



BALTI INVESTEERINGUTE GRUPI PANK AS  
**Public Interim Report**  
2 Q 2008





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## CONSOLIDATED INFORMATION

<b>Business name:</b>	Balti Investeeringute Grupi Pank AS
<b>Register:</b>	Commercial Register of the Republic of Estonia
<b>Commercial registry code:</b>	10183757
<b>Date of entry:</b>	30.01.1997
<b>Address:</b>	Rüütli 23, 51006 Tartu, Estonia
<b>Phone:</b>	+372 737 7570
<b>Fax:</b>	+372 737 7582
<b>E-mail:</b>	<a href="mailto:big@big.ee">big@big.ee</a>
<b>Website:</b>	<a href="http://www.big.ee">www.big.ee</a>
<b>Ratings:</b>	<i>Moody's Investors Service</i> Long-term Deposit Rating B1 Short-term Deposit Rating <i>not prime</i> Financial Strength Rating E+ Outlook stable
<b>Date of reporting:</b>	30.06.2008
<b>Reporting period:</b>	01.04.2008 – 30.06.2008
<b>Auditors:</b>	KPMG Baltics AS company of auditors, entered into the list of auditors 11 July 2001 No 17, Narva mnt.5 Tallinn 10117, registry code 10096082. Responsible auditors: - Andres Root, Sworn Auditor since 20 June 1990 - Eero Kaup, Sworn Auditor since 10 December 1998
<b>Audit:</b>	An audit regarding the financial statements of 2Q 2008 has been conducted.
<b>Reporting currency:</b>	The reporting currencies are the Estonian kroon and euro; data has been presented in millions of kroons and euros. The degree of accuracy of figures is three decimal places.

Public Interim Report is also available at the website of Balti Investeeringute Grupi AS [www.big.ee](http://www.big.ee).

"The Public Interim Report for 2Q2008" of Balti Investeeringute Grupi AS is available in the head office at Rüütli 23, Tartu, and all the other offices, from 29 August 2008.





## DESCRIPTION OF THE CREDIT INSTITUTION GROUP

The principal activity of Balti Investeeringute Grupi Pank AS is granting consumer loans.

In addition to the parent company the group of Balti Investeeringute Grupi Pank AS (Group) comprise two (fully consolidated) subsidiaries:

Business name: AS Baltijas Izaugsmes Grupa (Latvian subsidiary)  
Location: Citadelas 2, LV-1010 Riga, Latvia  
Registry code: 40003291179  
Register: Latvian Commercial Register  
Date of entry: 18.04.1996  
Principal activity: granting consumer loans in the Republic of Latvia  
Holding: 100%

Business name: OÜ Rütli Majad  
Location: Rütli 23, 51006 Tartu  
Registry code: 10321320  
Register: Estonian Commercial Register  
Date of entry: 27.11.1997  
Principal activity: managing the property used by the Group  
Holding: 100%

Subsidiaries have been consolidated line-by-line.

In addition, a branch of Balti Investeeringute Grupi Pank AS is operating in Lithuania.

## DECLARATION OF THE MANAGEMENT BOARD

Having examined the information presented in the Public Interim Report, the Management Board of Balti Investeeringute Group AS is of the following position as of the date of publication:

- The data and additional information presented in the Public Interim Report are true and complete;
- The financial statement provides a true and fair view of the assets, liabilities, financial situation and profit or loss of the issuer and the undertakings included in the consolidation in entirety;
- The data and information presented in Public Interim Report do not omit anything that would affect the content and meaning thereof.

The information presented in the financial statement is prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and also in accordance with the requirements established by the Bank of Estonia for the disclosure of information.

	Date	Signature
Targo Raus Chairman of the Management Board	29.08.2008	
Kaido Saar Member of the Management Board	29.08.2008	
Veiko Kandla Member of the Management Board	29.08.2008	





## OVERVIEW OF THE ECONOMIC ACTIVITY

### THE MAIN FINANCIAL INDICATORS

(in millions of kroons)	Group		Bank*		Latvian subsidiary**	
	30.06.08	31.12.07	30.06.08	31.12.07	30.06.08	31.12.07
Assets	2 699.535	2 620.126	2 596.348	2 533.628	930.929	944.212
Receivables from customers	2 219.216	2 199.254	2 170.777	2 157.089	897.730	903.757
incl. loan portfolio	2 220.026	2 176.515	2163.639	2 136.179	905.678	901.591
incl. interest receivable	165.397	124.402	91.713	76.782	73.684	47.958
incl. impairment allowance	-166.207	-101.663	-84.575	-55.871	-81.632	-45.792
<i>incl to loan receivables</i>	-145.547	-89.588	-74.363	-49.681	-71.184	-39.907
<i>incl. to interest receivables</i>	-20.660	-12.075	-10.212	-6.190	-10.448	-5.885

(in millions of kroons)	Group		Bank*		Latvian subsidiary**	
	2Q 2008	1H 2008	2Q 2008	1H 2008	2Q 2008	1H 2008
Interest income	166.864	348.044	120.961	246.232	70.405	150.627
Interest expenditure	60.377	117.524	60.100	117.150	24.487	48.874
Net profit	40.493	89.205	52.231	80.987	12.430	32.688

(in millions of euros)	Group		Bank*		Latvian subsidiary**	
	30.06.08	31.12.07	30.06.08	31.12.07	30.06.08	31.12.07
Assets	172.532	167.457	165.937	161.928	59.497	60.346
Receivables from customers	141.834	140.558	138.738	137.863	57.375	57.761
incl. loan portfolio	141.885	139.105	138.282	136.527	57.883	57.622
incl. interest receivable	10.571	7.951	5.862	4.907	4.709	3.065
incl. impairment allowance	-10.622	-6.496	-5.406	-3.571	-5.217	-2.927
<i>incl to loan receivables</i>	-9.302	-5.725	-4.753	-3.175	-4.549	-2.551
<i>incl. to interest receivables</i>	-1.320	-0.772	-0.653	-0.396	-0.668	-0.376

(in millions of euros)	Group		Bank*		Latvian subsidiary**	
	2Q 2008	1H 2008	2Q 2008	1H 2008	2Q 2008	1H 2008
Interest income	10.665	22.244	7.731	15.737	4.500	9.627
Interest expenditure	3.859	7.511	3.841	7.487	1.565	3.124
Net profit	2.588	5.701	3.338	5.176	0.794	2.089

\*- Data on the parent company and the branch of Lithuania.

\*\*- AS Baltijas Izaugsmes Grupa.





## RATIOS

(in % and millions)	2Q 2008		1Q 2008	
	EEK	EUR	EEK	EUR
Return on equity (ROE)	31.2%	31.2%	39.3%	39.3%
Equity multiplier (EM)	5.4	5.4	5.5	5.5
Profit margin (PM)	20.1%	20.1%	24.1%	24.1%
Asset utilisation (AU)	28.8%	28.8%	29.8%	29.8%
Return on assets (ROA)	5.8%	5.8%	7.2%	7.2%
Earnings per share (EPS)	2 018.7	129.0	2 441.6	156.0
Spread (SPREAD)	15.5%	15.5%	18.5%	18.5%

Ratios shall be presented on an annual basis (i.e. annualized).

