



AS SBM Pank

(SBM Bank Ltd.)

Public Interim Report

III. Quarter 2005

Translation from original in Estonian

1 Summary Information

Report date: 30.09.2005

AS SBM Pank

Pärnu mnt 12, 10148 Tallinn

The bank is not rated by international rating agencies.

Total assets (EEK ths.)	277 747
Net profit (EEK ths.)	-3 587
Return on equity (ROE)	-4.80%
Assets utilisation (AU)	7.59%
Overdue claims and loans	1
Loan loss provisions (EEK ths.)	0
Net own funds (EEK ths.)	98 549
Capital adequacy ratio	42.86%

“Public Interim Report III. Quarter 2005” 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.smbank.ee> from 31.10.2005.

2 Introduction

2.1 General Data of AS SBM Pank

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

2.2 Auditor

Engagement partner: Taivo Epner
Manager: Maret Tambek
KPMG Baltics AS
Ahtri 10A, 10151 Tallinn
Registration code: 10096082

2.3 Report Period is 01.01.-30.09.2005, Report Balance Sheet Date 30.09.2005.

Public Interim Report III. Quarter 2005 of AS SBM Pank is unaudited.
Only the credit institution data and figures are disclosed in the report.

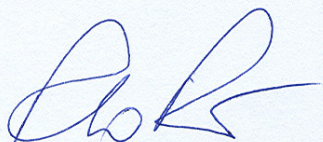
2.4 Report Currency is Estonian Kroons and Units are Thousands of Kroons.

2.5 Declaration of the Management Board of AS SBM Pank.

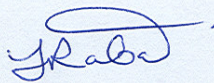
The Management Board of AS SBM Pank, after examining the information presented in the Public Interim Report, is of opinion that:

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.

In Tallinn, 31.10.2005



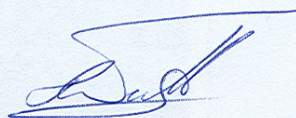
Riho Rasmann
Chairman of the Management Board



Sven Raba
Member of the Management Board



Mart Veskimägi
Member of the Management Board



Roul Tutt
Member of the Management Board

3 Comments

3.1 Description of Group of AS SBM Pank

No other enterprise belongs to the AS SBM Pank group.

3.2 Major Economic Developments

AS SBM Pank has set a goal to grow 2 times each year, and continues to make investments and expenses aimed primarily at development of customer service.

Bank's total assets have grown more than 1.5 times since beginning of year, reaching 277.7 million kroons as of 30.09.2005. Loan portfolio totalled 202.9 million kroons (growth from beginning of year 2.1 times) i.e. 73% of total assets. 56.0 million kroons, 20% of total assets were kept as liquid funds in cash, central bank, credit and financial institutions.

Customer deposits in the bank totalled 134.4 million kroons at the end of quarter (growth from beginning of year 66%). 25% belonged to financial institutions, 1% to non-profit organisations, 34% to companies and 40% to private persons.

Bank issued new bonds in III. quarter, whereby the bank's debt certificate liabilities totalled EEK 41.9 million (15.1% of total balance sheet) as of 30 September 2005.

As per decision of the TSE Listing and Surveillance Committee, dd. 14.07.2005, 3572 bonds of AS SBM Pank (SBMB047507, ISIN- EE3300075605) are also listed in the bond list of Tallinn Stock Exchange from 22 July 2005.

Net interest income of AS SBM Pank was EEK 7.63 million, earned mainly from loans. Net fee income accounted for EEK 2.96 million. EEK 1.24 million was earned from FX and share deals. Operating profit for first 9 months comprised 11.83 million kroons. Administrative expenses of 9 months 2005 totalled EEK 13.49 million. Net loss of 9 months was 3.59 million kroons.

Bank's equity totalled 99.2 million kroons as of 30 September 2005 and capital adequacy stood at 42.86%.

