



AS SBM Pank

(SBM Bank Ltd.)

*Public Interim Report
II Quarter 2007*

Translation from original in Estonian

1 Summary Information

Report date: 30.06.2007
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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e-mail: info@smbank.ee
Internet: www.smbank.ee

The bank is not rated by international rating agencies.

	EEK ths.	EUR ths.
Total assets	539,802	34,500
Net profit / loss	3,461	221
Return on equity (ROE)	3.48%	3.48%
Assets utilisation (AU)	9.59%	9.59%
Overdue claims and loans, incl. interest	2,590	166
Loan loss provisions	860	55
Net own funds	195,381	12,487
Capital adequacy ratio	42.68%	42.68%

“Public Interim Report II 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.smbank.ee> from 06.08.2007.

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: Maret Tambek
KPMG Baltics AS
Address: Narva mnt 5, 10117 Tallinn, Estonia
Registration code: 10096082

2.3 Report Period is 01.01.-30.06.2007, Report Balance Sheet Date 30.06.2007

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

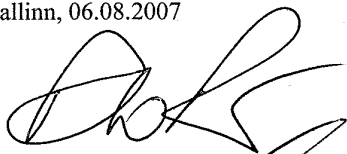
2.4 Report Currency is Estonian Kroons and Units are Thousands of Kroons

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, 06.08.2007



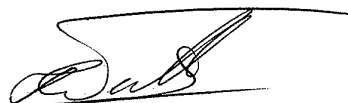
Riho Rasmann
Chairman of the Management Board



Mart Veskimägi
Member of the Management Board



Sven Raba
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

Second quarter of 2007 was successful for AS SBM Pank. Total assets of the bank exceeded continuously half billion kroons, reaching 539.8 million kroons (34.5 million euros) as of end of 2nd quarter, growing 1.67 times compared with the end of the first half-year 2006. Loan portfolio totalled 414.3 million kroons (26.5 million euros), i.e. 76.7% of total assets. Growth compared with the result of 1st half-year 2006, 216.3 million kroons, is 1.9 times. Customer deposits with the bank grew 1.2 times, reaching 172.8 million kroons (11 million euros), compared with the same period last year.

Profit for the 1st half of this year comprised 3.46 million kroons (0.221 million euros), which is only little less than the profit for the full year 2006, 3.49 million kroons (0.223 million euros), profit grew close to 7 times compared with the 1st half-year 2006.

Net interest income of the first 6 months 2007 totalled 18.3 million kroons (1.17 million euros), earned mostly on loans. Compared with the same period 2006, 8.7 million kroons, the growth was 2.1 times. Total of 19.9 million kroons i.e. 1.27 million euros of operating profit was earned in the first half-year 2007, compared with the same period 2006, 10.2 million kroons, the growth was 1.95 times. As the bank grew, the administrative expenses of the first 6 months 2007 reached 14.3 million kroons (0.91 million euros) compared with the 9.7 million kroons in 1st half-year 2006.

0.8 million kroons (0.05 million euros) was invested in fixed assets during the 2nd quarter. Bank continued to develop branch network by opening a branch in Jõhvi on 2 April and in Pärnu on 1 June, additional to the existing branches in Tallinn and Tartu. Tartu branch is planned to be moved to Kõüni 2 by the end of the year. Plans also include an increase of non-cash branches in Tallinn. Clients gained access to a new internet bank with enhanced functionality after the balance sheet date of this report, on July 30. In addition to the English and Estonian languages it will become available also in Russian by the end of year. Investments are planned to continue at a growing pace.

Marfin Popular Bank Public Co Ltd announced pre-agreement to acquire 50.12% of the share capital of AS SBM Pank at a cost of Euro 6,432,065 on 15 June 2007. It is noted, however, that the above acquisition is subject to the legally required authorisations and approvals being obtained from the responsible supervisory authorities in Cyprus and Estonia.

Mr. Michalakis Louis, chairman of the Supervisory Board, discontinued work in the Marfin group, whereby he is planned to be recalled also from the Supervisory Board of the bank. Other members of the Supervisory Board are continuously Mr. Nikolaos Sarros, Mr. Fotios Karatzenis, Mr. Efthymios Bouloutas, Mr. Achillefs Giannisis, Mr. Emmanouil Karavelakis and Mr. Frank Ulrich John. 0.4 million kroons (0.03 million euros) of membership fees was calculated to the members of the Supervisory Board of AS SBM Pank in the 2nd quarter of 2007. No fees were paid to the members of the Supervisory Board in year 2006.

No changes have occurred in the Management Board of the bank. No membership fees have been paid to the members of the Management Board. Calculated salaries of the members of the Management Board totalled 0.8 million kroons (0.05 million euros), of employees 1.6 million kroons (0.1 million euros) in the 2nd quarter of 2007. Average number of employees was 27.

Bank's equity totalled 200.0 million kroons (12.8 million euros) and capital adequacy ratio stood at 42.68% as of 30 June 2007.