The balance sheet indicators used when calculating the ratios are found as the arithmetic mean of the respective data as of the end of the month preceding the reporting quarter and as of the end of each month of the reporting quarter. In case of income statement indicators the actual data of the annualized reporting quarter shall serve as the basis.

Explanation on ratios:

- Return on equity (ROE) – profit to equity.
- Equity multiplier (EM) – total assets to total equity.
- Profit margin (PM) – profit to total income.
- Asset utilisation (AU) – total income to total assets.
- Return on assets (ROA) – profit to total assets.
- Earnings per share (EPS) – net profit per average number of shares of the reporting period.
- Spread (SPREAD) – ratio of interest expenditure to interest-bearing liabilities deducted from the ratio of interest income to interest earning assets.





## IMPORTANT ECONOMIC EVENTS

By the end of the 2<sup>nd</sup> quarter of 2008 the balance sheet total of Balti Investeeringute Grupi Pank AS reached 2 699.5 million kroons, thus exceeding the balance sheet total as of the beginning of the year by 79.4 million kroons.

There have not been any significant changes in the structure of assets; receivables from customers form the majority of the total assets (82%). The growth of loan portfolio in the 2<sup>nd</sup> quarter was modest as planned, which is associated with the changes occurred in the macro environment and conservative loan policy and also liquidity management. As of the end of the period the number of loan contracts amounted to 128 000 (122 000 as of the end of the 1<sup>st</sup> half year). In terms of percentage the loan portfolio has increased the most in Lithuania, during the 1<sup>st</sup> quarter increase was 109%, i.e. 67.6 million kroons. In Estonia and Latvia the granting of loans and loan repayments are at the same level, thus the loan portfolio has not increased in these markets.

As of the end of the quarter the volume of monetary instruments amounted to 401.7 million kroons, forming 14.9% of the balance sheet total.

In Q2 2008 total liabilities decreased by 142.1 million kroons, whereas term deposits increased by 205.1 million kroons, bank loans decreased by 180.3 million kroons and issued bonds decreased by 176.4 million kroons.

As of June 30 2008, the term deposits amount to 413.7 million kroons, increase of 98.3% during the quarter and form 19.1% of total liabilities (compared to 8.6% at the beginning of the year). Issued bonds represent 70.0% of total liabilities (1 520.5 million kroons), bank loans 0.8% of total liabilities (16.6 million kroons) and subordinated bonds 7.9% of total liabilities (172.3 million kroons).

In the 2<sup>nd</sup> quarter the interest income amounted to 166.9 million kroons, total of 348.0 million kroons during the first half-year. In the 2<sup>nd</sup> quarter of 2008 Balti Investeeringute Grupi Pank earned a profit of 40.5 million kroons, which is 24.1% more than in the same period of the previous year. The profit of the first half-year amounted to 89.2 million kroons.

The office network of Balti Investeeringute Grupi Pank AS consists of 43 offices, of which 21 offices are located in Estonia, 17 in Latvia and 5 in Lithuania.

As of 30 June 2008 there were 492 employees working in the Group, including 225 in Estonia, 217 in Latvia and 50 in Lithuania.





## BALANCE SHEET AND INCOME STATEMENT ANALYSIS

### Balance Sheet Indicators

**Balance sheet total** As of 30 June 2008 the balance sheet total of Balti Investeeringute Grupi Pank AS group amounted to 2 699.5 million kroons. As of 30 June 2008 receivables from customers accounted for 82.2% of the total assets, cash and equivalents accounted for 14.9%.

**Receivables from customers** By the end of the 2<sup>nd</sup> quarter the Group had altogether 127.9 thousand active loan contracts, including 51 thousand contracts in Estonia, 69 thousand contracts in Latvia and 7 thousand contracts in Lithuania. At the end of the quarter the volume of receivables from customers was divided as follows:

- 53.7% Estonia,
- 40.4% Latvia,
- 5.8% Lithuania.

As of 30 June 2008 receivables from customers totalled to 2 219.2 million kroons, including:

- The volume of customers' loan portfolio amounted to 2 220.0 million kroons. The percentage of loans issued to private persons formed 97.6% of the portfolio.
- As of 30 June 2008 the interest receivables from loan customers amounted to 165.4 million kroons.
- The reserve of impairment allowance to loan and interest receivables totalled to 166.2 million kroons (incl. 145.6 million kroons of impairment allowance to loan receivables and 20.7 million kroons of impairment allowance to interest receivables).

In the 2<sup>nd</sup> quarter the reserve of impairment allowance to loan receivables increased by 25.3 million kroons (55.96 million kroons during the first half-year) and the reserve of impairment allowance to interest receivables respectively by 3.5 million kroons (8.6 million kroons during the first half-year). The ratio of impairment allowance to loan receivables into loan portfolio was 6.5%.

**Overdue loans** As of today Balti Investeeringute Grupi Pank AS is the only bank in the region that is focused on the provision of consumer finance only. In line with the corporate strategy, as of 30 June 2008 loans against customer's income accounted for 74.7% of the total loan portfolio.

A relatively more volatile payment behaviour is characteristic to the selected market and product segment. The Group's strong track record in this area is supported by two significant risk management measures:

- The Group grants loans to individuals. Although the solvency of individuals may temporarily deteriorate, however, as a rule, it can never disappear completely. In an environment characterised by a low overall debt burden and a legal system that provides for sophisticated and effective collection proceedings, such as Estonia or the Baltic countries in general, the recovery of the overdue debts of individuals is a matter of the right time horizon rather than a potential non-recovery.

BIG's loan portfolio is well diversified – as of 30 June 2008 the average loan amount was 18 thousand kroons, while 40 largest loans accounted for 3.7% of the total loan portfolio.

In case of long-term payment delay, it must be taken into consideration that in case of consumer loans the enforcement process significantly differs from the enforcement process of loans secured with physical collateral (e.g. mortgage of real estate).





Owing to the nature of loans (as a rule, consumer loans are backed with the customer's regular income), amounts due under terminated agreements are satisfied over an extended period in smaller instalments, not in a lump sum raised by the realisation of collateral. As a result, despite regular receipts, the balances of overdue loans decrease relatively slowly. At the same time, these loans cannot be reported as part of the performing portfolio because they are serviced through enforcement proceedings.

Overdue loans comprise overdue loan principal. Under the terms of the loan contract signed with the customer, the Group may terminate the contract unilaterally if at least three scheduled payments are in arrears. When a contract is terminated, the customer has to settle the outstanding loan balance, any accrued interest, and any collateral claims resulting from the settlement delay.

The Group's historical recovery rate for non-performing loans has been high and in clear correlation with the duration of the collection proceedings. For example, in the case of loans whose collection proceedings had lasted for at least two years, only about one tenth of the initial balance is still outstanding. As the collection proceedings have not been completed, the expected proportion of fully recovered loans is even higher. All loans overdue more than 180 days do not have a court decision yet, therefore at a later stage the share of recovered loans in enforcement process will increase even more.

To manage the risks arising from customers' settlement behaviour and to cover potential credit losses, the Group has formed appropriate impairment allowances, which as of 30 June 2008 totalled to 166.2 million kroons (including allowances for loan receivables in the amount of 145.5 million kroons and allowances for interest receivables in the amount of 20.7 million kroons). Impairment allowances form 7.0% of receivables from customers.

