

TALLINNA ÄRIPANGA AS

**CONSOLIDATED ANNUAL REPORT
FOR THE 2003 FINANCIAL YEAR**

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1. INTRODUCTORY NOTES

1.1 General Information

Name of the Company:	TALLINNA ÄRIPANGA AS
Location and address:	Vana-Viru 7, 10111 Tallinn
Country of registration:	Republic of Estonia
Date of registration:	30.12.1991
Registration number:	10237984
Register:	Commercial Register of the City Court of Tallinn

1.2 Auditors

Name of the auditor:	Veiko Hintsov
Auditor's certification valid since:	13.12.1995, license number 328
Auditor firm:	AS Deloitte & Touche Audit
Registration number:	10687819
Location and address of the auditor:	Roosikrantsi 2, 10119 Tallinn

The Annual Report of Tallinna Äripanga AS for the 2003 financial year is prepared as at 31 December 2003 and covers the period from 1 January 2003 to 31 December 2003. The report is prepared in Estonian kroons and presented in millions.

1.3 Management Declaration

The Management of the Company declares its responsibility for the preparation of the Annual Report of Tallinna Äripanga AS for the 2003 financial year and affirms to its best knowledge that:

- The Annual Report for the 2003 financial year consists of Introductory Notes, Management Report, Annual Accounts along with notes, Auditor's Opinion and Proposal for profit distribution composed by Management and contains information required by the "Standards for Preparing of a Public Report".
- The information contained in the Annual Report for the 2003 financial year is correct and complete. Nothing has been omitted from the Annual Report for the 2003 financial year that could influence the essence and the meaning of the report.
- The Annual Report has been prepared in accordance with the International Financial Reporting Standards. The present Annual Report for the 2003 financial year is in compliance with Estonian Accounting Law and meets the regulatory requirements of the Eesti Pank (Bank of Estonia). The Annual Accounts present a true and fair view of the financial position, economic performance and cash flows of Tallinna Äripanga AS.
- All significant circumstances that occurred up to the preparation of the Annual Report on 7 May 2004 have been taken into consideration and reported.
Tallinna Äripanga AS carries on its activities as a going concern.
- The Annual Report for the 2003 financial year and the auditor's opinion will be published on 14 May 2004.
- The Annual Report for the 2003 financial year will be presented to the Shareholders' General Meeting on 28 May 2004.
- The Shareholders' General Meeting approved the Annual Report for the 2002 financial year on 24 May 2003.

Valeri Haritonov
Chairman of the Board

Andrei Zukov
Member of the Board

Tatjana Levitskaja
Member of the Board

7 May 2004

2. MANAGEMENT REPORT

2.1 Description of the Financial Institution Group

The following general information regarding the entities belonging to the consolidated Group of Tallinna Äripanga AS (also referred to as “Tallinn Business Bank” and the “Bank”) is presented below:

Parent company:

Tallinna Äripanga AS, location: Vana-Viru 7, 10111 Tallinn, banking, registered on 30.12.1991, registration number 10237984, register: Commercial Register of the City Court of Tallinn.

Subsidiary:

TBB Liisingu AS, location: Estonia 3/5, 10143 Tallinn, leasing and similar financial activities, registered on 16.07.1999, registration number 10570483, register: Commercial Register of the City Court of Tallinn, share capital 800 000 EEK, participation of Tallinn Business Bank is 100%.

There is no difference between the consolidated company of Tallinna Äripanga AS and the consolidated group. Therefore, in the present Annual Report the concept “Group” is used in the sense of the consolidated company.

2.2 Supervisory Council and Management Board of Tallinn Business Bank as at 31 December 2003

Supervisory Council:

Viljar Veskiväli, Chairman of the Supervisory Council, counsellor of the Board of Tallinna Äripanga AS
Number of shares: 398 330

Valeri Lvovski, member of the Supervisory Council, director of AS BEM-Mark
Number of shares: 5 303

Aleksander Udaltsov, member of the Supervisory Council, vice-president of ZAO Luxe du Monde
Number of shares: 0

Madis Kiisa, member of the Supervisory Council, attorney at law in Laus ja Partnerid OÜ lawyer's office
Number of shares: 0

Sergei Gorny, member of the Supervisory Council, the first deputy chairman of the Board of ALMAZJUVELIREXPORT
Number of shares: 0

Management Board:

Valeri Haritonov, Chairman of the Board

Number of shares as at 31.12.2003: 116 231. Number of shares at the date of report: 116 231.

Andrei Zukov, member of the Board

Number of shares as at 31.12.2003: 116 757. Number of shares at the date of report: 116 757.

Tatjana Levitskaja, member of the Board

Number of shares as at 31.12.2003: 116 229. Number of shares at the date of report: 116 229.

2.3 Principal Shareholders of Tallinn Business Bank as at 31 December 2003.

A list of shareholders who possess at least 5% of the voting shares, their originating country and percentage of votes is presented below:

Shareholder	Country	Number of shares as at 31.12.2003	Participation %	Number of shares at the date of report	Percentage of votes %
ALMAZ Trading USA Inc	USA	1 029 202	9.9%	1 029 202	9.9%
AS Grand Marketing	Estonia	1 035 881	9.9%	1 035 881	9.9%
Danasano AS	Estonia	925 458	8.9%	925 458	8.9%
Leonarda Invest AS	Estonia	897 373	8.6%	897 373	8.6%
AS Exact Consulting	Estonia	864 496	8.3%	864 496	8.3%
Asparagos OÜ	Estonia	871 146	8.3%	871 146	8.3%
Lingard OÜ	Estonia	868 822	8.3%	868 822	8.3%
AS BEM-Mark	Estonia	824 222	7.9%	824 222	7.9%
AS BB-Invest	Estonia	765 063	7.3%	765 063	7.3%
Nensli OÜ	Estonia	747 816	7.2%	747 816	7.2%
Other	Estonia	1 613 634	15.4%	1 613 634	15.4%
Total		10 443 113	100.0%	10 443 113	100.0%

2.4 Significant events in year 2003

- At the Shareholder's General Meeting held on 24 May 2003 the Annual Report for the 2002 financial year was approved and it was decided to pay out dividends in the total amount of 3.2 mil EEK, income tax included.
- On 17 February 2003 the increase in shareholder's equity by 20 mil EEK and thus the new amount of shareholder's equity of 104.4 mil EEK was registered in the Commercial Register.
- The annual growth rate of the Bank's time deposits and other time liabilities exceeded 1.21 times the 2002-year's number.
- On 26 February 2003 Tallinn Business Bank successfully completed the issue of bonds with a one-year maturity in the total amount of 20 mil EEK.

- Total assets of TBB Liisingu AS, the subsidiary of Tallinn Business Bank, grew from 57.3 mil EEK to 63.9 mil EEK during the year.
- In March 2003 Tallinn Business Bank joined the money transfer system “Contact”, that allows our clients to perform monetary transactions from one individual to others in banks operating inside the “Contact” without opening a bank account.
- In order to improve the client service function, correspondent relationships with four new foreign banks were established. Among them are those worth mentioning like Nomos Bank in Russia and Rietumu Bankas in Lithuania.
- In July 2003 Tallinn Business Bank started to offer a new deposit called “Eurodepo”. At the end of 2003 the total amount of these deposits constituted over 1 mil EEK.

2.5 Development Patterns for Tallinn Business Bank for 2004 Year

- To ensure Tallinn Business Bank is operating as a niche-bank, providing its clients with all general services and complex solutions.
- To set the goal of increasing the shareholder’s equity either by increasing subscribed share capital or by growth in net profit.
- To proceed with the development of information technology.
- To widen the Bank’s lending activity.
- To proceed with the operation on the precious metals market.