3.3 Prudential Ratios

Capital Adequacy

	EEK ths. 30.06.2007	EEK ths. 30.06.2006	EUR ths. 30.06.2007	EUR ths. 30.06.2006
First tier equity	195,381	94,729	12,487	6,054
Paid-in share capital	200,500	100,000	12,814	6,391
Other reserves	446	271	29	17
Retained profit / loss from previous years	-4,424	-4,606	-283	-294
Intangible assets (minus)	-1,141	-936	-73	-60
Loss for the current reporting period (minus)	0	0	0	0
Total gross own funds	195,381	94,729	12,487	6,054
Deductions from gross own funds	0	0	0	0
Total net own funds	195,381	94,729	12,487	6,054
Third tier equity	0	0	0	0
Risk weighted assets	420,611	238,530	26,882	15,245
I category (risk adjustment 0%)	72,503	69,458	4,634	4,439
II category (risk adjustment 20%)	5,902	10,148	377	649
III category (risk adjustment 50%)	20,408	8,629	1,304	551
IV category (risk adjustment 100%)	409,227	232,186	26,154	14,839
Risk weighted off-balance sheet commitments	27,656	2,056	1,768	131
Group I	27,656	2,056	1,768	131
Group II	0	0	0	0
Capital requirement for currency risk	0	0	0	0
Capital requirement for trading portfolio risks	763	130	49	8
Capital requirement for interest position risk	691	33	44	2
Capital requirement for share position risk	72	97	5	6
Capital adequacy	42.68%	39.11%	42.68%	39.11%

Net Currency Positions

(EEK ths., as of 30.06.2007)

Currency	Balance sheet position		Off-balance sheet position		Net position
	long	short	long	short	
Joint EEK and EUR position	536,459	318,197	127,510	194,612	151,159

(EEK ths., as of 30.06.2006)

Currency	Balance sheet position		Off-balance sheet position		Net position
	long	short	long	short	
Joint EEK and EUR position	321,364	214,610	181,346	207,611	80,489

(EUR ths., as of 30.06.2007)

Currency	Balance sheet position		Off-balance sheet position		Net position
	long	short	long	short	
Joint EEK and EUR position	34,286	20,336	8,149	12,438	9,661

(EUR ths., as of 30.06.2006)

Currency	Balance sheet position		Off-balance sheet position		Net position
	long	short	long	short	
Joint EEK and EUR position	20,539	13,716	11,590	13,269	5,144

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

Assets and Liabilities by Maturities

(EEK ths., as of 30.06.2007)

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	112,725	2,590	31,678	78,733	194,279	49,414	61,168	3,855	534,442
Cash and claims to banks	76,983	0	1,421	0	0	0	0	0	78,404
Claims to clients	4,650	1,700	27,864	78,492	194,136	49,414	61,168	3,759	421,183
Securities	30,622	0	0	0	0	0	0	96	30,718
Other claims	470	890	2,393	241	143	0	0	0	4,137
Off-balance sheet claims	0	0	273,973	0	0	0	0	0	273,973
Bank's liabilities	62,802	0	91,455	100,333	80,051	963	4,215	0	339,819
Owed to banks	0	0	29,708	93,879	15,647	0	0	0	139,234
Owed to clients	60,441	0	58,802	6,454	41,934	963	4,215	0	172,809
Debts evidenced by certificates	0	0	0	0	22,470	0	0	0	22,470
Other liabilities	2,361	0	2,945	0	0	0	0	0	5,306
Off-balance sheet commitments	20,503	0	275,704	0	156	25,000	0	0	321,363

(EUR ths., as of 30.06.2007)

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	7,204	166	2,025	5,032	12,417	3,158	3,909	246	34,157
Cash and claims to banks	4,920	0	91	0	0	0	0	0	5,011
Claims to clients	297	109	1,781	5,017	12,408	3,158	3,909	240	26,918
Securities	1,957	0	0	0	0	0	0	6	1,963
Other claims	30	57	153	15	9	0	0	0	264
Off-balance sheet claims	0	0	17,510	0	0	0	0	0	17,510
Bank's liabilities	4,014	0	5,845	6,412	5,116	62	269	0	21,718
Owed to banks	0	0	1,899	6,000	1,000	0	0	0	8,899
Owed to clients	3,863	0	3,758	412	2,680	62	269	0	11,045
Debts evidenced by certificates	0	0	0	0	1,436	0	0	0	1,436
Other liabilities	151	0	188	0	0	0	0	0	339
Off-balance sheet commitments	1,310	0	17,621	0	10	1,598	0	0	20,539

Assets and Liabilities by Maturities

(EEK ths., as of 30.06.2006)

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	97,234	1,949	17,937	40,519	111,450	29,284	19,419	176	317,968
Cash and claims to banks	79,284	0	322	0	0	0	0	0	79,606
Claims to clients	12,368	1,826	16,097	40,517	111,411	29,269	19,418	80	230,986
Securities	1,440	0	0	0	0	0	0	96	1,536
Other claims	4,142	123	1,518	2	39	15	1	0	5,840
Off-balance sheet claims	0	0	372,342	0	0	0	0	0	372,342
Bank's liabilities	44,978	0	61,884	14,391	61,047	24,322	4,314	0	210,936
Owed to banks	0	0	0	0	0	0	0	0	0
Owed to clients	44,007	0	55,209	14,179	24,782	1,154	4,306	0	143,637
Debts evidenced by certificates	0	0	6,135	0	35,720	22,470	0	0	64,325
Other liabilities	971	0	540	212	545	698	8	0	2,974
Off-balance sheet commitments	0	0	371,626	2,000	10,717	2,320	1,050	0	387,713