Impairment allowances are formed based on homogenous groups for performing loans. Non-performing loans are assessed individually based on current value of forecast future cash-flows discounted with the effective interest rate of the receivable. 100% impairment allowance is also formed for all receivables where it is not possible to objectively forecast future cash-flows of the receivable.

In addition, for all receivables, regarding which an execution proceeding has lasted 15 months or more and in case of which the repayments do not form a significant part of the volume of the receivable, loan provisions of 100% have been formed for covering potential losses or these receivables have been written off from the balance sheet.

The allowances have been formed on a conservative basis.

#### Liabilities

In the 2<sup>nd</sup> quarter of 2008 the liabilities of BIG decreased altogether by 142.1 million kroons, amounting to 2 170.9 million kroons. Issued bonds formed the bulk of liabilities, i.e. 1 520.5 million kroons.

The volume of customers' term deposits has significantly increased, by 205.1 million kroons in the 2<sup>nd</sup> quarter, totalling to 413.7 million kroons as of 30 June 2008.

As of 30 June 2008 amounts due to credit institutions amounted to 16.6 million kroons, i.e. 0.8% of total liabilities.

Subordinated liabilities formed altogether 172.3 million kroons, i.e. 7.9% of total liabilities.

#### Equity

In the 2<sup>nd</sup> quarter of 2008 the Group's equity increased by 8.8 million kroons, amounting to 528.6 million kroons. The percentage of owner's equity in the balance sheet total amounts to 19.6%. By the end of the 2<sup>nd</sup> quarter the capital adequacy of the Group formed 18.3%.

As of 30 June 2008 tier 1 and tier 2 capital totalled to 643.1 million kroons, which is 23.8% of the balance sheet total.





### Income Statement Indicators

Interest income	In the 2 <sup>nd</sup> quarter the interest income amounted to 166.9 million kroons, thus increasing by 28.0 % when compared to the same period of the previous year. The ratio of interest income to interest-bearing assets was 26.3% in the 2 <sup>nd</sup> quarter and respectively 27.4% in the 1H (on an annualized basis). The ratio of interest income from loans to receivables from customers was 30.7% (on an annualized basis).
Interest expenses	<p>In the 2<sup>nd</sup> quarter of 2008 the interest expenses amounted to 60.4 million kroons, in the 1<sup>st</sup> half-year the interest expenses totalled to 117.5 million kroons.</p> <p>In the 2<sup>nd</sup> quarter the ratio of interest expenses to interest income was 36.2%; 33.8% in the 1<sup>st</sup> half-year.</p>
Salary expenses	In Q2 salary expenses totalled 30.5 million kroons, 55.4 million kroons in 1H. Number of employees (excluding maternity leave) at the end of the period was 492.
Administrative expenses	In the 2 <sup>nd</sup> quarter the administrative expenses of the Group totalled to 26.6 million kroons and altogether 49.7 million kroons in the 1 <sup>st</sup> half-year. In comparison with the same periods of the previous year the administrative expenses increased respectively by 0.3 and 2.5 million kroons.
Impairment losses of financial assets	In the 2 <sup>nd</sup> quarter the reserve of losses from loan and interest receivables was increased altogether by 31.4 million kroons. Allowances for impairment are made on conservative basis.
Other operating income and expenses	<p>Other operating income totalled to 33.8 million kroons in the 2<sup>nd</sup> quarter of 2008 and altogether 55.3 million kroons in the 1<sup>st</sup> half-year. Other operating income mostly consists of income related to collection proceedings.</p> <p>Other operating expenses totalled respectively to 1.3 and 1.9 million kroons.</p>
Net profit	In the 2 <sup>nd</sup> quarter of 2008 the net profit of the Group was 40.5 million kroons, which is 24.1% more compared to the same period of the previous year. Net profit of the 1 <sup>st</sup> half-year amounted to 89.2 million kroons. Compared to the 1 <sup>st</sup> half-year of 2007, consolidated net profit has decreased by 0.1 million kroons, mainly resulting from the increase in interest expenses. The increase in interest expenses relates to the change in structure of financing, significant growth of financing volumes and increase in the cost of financing.



## FINANCIAL STATEMENTS

### CONSOLIDATED BALANCE SHEET (EEK)

(in millions of kroons)	30.06.08	31.12.07
<b>Assets</b>		
Cash on hand	0.003	0.007
Receivables from Central Bank	306.528	301.616
Receivables from banks	95.119	67.351
Receivables from customers	2 219.216	2 199.254
Other receivables and prepaid expenses	19.479	11.059
Intangible assets	6.864	7.816
Tangible assets	50.627	31.306
Other assets	1.699	1.717
<b>Total assets</b>	<b>2 699.535</b>	<b>2 620.126</b>
<b>Liabilities</b>		
Payable to credit institutions	16.576	150.136
Payable to customers	413.745	183.876
Other payables and deferred income	47.780	33.108
Issued bonds	1 520.495	1 610.427
Subordinated liabilities	172.311	170.130
<b>Total liabilities</b>	<b>2 170.907</b>	<b>2 147.677</b>
<b>Equity</b>		
Share capital	80.000	80.000
Reserves	8.000	8.000
Unrealised exchange differences	-3.177	5.474
Retained earnings	354.600	201.700
Profit for the accounting year	89.205	177.275
<b>Total equity</b>	<b>528.628</b>	<b>472.449</b>
<b>Total liabilities and equity</b>	<b>2 699.535</b>	<b>2 620.126</b>





## CONSOLIDATED BALANCE SHEET (EUR)

(in millions of euros)	30.06.08	31.12.07
<b>Assets</b>		
Cash on hand	-	-
Receivables from Central Bank	19.591	19.277
Receivables from banks	6.079	4.305
Receivables from customers	141.834	140.558
Other receivables and prepaid expenses	1.245	0.706
Intangible assets	0.439	0.500
Tangible assets	3.236	2.001
Other assets	0.108	0.110
<b>Total assets</b>	<b>172.532</b>	<b>167.457</b>
<b>Liabilities</b>		
Payable to credit institutions	1.059	9.595
Payable to customers	26.443	11.752
Other payables and deferred income	3.054	2.117
Issued bonds	97.177	102.925
Subordinated liabilities	11.013	10.873
<b>Total liabilities</b>	<b>138.746</b>	<b>137.262</b>
<b>Equity</b>		
Share capital	5.113	5.113
Reserves	0.511	0.511
Unrealised exchange differences	-0.202	0.350
Retained earnings	22.663	12.891
Profit for the accounting year	5.701	11.330
<b>Total equity</b>	<b>33.786</b>	<b>30.195</b>
<b>Total liabilities and equity</b>	<b>172.532</b>	<b>167.457</b>



## GUARANTEES AND PLEDGED ASSETS

30.06.08

(in millions)	EEK	EUR
<b>Irrevocable transactions</b>	<b>18.342</b>	<b>1.172</b>
incl. guarantees and other similar irrevocable transactions*	17.807	1.138
incl. credit lines and overdraft facilities	0.535	0.034
<b>Assets pledged and encumbered with usufruct to secure liabilities**</b>	<b>23.400</b>	<b>1.496</b>

\*- including a guarantee in the amount of 17.7 million kroons (1.1 million euros) issued by the parent company to AS Hansapank in order to guarantee fulfilment of obligations of 100% subsidiary Rütli Majad OÜ.