2.6 Risks

GENERAL PRINCIPLES OF RISK MANAGEMENT

Banking is connected with the acceptance of risks. When managing risk, the requirements of the legislation of the Republic of Estonia and the restrictions of the Bank of Estonia along with the Estonian Generally Accepted Accounting Principles and the approved Bank’s “Risk Management Methodology” were taken into consideration. In compliance with the “Risk Management Methodology”, decade monitoring is performed in order to control the compliance with the Bank’s internal rating. The Board of the Bank and the Assets-Liabilities and Risk Management Committee are also provided with an analytical report on the compliance with financial risks rating according to the “Risk Management Methodology”. In addition, summary figures on the effectiveness are presented.

Management of financial risks is performed by the Bank Assets-Liabilities and Risk Management Committee (hereinafter also referred to as ALRMC) and the Credit Committee:

- the objective of ALRMC is to guarantee the optimum management of the Bank’s resources in order to ensure maximum profitability, taking into consideration the accepted risk level;
- the Credit Committee assesses the risks associated with clients and the management of risks associated with the Bank’s credit portfolio. Every month the optimum portfolio volume is calculated and compared with the actual volume of the Bank’s credit portfolio.

The objective of the risk management system is the elimination of risks, the reduction risks or setting limits for the amount of potential losses.

The implementation of the Bank's risk policy and for losses arising from all types of risks is the responsibility of Management Board.

In order to cover each accepted risk the sufficient amount of shareholder's equity is held.

2.6.1 Credit risk

Credit risk arises from the probability of a loss as a result of the incorrect fulfilment or failure in the fulfilment of clients' obligations arising from legal agreements (e.g. loan agreements) or by other factors (including the shortage of collateral).

In its loan business Tallinn Business Bank is following the legislation of the Republic of Estonia and the Tallinn Business Bank directives, including the Bank's credit policy approved by its Board.

The Bank's credit committee makes the decision regarding the acceptance of credit risk. The Council should accept the decision regarding the acceptance of credit risk, which also exceeds 10% of the Bank's equity.

The principles of risk acceptance are as follows:

- 1) the risk should be measurable;
- 2) the risk should be pledged as required;
- 3) the pledge should be insured;
- 4) the risks should be diversified between different economic areas and regions, also through differences in maturities and pledges;
- 5) an effective monitoring system should guarantee the detection of possible problems at early stages, in order to prevent and reduce credit losses.

The assessment of credit risk is performed before placing the loan and later during quarterly monitoring.

The measurement of credit risk includes the following steps:

- analysis of clients' previous activities;
- assessing the risk associated with Board and shareholders;
- assessing the pledge;
- security of the pledge;
- analysis and assessing the business plan and estimates for future cash flows;
- is the potential client reliable and familiar to the Bank;
- positive credit history;
- assessing the borrower's country risk using methodology of the Basel Committee.

Loans granted are fully covered by the Bank's equity and debt capital (including special-purpose loans and demand deposits). One borrower's obligations to the Bank cannot exceed 10% of Bank's share capital, unless the approval of Bank's Council is received. The share of loans granted to one economic or one industrial sector in the Bank's credit portfolio couldn't exceed 25%.

During the monitoring of the Bank's credit portfolio, which is performed every month, every loan and client is reviewed. Using this form of assessing, the Bank pays attention to keeping in line with the terms of the loan agreements, including timeliness of reversal payments, the client's financial position, the condition of pledges and submitting to the Bank necessary information and documentation.

By assessing the timeliness of reversal payments and the client's financial position, the 5-point system is in use, A to E, where A indicates the strongest, and E the weakest client. The pledges are assessed separately taking into consideration its type, value, change in value, liquidity of the pledge and its security.

Regardless the size of the client attention is given to the reversal of the loan amount, whether it takes place in the whole amount at the end of the lending period (i.e. bullet-loans) or by making proportional payments. The bullet-loans are granted special attention.

In addition clients whose obligations to the Bank exceed 10% of Bank's shareholders' equity are monitored more carefully.

Using the aforementioned preliminary data, the monitoring of Bank's credit portfolio is performed.

Using the aforementioned principles, the Bank's Board assesses quarterly the probability of the reversal of provisioned loans. The loan provision is made for each client individually, which forms Banks total loan provision.

Loan provision of the client consists of two parts:

- 1) general loan provision, which depends on client's credit rating;
- 2) open risk position, i.e. provision for non-secured amounts, which is dependent on anticipated changes in the value of the pledge.

Loan officers, who make proposals regarding the level of provisions, perform first a revision of the loan portfolio. On the basis of this information, the Bank's Board makes a decision regarding the level of the provision for the Bank's loan portfolio. Loan monitoring and the Bank's internal controls, financial inspection and auditor revise the provision making.

2.6.2 Market risk

Market risk indicates the probability of a loss, which is derived from adverse financial market movements, changes in foreign currency exchange rates and interest rates and also in security prices. Market risk possesses a macroeconomic nature. Market risk affects major Bank's services, including loans, deposits and derivatives.

For the Bank there are three variables notable:

- currency risk;
- interest rate risk;
- risk of volatility.

In managing its market risk, the Bank considers the following principles:

- denominating existing assets in the same currency;
- managing the net currency position according to regulative acts of the Bank of Estonia through setting internal limits for currency and financial instruments in the frame of open currency position;
- the continuous monitoring of internal rules on the basis of “Risk Management Methodology”;
- in case of loans with Estonian kroons as the basic currency, the Estonian kroons are tied to Euro. In order to reduce the risk of changing pledge prices, the Bank raises the loans in amounts that do not exceed 65% of pledge’s value;
- in order to reduce the currency risk, the derivatives (such as forward and swap contracts) are in use;
- integration of different risk assessment results.

The managing of market risk in the Bank is the responsibility of ALRMC along with the credit department and international settlements department.

2.6.3 Liquidity risk

Liquidity indicates the ability of the Bank to meet its obligations and its ability to improve in a timely manner any adverse levels of liquidity or at least to keep it constant through the changing of its assets and liabilities structure and involving additional external finance, and improving its financial stability through the increase in earnings.

Liquidity risk arises from the differences in assets and liabilities and how quickly assets could be turned to money in order to meet its obligations, from the assets structure and liabilities interest sensitivity.

In managing its liquidity risk, the Bank takes into consideration the following principles:

- the basis for liquidity risk management is the regulatory act of the Bank of Estonia on the statutory reserve;
- following of the requirements on the “Banks Reliability Rating” set by the Bank of Estonia;
- using the Bank’s integral liquidity ratio that is calculated every 10 days on the basis of three various factors;
- following ratios and limits (as set by the Bank of Estonia and also the Bank’s internal limits) – as a basis, which is considered as the “Risk Management Methodology” and “Liquidity Management Methodology”;
- analysing the results of stress tests created by the Bank;
- defining sufficient levels of cash balances and supporting it;
- predicting volumes of loans and deposits and scheduling the reversals of loans;
- balancing the open currency position;
- gaining stability of the Bank’s resource base through setting competitive and attractive interest rates on time deposits;
- temporary restrictions on termination of time deposits (30-days notification);
- integration of different risks assessment results.

Management of liquidity risk is the responsibility of ALRMC and the financial director. ALRMC performs asset monitoring, control and re-allocation, in order to achieve the optimum balance structure by maintaining an acceptable level of liquidity, also maintaining of

liquidity reserve which allows the Bank to meet non-planned financial needs: providing background for profitable investment and lending transactions, smoothing of occasional and seasonal fluctuations of loan demand and withdrawal of deposits.

Strategic issues of liquidity risk management are discussed by ALRMC at least once a month.

Daily management of liquidity risk is the responsibility of the workshop consisting of ALRMC, accounting and international settlements department specialists.

This workshop assesses the Bank's liquidity levels continuously (i.e. daily) and once a week it presents its operational report to the Board of Directors.