(EUR ths., as of 30.06.2006)

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	6,214	125	1,146	2,590	7,123	1,872	1,241	11	20,322
Cash and claims to banks	5,067	0	21	0	0	0	0	0	5,088
Claims to clients	790	117	1,029	2,590	7,120	1,871	1,241	5	14,763
Securities	92	0	0	0	0	0	0	6	98
Other claims	265	8	97	0	2	1	0	0	373
Off-balance sheet claims	0	0	23,797	0	0	0	0	0	23,797
Bank's liabilities	2,875	0	3,955	920	3,902	1,554	276	0	13,481
Owed to banks	0	0	0	0	0	0	0	0	0
Owed to clients	2,813	0	3,528	906	1,584	74	275	0	9,180
Debts evidenced by certificates	0	0	392	0	2,283	1,436	0	0	4,111
Other liabilities	62	0	35	14	35	45	1	0	190
Off-balance sheet commitments	0	0	23,751	128	685	148	67	0	24,779

Risk Concentration

(EEK ths., as of 30.06.2007)

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

(EUR ths., as of 30.06.2007)

	no. / amount	% from net own funds
Number of customers (client groups) with high risk concentration	9	
Due from customers with high risk concentration	12,558	100.57%
Due from persons connected with credit institution	12	0.10%

(EEK ths., as of 30.06.2006)

	no. / amount	% from net own funds
Number of customers (client groups) with high risk concentration	12	
Due from customers with high risk concentration	204,168	104.50%
Due from persons connected with credit institution	189	0.10%

(EUR ths., as of 30.06.2006)

	no. / amount	% from net own funds
Number of customers (client groups) with high risk concentration	12	0
Due from customers with high risk concentration	13,049	104.50%
Due from persons connected with credit institution	12	0.10%

3.4 Ratios

		01.04.-30.06.2007	01.04.-30.06.2006
Return on equity	ROE	3.48%	1.06%
Equity multiplier	EM	2.67	3.22
Profit margin	PM	13.60%	3.18%
Asset utilisation	AU	9.59%	10.38%
Net interest margin	NIM	7.02%	5.90%
Basic earnings per share	Basic EPS	0.10	0.08
Diluted earnings per share	Diluted EPS	0.10	0.08
Spread	SPREAD	5.90%	4.35%
Yield on interest-earning assets	YIEA	8.89%	8.24%
Cost of interest-bearing liabilities	COL	3.41%	4.75%

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 30.06.2007 in any court cases where the bank could sustain substantial losses in the future. Action was filed to court against one loan customer to ensure proper fulfillment of loan obligation and sale of collateral, and execution proceeding of loan collateral was initiated against one loan customer based on court judgment entered into force.

4 Financial Statements

4.1 Income Statement

		EEK ths. 01.04.2007- 30.06.2007	EEK ths. 01.01.2007- 30.06.2007	EEK ths. 01.04.2006- 30.06.2006	EEK ths. 01.01.2006- 30.06.2006
	Note				
Interest income	1	12,528	23,178	6,198	12,088
From loans		11,287	21,361	5,582	11,097
From deposits		611	1,005	615	990
From debt securities and other fixed income securities		630	812	1	1
Interest expense	2	2,763	4,920	1,777	3,433
From demand deposits		674	977	404	661
From time and saving deposits		1,770	3,020	655	1,336
From debts evidenced by certificates		319	923	718	1,436
Net interest income/expense (+/ -)		9,765	18,258	4,421	8,655
Fees and commissions income	3	356	697	381	888
Fees and commissions expense	4	236	430	222	561
Dealing profits (+/ -)	5	726	1,423	763	1,255
Profit/income		1,039	2,088	918	1,605
Loss/expense		313	665	155	350
General administrative expenses		7,341	14,288	5,244	9,703
Salaries and compensations	6	2,880	6,135	2,111	3,993
Social taxes, unemployment insurance premium expense	7	956	2,032	699	1,325
Other administrative expenses	8	3,505	6,121	2,434	4,385
Value adjustments of investments in land and property, fixed and intangible assets (+/-)		-463	-886	-358	-699
Loss/expense	9	463	886	358	699
Value adjustments of loans and advances (+/ -)		-350	-510	1,408	1,408
Expense/income	10	-510	-510	1,408	1,408
Other operating expense	11	412	803	369	735
Income/loss before taxes (+/ -)		2,045	3,461	780	508
Profit/loss for the period (+/ -)		2,045	3,461	780	508