3.3 Prudential Ratios

Capital adequacy

(in EEK ths.)

	30.09.2005	30.09.2004
1. First level equity	98 549	98 852
1.1 Paid-in share capital	100 000	100 000
1.3 Other reserves	271	230
1.4 Retained profit/loss of the previous years	2 555	1 770
1.10 Intangible assets (less)	-690	-194
1.11 Loss for the current reporting period (less)	-3 587	-2 954
2. Second level equity	0	0
3. Total gross own funds (1+2)	98 549	98 852
4. Deductions from gross own funds	0	0
5. Total net own funds (3-4)	98 549	98 852
6. Third level equity	0	0
7. Risk weighted assets	226 634	129 595
7.1 I category (risk adjustment 0%)	29 333	8 895
7.2 II category (risk adjustment 20%)	17 925	21 485
7.3 III category (risk adjustment 50%)	12 804	8 051
7.4 IV category (risk adjustment 100%)	216 647	121 272
8. Risk weighted off-balance sheet commitments	2 000	0
8.1 Group I	2 000	0
9. Capital requirement for currency risk	0	0
10. Capital requirement for trading portfolio risks	104	51
10.1 Capital requirement for interest position risk	0	51
10.2 Capital requirement for share position risk	104	0
11. Capital requirement for trading portfolio credit risk open positions exceeding risk concentration limits	0	0
12. Capital adequacy (5.+6.)/(7.+8.+9.x10+10x12.5+11x12.5)	42.86%	75.90%

Net Currency Positions

(in EEK ths., as of 30.09.2005)

Currency	Balance sheet position		Off-balance sheet position		Net position
	long	short	long	short	
Joint EEK and EUR position	273 778	164 401	195 113	206 655	97 835

Net position of other currencies does not exceed 1% of net equity.

Assets and Liabilities by Maturities

(in EEK ths., as of 30.09.2005)

Claims, liabilities	On demand	Overdue	Up to 1 month	1 - 3 months	3 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Total
1. Claims of the bank	63 377	1	8 002	31 147	103 020	36 133	29 671	1 592	272 943
cash and deposits with banks	47 258	0	0	0	0	0	0	0	47 258
claims to clients	8 622	1	1 550	31 095	103 015	36 133	29 671	1 496	211 583
securities	465	0	0	0	0	0	0	96	561
other claims	7 032	0	6 452	52	5	0	0	0	13 541
2. Off-balance sheet claims	0	0	401 390	0	0	0	0	0	401 390
1. Bank's liabilities	35 950	0	29 704	16 707	57 272	38 814	61	0	178 508
owed to banks	0	0	0	0	0	0	0	0	0
owed to clients	34 956	0	29 681	16 671	50 740	2 316	61	0	134 425
debts evidenced by certificates	0	0	0	0	6 135	35 720	0	0	41 855
other liabilities	994	0	23	36	397	778	0	0	2 228
2. Off-balance sheet liabilities	0	0	395 571	4 795	2 064	0	0	0	402 430

Risk Concentration

(in EEK ths., as of 30.09.2005)

	Credit institution	
	number / amount	% from net own funds
1. Number of customers with high risk concentration	6	
2. Due from customers with high risk concentration	75 705	76.82%
3. Due from persons connected with credit institution	1 523	1.55%

3.4 Ratios

(01.06. -30.09.2005)

Return on equity	ROE	-4.80%
Equity multiplier	EM	2.74
Profit margin	PM	-23.08%
Asset utilisation	AU	7.59%
Net interest margin	NIM	4.00%
Earnings per share	EPS	-0.36
Spread	SPREAD	2.77%
Yield on interest-earning assets	YIEA	5.34%
Cost of interest-bearing liabilities	COL	2.58%

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
EPS	Net profit (loss) / Average number of shares
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 no ratings by international rating agencies.

3.6 Legal Disputes Concerning the Activities of AS SBM Pank

There were no legal disputes relating to Bank's activities as of 30.09.2005.