2.6.4 Country risk

It is critically important for an internationally operating bank (including Tallinn Business Bank) to adequately assess the country risk. Country risk consists of two components: economic and political risks.

Economic risk is refers to the general economic and financial levels of a single country (both in macro aspects and on an entity level), country competitive position on the international market, statement of balance of payments, stability of national currency a.s.o.

The level of political risk is determined as the stability of the political system, relationships with adjoining states and social security. When assessing the political risk it is taken into consideration in which way the aforementioned factors can influence the proprietary right.

In the real world economic and political risks are interrelated and when assessing them one should use the integral approach.

Country risk can be defined as follows:

- Risk of conversion (devaluation of national currency);
- Risk of translation of monetary resources;
- National insolvency risk (default risk).

In order to reduce country risk the Bank uses following methods:

- *Risk of conversion*
 - The Bank does not operate with foreign currencies, which the conversion ability is limited;
 - The Bank does not perform transactions with countries that possess an unclear or instable international image;
 - The Bank does not invest into countries with non-convertible currencies.
- *Risk of translation of monetary resources*
 - All transactions with currencies are performed through the dealer-system REUTERS 2000;
 - The Bank does not open correspondent accounts in countries, which political and/or economic risk levels are high.

- *National insolvency risk*
 - This risk is kept under control by implementing tough criteria for choosing correspondent banks.

System of limits in use

- The Country risk system is in use by managing country risks. Limits are divided in two groups: countries of zone A and B.
- ALRMC and the Board approve the country risk limits.
- A revision of the country risk limits is ordinarily performed at least once a year. When required, the revision of those limits is performed more frequently.

The analysis, management and control of all of the aforementioned risks are the responsibility of ALRMC and the Board. When required experienced members of the Bank's Supervisory Council could be involved in this work.

2.6.5 Operational risk

Operational risk refers to internal or external factors, which can adversely influence the Bank's activities and result in losses. Operational risk consists of following components:

- Information technology risk;
- Procedure risk;
- Personnel risk;
- Legal risk.

In order to reduce the operational risk there is a control system for the administration of transactions in the Bank, which ensures the multiple controls over the performed transactions.

In order to eliminate the *information technology risk*, there are internal systems of information protection and procedures, which prevent unauthorised access to the Bank's internal basic information.

In order to reduce *procedure risk*, the Bank uses procedures, which are designed to ensure that products are covered with agreements, control actions and are properly accounted.

The operating of an aforementioned system is under supervision of Bank's internal control and lawyer, who regularly perform the supervision and analysis of signed and discussed agreements in order to discover potential risks.

Personnel risk is managed through setting principles of employment and the disposition of staff. The basis for employment is the assessment of future employees professional skills, qualification and loyalty.

Responsibility limits are set for the employees. Trespassing of these limits, which causes injury to Bank, raises the question of material liability of the employee in extent of the loss.

Legal risk. In performing transactions the Bank uses standard agreements. All aspects of the agreements are negotiated with the lawyer and when required legal expertise is engaged. The majority of agreements, which refer to the security of loans, are controlled in the notary's offices.

Control and management of all operational risks is the responsibility of the Bank's Board of Directors, internal control, lawyer and IT department.

2.6.6 Internal control system

The internal control system includes the activities of Tallinn Business Bank as a whole. The internal control system includes the Supervisory Council, Management Board and staff co-operation that should guarantee the most effective achievement of general goals set, the fairness of accounting information and compliance with legal regulations. The maintaining and functioning of the internal control system is the responsibility of the Bank's Management Board.

The effectiveness of the internal control system depends on the co-operation between the Council, Board and internal control department.

Every chain performs its specific functions. The Council performs supervision of the Bank's and subsidiary's activities by controlling their Boards' work, approving the strategy of the consolidated group and general risk management methodology.

The task of the Management Board is coordinating daily business activities, including defining the responsibilities of each managerial level, approval of job descriptions and internal rules. In addition, the Board is also responsible for the fulfilment of valid action plans and procedures.

The objective of the internal control department is the supervision and preservation of the Bank's assets, protecting the interests of the Bank's shareholders, depositors and creditors, and the supervision of compliance of the Bank's operations with regulatory acts and GAAP. In order to achieve its objectives, the internal control department performs tasks, such as the control of internal documentation, identification of deficiencies in the Bank's operating activities, investigation of cases of breaking internal rules, infringement of duties and exceeding authority limits along with drawing attention to these cases and making proposals regarding the elimination of these deficiencies. In performing its tasks the internal control department follows the work plan approved by the Supervisory Council of Tallinn Business Bank.

2.7 Dividends policy

The dividends policy of Tallinn Business Bank aims to guarantee to the shareholders the preservation of their investments and an increase in the value of investments. Therefore, by profit distribution the following principles are followed:

- The result of Group's financial year should be positive, i.e. the group should earn a profit;
- Preservation of capitalisation level required for maintaining operations in a small bank;
- Compliance with requirements on the level of reserves.

2.8 Employees

	2003		2002	
	Group	Bank	Group	Bank
Average number of employees	51	47	49	44
Total salary amount (in millions kroons)	7.8	7.3	6.6	6.3

2.9 Ratings

2.9.1 Adequacy of Capital

The statement of capital adequacy is presented in terms of the requirements of decree number 12 of the President of the Bank of Estonia dated 2 July 2002 "Prudential Ratios of Credit Institutions", appendix 1 "Principles of Calculating Capital Adequacy of Credit Institutions on Solo and Consolidated Basis".

(in millions EEK)

	2003		2002	
	Group	Bank	Group	Bank
1. Core capital of first level	108.5	108.5	88.4	88.4
1.1 Paid-in capital	104.4	104.4	84.4	84.4
1.2 General reserves	-	-	-	-
1.3 Other reserves	1.5	1.5	1.2	1.2
1.4 Retained earnings	3.3	3.3	0.7	0.7
1.5 Profit for the financial year	-	-	3.0	3.0
1.6 Minority of shareholders (only in consolidated report)	-	-	-	-
1.7 Unrealised exchange differences (only in consolidated report)	-	-	-	-
1.8 Negative goodwill (only in consolidated report)	-	-	-	-
1.9 Treasury shares (less)	-	-	-	-
1.10 Intangible property (less)	(0.7)	(0.7)	(0.9)	(0.9)
1.11 Loss for the financial year (less)	-	-	-	-
2. Core capital of second level	22.3	22.3	26.9	26.9
3. Total gross core capital (1+2)	130.8	130.8	115.3	115.3
4. Deductions from gross core capital	-	1.3	-	1.0
5. Total net core capital (3-4)	130.8	129.5	115.3	114.3
6. Core capital of second level	-	-	-	-
7. Risk weighted assets	336.6	302.7	339.4	305.1
7.1 I category (credit risk of 0%)	44.2	43.5	46.7	46.6
7.2 II category (credit risk of 20%)	387.5	387.5	262.4	262.4
7.3 III category (credit risk of 50%)	45.4	42.1	65.1	63.2
7.4 IV category (credit risk of 100%)	236.4	204.1	254.4	221.0
8. Off-balance sheet transactions weighted by credit risk	3.7	3.7	6.3	6.3
8.1 Group I	3.7	3.7	6.3	6.3
8.2 Group II	-	-	-	-
9. Capital requirements for the coverage of the currency risk	0.4	0.4	-	-
10. Capital requirements for the coverage of the risks associated with trading portfolio	-	-	-	-
10.1 Capital requirements for the coverage of the interest position risks	-	-	-	-
10.2 Capital requirements for the coverage of the security position risks	-	-	-	-
10.3 Capital requirements for the coverage of the commodity risks	-	-	-	-
10.4 Capital requirements for the coverage of the risks associated with options	-	-	-	-
10.5 Capital requirements for the coverage of the transaction risk of trading portfolio	-	-	-	-
10.6 Capital requirements for the coverage of the credit risk of trading portfolio	-	-	-	-
11. Capital requirements for the trading portfolio credit risk from open position which exceeded the marginal rate of loan concentration	-	-	-	-
12. Capital adequacy (5.+6.)/(7.+8.+9.*10 + 10.*12,5+11.*12,5)	0.38	0.42	0.33	0.37

For the calculation of the capital adequacy the net profit for the 2002 financial year less dividends amount of 2.4 mils EEK is included into core capital.