Income Statement

		EUR ths.	EUR ths.	EUR ths.	EUR ths.
	Note	01.04.2007- 30.06.2007	01.01.2007- 30.06.2007	01.04.2006- 30.06.2006	01.01.2006- 30.06.2006
Interest income	1	801	1,481	396	773
From loans		721	1,365	357	709
From deposits		39	64	39	63
From debt securities and other fixed income securities		40	52	0	0
Interest expense	2	177	314	114	219
From demand deposits		43	62	26	42
From time and saving deposits		113	193	42	85
From debts evidenced by certificates		20	59	46	92
Net interest income/expense (+/-)		624	1,167	283	553
Fees and commissions income	3	23	45	24	57
Fees and commissions expense	4	15	27	14	36
Dealing profits (+/-)	5	46	91	49	80
Profit/income		66	133	59	103
Loss/expense		20	43	10	22
General administrative expenses		469	913	335	620
Salaries and compensations	6	184	392	135	255
Social taxes, unemployment insurance premium expense	7	61	130	45	85
Other administrative expenses	8	224	391	156	280
Value adjustments of investments in land and property, fixed and intangible assets (+/-)		-30	-57	-23	-45
Loss/expense	9	30	57	23	45
Value adjustments of loans and advances (+/-)		-22	-33	90	90
Expense/income	10	-33	-33	90	90
Other operating expense	11	26	51	24	47
Income/loss before taxes (+/-)		131	221	50	32
Profit/loss for the period (+/-)		131	221	50	32

Basic earnings per share (Basic EPS)

01.01.-30.06.2007	EEK	0.10	EUR	0.006
01.01.-30.06.2006	EEK	0.08	EUR	0.005

Diluted earnings per share (Diluted EPS)

01.01.-30.06.2007	EEK	0.10	EUR	0.006
01.01.-30.06.2006	EEK	0.08	EUR	0.005

4.2 Balance Sheet

	Note	EEK ths. 30.06.2007	EEK ths. 31.12.2006	EUR ths. 30.06.2007	EUR ths. 31.12.2006
Cash	12	913	259	58	17
Balances with central bank	13	71,589	74,265	4,575	4,746
Demand loans		71,589	74,265	4,575	4,746
Due from credit institutions	14	5,902	1,790	377	114
Demand loans		4,481	1,790	286	114
Time loans		1,421	0	91	0
Due from customers	15	422,043	365,986	26,973	23,391
incl. overdraft		2,560	1,990	164	127
incl. loans with mortgage collateral		299,962	217,640	19,171	13,910
Claims to financial institutions		27,682	36,915	1,769	2,359
Loans to other enterprises		354,425	295,472	22,652	18,884
Loans to private persons		39,936	33,599	2,552	2,147
Provisions for doubtful receivables (minus)		-860	-350	-55	-33
Provisions for doubtful loans to clients		-860	-350	-55	-33
Securities	16	30,718	12,969	1,963	829
Debt securities and other fixed income securities		30,303	12,353	1,937	790
Shares		415	616	27	39
Intangible assets	17	1,141	1,066	73	68
Fixed assets	18	4,219	3,822	270	244
Other assets	19	769	148	49	9
Accrued revenue and prepaid expenses	20	3,368	3,199	215	204
incl. interest receivable		2,222	1,884	142	120
Total assets		539,802	463,154	34,500	29,601
Amounts owed to credit institutions	21	139,234	78,140	8,899	4,994
Time deposits		139,234	78,140	8,899	4,994
Amounts owed to customers	22	172,809	130,190	11,045	8,321
Amounts owed to government		226	93	14	6
Amounts owed to financial institutions		174	216	11	14
Amounts owed to other enterprises		64,511	43,853	4,123	2,803
Amounts owed to non-profit organisations		1,189	1,245	76	80
Amounts owed to private persons		106,709	84,783	6,820	5,419
Debt certificate liabilities	23	22,470	53,190	1,436	3,399
Bonds issued		22,470	53,190	1,436	3,399
Other liabilities	24	727	1,967	46	126
incl. payments in transmission		727	1,967	46	126
Accrued expenses and deferred income	25	4,579	3,145	293	201
incl. interest payable		2,310	1,667	148	107
Total liabilities		339,819	266,632	21,718	17,041
Share capital		200,500	200,500	12,814	12,814
Other reserves		446	271	29	17
Retained earnings		-4,424	-7,735	-283	-494
Profit for the year		3,461	3,486	221	223
Total equity		199,983	196,522	12,781	12,560
Total liabilities and equity		539,802	463,154	34,500	29,601

4.3 Off-Balance Sheet Claims and Commitments

(EEK ths., as of 30.06.2007)

	Claims Commitments	
Irrevocable transactions	0	48,159
Guarantees and other similar irrevocable transactions	0	27,656
incl. financial guarantees	0	27,656
Unused amount of credit lines and overdraft limits	0	20,503
Derivatives	273,973	273,204
Currency-related derivatives	273,973	273,204

(EUR ths., as of 30.06.2007)

	Claims Commitments	
Irrevocable transactions	0	3,078
Guarantees and other similar irrevocable transactions	0	1,768
incl. financial guarantees	0	1,768
Unused amount of credit lines and overdraft limits	0	1,310
Derivatives	17,510	17,461
Currency-related derivatives	17,510	17,461