\*\* - in addition, there are assets pledged and encumbered with usufruct in the amount of 39.9 million kroons (2.6 million euros). However, the related liabilities have been fulfilled as of the date of the report.





## CONSOLIDATED INCOME STATEMENT (EEK)

(in millions of kroons)	2Q 2008	2Q 2007	1H 2008	1H 2007
Interest income	166.864	130.395	348.044	237.597
Interest expenses	60.377	35.362	117.524	48.021
<b>Net interest income</b>	<b>106.487</b>	<b>95.033</b>	<b>230.520</b>	<b>189.576</b>
Net service charges	-0.289	-0.024	-0.561	-0.055
Net profit/loss from financial transactions	-1.431	-1.648	-1.791	-1.630
Other operating income	33.796	11.563	55.288	20.393
<b>Total income</b>	<b>138.563</b>	<b>104.924</b>	<b>283.456</b>	<b>208.284</b>
Salaries	30.537	17.196	55.366	28.986
Administrative expenditures	26.552	26.250	49.716	47.231
Depreciation and amortisation	2.459	1.339	4.735	2.439
Allowances to loans and receivables	31.385	22.741	69.986	32.842
Other operating expenses	1.310	1.763	1.894	2.371
<b>Total operating expenses</b>	<b>92.243</b>	<b>69.289</b>	<b>181.697</b>	<b>113.869</b>
<b>Profit before tax</b>	<b>46.320</b>	<b>35.635</b>	<b>101.759</b>	<b>94.415</b>
Income tax	5.827	3.005	12.554	5.081
<b>Profit for the accounting period</b>	<b>40.493</b>	<b>32.630</b>	<b>89.205</b>	<b>89.334</b>
<b>Basic earnings per share (EEK)</b>	<b>506</b>	<b>408</b>	<b>1 115</b>	<b>1 117</b>
<b>Diluted net profit per share (EEK)</b>	<b>506</b>	<b>408</b>	<b>1 115</b>	<b>1 117</b>



## CONSOLIDATED INCOME STATEMENT (EUR)

(in millions of euros)	2Q 2008	2Q 2007	1H 2008	1H 2007
Interest income	10.665	8.334	22.244	15.185
Interest expenses	3.859	2.260	7.511	3.069
<b>Net interest income</b>	<b>6.806</b>	<b>6.074</b>	<b>14.733</b>	<b>12.116</b>
Net service charges	-0.019	-0.002	-0.036	-0.003
Net profit/loss from financial transactions	-0.092	-0.105	-0.114	-0.104
Other operating income	2.160	0.739	3.533	1.303
<b>Total income</b>	<b>8.855</b>	<b>6.706</b>	<b>18.116</b>	<b>13.312</b>
Salaries	1.951	1.099	3.539	1.852
Administrative expenditures	1.697	1.678	3.177	3.019
Depreciation and amortisation	0.157	0.085	0.303	0.156
Allowances to loans and receivables	2.006	1.453	4.473	2.099
Other operating expenses	0.084	0.113	0.121	0.151
<b>Total operating expenses</b>	<b>5.895</b>	<b>4.428</b>	<b>11.613</b>	<b>7.277</b>
<b>Profit before tax</b>	<b>2.960</b>	<b>2.278</b>	<b>6.503</b>	<b>6.035</b>
Income tax	0.372	0.192	0.802	0.325
<b>Profit for the accounting period</b>	<b>2.588</b>	<b>2.086</b>	<b>5.701</b>	<b>5.710</b>
<b>Basic earnings per share (EEK)</b>	<b>32</b>	<b>26</b>	<b>71</b>	<b>71</b>
<b>Diluted net profit per share (EEK)</b>	<b>32</b>	<b>26</b>	<b>71</b>	<b>71</b>





## CONSOLIDATED STATEMENT OF CASH FLOWS (EEK)

(in millions of kroons)

	1H 2008	1H 2007
<b>Cash flow from operations</b>		
Interests received	289.658	186.476
Interests paid	-106.518	-44.486
Administrative expenses paid (incl. salary expenses)	-106.500	-77.788
Other operating income received	43.575	15.765
Other operating income paid	-2.060	-1.870
Reversal of impairment losses	0.453	0.087
Loans granted	-387.101	-860.884
Repayment of loans granted	355.397	278.527
Change in mandatory reserve in Central Bank	-28.598	-125.375
Proceeds from customer deposits	289.387	78.392
Paid on redemption of deposits	-70.522	-20.683
Income tax paid	-16.586	-5.329
Effect of change in exchange rates	-0.658	-1.791
<b>Net cash used in operating activities</b>	<b>259.927</b>	<b>-578.959</b>
<b>Cash flow from investing activities</b>		
Acquisition of property and equipment and intangible assets	-23.185	-7.071
Purchase of securities	-	-28.655
Proceeds from sale of securities	-	10.269
<b>Net cash used in investing activities</b>	<b>-23.185</b>	<b>-25.457</b>
<b>Cash flow from financing activities</b>		
Proceeds from debt securities issues	84.130	1 076.434
Proceeds from subordinated debt securities issues	-	67.696
Paid on redemption of debt securities	-171.145	-211.312
Proceeds from loans from banks	47.760	175.000
Repayments from loans from banks	-182.790	-183.750
Dividends paid	-10.000	-22.000
<b>Net cash from financing activities</b>	<b>-232.045</b>	<b>902.068</b>
<b>Effect of exchange rate fluctuations related to foreign subsidiary</b>	<b>-0.618</b>	<b>0.861</b>
<b>Increase in cash and cash equivalents</b>	<b>4.079</b>	<b>298.513</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>93.405</b>	<b>69.273</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>97.484</b>	<b>367.787</b>
	<b>30.06.08</b>	<b>30.06.07</b>
Cash	0.004	0.008
Demand and overnight deposits with banks	95.119	399.754
Surplus on mandatory reserve with Central Bank	1.600	-32.497
Interest receivable from mandatory reserve to Central Bank	0.761	0.522
<b>Total</b>	<b>97.484</b>	<b>367.787</b>