2.9.2 Currency net positions

Currency net positions are calculated in terms of the requirements of the decree number 12 of the President of the Bank of Estonia dated 2 July 2002 “Prudential Ratios of Credit Institutions”, appendix 5 “Principles of Calculating Capital Adequacy of Credit Institutions on Solo and Consolidated Basis”.

The Bank’s and Groups’ currency net positions as at 31 December 2003, which exceed 1% of the share capital, are presented as follows:

Group (in millions EEK)

Currency	Balance position		Off-balance sheet position		Net position
	long	short	long	short	
EEK + EUR	318.1	322.4	-	5.7	-10.0
USD	388.0	384.9	-	-	3.1

Bank (in millions EEK)

Currency	Balance position		Off-balance sheet position		Net position
	long	short	long	short	
EEK + EUR	283.1	287.4	-	9.7	-14.0
USD	388.0	384.9	-	-	3.1

2.9.3 Liquidity

Liquidity is calculated in terms of the requirements of the decree number 12 of the President of the Bank of Estonia dated 2 July 2002 “Prudential Ratios of Credit Institutions”, appendix 5 “Principles of Calculating Liquidity of Credit Institutions and Procedure for Reporting on Solo and Consolidated Basis”.

Claims and liabilities for the Bank and Group as at 31 December 2003 are presented according to their maturity as follows:

CLAIMS AND LIABILITIES ACCORDING TO MATURITY

(in millions EEK)

Claims and liabilities	on demand	overdue	till 1 month	1-3 months	3-12 months	1-2 years	2-5 years	exceeding 5 years
1. Bank's claims	460.8	0.4	33.1	15.2	42.5	15.6	14.8	72.2
2. Group claims	462.5	1.7	34.8	15.5	26.7	18.2	48.9	81.2
incl. cash and claims to banks	450.8	-	15.7	-	0.6	-	-	-
claims to customers	5.7	0.4	17.5	15.5	25.1	18.2	48.9	81.2
other claims	6.0	1.3	1.6	-	1.0	-	-	-
1. Bank's liabilities	395.6	-	12.6	7.5	72.1	16.3	9.5	73.0
2. Group liabilities	395.2	-	12.6	7.4	68.3	18.3	37.5	78.2
incl. debts to banks	0.2	-	-	-	-	-	-	-
debts to customers	115.2	-	4.2	6.4	59.7	16.4	37.5	55.9
other debts	279.8	-	8.4	1.0	8.6	1.9	-	22.3

2.9.4 Loan Concentration

The loan concentration report is made in terms of the requirements of the decree number 12 of the President of the Bank of Estonia dated 2 July 2002 “Prudential Ratios of Credit Institutions”, appendix 3 “Principles of Calculating Exposures Incurred by Credit Institutions and Procedure for Reporting on Solo and Consolidated Basis”.

(in millions EEK)

	Group		Bank	
	number/amount	% of net share capital	number/amount	% of net share capital
1. Number of clients with high loan concentration	5	-	5	-
2. Liabilities of clients with high loan concentration	90.9	69%	85.7	66%

According to Credit institution law, a loan is considered to be highly concentrated if it exceeds 10% of the institution’s share capital, whereby the total amount of loans with high concentration cannot exceed 800% of the share capital of the credit institution.

Loans to one client group cannot exceed 25% of net share capital of the Bank or its Consolidated Group.

As at 31 December 2003, both the Tallinn Business Bank and the Group complied with the aforementioned loan concentration limits.

2.10 Ratios

The main ratios that describe the operating activities of the Group and the Bank in 2003 and 2002 financial years are presented below. Balance sheet ratios are calculated using end-period data.

Ratios	31 December 2003		31 December 2002	
	Group	Bank	Group	Bank
1. ROE	6.39%	6.39%	6.83%	6.83%
2. EM	6.43	6.10	6.82	6.53
3. PM	15.62%	17.10%	14.45%	14.88%
4. AU	6.37%	6.14%	6.92%	7.03%
5. NIM	-	2.28%	-	2.87%
6. EPS*	0.65	0.65	0.59	0.59
7. SPREAD	-	1.66%	-	2.56%

*EPS for 2002 financial year is adjusted with issuance of shares, which took place in 2003 financial year.

Presented ratios are calculated using the following formulas:

- | | |
|-------------------------------------|---|
| 1. Return on Equity (ROE): | Net profit (loss) / share capital (%) |
| 2. Equity Margin (EM): | Assets / share capital |
| 3. Profit Margin (PM): | Net profit (loss) / gross income (%) |
| 4. Assets Utilisation (AU): | Gross income / Assets (%) |
| 5. Net interest margin (NIM): | Net interest income / interest bearing assets (%) |
| 6. Earnings per share (EPS), (EEK): | Net profit (loss) / average number of shares |
| 7. SPREAD: | (Interest income / interest bearing assets) – (interest expense / interest bearing liabilities) |

2.11 Tallinn Business Bank and Group's Consolidated Balance Sheets for the Period 1999-2003

(in millions EEK)

ASSETS	2003		2002		2001		2000		1999	
	Group	Bank	Group	Bank	Group	Bank	Group	Bank	Group	Bank
1 Cash	8.5	8.5	4.2	4.2	4.8	4.8	6.8	6.8	11.8	11.8
2 Claims	671.1	639.9	578.4	548.6	542.9	524.4	488.6	478.7	324.5	328.1
3 Shares and other securities	-	-	-	-	9.9	9.9	14.3	14.3	0.4	0.4
4 Shares of subsidiary	-	1.3	-	1.0	-	0.9	-	0.5	-	0.1
5 Intangible assets	0.7	0.7	0.9	0.9	-	-	-	-	-	-
6 Fixed assets	24.7	24.7	25.6	25.5	28.9	28.9	32.3	32.3	12.7	12.7
7 Other assets	5.2	0.9	15.6	10.3	0.1	0.1	0.9	0.9	17.9	14.6
8 Accruals and prepaid expenses	4.1	3.4	4.8	4.6	3.1	2.6	5.7	5.5	16.1	15.5
9 TOTAL ASSETS	714.3	679.4	629.5	595.1	589.7	571.6	548.6	539.0	383.4	383.2

LIABILITIES AND EQUITY	2003		2002		2001		2000		1999	
	Group	Bank	Group	Bank	Group	Bank	Group	Bank	Group	Bank
1 Debts	295.5	260.2	398.3	363.3	465.2	445.0	432.8	419.9	283.2	283.2
2 Bonds issued	-	-	19.2	19.2	-	-	-	-	-	-
3 Other liabilities	277.2	277.2	89.3	88.4	3.2	3.2	3.6	3.6	5.4	5.2
4 Accruals and customers' prepayments	2.6	3.0	3.4	4.9	3.1	5.2	2.4	5.7	1.4	1.4
5 Subordinated debt	22.3	22.3	26.9	26.9	31.9	31.9	30.3	30.3	28.0	28.0
6 Total liabilities	597.6	562.7	537.1	502.7	503.4	485.3	469.1	459.5	318.0	317.8
7 Total equity	116.7	116.7	92.4	92.4	86.3	86.3	79.5	79.5	65.4	65.4
8 TOTAL LIABILITIES AND EQUITY	714.3	679.4	629.5	595.1	589.7	571.6	548.6	539.0	383.4	383.2

2.12 Ratings

As at 31 December 2003 Tallinn Business Bank possessed no international rating.

