	7,568	2,616
Total	191,854	58,870	12,262	3,762
Deposits by remaining maturities				
On demand	19,610	71,320	1,253	4,558
Up to 3 months	175,391	14,419	11,210	922
3 to 12 months	32,853	39,600	2,100	2,531
1 to 2 years	39,645	831	2,534	53
2 to 5 years	12,678	4,020	810	257
Total	280,177	130,190	17,907	8,321

Note 24. Other Liabilities

	EEK ths. 31.12.07	EEK ths. 31.12.06	EUR ths. 31.12.07	EUR ths. 31.12.06
Payments in transmission	10	1,967	1	126
Total	10	1,967	1	126

Note 25. Accrued Expenses and Deferred Income

	EEK ths. 31.12.07	EEK ths. 31.12.06	EUR ths. 31.12.07	EUR ths. 31.12.06
Interest payable	2,537	1,667	162	107
Taxes payable	1,041	510	67	33
Payables to employees	1,031	476	66	30
Payables to suppliers	194	486	12	31
Deferred income	778	5	50	0
Other accrued expenses	0	1	0	0
Total	5,581	3,145	357	201

Note 26: Geographical Concentration of Clients' Debts

EEK ths., as of 31.12.2007

Area	Balance sheet claims			incl. overdue and doubtful receivables	Off-balance sheet claims	By area (%)
	loans *	securities	other claims			
Estonia	535,117	28,125	2,380	13,769	237,079	50.20%
Italy	269	0	0	0	0	0.02%
United States of America	962	0	0	0	0	0.06%
United Kingdom	8,127	0	0	0	666,850	42.94%
Denmark	1,414	0	0	0	0	0.09%
Latvia	0	246	5	0	0	0.02%
Germany	1,691	0	0	0	0	0.11%
Greece	13,307	0	175	0	89,754	6.57%
Total	560,887	28,371	2,560	13,769	993,683	100.00%

EUR ths., as of 31.12.2007

Area	Balance sheet claims			incl. overdue and doubtful receivables	Off-balance sheet claims	By area (%)
	loans *	securities	other claims			
Estonia	34,200	1,798	152	880	15,152	50.20%
Italy	17	0	0	0	0	0.02%
United States of America	61	0	0	0	0	0.06%
United Kingdom	519	0	0	0	42,619	42.94%
Denmark	90	0	0	0	0	0.09%
Latvia	0	16	0	0	0	0.02%
Germany	108	0	0	0	0	0.11%
Greece	850	0	11	0	5,736	6.57%
Total	35,847	1,813	164	880	63,508	100.00%

Note 26 continued

EEK ths., as of 31.12.2006

Area	Balance sheet claims			incl. overdue and doubtful receivables	Off-balance sheet claims	By area (%)
	loans *	securities	other claims			
Estonia	413,152	12,209	1,727	5,295	151,663	59.63%
Sweden	0	95	0	0	0	0.01%
Italy	157	0	0	0	0	0.02%
Finland	147	259	0	0	0	0.04%
United Kingdom	16,881	0	0	0	355,314	38.70%
Denmark	1,024	0	0	0	0	0.11%
Poland	7	0	0	0	0	0.00%
Latvia	0	406	11	0	0	0.04%
Greece	13,777	0	146	0	0	1.45%
Total	445,145	12,969	1,884	5,295	506,977	100.00%

EUR ths., as of 31.12.2006

Area	Balance sheet claims			incl. overdue and doubtful receivables	Off-balance sheet claims	By area (%)
	loans *	securities	other claims			
Estonia	26,405	780	110	338	9,693	59.63%
Sweden	0	6	0	0	0	0.01%
Italy	10	0	0	0	0	0.02%
Finland	9	17	0	0	0	0.04%
United Kingdom	1,079	0	0	0	22,709	38.70%
Denmark	65	0	0	0	0	0.11%
Poland	0	0	0	0	0	0.00%
Latvia	0	26	1	0	0	0.04%
Greece	881	0	9	0	0	1.45%
Total	28,450	829	120	338	32,402	100.00%