(EEK ths., as of 30.06.2006)

	Claims Commitments	
Irrevocable transactions	0	16,087
Guarantees and other similar irrevocable transactions	0	2,056
incl. financial guarantees	0	2,056
Unused amount of credit lines and overdraft limits	0	14,031
Derivatives	372,342	371,626
Currency-related derivatives	372,342	371,626

(EUR ths., as of 30.06.2006)

	Claims Commitments	
Irrevocable transactions	0	1,028
Guarantees and other similar irrevocable transactions	0	131
incl. financial guarantees	0	131
Unused amount of credit lines and overdraft limits	0	897
Derivatives	23,797	23,751
Currency-related derivatives	23,797	23,751

4.4 Statement of Changes in Equity

	EEK ths.	EEK ths.	EUR ths.	EUR ths.
	01.01.2007 - 30.06.2007	01.01.2006 - 30.06.2006	01.01.2007 - 30.06.2007	01.01.2006 - 30.06.2006
Share capital				
Balance at beginning of period	200,500	100,000	12,814	6,391
Balance at end of period	200,500	100,000	12,814	6,391
Other reserves				
Balance at beginning of period	271	271	17	17
Statutory legal reserve	175	0	11	0
Balance at end of period	446	271	29	17
Retained earnings				
Balance at beginning of period	-4,424	-4,606	-283	-294
Profit / loss for the financial year	3,461	508	221	32
Balance at end of period	-963	-4,098	-62	-262
Total shareholder's equity:				
at beginning of period	196,522	95,665	12,560	6,114
at end of period	199,983	96,173	12,781	6,147

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. 01.01.2007- 30.06.2007	EEK ths. 01.01.2006- 30.06.2006	EUR ths. 01.01.2007- 30.06.2007	EUR ths. 01.01.2006- 30.06.2006
Cash flows from operating activities	-7,270	9,087	-465	581
interests received	23,178	23,178	1,481	1,481
interests paid	-4,920	-4,920	-314	-314
fees and commissions received	697	697	45	45
fees and commissions paid	-430	-430	-27	-27
general administrative expenses	-14,288	-14,288	-913	-913
net trading income	1,423	1,423	91	91
other operating expenses	-803	-803	-51	-51
net increase/decrease in operating assets (-/+)				
loan portfolio	-65,290	-65,290	-4,173	-4,173
due from other banks	-10,718	4,228	-685	270
other assets	8,443	9,854	540	630
securities	-17,749	-17,749	-1,134	-1,134
net increase/decrease in operating liabilities (+/-)				
due to credit institutions	61,094	61,094	3,905	3,905
due to customers	42,619	42,619	2,724	2,724
debt certificate liabilities	-30,720	-30,720	-1,963	-1,963
other liabilities	194	194	12	12
Cash flows from investing activities	-1,358	-670	-87	-43
purchase of tangible fixed assets	-1,125	-453	-72	-29
purchase of intangible assets	-233	-217	-15	-14
Net change in cash and cash equivalents	-8,628	8,417	-551	538
Cash and cash equivalents at beginning of year	44,301	39,039	2,831	2,495
Cash and cash equivalents at the end of II quarter	35,673	47,456	2,280	3,033

* 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

	EEK ths. 01.01.07- 30.06.07	EEK ths. 01.01.06- 30.06.06	EUR ths. 01.01.07- 30.06.07	EUR ths. 01.01.06- 30.06.06
Note 1: Interest Income				
Interest income from loans	21,361	11,097	1,365	709
Interest income from demand deposits	696	990	44	63
Interest income from time deposits	309	0	20	0
Interest income from debt securities	812	1	52	0
Total interest income	23,178	12,088	1,481	773
Note 2: Interest Expense				
Interest expense on demand deposits	977	661	62	42
Interest expense on time deposits	3,020	1,336	193	85
Interest expense on debts evidenced by certificates	923	1,436	59	92
Total interest expense	4,920	3,433	314	219
Note 3: Fees and Commissions Income				
Account opening and maintenance fees	161	118	10	8
Security transaction fees	231	629	15	40
Bank transaction fees	290	126	19	8
Other fees and commissions income	15	15	1	1
Total fees and commissions income	697	888	45	57
Note 4: Fees and Commissions Expense				
Securities transactions expenses	103	339	7	22
Bank transaction expenses	185	90	12	6
S.W.I.F.T. expenses	140	124	9	8
Other fees and commissions expense	2	8	0	1
Total fees and commissions expense	430	561	27	36
Note 5: Dealing Profits (+/-)				
Net profit from foreign exchange	1,348	1,290	86	82
Net profit from shares and debt securities in trading portfolio	75	-35	5	-2
Total dealing profits	1,423	1,255	91	80
Note 6: Salaries and Compensations				
Salaries	4,903	3,990	313	255
Supervisory Board members' fees	1,224	0	78	0
Fringe benefits	4	3	0	0
Income tax on fringe benefits	4	0	0	0
Total salaries and compensations	6,135	3,993	392	255