4 Financial Statements

4.1 Income Statement

(in EEK ths.)

	01.07.2005- 30.09.2005	01.01.2005- 30.09.2005	01.07.2004- 30.09.2004	01.01.2004- 30.09.2004
1 Interest income	4 128	10 183	2 415	6 542
1.1 From loans	3 897	9 320	2 187	5 782
1.2 From deposits	231	827	191	642
1.3 From debt securities and other fixed income securities	0	36	37	118
2 Interest expense	1 191	2 555	227	455
2.2 From demand deposits	85	252	4	12
2.3 From time and saving deposits	651	1 518	223	443
2.4 From debts evidenced by certificates	455	785	0	0
3 Net interest income/expense (+/-)	2 937	7 628	2 188	6 087
4 Net profit/loss from financial investments (+/-)	0	0	0	0
5 Fees and commissions income	1 192	3 718	330	1 202
6 Fees and commissions expense	182	756	134	374
7 Dealing profits (+/-)	350	1 243	914	1 754
7.1 Profit/income	583	1 639	914	1 786
7.2 Loss/expense	233	396	0	32
8 General administrative expenses	4 231	13 493	3 680	10 369
8.1 Salaries and compensations	1 760	5 258	1 444	4 580
8.2 Social taxes, unemployment insurance premium expense	576	1 747	484	1 531
8.4 Other administrative expenses	1 895	6 488	1 752	4 258
9 Value adjustments (+/-) of investments in land and property, fixed and intangible assets	-336	-966	-170	-406
9.2 Loss/expense	336	966	170	406
10 Value adjustments of loans and advances (+/-)	0	0	0	0
11 Value adjustments of financial fixed assets (+/-)	0	0	0	0
12 Other operating income	0	0	0	0
13 Other operating expense	338	961	295	848
14 Extraordinary gains	0	0	0	0
15 Extraordinary losses	0	0	0	0
16 Income/loss before taxes (+/-)	-608	-3 587	-847	-2 954
17 Income tax expense	0	0	0	0
18 Profit/loss for the period (+/-)	-608	-3 587	-847	-2 954

4.2 Balance Sheet

(in EEK ths.)

	Bank	Bank
	30.09.2005	31.12.2004
1 Cash	422	908
2 Balances with central bank	28 911	8 894
2.1 Demand loans	28 911	8 894
3 Loans to credit institutions	17 925	59 137
3.1 Demand loans	17 925	59 137
4 Loans to clients	211 583	100 142
4.B incl. loans with mortgage collateral	78 535	32 200
4.2 Claims to financial institutions	8 704	5 543
4.2.1 Demand and time loans to financial institutions	8 704	5 543
4.4 Loans to other enterprises	171 231	86 403
4.6 Loans to private persons	31 648	8 196
5 Allowance for uncollectible loans (minus)	0	0
6 Securities	561	3 098
6.1 Debt securities and other fixed income securities	0	3 002
6.2 Shares	561	96
7 Intangible assets	690	162
8 Fixed assets	4 114	3 413
9 Investments in land and property	0	0
10 Other assets	5 819	28
10.A incl. items in transmission	0	0
11 Accrued revenue and prepaid expenses	7 722	8 773
11.A incl. interest receivable	690	475
Total assets	277 747	184 555
1 Amounts owed to central bank	0	0
2 Amounts owed to credit institutions	0	0
3 Amounts owed to customers	134 425	80 871
3.1 Amounts owed to government	649	0
3.1.1 Central government	649	0
3.1.1.1 Demand deposits	649	0
3.2 Amounts owed to financial institutions	33 569	23 618
3.2.2 Other financial institutions	33 569	23 618
3.2.2.1 Demand deposits	22	148
3.2.2.2 Time deposits	33 547	23 470
3.4 Amounts owed to other enterprises	45 397	27 084
3.4.1 Demand deposits	8 549	21 629
3.4.2 Time deposits	36 848	5 455
3.5 Amounts owed to non-profit organisations	1 188	156
3.5.1 Demand deposits	113	156
3.5.2 Time deposits	1 075	0
3.6 Amounts owed to private persons	53 622	30 013
3.6.1 Demand deposits	25 622	25 088
3.6.2 Time deposits	28 000	4 925
4 Borrowed funds from government and foreign aid	0	0
5 Debt certificate liabilities	41 855	0
5.1 Debts evidenced by certificates	41 855	0
6 Other liabilities	111	0
6.A incl. items in transmission	111	0
7 Accrued expenses and deferred income	2 117	858