## CONSOLIDATED STATEMENT OF CASH FLOWS (EUR)

(in millions of euros)	1H 2008	1H 2007
<b>Cash flow from operations</b>		
Interests received	18.513	11.918
Interests paid	-6.808	-2.843
Administrative expenses paid (incl. salary expenses)	-6.807	-4.972
Other operating income received	2.785	1.008
Other operating income paid	-0.132	-0.120
Reversal of impairment losses	0.029	0.006
Loans granted	-24.740	-55.021
Repayment of loans granted	22.714	17.801
Change in mandatory reserve in Central Bank	-1.828	-8.013
Proceeds from customer deposits	18.495	5.010
Paid on redemption of deposits	-4.507	-1.322
Income tax paid	-1.060	-0.341
Effect of change in exchange rates	-0.042	-0.114
<b>Net cash used in operating activities</b>	<b>16.612</b>	<b>-37.002</b>
<b>Cash flow from investing activities</b>		
Acquisition of property and equipment and intangible assets	-1.482	-0.452
Purchase of securities	-	-1.831
Proceeds from sale of securities	-	0.656
<b>Net cash used in investing activities</b>	<b>-1.482</b>	<b>-1.627</b>
<b>Cash flow from financing activities</b>		
Proceeds from debt securities issues	5.377	68.796
Proceeds from subordinated debt securities issues	-	4.327
Paid on redemption of debt securities	-10.938	-13.505
Proceeds from loans from banks	3.052	11.185
Repayments from loans from banks	-11.682	-11.744
Dividends paid	-0.639	-1.406
<b>Net cash from financing activities</b>	<b>-14.830</b>	<b>57.653</b>
<b>Effect of exchange rate fluctuations related to foreign subsidiary</b>	<b>-0.039</b>	<b>0.055</b>
<b>Increase in cash and cash equivalents</b>	<b>0.261</b>	<b>298.513</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>5.970</b>	<b>4.427</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>6.230</b>	<b>302.940</b>
	<b>30.06.08</b>	<b>30.06.07</b>
Cash	-	0.001
Demand and overnight deposits with banks	6.079	25.549
Surplus on mandatory reserve with Central Bank	0.102	-2.077
Interest receivable from mandatory reserve to Central Bank	0.049	0.033
<b>Total</b>	<b>6.230</b>	<b>23.506</b>





## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (EEK)

(in millions of kroons)	30.06.08	31.12.07
<b>Share capital</b>		
Balance at the beginning of the period	80.000	80.000
<b>Balance at the end of the period</b>	<b>80.000</b>	<b>80.000</b>
<b>Capital reserve</b>		
Balance at the beginning of the year	8.000	4.000
Transfer to capital reserve	-	4.000
<b>Balance at the end of the period</b>	<b>8.000</b>	<b>8.000</b>
<b>Unrealised exchange differences</b>		
Balance at the beginning of the year	5.474	0.437
Change in unrealised exchange differences	-8.651	5.037
<b>Balance at the end of the period</b>	<b>-3.177</b>	<b>5.474</b>
<b>Retained earnings</b>		
Balance at the beginning of the year	378.975	227.366
Net profit	89.205	177.275
Transfer to reserves	-	-4.000
Dividends paid	-24.000	-22.000
Change in unrealised exchange differences	-0.375	0.334
<b>Balance at the end of the period</b>	<b>443.805</b>	<b>378.975</b>
<b>Total equity</b>	<b>528.628</b>	<b>472.449</b>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (EUR)

(in millions of euros)	30.06.08	31.12.07
<b>Share capital</b>		
Balance at the beginning of the period	5.113	5.113
<b>Balance at the end of the period</b>	<b>5.113</b>	<b>5.113</b>
<b>Capital reserve</b>		
Balance at the beginning of the year	0.511	0.256
Transfer to capital reserve	-	0.256
<b>Balance at the end of the period</b>	<b>0.511</b>	<b>0.511</b>
<b>Unrealised exchange differences</b>		
Balance at the beginning of the year	0.350	0.028
Change in unrealised exchange differences	-0.553	0.322
<b>Balance at the end of the period</b>	<b>-0.203</b>	<b>0.350</b>
<b>Retained earnings</b>		
Balance at the beginning of the year	24.221	14.531
Net profit	5.701	11.330
Transfer to reserves	-	-0.256
Dividends paid	-1.534	-1.406
Change in unrealised exchange differences	-0.024	0.021
<b>Balance at the end of the period</b>	<b>28.364</b>	<b>24.221</b>
<b>Total equity</b>	<b>33.785</b>	<b>30.195</b>





## NOTES TO FINANCIAL STATEMENTS

### Changes in Representation of Data

Starting from 1 January 2008 new balance sheet and income statement layouts apply for credit institutions and for the parent companies of the credit institutions' consolidation group.

According to the new layout the balance sheet shows accrued, but unpaid, interest as of the end of the reporting period on the same line with the financial instruments, with which they are connected to.

In connection to the above-mentioned, compared to the report of the 4<sup>th</sup> quarter of 2007, data in the balance sheet of 31 December 2007 have been adjusted. The changes have been described in greater detail in the Public Interim Report of the 1<sup>st</sup> quarter.

Starting from 1 January 2008 new balance sheet and income statement layouts apply for credit institutions and for the parent companies of the credit institutions' consolidation group.

In the income statement the income from service charges and expenses on service charges are not shown on separate lines, the data is presented on the line "Net service charges". Other operating income has been added to other income. The line "Total income" has been added.

According to the new layout salary expenses are presented on the same line with social tax.

In the new income statement layout the line "Other administrative expenses" has been renamed to "Administrative expenses".

Also the line "Total operating expenses" has been added to the income statement layout.

The consolidated income statement of the period 01.04.2007 – 30.06.2007 has been changed compared to the report of the same period of last year as follows:

- Interest income received from credit institutions in the amount of 0.607 million kroons (0.039 million euros) has been moved to the line "Interest income" from the line "Other operating income".
- Expenses related to the employees in the amount of 0.276 million kroons (0.018 million euros) have been moved to income statement line "Salaries" from "Other operating expenses". Advertising and utility expenses in the amount of 4.851 million kroons (0.310 million euros) have been moved to the income statement line "Administrative expenditure" from the line "Other operating expenses".

In statement of cash flows data for the period of 01.01.2007 – 30.06.2007 has been changed compared to the report for the period of last year as follows:

- Line "Cash and cash equivalents at the beginning of the year" has been increased by 0.020 million kroons (0.001 million euros), line "Cash and cash equivalents at the end of the period" has been increased by 0.522 million kroons (0.033 million euros) and line "Interests received" has been increased by 0.0129 million kroons (0.001 million euros) due to adding accrued interest of compulsory reserve to the balance sheet line "Receivables from Central Bank".

For a more correct presentation of data cash from subordinated bond issues in the amount of 67.696 million kroons has been shifted from the cash flow statement line "Proceeds from debt securities issued" to the line "Proceeds from subordinated debt securities issued", all cash flows related to cash from bonds and redemption of bonds are reflected in the part of the cash flow statement "Cash flow from financing activities".





### Receivables from Customers (EEK)

Group (in millions of kroons)	30.06.08	31.12.07
Loan receivables from customers	2 220.026	2 176.515
Impairment allowance to loan receivables	-145.547	-89.588
Interest receivables from customers	165.397	124.402
Impairment allowance to interest receivables	-20.660	-12.075
<b>Total receivables from customers</b>	<b>2 219.216</b>	<b>2 199.254</b>

### Receivables from Customers (EUR)

Group (in millions of euros)	30.06.08	31.12.07
Loan receivables from customers	141.886	139.105
Impairment allowance to loan receivables	-9.302	-5.726
Interest receivables from customers	10.571	7.951
Impairment allowance to interest receivables	-1.320	-0.772
<b>Total receivables from customers</b>	<b>141.834</b>	<b>140.558</b>

### Distribution of Debt Obligations by Geographic Areas (EEK)

Group (in millions of kroons)	Balance sheet obligations, including				Off-balance sheet debt obligations	Relative share of area
	Loans and other similar receivables	Overdue loans	Interest receivables	Impairment allowance		
Estonia	1 192.013	368.891	85.432	79.859	0.535	53.7%
Latvia	897.730	308.623	73.684	81.632	-	40.4%
Lithuania	129.473	15.026	6.281	4.716	-	5.8%
<b>Total</b>	<b>2 219.216</b>	<b>692.540</b>	<b>165.397</b>	<b>166.207</b>	<b>0.535</b>	<b>100%</b>