	EEK ths. 01.01.07- 30.06.07	EEK ths. 01.01.06- 30.06.06	EUR ths. 01.01.07- 30.06.07	EUR ths. 01.01.06- 30.06.06
Note 7: Social Taxes, Unemployment Insurance Premium Expense				
Social taxes from salaries	1,622	1,324	104	85
Social taxes from Supervisory Board members' fees	404	1	26	0
Social taxes from fringe benefits	6	0	0	0
Total social taxes, unemployment insurance premium expense	2,032	1,325	130	85
Note 8: Other Administrative Expenses				
Rent of premises	1,925	1,485	123	95
IT expenses	1,013	798	65	51
Post and telecommunication expenses	283	211	18	13
Other professional services purchased	792	623	51	40
Office expenses	371	176	24	11
Training and business trip expenses	64	81	4	5
Advertising expenses	1,133	563	72	36
Transportation expenses	438	404	28	26
Other expenses	102	44	7	3
Total other administrative expenses	6,121	4,385	391	280
Note 9: Value Adjustments of Property Investments, Fixed and Intangible Assets (+/-)				
Depreciation of fixed assets	727	-587	46	-38
Amortisation of intangible assets	159	-112	10	-7
Total value adjustments of property investments, fixed and intangible assets (+/-)	886	-699	57	-45
Note 10: Value Adjustments of Loans and Advances (+/-)				
Doubtful receivables' expense	510	1,408	33	90
Total value adjustments of loans and advances (+/-)	510	1,408	33	90
Note 11: Other Operating Expense				
Guarantee Fund payments	341	208	22	13
Financial Supervision Authority fees	332	406	21	26
Tallinn Stock Exchange fees	85	85	5	5
Other operating expenses	45	36	3	2
Total other operating expense	803	735	51	47
Note 12: Cash				
Cash in Estonian kroons	624	531	40	34
Cash in foreign currency	289	196	18	13
Total cash	913	727	58	46
Note 13: Balances with Central Bank				
Mandatory reserve	42,731	26,583	2,731	1,699
Surplus of the reserve with the central bank	28,858	42,148	1,844	2,694
Total balances with central bank	71,589	68,731	4,575	4,393

	EEK ths. 30.06.2007	EEK ths. 30.06.2006	EUR ths. 30.06.2007	EUR ths. 30.06.2006
Note 14: Due from Other Credit Institutions				
Correspondent accounts	4,481	9,826	286	628
Overnight deposits	1,421	322	91	21
Total due from other credit institutions	5,902	10,148	377	649
Claims by country				
Estonia	2,185	9,291	140	594
OECD countries	3,717	857	238	55
Total claims by country	5,902	10,148	377	649
Note 15: Due from Customers				
Due by customer types				
Due from financial institutions	27,682	14,682	1,769	938
Loans to private companies	354,606	208,208	22,663	13,307
Loans to private persons	39,956	8,891	2,554	568
Loan revaluation	-201	-795	-13	-51
Total due from customers	422,043	230,986	26,973	14,763
Interest rates of loans range between 5% - 18%.				
Due by remaining maturity				
On demand	4,650	12,368	297	790
Up to 3 months	106,356	56,614	6,797	3,618
3 to 12 months	194,136	111,411	12,408	7,120
1 to 2 years	49,414	29,269	3,158	1,871
2 to 5 years	61,168	19,418	3,909	1,241
over 5 years	3,759	80	240	5
overdue	1,700	1,826	109	117
doubtful receivables	860	0	55	0
Total due from customers	422,043	230,986	26,973	14,763
Due by country				
Estonia	407,364	213,384	26,035	13,638
OECD countries	14,679	17,602	938	1,125
Total due from customers	422,043	230,986	26,973	14,763
Overdue claims and loans				
Loans to private enterprises	2,590	1,949	166	125
Total overdue claims and loans	2,590	1,949	166	125
Specific loan loss provisions	860	0	55	0
Note 16: Securities				
Debt securities				
Debt securities by issuer				
Debt securities of private companies held-to-maturity	30,303	983	1,937	63
Total debt securities by issuer	30,303	983	1,937	63

	EEK ths. 30.06.2007	EEK ths. 30.06.2006	EUR ths. 30.06.2007	EUR ths. 30.06.2006
Note 16 continued				
Debt securities by countries				
Estonia	29,896	983	1,911	63
OECD countries	407	0	26	0
Total debt securities by countries	30,303	983	1,937	63
Shares				
Financial assets in fair value with change through income statement	319	457	20	29
- shares listed in stock exchange	319	457	20	29
shares in investment portfolio available-for-sale	96	96	6	6
Total shares	415	553	27	35
Shares by countries				
Estonia	96	137	6	9
OECD countries	319	416	20	27
Total shares by countries	415	553	27	35
Note 17: Intangible Assets				
Computer software	8,633	3,254	552	208
Accumulated depreciation	-4,414	-2,317	-282	-148
Total intangible assets	4,219	937	270	60
Note 18: Fixed Assets				
Computers	1,257	1,101	80	70
Furniture	1,372	1,111	88	71
Other fixed assets	6,004	4,707	384	301
Accumulated depreciation	-4,414	-3,078	-282	-197
Total fixed assets	4,219	3,841	270	245
Note 19: Other Assets				
Revaluation of foreign currency derivatives	769	716	49	46
Total other assets	769	716	49	46
Note 20: Accrued Revenue and Prepaid Expenses				
Interests receivable	2,222	864	142	55
Fees and commissions receivable	104	155	7	10
Prepaid expenses	804	3,915	51	250
Debtors	30	78	2	5
Other accrued revenue	208	123	13	8
Total accrued revenue and prepaid expenses	3,368	5,135	215	328
Note 21: Amounts Owed to Credit Institutions				
Time deposits	139,234	0	8,899	0
Total amounts owed to credit institutions	139,234	0	8,899	0