2.13 Court cases

As at 31 December 2003, Tallinn Business Bank along with its subsidiary TBB Liisingu AS, were not involved in any court or arbitration cases, which could lead to significant losses in the future.

3. ANNUAL ACCOUNTS

The Annual Accounts of Tallinn Business Bank consist of balance sheets, statements of profit and loss, cash flow statements, statement of changes in shareholders' equity and notes to Annual Accounts.

3.1 Consolidated Balance Sheets and Off-Balance Sheet Items of Tallinn Business Bank and Group

BALANCE SHEETS AS AT 31 DECEMBER 2003 AND 31 DECEMBER 2002

(in millions EEK)

ASSETS		Note	31.12.2003		31.12.2002	
			Group	Bank	Group	Bank
1	Cash		8.5	8.5	4.2	4.2
2	Claims		671.1	639.9	578.4	548.6
2.1	Due from Central Bank	2	34.4	34.4	41.7	41.7
2.2	Due from other banks	3,6,7,8	424.2	424.2	319.7	319.7
2.3	Claims to Bank's customers	4,6,7,8	160.8	187.9	172.9	193.3
2.4	Claims to leasing customers	5,6,7,8	58.6	-	50.2	-
2.5	Provisions for loan losses	4,5,6,7,8	(6.9)	(6.6)	(6.1)	(6.1)
3	Shares and other securities		-	1.3	-	1.0
3.1	Subsidiary shares	9	-	1.3	-	1.0
4	Intangible assets		0.7	0.7	0.9	0.9
4.1	Other intangible assets	10	0.7	0.7	0.9	0.9
5	Fixed assets	10	24.7	24.7	25.6	25.5
6	Other assets	11	5.2	0.9	15.6	10.3
7	Accrued income and prepaid expenses	12	4.1	3.4	4.8	4.6
8	TOTAL ASSETS		714.3	679.4	629.5	595.1

(in millions EEK)

LIABILITIES AND EQUITY		Note	31.12.2003		31.12.2002	
			Group	Bank	Group	Bank
1	Unsecured debt		295.5	260.2	398.3	363.3
1.1	Due to other banks	13	0.2	0.2	149.4	149.4
1.2	Due to customers	14	260.0	260.0	213.9	213.9
1.3	Other dues	15	35.3	-	35.0	-
2	Secured debt		-	-	19.2	19.2
2.1	Bonds issued		-	-	19.2	19.2
3	Other liabilities	15	277.2	277.2	89.3	88.4
4	Accrued expenses and customers prepayments	15	2.6	3.0	3.4	4.9
5	Subordinated debt	16	22.3	22.3	26.9	26.9
6	TOTAL LIABILITIES		597.6	562.7	537.1	502.7
7	Share capital	17	104.4	104.4	84.4	84.4
8	Other reserves		1.5	1.5	1.2	1.2
9	Retained earnings		4.1	4.1	0.7	0.7
10	Net profit for the period		6.7	6.7	6.1	6.1
11	TOTAL EQUITY		116.7	116.7	92.4	92.4
12	TOTAL LIABILITIES AND EQUITY		714.3	679.4	629.5	595.1

OFF-BALANCE SHEET ITEMS AS AT 31 DECEMBER 2003.

(in millions EEK)

	Group		Bank	
	Claims	Liabilities	Claims	Liabilities
1. Irreversible transactions	0.6	16.3	0.6	16.3
1.1 Guarantees and similar irreversible transactions	0.6	14.2	0.6	14.2
1.2 Other irreversible transactions	-	2.1	-	2.1
2. Reversible transactions	-	3.6	-	7.6
2.1 Unused amounts of credit lines and overdrafts	-	3.6	-	7.6

3.2 Consolidated Statements of Profit and Loss for Tallinn Business Bank and the Group

STATEMENTS OF PROFIT AND LOSS FOR 2003 AND 2002 FINANCIAL YEARS

(in millions EEK)

ENTRY		Note	2003		2002	
			Group	Bank	Group	Bank
1	Interest income	18	22.5	20.1	25.3	23.4
1.1	Interest income from Bank operations		17.0	20.1	20.2	23.4
1.2	Interest income from lease operations		4.9	-	4.9	-
1.3	Other interest income		0.6	-	0.2	-
2	Interest expense	19	8.2	6.8	9.0	8.0
2.1	Interest expense from Bank operations		6.8	6.8	7.7	8.0
2.2	Interest expense from lease operations		1.4	-	1.3	-
3	Net interest income/expense (+/-)		14.3	13.3	16.3	15.4
4	Gains from securities		-	0.3	1.7	1.8
4.1	Gains/losses from equity method (+/-)		-	0.3	-	0.1
4.2	Gains/losses from sales of long-term financial investments (+/-)		-	-	1.7	1.7
5	Net fees and commissions income		1.6	4.3	1.0	1.0
5.1	Fees and commissions income		5.6	8.3	5.0	5.0
5.2	Fees and commissions expense		4.0	4.0	4.0	4.0
6	Net income/expense from finance activities (+/-)	20	10.0	10.0	9.9	9.9
6.1	Income/profit		10.0	10.0	9.9	9.9
6.2	Expense/loss		-	-	-	-
7	Administration expense		15.6	14.3	13.6	12.8
7.1	Salaries and wages	21	7.8	7.3	6.6	6.3
7.2	Social security	21	2.6	2.4	2.2	2.1
7.3	Other administrative expenses	22	5.2	4.6	4.8	4.4
8	Changes in values of real estate investments, fixed and intangible assets (+/-)	10	-4.7	-4.7	-5.1	-5.1
8.1	Income/profit		-	-	-	-
8.2	Expense/loss		4.7	4.7	5.1	5.1
9	Changes in values of claims and off-balance sheet liabilities (+/-)		-1.0	-0.7	-2.4	-2.4
9.1	Income/profit		3.7	3.7	0.7	0.7
9.2	Expense/loss		4.7	4.4	3.1	3.1
10	Other operational income / expense		2.9	-0.7	-1.7	-1.7
10.1	Other operational income		4.4	0.7	0.3	0.3
10.2	Other operational expense		1.5	1.4	2.0	2.0
11	Earnings before taxes (+/-)		7.5	7.5	6.1	6.1
12	Income tax on dividends		0.8	0.8	-	-
13	Net profit for the financial year		6.7	6.7	6.1	6.1

3.3 Consolidated Cash Flow Statements for Tallinn Business Bank and the Group

CASH FLOW STATEMENTS FOR 2003 AND 2002 FINANCIAL YEARS

(in millions EEK)

	Group		Bank	
	2003	2002	2003	2002
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the year	6.7	6.1	6.7	6.1
+ non-cash expenses and losses related to long-term financial investments, intangible and fixed assets or financing activities	9.3	8.5	9.0	8.5
- non-cash income and profits related to long-term financial investments, intangible and fixed assets or financing activities	-7.3	-5.0	-7.7	-5.1
- changes in assets in operating activities	-91.0	-39.3	-89.7	-23.0
- changes in liabilities in operating activities	104.3	19.4	103.7	3.2
Net cash flow from operating activities	22.0	-10.3	22.0	-10.3
B. CASH FLOWS FROM INVESTING ACTIVITIES				
+ instalments	0.1	-	0.1	-
- disbursements	-3.7	-3.1	-3.7	-3.1
Net cash flows from investing activities	-3.6	-3.1	-3.6	-3.1
C. CASH FLOWS FROM FINANCING ACTIVITIES				
+ instalments	20.0	19.2	20.0	19.2
- disbursements	-41.6	-	-41.6	-
Net cash flows from financing activities	-21.6	19.2	-21.6	19.2
D. CHANGE IN CASH AND CASH EQUIVALENTS				
	-3.2	5.8	-3.2	5.8
E. CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR				
	46.2	40.4	46.2	40.4
F. CASH AND CASH EQUIVALENTS, END OF YEAR				
	43.0	46.2	43.0	46.2

* In the Annual Accounts the balances of correspondent accounts in the Bank of Estonia and in other Estonian Banks are referred to as cash equivalents.