### Distribution of Debt Obligations by Geographic Areas (EUR)

Group (in millions of euros)	Balance sheet obligations, including				Off-balance sheet debt obligations	Relative share of area
	Loans and other similar receivables	Overdue loans	Interest receivables	Impairment allowance		
Estonia	76.184	23.576	5.460	5.104	0.034	53.7%
Latvia	57.375	19.725	4.709	5.217	-	40.4%
Lithuania	8.275	0.960	0.402	0.302	-	5.8%
<b>Total</b>	<b>141.834</b>	<b>44.261</b>	<b>10.571</b>	<b>10.623</b>	<b>0.034</b>	<b>100%</b>





Distribution of Customers by Economic Sectors (EEK)

Group (in millions of kroons)	30.06.08					
	Loans and other similar rec.	%	Out- standing loan amount	Overdue loan rec.	Interest receivables	Impair- ment allowance
Agriculture, forestry and fishing	3.918	0.2%	3.769	3.350	0.222	0.073
Processing industry	0.396	0.0%	0.382	-	0.014	-
Construction	4.635	0.2%	4.402	0.621	0.271	0.038
Wholesale and retail business; repair of vehicles and motorcycles	8.868	0.4%	8.669	1.843	0.258	0.060
Transport and warehousing	0.201	0.0%	0.198	-	0.003	-
Accommodatio n and catering	1.651	0.1%	1.639	-	0.019	0.008
Financial and insurance activities	11.553	0.5%	11.126	-	0.482	0.054
Real estate activities	11.807	0.5%	11.476	4.441	0.447	0.116
Professional, scientific and technical activities	5.884	0.3%	5.685	0.003	0.225	0.025
Administrative and supportive activities	0.483	0.0%	0.475	-	0.008	-
Art, entertainment and leisure	3.378	0.2%	3.246	-	0.144	0.013
Private persons	2 166.442	97.6%	2 168.960	682.282	163.304	165.820
<b>Total</b>	<b>2 219.216</b>	<b>100.0%</b>	<b>2 220.030</b>	<b>692.540</b>	<b>165.397</b>	<b>166.207</b>



Distribution of Customers by Economic Sectors (EUR)

						30.06.08
Group						
(in millions of euros)	Loans and other similar rec.	%	Out-standing loan amount	Overdue loan rec.	Interest receivables	Impair-ment allowance
Agriculture, forestry and fishing	0.250	0.2%	0.241	0.214	0.014	0.005
Processing industry	0.025	0.0%	0.024	-	0.001	-
Construction	0.296	0.2%	0.281	0.040	0.017	0.002
Wholesale and retail business; repair of vehicles and motorcycles	0.567	0.4%	0.554	0.118	0.017	0.004
Transport and warehousing	0.013	0.0%	0.013	-	-	-
Accommodation and catering	0.106	0.1%	0.105	-	0.001	0.001
Financial and insurance activities	0.738	0.5%	0.711	-	0.031	0.003
Real estate activities	0.755	0.5%	0.734	0.284	0.029	0.007
Professional, scientific and technical activities	0.376	0.3%	0.363	-	0.014	0.002
Administrative and supportive activities	0.031	0.0%	0.030	-	0.001	-
Art, entertainment and leisure	0.216	0.2%	0.208	-	0.009	0.001
Private persons	138.461	97.6%	138.622	43.605	10.437	10.597
<b>Total</b>	<b>141.834</b>	<b>100.0%</b>	<b>141.886</b>	<b>44.261</b>	<b>10.571</b>	<b>10.622</b>





#### Loan portfolio by Security (EEK)

Group (in millions of kroons)	30.06.08	31.12.07
Loan secured with income	1 659.029	1 577.872
Loan against surety	329.578	334.880
Loan secured with real estate	174.907	216.576
Credit line for companies	56.512	47.188
<b>Total loan receivables</b>	<b>2 220.026</b>	<b>2 176.515</b>

#### Loan portfolio by Security (EUR)

Group (in millions of euros)	30.06.08	31.12.07
Loan secured with income	106.031	100.844
Loan against surety	21.064	21.403
Loan secured with real estate	11.179	13.842
Credit line for companies	3.612	3.016
<b>Total loan receivables</b>	<b>141.886</b>	<b>139.105</b>

#### Overdue Loans (EEK)

Group (in millions of kroons)	30.06.08	31.12.07
Up to 30 days	7.056	12.491
30 - 60 days	5.453	14.911
60-90 days	7.046	12.511
90-180 days	114.380	97.078
Over 180 days	564.607	304.820
<b>Total</b>	<b>698.542</b>	<b>441.811</b>

#### Overdue Loans (EUR)

Group (in millions of euros)	30.06.08	31.12.07
Up to 30 days	0.451	0.798
30 - 60 days	0.349	0.953
60-90 days	0.450	0.800
90-180 days	7.310	6.204
Over 180 days	36.085	19.482
<b>Total</b>	<b>44.645</b>	<b>28.237</b>

Overdue loans comprise overdue loan principal. In accordance with the terms of the loan agreement signed with the customer, the Group may terminate the agreement unilaterally if at least three scheduled payments are in arrears. When an agreement is cancelled, the customer has to settle the outstanding loan balance, any accrued interest, and any collateral claims resulting from the settlement delay.

Owing to the nature of the loans (as a rule, consumer loans are backed with the customer's regular income, average loan amount is 18 thousand kroons), amounts due under terminated agreements are satisfied over an extended period in smaller instalments, not in a lump sum raised by the realisation of collateral. As a result, despite regular receipts, the balances of overdue loans decrease relatively slowly. At the same time, these loans can not be reported as part of the performing portfolio as they are serviced through execution proceedings.





#### Payable to Customers (EEK)

Group (in millions of kroons)	30.06.08	31.12.07
Maturity up to 1 year	374.566	155.666
Maturity of 1-2 years	30.575	21.274
Maturity of 2-5 years	8.604	6.935
<b>Total</b>	<b>413.745</b>	<b>183.875</b>

#### Payable to Customers (EUR)

Group (in millions of euros)	30.06.08	31.12.07
Maturity up to 1 year	23.939	9.949
Maturity of 1-2 years	1.954	1.360
Maturity of 2-5 years	0.550	0.443
<b>Total</b>	<b>26.443</b>	<b>11.752</b>

#### Issued Bonds and Subordinated Liabilities (EEK)

Group (in millions of kroons)	30.06.08	31.12.07
Maturity up to 1 year	242.921	337.422
Maturity of 1-2 years	50.987	53.094
Maturity of 2-5 years	1 398.898	1 390.041
<b>Total</b>	<b>1 692.806</b>	<b>1 780.557</b>

#### Issued Bonds and Subordinated Liabilities (EUR)

Group (in millions of euros)	30.06.08	31.12.07
Maturity up to 1 year	15.525	21.565
Maturity of 1-2 years	3.259	3.393
Maturity of 2-5 years	89.406	88.840
<b>Total</b>	<b>108.190</b>	<b>113.798</b>