7.A	incl. interest payable	1 438	122
8	Provisions for liabilities and charges	0	0
9	Subordinated liabilities	0	0
10	Total liabilities	178 508	81 729
11	Subscribed capital	100 000	100 000
12	Share premium account	0	0
13	General banking reserve	0	0
14	Revaluation reserve	0	0
15	Other reserves	271	230
16	Retained earnings	2 555	1 771
17	Profit/(-)loss for the year	-3 587	825
18	Treasury stock	0	0
19	Total equity	99 239	102 826
	Total liabilities and equity	277 747	184 555

4.3 Off-Balance Sheet Claims and Commitments

(in EEK ths., as of 30.09.2005)

	Claims Commitments	
Irrevocable transactions	0	6 859
Guarantees and other similar irrevocable transactions	0	2 000
incl. financial guarantees	0	2 000
Credit lines and overdraft limits (unused portion)	0	4 859
Derivatives	401 390	395 571
Currency-related derivatives	401 390	395 571

4.4 Statement of Changes in Equity

(in EEK ths.)

	01.01.2005 -30.09.2005
Share Capital	
Balance at beginning of period	100 000
Balance at end of period	100 000
Other reserves	
Balance at beginning of period	271
Statutory legal reserve	0
Balance at end of period	271
Retained earnings	
Balance at beginning of period	2 596
Appropriations to reserves	-41
Profit / loss for the financial year	-3 587
Balance at end of period	-1 032
Total shareholders equity:	
at the beginning of period	102 999
at the end of period	99 239

Share capital is divided into 10 000 000 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

(in EEK ths.)

	01.01.2005- 30.09.2005	01.01.2004- 30.09.2004
Cash flows from operating activities	-32 645	-15 625
interests received	10 183	6 542
interests paid	-2 555	-455
fees and commissions received	3 718	1 202
fees and commissions paid	-756	-374
administrative expenses paid	-13 493	-10 369
net trading income received	1 243	1 754
other operating expenses paid	-961	-848
net increase(-) / decrease(+) in operating assets		
loan portfolio	-108 280	-42 917
due from other banks	-13 421	-1 688
other assets	-7 639	-3 720
securities	2 537	2 557
net increase / decrease in operating liabilities (+/-)		
due to customers	53 554	31 794
debts evidenced by certificates	41 855	0
other liabilities	1 370	897
Cash flows from investing activities	-2 457	-3 294
purchase of tangible fixed assets	-1 753	-3 294
purchase of intangible fixed assets	-704	0
Net increase in cash and cash equivalents	-35 102	-18 919
Cash and cash equivalents at the beginning of the year	60 244	43 709
Cash and cash equivalents at the end of III. quarter	25 142	24 790

* 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 2005.
2. Bank did not have assets acquired under capital lease during year 2005.
3. Bank did not pay for any investments with Estonian Privatisation Vouchers (EVP) nor with non-monetary payment during year 2005.
4. Bank did not receive non-monetary dividends, in other assets, during year 2005.

4.6 Notes to the Financial Statements

(in EEK ths.)