	EEK ths. 30.06.2007	EEK ths. 30.06.2006	EUR ths. 30.06.2007	EUR ths. 30.06.2006
Note 22: Amounts Owed to Customers				
Demand deposits	99,460	71,219	6,357	4,552
Time deposits	73,349	72,418	4,688	4,628
Total amounts owed to customers	172,809	143,637	11,045	9,180
Demand deposits by customer groups				
Government	226	1	14	0
Financial institutions	174	108	11	7
Companies	46,748	39,149	2,988	2,502
Non-profit organisations	1,184	82	76	5
Private persons	51,128	31,879	3,268	2,037
Total demand deposits	99,460	71,219	6,357	4,552
Time deposits by customer groups				
Financial institutions	0	10,000	0	639
Companies	17,763	21,981	1,135	1,405
Non-profit organisations	5	5	0	0
Private persons	55,581	40,432	3,552	2,584
Total time deposits	73,349	72,418	4,688	4,628
Note 23: Debt Certificate Liabilities				
Bonds issued	22,470	64,325	1,436	4,111
Total debt certificate liabilities	22,470	64,325	1,436	4,111
Bonds by maturity				
10.08.2006, int. rate 3.60% p.a., 30/360	0	6,135	0	392
20.04.2007, int. rate 4.75% p.a., 30/360 *	0	35,720	0	2,283
11.10.2007, int. rate 4.25% p.a., 30/360	11,200	11,200	716	716
19.10.2007, int. rate 4.25% p.a., 30/360	11,270	11,270	720	720
Total debt certificate liabilities	22,470	64,325	1,436	4,111
* Listed on Tallinn Stock Exchange				
Note 24: Other Liabilities				
Payments in transmission	727	16	46	1
Total other liabilities	727	16	46	1
Note 25: Accrued Expenses and Deferred Income				
Interest payable	2,310	1,984	148	127
Taxes payable	682	410	44	26
Payables to employees	476	327	30	21
Payables to suppliers	0	212	0	14
Other accrued expenses and deferred income	1,111	25	71	2
Total accrued expenses and deferred income	4,579	2,958	293	189

Note 26: Geographical Concentration of Clients' Debts

(EEK ths., as of 30.06.07)

Area / Type of debt	Balance sheet claims			incl. overdue and doubtful receivables	Off-balance sheet claims	By area (%)
	loans *	securities	other claims			
Estonia	476,326	29,992	2,035	2,590	95,407	74.52%
Sweden	0	81	0	0	0	0.01%
Italy	269	0	0	0	0	0.03%
United States of America	39	0	0	0	0	0.00%
Finland	174	196	0	0	0	0.05%
Denmark	1,015	0	0	0	0	0.13%
Latvia	0	449	26	0	0	0.06%
Germany	2,432	0	0	0	0	0.30%
United Kingdom	7,450	0	0	0	100,333	13.36%
Greece	14,691	0	155	0	78,233	11.54%
Total	502,396	30,718	2,216	2,590	273,973	100.00%

(EUR ths., as of 30.06.07)

Area / Type of debt	Balance sheet claims			incl. overdue and doubtful receivables	Off-balance sheet claims	By area (%)
	loans *	securities	other claims			
Estonia	30,443	1,917	130	166	6,098	74.52%
Sweden	0	5	0	0	0	0.01%
Italy	17	0	0	0	0	0.03%
United States of America	2	0	0	0	0	0.00%
Finland	11	13	0	0	0	0.05%
Denmark	65	0	0	0	0	0.13%
Latvia	0	29	2	0	0	0.06%
Germany	155	0	0	0	0	0.30%
United Kingdom	476	0	0	0	6,412	13.36%
Greece	939	0	10	0	5,000	11.54%
Total	32,109	1,963	142	166	17,510	100.00%

Note 26 continued

Geographical Concentration of Clients' Debts

(EEK ths., as of 30.06.06)

Area / Type of debt	Balance sheet claims			incl. overdue and doubtful receivables	Off-balance sheet claims	By area (%)
	loans *	securities	other claims			
Estonia	291,386	1,120	860	1,949	159,840	66.10%
Sweden	0	67	0	0	0	0.01%
Italy	157	0	0	0	0	0.02%
United States of America	0	35	0	0	0	0.01%
Finland	18	314	0	0	0	0.05%
Denmark	599	0	0	0	0	0.09%
Poland	19	0	0	0	0	0.00%
United Kingdom	14,486	0	0	0	212,502	33.25%
Greece	3,200	0	4	0	0	0.47%
Total	309,865	1,536	864	1,949	372,342	100.00%