#### Payable to Credit Institutions (EEK)

Group (in millions of kroons)	30.06.08			31.12.07		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Sampo Pank	-	-	-	149.372	-	149.372
SEB Eesti	-	-	-	0.764	-	0.764
Hansapank	5.328	11.248	16.576	-	-	-
<b>Total</b>	<b>5.328</b>	<b>11.248</b>	<b>16.576</b>	<b>150.136</b>	<b>-</b>	<b>150.136</b>

#### Payable to Credit Institutions (EUR)

Group (in millions of euros)	30.06.08			31.12.07		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Sampo Pank	-	-	-	9.547	-	9.547
SEB Eesti	-	-	-	0.049	-	0.049
Hansapank	0.341	0.719	1.059	-	-	-
<b>Total</b>	<b>0.341</b>	<b>0.719</b>	<b>1.059</b>	<b>9.595</b>	<b>-</b>	<b>9.595</b>





### Net Currency Positions (EEK)

					30.06.08
<b>Group</b>					
(in millions of kroons)	Balance sheet position		Off-balance sheet position		Net position
	Assets	Liabilities	Assets	Liabilities	
EEK	1 436.895	660.297	-	0.535	776.063
EUR	472.195	1 437.752	-	-	-965.557
LVL	623.201	23.384	-	-	599.817
LTL	160.381	49.474	-	-	110.907

### Net Currency Positions (EUR)

					30.06.08
<b>Group</b>					
(in millions of euros)	Balance sheet position		Off-balance sheet position		Net position
	Assets	Liabilities	Assets	Liabilities	
EEK	91.834	42.201	-	0.034	49.599
EUR	30.179	91.889	-	-	-61.710
LVL	39.830	1.495	-	-	38.335
LTL	10.250	3.162	-	-	7.088

### Interest Income (EEK)

<b>Group</b>				
(in millions of kroons)	2Q 2008	2Q 2007	1H 2008	1H 2007
	On loans to customers	162.989	126.328	340.835
On deposits	3.875	3.623	7.209	4.430
On debt and other fixed income securities	-	0.444	-	0.444
<b>Total</b>	<b>166.864</b>	<b>130.395</b>	<b>348.044</b>	<b>237.597</b>

### Interest Income (EUR)

<b>Group</b>				
(in millions of euros)	2Q 2008	2Q 2007	1H 2008	1H 2007
	On loans to customers	10.417	8.074	21.783
On deposits	0.248	0.232	0.461	0.283
On debt and other fixed income securities	-	0.028	-	0.028
<b>Total</b>	<b>10.665</b>	<b>8.334</b>	<b>22.244</b>	<b>15.185</b>



### Interest Expenses and Other Operating Expenses (EEK)

Group (in millions of kroons)	2Q 2008	2Q 2007	1H 2008	1H 2007
Interest expenses incl.	60.377	35.362	117.524	48.021
<i>On debt securities</i>	52.848	30.674	104.969	39.033
<i>On deposits</i>	5.147	2.192	7.879	4.167
<i>On loans</i>	2.382	2.496	4.676	4.821
Other operating expenses	1.310	1.763	1.894	2.371
<b>Total</b>	<b>61.687</b>	<b>37.125</b>	<b>119.418</b>	<b>50.392</b>

### Interest Expenses and Other Operating Expenses (EUR)

Group (in millions of euros)	2Q 2008	2Q 2007	1H 2008	1H 2007
Interest expenses incl.	3.859	2.260	7.511	3.069
<i>On debt securities</i>	3.378	1.960	6.709	2.495
<i>On deposits</i>	0.329	0.140	0.503	0.266
<i>On loans</i>	0.152	0.160	0.299	0.308
Other operating expenses	0.083	0.113	0.121	0.152
<b>Total</b>	<b>3.942</b>	<b>2.373</b>	<b>7.632</b>	<b>3.221</b>

### Related Parties

Parties are regarded related if one controls the other or exerts significant influence on the other's business decisions. Related parties include:

- The shareholders of Balti Investeeringute Grupi Pank AS;
- Members of Group companies' management and supervisory boards and individuals whose shareholding is significant, except where the above cannot exert significant influence on the Group's business decisions. In addition, related parties include close family members of and companies related to the above.

OÜ Edelatuulik Invest, a company in which Member of the Supervisory Board of Balti Investeeringute Grupi Pank AS Linda Terras is a shareholder, entered into term deposit agreements with BIG. As of 30 June 2008 the deposit balances totalled 6 million kroons and interest accrued but not paid out on the deposits amounted to 0.15 million kroons. The interest rates of the deposits did not differ from the ones offered to other customers depositing similar amounts at the time.





## CONSOLIDATED CAPITAL ADEQUACY (EEK)

(in millions of kroons)	30.06.08
Paid-up share capital	80.000
Reserves formed on account of the profits	8.000
Retained earnings/losses	354.600
Unrealised exchange differences	-3.177
Intangible assets	-6.864
Profit for the reporting period	89.205
<b>Total amount of Tier 1 own funds</b>	<b>521.764</b>
Subordinated debt	121.324
<b>Total amount of Tier 2 own funds</b>	<b>121.324</b>
<b>Total deductions</b>	-
<b>Total amount of Tier 3 own funds</b>	-
Minimum amount of own funds	643.088
Tier 1 own funds after deductions	521.764
Tier 2 own funds after deductions	121.324
Tier 2 own funds for calculation of capital adequacy	121.324
Tier 3 own funds for calculation of capital adequacy	-
<b>Own funds for calculation of capital adequacy</b>	<b>643.088</b>
<b>Capital requirements</b>	
Central governments and central banks under the Standardised Approach, incl.	6.130
<i>Balti Investeeringute Grupi Pank AS</i>	6.130
<i>AS Baltijas Izaugsmes Grupa</i>	-
Regional governments and local authorities under the Standardised Approach	-
Administrative bodies and non-commercial institutions and associations under the Standardised Approach	-
Multilateral development banks under the Standardised Approach	-
International organisations under the Standardised Approach	-
Credit institutions and investment firms under the Standardised Approach	-
Companies under the Standardised Approach, incl.	4.048
<i>Balti Investeeringute Grupi Pank AS</i>	4.048
<i>AS Baltijas Izaugsmes Grupa</i>	-
Retail claims under the Standardised Approach, incl.	97.469
<i>Balti Investeeringute Grupi Pank AS</i>	56.400
<i>AS Baltijas Izaugsmes Grupa</i>	41.069
Claims secured by real estate property under the Standardised Approach, incl.	10.357
<i>Balti Investeeringute Grupi Pank AS</i>	9.129
<i>AS Baltijas Izaugsmes Grupa</i>	1.228
Past due claims under the Standardised Approach, incl.	91.586
<i>Balti Investeeringute Grupi Pank AS</i>	51.958
<i>AS Baltijas Izaugsmes Grupa</i>	39.628