Notes for the cash flow statements are not presented here, as there were no non-cash transactions, which should be presented in the cash flow statements.

3.4 Consolidated Statements Of Shareholders' Equity for Tallinn Business Bank and the Group

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY FOR 2003 AND 2002 FINANCIAL YEARS

As there is no difference existing between the Bank's and the Group's shareholder equities, the common statement of shareholders' equity is presented here.

Bank and the Group

(in millions EEK)

	Share capital	Reserves	Retained earnings	Net profit for the year	Total
31.12.2001	76.8	0.8	1.9	6.8	86.3
Transformation of net profit for the year into retained earnings	-	0.4	-	-0.4	-
Capitalisation issue	7.6	-	-1.2	-6.4	-
Net profit for the year	-	-	-	6.1	6.1
31.12.2002	84.4	1.2	0.7	6.1	92.4
Translation of net profit for the year to reserves	-	0.3	-	-0.3	-
Transformation of net profit for the year into retained earnings	-	-	3.4	-3.4	-
Shares issued	20.0	-	-	-	20.0
Paid dividends	-	-	-	-2.4	-2.4
Net profit for the year	-	-	-	6.7	6.7
31.12.2003	104.4	1.5	4.1	6.7	116.7

Notes to the Annual Accounts

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

Tallinna Äripanga AS (hereinafter the “Bank”) was established and commenced operations in December of 1991. The Bank’s main office is located in Tallinn, and it has a branch in Narva. The Bank’s main areas of operation include depositing, lending to the public and other banks, transferring payments and foreign currency exchange both for its customers and for trading purposes.

The accompanying consolidated financial statements and financial statements of the Bank alone are presented in the national currency of Estonia, the kroon (“EEK”), if it is not stated otherwise. The kroon was established in the summer of 1992 and has been pegged to the EURO at the rate of 1 EURO = 15,64664 EEK.

Basis of Preparation

The consolidated financial statements include the financial statements of the Bank and its subsidiary TBB Liisingu AS. Consolidated are financial statements of those entities, where Bank possesses substantial participation. As substantial participation is considered to be when the Bank possesses more than 50% of the votes in the other entity or is able to significantly affect its operations. The consolidated financial statements of Tallinna Äripanga Group include the financial statements of TBB Liisingu AS (participation 100%, founded on 2 July 1999). There were no affiliates as of 31 December 2003. The consolidated financial statements are prepared in conformity with the Accounting Law of the Republic of Estonia, decrees issued by the Bank of Estonia and general banking practice. The following main accounting principles are described below.

Consolidation

In significant aspects the consolidated financial statements have been compiled in conformity with the accounting principles of the Bank. In consolidation the internationally accepted accounting principles have been applied, which require line-by-line combination of parent company and subsidiary balance sheets and income statements and the elimination of intra-group balances and transactions.

In the Bank's separate statements investments in the subsidiary have been presented using the equity method where the initial investment is increased by the Bank’s share of profits and reduced by losses of or distribution of profits received from the associate attributable to the Bank.

Interest, Fees and Commissions

Interest income is recognised on the accrual basis. Interest income is not recognised on non-performing loans or other loans in which interest is unlikely to be collected. For those loans no accruals are made until the arrears are received.

Commissions and other income are credited to income at the time of the related transactions. Commissions, fees and other expenses are debited to the expense when incurred.

Foreign Currencies

Transactions denominated in foreign currency are translated into EEK at the official Bank of Estonia exchange rate at the date of the transaction. Monetary assets and liabilities are translated at the rate of exchange on the balance sheet date. All resulting gains and losses are recorded in the statement of profit and loss as a financial income (expense) in the period in which they arise.

The applicable rates used for the principal currencies at 31 December 2003 and 2002 were as follows:

	2003	2002
USD	12,40960	14,93642
RUB	0,42433	0,46764

Provision for Loan Losses

Loans represent the unpaid principal balance of loans less provision for loan losses.

Non-performing loans are defined as loans, which contractually due interest or principal amount is overdue or in case of which management believes the contractual interest or outstanding principal will not be collected.

The Bank grants commercial and consumer loans to customers throughout its market area. The economic condition of the market area may have an impact on the debtors' ability to repay their loans. The management and the board have considered the risk in determining the balance of provision for loan losses. Provision for loan losses is presented according to IAS requirements and represents the estimated amounts of probable losses that have been incurred at the balance sheet date. When a loan has been classified as non-performing, a specific provision for the loan loss is established in amount of the outstanding balance, which is deemed uncollectible. The value of collateral held in connection with loans is based on the estimated realisable value of the assets and is taken into account when estimating the required provision.

The provision for loan losses is composed of estimated amounts for the following:

- specific provision for loans identified as non-performing;
- specific provision for probable losses on guarantees;
- specific provision for probable losses on loans identified as high risk.

The establishment of a general provision for possible loan losses is an internationally accepted practice adopted to recognise the inherent risk in a portfolio of risk assets and commitments. Accordingly, the management has considered the creation of a general provision policy with respect to the Bank's total exposure to identified loan concentration risk, each customer and its general financial position, collateral values, possible measures implemented to improve troubled customers' financial position, general market situation or operating events that have or have yet to occur, prior or subsequent to the balance sheet date, for which a specific provision is not yet quantifiable.

The level of the provision is based on estimates considering known relevant factors affecting loan collectability and collateral values. Ultimate losses may differ from the current estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Due to an inherent lack of reliable information about the customer's financial position, the estimate of probable losses is uncertain. Nevertheless, the Management has made their best estimates of losses and believe those loss estimates presented in the financial statements are reasonable in the light of available information and do not vary materially from the guidelines set by the Bank of Estonia for loan loss provisions.

Investments

The Bank's investments are divided into two groups: long- and short-term investments.

The long-term investments in subsidiary shares are reported in the Bank's Annual Accounts according to the principles described in the chapter "Consolidation". Other long-term investments in securities are presented at acquisition cost less all-permanent decreases in value.

Short-term investments consist of trading securities and are reported at market value. Realised and unrealised gains and losses associated with trading securities are reported in the Statement of profit and loss as "Net income/expense from finance activities".

As at 27 September 2002 TBB Liisingu AS acquired 100% of the share capital of OÜ Rendmark Kinnisvara for 1 EEK. This investment is reported as short-term because TBB Liisingu AS is planning to sell it.

Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation. If the fair value of a fixed asset is lower than its carrying amount due to circumstances not considered to be temporary, the fixed asset is written down to its fair market value.

Depreciation is provided using the straight-line method based on the estimated useful life of fixed assets as follows:

Buildings	50 years
Cars	7 years
Office equipment	4-10 years
Improvement of rented fixed assets	Taking into consideration terms of rent agreement

All assets in excess of 5 000 EEK and assets having a useful life of more than one year are capitalised. Gains and losses on the disposal of fixed assets are recognised in the statement of profit and loss at the moment of disposal.

Income Taxes

According to the income tax law in force in Estonia, legal entities registered in Estonia do not pay the income tax on earned profits but on distributed profits. According to § 50 of the aforementioned income tax law, since 1 January 2003 all dividends paid by legal entity are subject to income tax irrespective of the recipient. The tax rate is 26/74 on the amount of paid dividends.

A contingent tax liability of the Bank that may occur if all the distributable retained earnings should be paid out as dividends is not reported on the balance sheet. The income tax due on a dividend distribution is expensed in the income statement when the dividends are declared.

The maximum possible tax liability which would become payable if the retained earnings were fully distributed is presented in note 23.