	01.01.-30.09.05	01.01.-30.09.04
Note 1: Interest Income		
Interest income from loans	9 320	5 782
Interest income from demand deposits	342	85
Interest income from time deposits	485	557
Interest income from debt securities	36	118
Total interest income	10 183	6 542
Note 2: Interest Expense		
Interest expense on demand deposits	252	12
Interest expense on time deposits	1 518	443
Interest expense on debts evidenced by certificates	785	0
Total interest expense	2 555	455
Note 3: Fees and Commissions Income		
Loan arrangements and guarantees	2 515	494
Bank transaction fees	182	140
Security transaction fees	738	325
Account opening and maintenance fees	250	224
Investment banking fees	0	15
Other fees and commissions income	33	4
Total fees and commissions income	3 718	1 202
Note 4: Fees and Commissions Expense		
Security transactions expenses	411	92
Bank transaction expenses	133	109
S.W.I.F.T. expenses	197	173
Other fees and commissions expense	15	0
Total fees and commissions expense	756	374
Note 5: Net Trading Income		
Income from foreign exchange	702	1 753
Income from shares and debt securities in trading portfolio	541	1
Total net trading income	1 243	1 754
Note 6: Salary Expense		
Salaries	5 251	3 902
Supervisory Board fees	0	655
Fringe benefits	7	23
Total salary expense	5 258	4 580
Note 7: Social Insurance Tax Expense		
Social taxes from salaries	1 745	1 308
Social taxes from Supervisory Board fees	0	216
Social taxes from fringe benefits	2	7
Total social insurance tax expense	1 747	1 531

	01.01.-30.09.05	01.01.-30.09.04
Note 8: Other Administrative Expenses		
Rent of premises	2 084	1 545
IT expenses	1 054	1 022
Post and telecommunication expenses	282	266
Professional services purchased	1 292	666
Office expenses	243	112
Training and business trip expenses	89	133
Advertising expenses	890	0
Transportation expenses	506	400
Other expenses	48	114
Total other administrative expenses	6 488	4 258
Note 9: Value Adjustments of Fixed and Intangible Assets		
Depreciation of fixed assets	793	88
Amortisation of intangible assets	173	318
Total value adjustments of fixed and intangible assets	966	406
Note 10: Other Operating Expenses		
Guarantee Fund payments	178	91
Financial Inspection fees	626	610
Tallinn Stock Exchange fees	124	114
Other operating expenses	33	33
Total other operating expenses	961	848
	30.09.2005	31.12.2004
Note 11: Cash		
Cash in Estonian kroons	273	564
Cash in foreign currency	149	344
Total cash	422	908
Note 12: Balances with Central Bank		
Mandatory reserve	22 116	8 695
Surplus of the reserve with the central bank	6 795	199
Total balances with the central bank	28 911	8 894
Note 13: Due from Other Credit Institutions		
Correspondent accounts	3 759	517
Overnight deposits	14 166	58 620
Total due from other credit institutions	17 925	59 137
Claims by country		
Estonia	17 627	58 795
OECD countries	298	342
Total claims by country	17 925	59 137

	30.09.2005	31.12.2004
Note 14: Due from Customers of Credit Institution		
Due by customer types		
Due from financial institutions	8 704	5 543
Loans to private companies	171 231	86 403
Loans to private persons	31 648	8 196
Total due by customer types	211 583	100 142
Due by remaining maturity		
On demand	8 622	5 462
Up to 3 months	32 646	39 891
3 to 12 months	103 015	22 446
1 to 2 years	36 133	4 335
2 to 5 years	29 671	27 542
over 5 years	1 496	466
Total due by remaining maturity	211 583	100 142
Due by country		
Estonia	178 535	90 298
OECD countries	33 048	9 844
Total due by country	211 583	100 142
Overdue claims and loans		
Loans to private persons	1	0
Total overdue claims and loans	1	0
Bank has no loans with specific loan loss provisions.		
Note 15: Shares		
shares in trading portfolio	465	0
-quoted on stock exchange	465	0
shares in investment portfolio	96	96
-quoted on stock exchange	0	0
Total shares	561	96
Shares by country		
Estonia	213	96
OECD countries	348	
Total shares by country	561	96
Note 16: Intangible Assets		
Software	2 852	2 151
Accumulated depreciation	-2 162	-1 989
Total intangible assets	690	162
Note 17: Fixed Assets		
Capitalised expenses	2 871	1 923
Prepayments	0	259
Computers	774	863
Furniture	1 071	872
Other fixed assets	1 612	1 085
Accumulated depreciation	-2 214	-1 589
Total fixed assets	4 114	3 413