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<b>(in millions of kroons)</b>	<b>30.06.08</b>
Assets with high risk under the Standardised Approach	-
Covered bonds under the Standardised Approach	-
Short-term debt of credit institutions, investment firms and other companies under the Standardised Approach, incl.	4.756
<i>Balti Investeeringute Grupi Pank AS</i>	4.733
<i>AS Baltijas Izaugsmes Grupa</i>	0.023
Shares and units of investment funds under the Standardised Approach	-
Other assets under the Standardised Approach, incl.	23.724
<i>Balti Investeeringute Grupi Pank AS</i>	20.658
<i>AS Baltijas Izaugsmes Grupa</i>	3.067
Securitised positions under the Standardised Approach	-
Central governments and central banks under the Internal Ratings Based Approach	-
Credit institutions, investment firms and local authorities under the Internal Ratings Based Approach	-
<b>Total capital requirements against credit risks and counterparty credit risk</b>	<b>238.070</b>
<b>Capital requirement for foreign-exchange risk, incl.</b>	<b>71.073</b>
<i>Balti Investeeringute Grupi Pank AS</i>	12.358
<i>AS Baltijas Izaugsmes Grupa</i>	58.715
Capital requirement for commodities risk	-
Capital requirement for interest rate risk	-
Capital requirement for equity position risks	-
Capital requirements against options	-
Capital requirement for trading book exposures exceeding the limits of concentration of exposure	-
Capital requirement for trading book settlement/delivery risk	-
Capital requirements against foreign exchange risk, commodities risk and position risk associated with the trading book under the Internal Models Approach	-
Total capital requirements against foreign exchange risk, commodities risk and position risk associated with the trading book	-
<b>Basic Indicator Approach to operational risk, incl.</b>	<b>43.307</b>
<i>Balti Investeeringute Grupi Pank AS</i>	32.984
<i>AS Baltijas Izaugsmes Grupa</i>	11.786
Standardised Approach to operational risk	-
Advanced Measurement Approach to operational risk	-
Total capital requirements against operational risk	43.307
Minimum own funds during the transitional period	-
<b>Capital requirements for the calculation of adequacy</b>	<b>352.450</b>
<b>Capital adequacy</b>	<b>18.25%</b>





## CONSOLIDATED CAPITAL ADEQUACY (EUR)

<b>(in millions of euros)</b>	<b>30.06.08</b>
Paid-up share capital	5.113
Reserves formed on account of the profits	0.511
Retained earnings/losses	22.663
Unrealised exchange differences	-0.203
Intangible assets	-0.439
Profit for the reporting period	5.701
<b>Total amount of Tier 1 own funds</b>	<b>33.347</b>
Subordinated debt	7.754
<b>Total amount of Tier 2 own funds</b>	<b>7.754</b>
<b>Total deductions</b>	<b>-</b>
<b>Total amount of Tier 3 own funds</b>	<b>-</b>
Minimum amount of own funds	41.101
Tier 1 own funds after deductions	33.347
Tier 2 own funds after deductions	7.754
Tier 2 own funds for calculation of capital adequacy	7.754
Tier 3 own funds for calculation of capital adequacy	-
<b>Own funds for calculation of capital adequacy</b>	<b>41.101</b>
<b>Capital requirements</b>	
Central governments and central banks under the Standardised Approach, incl.	0.392
<i>Balti Investeeringute Grupi Pank AS</i>	0.392
<i>AS Baltijas Izaugsmes Grupa</i>	-
Regional governments and local authorities under the Standardised Approach	-
Administrative bodies and non-commercial institutions and associations under the Standardised Approach	-
Multilateral development banks under the Standardised Approach	-
International organisations under the Standardised Approach	-
Credit institutions and investment firms under the Standardised Approach	-
Companies under the Standardised Approach, incl.	0.259
<i>Balti Investeeringute Grupi Pank AS</i>	0.259
<i>AS Baltijas Izaugsmes Grupa</i>	-
Retail claims under the Standardised Approach, incl.	6.229
<i>Balti Investeeringute Grupi Pank AS</i>	3.605
<i>AS Baltijas Izaugsmes Grupa</i>	2.625
Claims secured by real estate property under the Standardised Approach, incl.	0.662
<i>Balti Investeeringute Grupi Pank AS</i>	0.583
<i>AS Baltijas Izaugsmes Grupa</i>	0.078
Past due claims under the Standardised Approach, incl.	5.853
<i>Balti Investeeringute Grupi Pank AS</i>	3.321
<i>AS Baltijas Izaugsmes Grupa</i>	2.533

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(in millions of euros)	30.06.08
Assets with high risk under the Standardised Approach	-
Covered bonds under the Standardised Approach	-
Short-term debt of credit institutions, investment firms and other companies under the Standardised Approach, incl.	0.304
<i>Balti Investeeringute Grupi Pank AS</i>	0.303
<i>AS Baltijas Izaugsmes Grupa</i>	0.001
Shares and units of investment funds under the Standardised Approach	-
Other assets under the Standardised Approach, incl.	1.516
<i>Balti Investeeringute Grupi Pank AS</i>	1.320
<i>AS Baltijas Izaugsmes Grupa</i>	0.196
Securitised positions under the Standardised Approach	-
Central governments and central banks under the Internal Ratings Based Approach	-
Credit institutions, investment firms and local authorities under the Internal Ratings Based Approach	-
<b>Total capital requirements against credit risks and counterparty credit risk</b>	<b>15.215</b>
<b>Capital requirement for foreign-exchange risk, incl.</b>	<b>4.542</b>
<i>Balti Investeeringute Grupi Pank AS</i>	0.790
<i>AS Baltijas Izaugsmes Grupa</i>	3.753
Capital requirement for commodities risk	-
Capital requirement for interest rate risk	-
Capital requirement for equity position risks	-
Capital requirements against options	-
Capital requirement for trading book exposures exceeding the limits of concentration of exposure	-
Capital requirement for trading book settlement/delivery risk	-
Capital requirements against foreign exchange risk, commodities risk and position risk associated with the trading book under the Internal Models Approach	-
Total capital requirements against foreign exchange risk, commodities risk and position risk associated with the trading book	-
<b>Basic Indicator Approach to operational risk, incl.</b>	<b>2.768</b>
<i>Balti Investeeringute Grupi Pank AS</i>	2.108
<i>AS Baltijas Izaugsmes Grupa</i>	0.753
Standardised Approach to operational risk	-
Advanced Measurement Approach to operational risk	-
Total capital requirements against operational risk	2.768
Minimum own funds during the transitional period	-
<b>Capital requirements for the calculation of adequacy</b>	<b>22.526</b>
<b>Capital adequacy</b>	<b>18.25%</b>





The capital adequacy standards are applied to Balti Investeeringute Grupi Pank AS.

The specification of consolidation group used when calculating the capital adequacy does not differ from the specification of consolidation group used when preparing financial reports.

Pursuant to §73 of the Credit Institutions Act the following can be included in the Tier 1 capital:

- Paid-in share capital;
- Reserves and reserve capital formed on the basis of law and the articles of association on account of the profits;
- Audited retained earnings;
- Profits for the current financial year, the size of which has been verified by an auditor.

Pursuant to §74 of the Credit Institutions Act subordinated liabilities may be included in Tier 2 capital.

A liability of a credit institution is deemed to be subordinated if the claim arising out of such liability, in the event of the dissolution or bankruptcy of the credit institution is satisfied after the justified claims of all other creditors have been satisfied.

The credit institution has requested for permission from the Financial Supervision Authority for including subordinated liabilities in Tier 2 own funds.

The credit institution does not have Tier 3 own funds.

Standard methods have been used for calculating the capital requirements for credit risk, and basic indicator approach for calculating the capital requirements for operation risk.