(EUR ths., as of 30.06.06)

Area / Type of debt	Balance sheet claims			incl. overdue and doubtful receivables	Off-balance sheet claims	By area (%)
	loans *	securities	other claims			
Estonia	18,623	72	55	125	10,216	66.10%
Sweden	0	4	0	0	0	0.01%
Italy	10	0	0	0	0	0.02%
United States of America	0	2	0	0	0	0.01%
Finland	1	20	0	0	0	0.05%
Denmark	38	0	0	0	0	0.09%
Poland	1	0	0	0	0	0.00%
United Kingdom	926	0	0	0	13,581	33.25%
Greece	205	0	0	0	0	0.47%
Total	19,804	98	55	125	23,797	100.00%

* includes claims to credit institutions and financial institutions

Note 27: Concentration of Clients' Debt by Economic Sector

(EEK ths., as of 30.06.07)

Economic sector / Type of debt	Balance sheet claims			incl. overdue and doubtful receivables	Off-balance sheet claims	By sector (%)
	loans *	securities	other claims			
Finance	93,286	4,986	258	0	115,966	26.59%
Retail and wholesale	20,672	0	64	700	62,342	10.21%
Real estate	279,696	6,784	1,269	1,368	0	35.50%
Private persons	40,176	0	215	0	78,233	14.70%
Construction	8,751	1,095	44	0	0	1.23%
Industry	27,160	276	176	515	0	3.36%
Transport and logistics	5,907	1,464	19	0	17,432	3.08%
Other public, social and private services	5,200	0	27	0	0	0.65%
Hotels, restaurants	16,766	15,706	95	0	0	4.04%
Healthcare, social care	153	0	1	7	0	0.02%
Agriculture, hunting and forestry	4,629	0	22	0	0	0.58%
Electricity, gas and water supply	0	407	26	0	0	0.05%
Total	502,396	30,718	2,216	2,590	273,973	100.00%

(EUR ths., as of 30.06.07)

Economic sector / Type of debt	Balance sheet claims			incl. overdue and doubtful receivables	Off-balance sheet claims	By sector (%)
	loans *	securities	other claims			
Finance	5,962	319	16	0	7,412	26.59%
Retail and wholesale	1,321	0	4	45	3,984	10.21%
Real estate	17,876	434	81	87	0	35.50%
Private persons	2,568	0	14	0	5,000	14.70%
Construction	559	70	3	0	0	1.23%
Industry	1,736	18	11	33	0	3.36%
Transport and logistics	378	94	1	0	1,114	3.08%
Other public, social and private services	332	0	2	0	0	0.65%
Hotels, restaurants	1,072	1,004	6	0	0	4.04%
Healthcare, social care	10	0	0	0	0	0.02%
Agriculture, hunting and forestry	296	0	1	0	0	0.58%
Electricity, gas and water supply	0	26	2	0	0	0.05%
Total	32,109	1,963	142	166	17,510	100.00%

Note 27 continued

Concentration of Clients' Debt by Economic Sector

(EEK ths., as of 30.06.06)

Economic sector / Type of debt	Balance sheet claims			incl. overdue and doubtful receivables	Off-balance sheet claims	By sector (%)
	loans *	securities	other claims			
Finance	93,561	0	4	0	252,671	50.72%
Retail and wholesale	29,920	0	166	0	70,231	14.70%
Real estate	151,072	1,079	585	168	0	22.35%
Private persons	8,857	0	31	0	0	1.30%
Construction	7,686	41	4	0	0	1.13%
Industry	13,072	416	46	1,781	0	1.72%
Transport and logistics	0	0	0	0	49,440	7.24%
Hotels, restaurants	1,286	0	7	0	0	0.19%
Health and social care	211	0	1	0	0	0.03%
Agriculture, hunting and forestry	4,200	0	20	0	0	0.62%
Total	309,865	1,536	864	1,949	372,342	100.00%

(EUR ths., as of 30.06.06)

Economic sector / Type of debt	Balance sheet claims			incl. overdue and doubtful receivables	Off-balance sheet claims	By sector (%)
	loans *	securities	other claims			
Finance	5,980	0	0	0	16,149	50.72%
Retail and wholesale	1,912	0	11	0	4,489	14.70%
Real estate	9,655	69	37	11	0	22.35%
Private persons	566	0	2	0	0	1.30%
Construction	491	3	0	0	0	1.13%
Industry	835	27	3	114	0	1.72%
Transport and logistics	0	0	0	0	3,160	7.24%
Hotels, restaurants	82	0	0	0	0	0.19%
Health and social care	13	0	0	0	0	0.03%
Agriculture, hunting and forestry	268	0	1	0	0	0.62%
Total	19,804	98	55	125	23,797	100.00%

* includes claims to credit institutions and financial institutions.