The tax due on a dividend distribution may be reduced by up to 26/74 calculated on dividends received from subsidiaries and associates.

Leases

A lease is classified as a finance lease when the entire risks and rewards incident to ownership are substantially transferred to the lessee at the time of enforcement of the agreement. All other lease transactions are accounted for as an operating lease.

Group as a lessor

Finance lease claims are reported in the consolidated Annual Accounts as net claims from lease agreements. Revenue earned under a finance lease by the lessor is allocated to the rental periods as revenue earned from the residual net investment value using a fixed rate.

Revenue earned from operating lease agreements are accounted for during the accounting period using straight-line rates.

Derivative financial instruments

The Bank uses derivative financial instruments including foreign currency forward contracts and currency swaps to manage its exposure to foreign exchange arising from operational activities.

Foreign currency forward contracts are contracts to purchase and sell a specific quantity of a foreign currency at a specified price, with delivery and/settlement at a specified future date.

Currency swaps are commitments to exchange a set of cash flows in one currency for other currency cash flows.

In accordance with IAS 39 (revised 2000) all derivative contracts are carried on the balance sheet at their fair value starting from 1 January 2001. In order to determine fair value of currency related derivative instruments the Bank performs a discounted cash flow calculation. All gains and losses resulting from a change in the fair value of derivative financial instruments are recognised in the statement of profit and loss. The Bank is not using hedge accounting for derivative financial instruments.

As of 31 December 2003 and 2002 the Bank did not have any liability referred to as outstanding derivative financial instruments.

Fair Value of Financial Instruments

The fair value of financial instruments is assessed taking into consideration respective market information and other estimates and complies with principles described in note 26. Making estimates of fair value implies considering key factors such like interest rates, credit risk, evaluation of prepayments and other items, especially under conditions of lack of market for the a particular instruments. Changes in estimates or a market situation can significantly affect the fair value estimates.

Regulatory Requirements

The Bank is subject to the regulatory requirements set by the Bank of Estonia. The main requirements include:

- minimum owner's equity;
- capital adequacy;
- liquidity;
- mandatory and other reserves;
- foreign currency positions;
- restrictions on investments;
- loan concentration.

The sanctions for non-compliance with the laws and regulations may include restrictions of the Bank's activities and the withdrawal of their banking license. The management believes that the Bank is in compliance with all applicable laws and regulations.

Note 2. Due from Central Bank

In accordance with the regulations of the Bank of Estonia, the Bank must hold in a separate account with it a compulsory reserve deposit, which is computed using a determined percentage of the average monthly balance of customers' deposits. At 31 December 2003 and 2002 the Bank was in compliance with the compulsory reserve requirement. As at 31 December 2003 the balance due from the Central Bank amounted to 34,4 millions EEK (31 December 2002: 41,7 millions EEK).

Note 3. Due from Other Credit Institutions

Amounts due from other credit institutions are presented as follows:

	31.12.2003		31.12.2002	
	Group	Bank	Group	Bank
(in millions EEK)				
Demand deposits:				
with OECD banks	370.3	370.3	225.3	225.3
with Estonian banks	0.1	0.1	0.3	0.3
with CIS countries' banks	37.0	37.0	57.5	57.5
with non – OECD banks	0.5	0.5	1.6	1.6
Total demand deposits	407.9	407.9	284.7	284.7
Time deposits:				
with OECD banks	16.3	16.3	1.0	1.0
with Estonian banks	-	-	29.9	29.9
Total time deposits	16.3	16.3	30.9	30.9
Overnight loans:				
to Estonian banks	-	-	4.1	4.1
Total overnight loans	0.0	0.0	4.1	4.1
Total	424.2	424.2	319.7	319.7

As at 31 December 2003 and 2002 the average interest rate on time deposits was 1.6% and 1.8% respectively. Agreed maturity dates of term deposits are in 2004.

Note 4. Due from Customers

Loans granted:

(in millions EEK)

	31.12.2003		31.12.2002	
	Group	Bank	Group	Bank
Legal entities	147.8	174.9	161.6	182.0
Individuals	13.0	13.0	11.3	11.3
Total loans granted	160.8	187.9	172.9	193.3
Less: provision for loan losses	-6.6	-6.6	-6.1	-6.1
Loans granted, net	154.2	181.3	166.8	187.2

Bank Balances include loans granted to related parties (note 25).

Note 5. Due from Lease Customers

Analysis of Group's claims according to sectors of activities:

(in millions EEK)

	Group	
	2003	2002
Agricultural	28.4	26.3
Retail and wholesale	5.6	7.2
Real estate	5.7	6.7
Manufacturing	2.8	4.0
Individuals	4.9	3.2
Other	11.2	2.8
Total due from customers	58.6	50.2
Less: provision for loan losses	-0.3	-
Total due from customers, net	58.3	50.2

All finance lease agreements are concluded with legal entities registered in Estonia and with individuals whose residency is in Estonia.

Annual payments for group claims for the period ending 31 December are as follows:

(in millions EEK)

2004	15.0
2005	13.3
2006	12.1
2007	7.9
2008	3.8
2009	2.4
2010	1.5
2011	1.2
2012	1.0
2013	0.4
Total	58.6

As at 31 December 2003 provision for finance lease losses was created in the amount of 0.3 millions EEK. Maaelu Edendamise Sihtasutus guaranteed collaterals for loans granted to the agricultural sector in the amount of 10 066 thousand EEK. Guarantee would be realised in case of losses from the sale of collateral resulting from client's insolvency.

Analysis of gross investments and future rental income at 31 December 2003 and 2002 is presented as follows:

(in millions EEK)

	31.12.2003	31.12.2002
	Group Present value of a claim	Group Present value of a claim
Gross investments' maturities		
Less than 1 year	19.4	16.7
1 – 5 years	44.5	41.3
Over 5 years	7.6	3.6
Lees: interest income of future periods	-12.9	-11.4
Present value of claims	58.6	50.2
Maturity analysis:		
Long-term claims (over 1 year)	43.6	37.7
Short-term claims (less than 1 year)	15.0	12.5

Note 6. Non-performing and Overdue Loans
Overdue loans and claims

(in millions EEK)

Overdue	Group			Bank		
	Less than 30 days	30 - 60 days	over 60 days	Less than 30 days	30 - 60 days	over 60 days
Loans	7.6	0.7	36.7	3.0	-	20.6
Total	7.6	0.7	36.7	3.0	-	20.6

Movement of non-performing loans and provision for loan losses in 2003 financial year was as follows:

Bank

(in millions EEK)

	31.12.2002	Expensed during financial year	Received during financial year	Written-off	31.12.2003
Loans	6.1	3.7	1.9	1.3	6.6
Other claims	-	1.0	1.0	-	-
Total	6.1	4.7	2.9	1.3	6.6

Group

(in millions EEK)

	31.12.2002	Expensed during financial year	Received during financial year	Written-off	31.12.2003
Loans	6.1	4.0	1.9	1.3	6.9
Other claims	-	1.0	1.0	-	-
Total	6.1	5.0	2.9	1.3	6.9

Note 7. Loan Concentration by Regions as at 31 December 2003
BANK

(in millions EEK)

Region	Off-balance sheet liabilities			Inc. overdue	Doubtful receivables	Off-balance sheet liabilities	Percentage of region (%)
	loans	securities	Other claims				
USA	301.1	-	-	-	-	-	47,1%
Estonia	182.3	1.3	1.4	23.6	6.6	24.5	32.8%
Switzerland	62.1	-	-	-	-	-	9.7%
Russia	37.0	-	-	-	-	-	5.8%
Germany	23.9	-	-	-	-	-	3.7%
England	3.2	-	-	-	-	-	0.5%
Belgium	1.9	-	-	-	-	-	0.3%
Lithuania	0.3	-	-	-	-	-	0.1%
Sweden	0.2	-	-	-	-	-	0.0%
Latvia	0.1	-	-	-	-	-	0.0%
Total	612.1	1.3	1.4	23.6	6.6	24.5	100.0%