	30.09.2005	31.12.2004
Note 18: Other Assets		
Revaluation of foreign currency derivatives	5 819	28
Total other assets	5 819	28
Note 19: Accruals and Prepaid Expenses		
Interests receivable	690	475
Fees and commissions receivable	106	166
Prepaid expenses	3 557	3 813
Debtors	3 343	4 318
Other accrued revenue	26	1
Total accruals and prepaid expenses	7 722	8 773
Note 20: Due to Customers		
Demand deposits	34 955	47 022
Time deposits	99 470	33 850
Total due to customers	134 425	80 871
Demand deposits by customer groups		
Government	649	0
Financial institutions	22	148
Non-profit organisations	113	156
Companies	8 549	21 630
Private persons	25 622	25 088
Total demand deposits	34 955	47 022
Time deposits by customer groups		
Financial institutions	33 547	23 470
Non-profit organisations	1 075	0
Companies	36 848	5 455
Private persons	28 000	4 925
Total time deposits	99 470	33 850
Note 21: Debt Certificate Liabilities		
Bonds issued	41 855	0
Total debts certificate liabilities	41 855	0
Note 22: Other liabilities		
Payments in transmission	111	0
Total other liabilities	111	0
Note 23: Accrued expenses and deferred income		
Interest payable	1 438	122
Taxes payable	100	119
Payables to employees	219	219
Payables to suppliers	258	397
Other accrued expenses and deferred income	102	0
Total accrued expenses and deferred income	2 117	858

Note 24: Geographical Concentration of Clients' Debts
(in EEK ths., as of 30.09.2005)

Area / Type of debt	Balance sheet claims			incl. overdue or doubtful receivables	Off-balance sheet claims	By country (%)
	loans*	securities	other claims			
Estonia	225 073	213	690	1	206 271	65.39%
Sweden	0	203	0	0	0	0.03%
Italy	15	0	0	0	0	0.00%
United States of America	343	0	0	0	0	0.05%
Finland	279	145	0	0	0	0.06%
United Kingdom	8 272	0	0	0	195 119	30.77%
Greece	24 439	0	0	0	0	3.70%
Total	258 421	561	690	1	401 390	100.00%

* includes claims to credit institutions and financial institutions

Note 25: Concentration of Clients' Debt by Economic Sector
(in EEK ths., as of 30.09.2005)

Economic sector / Type of debt	Balance sheet claims			incl. overdue and doubtful receivables	Off-balance sheet claims	By sector (%)
	loans*	securities	other claims			
Finance	55 542	0	0	0	195 119	37.92%
Retail and wholesale	28 143	0	63	0	180 242	31.53%
Real estate development	127 167	96	498	0	0	19.33%
Private persons	31 648	0	33	1	0	4.79%
Construction	465	0	3	0	0	0.07%
Industry	13 755	465	52	0	0	2.16%
Transport and logistics	0	0	0	0	26 029	3.94%
Hotels, restaurants	1 300	0	8	0	0	0.20%
Other public, social and private services	145	0	0	0	0	0.02%
Healthcare	256	0	1	0	0	0.04%
Other business	0	0	32	0	0	0.00%
Total	258 421	561	690	1	401 390	100.00%

* includes claims to credit institutions and financial institutions.