* includes claims to credit institutions and financial institutions

Note 27: klientide võlakohustuste kontsentreerumine majandussektorite lõikes

EEK ths., as of 31.12.2007

Economic sector	Balance sheet claims			incl. overdue and doubtful receivables	Off-balance sheet claims	By sector (%)
	loans *	securities	other claims			
Finance	115,373	4,994	232	0	782,617	57.47%
Retail and wholesale	13,801	0	60	1,226	90,743	6.58%
Real estate	269,214	3,395	1,283	1,576	4,946	17.64%
Private persons	47,432	0	247	39	72,897	7.67%
Construction	45,410	1,095	117	0	0	2.97%
Industry	26,925	1,095	129	10,900	0	1.10%
Transport and logistics	6,637	1,436	65	0	42,480	3.22%
Hotels, restaurants	11,838	16,153	104	21	0	1.79%
Agriculture, hunting and forestry	12,970	0	94	0	0	0.83%
Electricity, gas and water supply	0	203	6	0	0	0.01%
Other business activity	0	0	215	0	0	0.01%
Other public, social and private services	11,287	0	8	7	0	0.72%
Total	560,887	28,371	2,560	13,769	993,683	100.00%

EUR ths., as of 31.12.2007

Economic sector	Balance sheet claims			incl. overdue and doubtful receivables	Off-balance sheet claims	By sector (%)
	loans *	securities	other claims			
Finance	7,374	319	15	0	50,018	57.47%
Retail and wholesale	882	0	4	78	5,800	6.58%
Real estate	17,206	217	82	101	316	17.64%
Private persons	3,031	0	16	2	4,659	7.67%
Construction	2,902	70	7	0	0	2.97%
Industry	1,721	70	8	697	0	1.10%
Transport and logistics	424	92	4	0	2,715	3.22%
Hotels, restaurants	757	1,032	7	1	0	1.79%
Agriculture, hunting and forestry	829	0	6	0	0	0.83%
Electricity, gas and water supply	0	13	0	0	0	0.01%
Other business activity	0	0	14	0	0	0.01%
Other public, social and private services	721	0	1	0	0	0.72%
Total	35,847	1,813	164	880	63,508	100.00%

Note 27 continued

EEK ths., as of 31.12.2006

Economic sector	Balance sheet claims			incl. overdue and doubtful receivables	Off-balance sheet claims	By sector (%)
	loans *	securities	other claims			
Finance	95,611	4,978	253	0	367,775	48.75%
Retail and wholesale	37,775	0	140	5,061	91,675	12.95%
Real estate	248,844	4,722	823	33	0	26.46%
Private persons	33,840	0	188	0	0	3.54%
Construction	2,405	61	8	0	0	0.26%
Industry	17,689	459	102	549	0	1.84%
Transport and logistics	540	2,343	3	0	47,527	5.24%
Hotels, restaurants	3,588	0	14	0	0	0.37%
Agriculture, hunting and forestry	4,671	0	23	0	0	0.49%
Electricity, gas and water supply	0	406	11	0	0	0.04%
Other business activity	0	0	318	0	0	0.03%
Other public, social and private services	182	0	1	2	0	0.02%
Total	445,145	12,969	1,884	5,645	506,977	100.00%

EUR ths., as of 31.12.2006

Economic sector	Balance sheet claims			incl. overdue and doubtful receivables	Off-balance sheet claims	By sector (%)
	loans *	securities	other claims			
Finance	6,111	318	16	0	23,505	48.75%
Retail and wholesale	2,414	0	9	323	5,859	12.95%
Real estate	15,904	302	53	2	0	26.46%
Private persons	2,163	0	12	0	0	3.54%
Construction	154	4	1	0	0	0.26%
Industry	1,131	29	7	35	0	1.84%
Transport and logistics	35	150	0	0	3,038	5.24%
Hotels, restaurants	229	0	1	0	0	0.37%
Agriculture, hunting and forestry	299	0	1	0	0	0.49%
Electricity, gas and water supply	0	26	1	0	0	0.04%
Other business activity	0	0	20	0	0	0.03%
Other public, social and private services	12	0	0	0	0	0.02%
Total	28,450	829	120	361	32,402	100.00%

* includes claims to credit institutions and financial institutions.