GROUP

(in millions EEK)

Region	Off-balance sheet liabilities			Inc. overdue	Doubtful receivables	Off-balance sheet liabilities	Percentage of region (%)
	loans	securities	Other claims				
USA	301.1	-	-	-	-	-	45.2%
Estonia	213.8	-	1.4	45.0	6.9	20.5	35.4%
Switzerland	62.1	-	-	-	-	-	9.3%
Russia	37.0	-	-	-	-	-	5.6%
Germany	23.9	-	-	-	-	-	3.6%
England	3.2	-	-	-	-	-	0.5%
Belgium	1.9	-	-	-	-	-	0.3%
Lithuania	0.3	-	-	-	-	-	0.1%
Sweden	0.2	-	-	-	-	-	0.0%
Latvia	0.1	-	-	-	-	-	0.0%
Total	643.6	-	1.4	45.0	6.9	20.5	100.0%

Note 8. Claims by Economic Sectors as at 31 December 2003
Bank

(in millions EEK)

Economic Sector	Off-balance sheet liabilities			Inc. overdue	Doubtful receivables	Off-balance sheet liabilities	Percentage of sector
	loans	securities	Other claims				
Agricultural, hunting industry and forestry	36.6	-	0.3	3.7	0.5	-	5.8%
Fishing	1.7	-	0.1	1.7	0.8	-	0.3%
Manufacturing	40.5	-	0.2	9.5	0.9	6.3	7.4%
Building	5.3	-	-	-	-	3.9	1.4%
Retail and wholesale, maintenance of motor vehicles, motorcycles, consumer and white goods	18.3	-	0.1	3.5	3.5	4.7	3.6%
Transportation services, warehousing and communication systems	0.1	-	-	-	-	0.3	0.1%
Financial services	456.9	1.3	0.1	-	-	4.6	72.4%
Real estate, renting and business support	30.7	-	0.5	4.7	0.8	0.5	4.9%
Other state, social and service institutions	17.3	-	0.1	0.3	-	2.0	3.0%
Individuals	4.7	-	-	0.2	0.1	2.2	1.1%
Total	612.1	1.3	1.4	23.6	6.6	24.5	100.0%

Group

(in millions EEK)

Economic Sector	Off-balance sheet liabilities			Inc. overdue	Doubtful receivables	Off-balance sheet liabilities	Percentage of sector
	loans	securities	Other claims				
Agricultural, hunting industry and forestry	65.0	-	0.3	18.2	0.7	-	9.8%
Fishing	1.7	-	0.1	1.7	0.8	-	0.3%
Manufacturing	43.3	-	0.2	9.5	0.9	6.3	7.5%
Building	5.3	-	-	-	-	3.9	1.4%
Retail and wholesale, maintenance of motor vehicles, motorcycles, consumer and white goods	24.0	-	0.1	3.5	3.5	4.7	4.3%
Hotels and restaurants	5.9	-	-	6.2	0.1	-	0.9%
Transportation services, warehousing and communication systems	1.6	-	-	-	-	0.3	0.3%
Financial services	429.8	-	0.1	-	-	0.6	64.7%
Real estate, renting and business support	36.3	-	0.5	4.8	0.8	0.5	5.6%
Education	0.3	-	-	-	-	-	0.0%
Health service	1.0	-	-	-	-	-	0.1%
Other state, social and service institutions	19.8	-	0.1	0.8	-	2.0	3.3%
Individuals	9.6	-	-	0.3	0.1	2.2	1.8%
Total	643.6	-	1.4	45.0	6.9	20.5	100.0%

Note 9. Investments
Long-term investments

(in millions EEK)

	31.12.2003			31.12.2002		
	Group	Bank	Participation %	Group	Bank	Participation %
Shares of subsidiary						
TBB Liisingu AS	-	1.3	100.0%	-	1.0	100.0%
Total	-	1.3		-	1.0	
Total long-term investments	-	1.3	-	-	1.0	-

Investment into subsidiary TBB Liisingu AS is presented using the equity method as follows:

(in millions EEK)

Balance as at 31 December 1999	0.1
Increase in shareholders' equity of subsidiary	0.5
Loss from equity method	-0.1
Balance as at 31 December 2000	0.5
Increase in shareholders' equity of subsidiary	-
Gain from equity method	0.4
Balance as at 31 December 2001	0.9
Increase in shareholders' equity of subsidiary	-
Gain from equity method	0.1
Balance as at 31 December 2002	1.0
Increase in shareholders' equity of subsidiary	-
Gain from equity method	0.3
Balance as at 31 December 2003	1.3

As at 31 December 2003 and 2002 the Bank possesses 8 000 subsidiary shares with a nominal value a 100 EEK. Total equity of the subsidiary as at 31 December 2003 and 2002 was respectively 1.3 and 1.0 millions EEK. The shareholders' equity consists of:

(in millions EEK)

Shareholders' Equity	31.12.2003	31.12.2002
Share capital in nominal value	0.8	0.8
Statutory reserve	0.2	0.1
Retained earnings/accumulated loss	-	-
Profit for the financial year	0.3	0.1
Total shareholders' equity	1.3	1.0

Note 10. Fixed Assets

Fixed assets movement is presented as follows:

Bank

(in millions EEK)

	Improvements to rented fixed assets	Buildings	Motor vehicles	Office equipment	Prepayments	Total fixed assets
Historical cost						
31 December 2001	20.2	0.5	0.6	21.3	-	42.6
Acquisitions	-	-	-	-	2.8	2.8
Reclassification from prepayments	0.1	-	-	1.8	-1.9	0.0
Reclassification	-	-	-	-	-0.7	-0.7
Disposals	-0.7	-	-	-0.2	-	-0.9
31 December 2002	19.6	0.5	0.6	22.9	0.2	43.8
Acquisitions	-	-	-	-	3.9	3.9
Disposals	-	-	-0.2	-0.1	-	-0.3
Reclassification from prepayments	0.1	-	1.3	1.9	-3.3	0.0
Reclassification	-	-	-	-	-0.1	-0.1
31 December 2003	19.7	0.5	1.7	24.7	0.7	47.3
Accumulated depreciation						
31 December 2001	-3.1	-0.1	-0.3	-10.2	-	-13.7
Charge for the period	-1.1	-	-0.1	-3.9	-	-5.1
Disposals of fixed assets	0.3	-	-	0.2	-	0.5
31 December 2002	-3.9	-0.1	-0.4	-13.9	0.0	-18.3
Charge for the period	-1.1	-0.1	-0.1	-3.2	-	-4.5
Disposals of fixed assets	-	-	0.2	-	-	0.2
31 December 2003	-5.0	-0.2	-0.3	-17.1	0.0	-22.6
Net book value						
31 December 2002	15.7	0.4	0.2	9.0	0.2	25.5
31 December 2003	14.7	0.3	1.4	7.6	0.7	24.7

The assets above are held for the Group's own use and have not been pledged to third parties.

As at 31 December 2002 the net book value of Group's fixed assets amount to 25.6 millions EEK, including office equipment belonging to TBB Liisingu AS, which net book value as at 31 December 2002 was 0.1 millions EEK.

Intangible Assets

As at 31 December 2003 under intangible assets were reported expenses incurred in order to receive a licensed for EUROCARD/MASTERCARD and MAESTRO/CIRRUS, administration systems for credit and debit cards respectively. These expenses will be depreciated over a five-year-period. Depreciation charge for the 2003 financial year amounted to 0.2 millions EEK.

Note 11. Other Assets

Other assets are presented as follows:

(in millions EEK)

	31.12.2003		31.12.2002	
	Group	Bank	Group	Bank
Cash in transit	0.5	0.5	0.2	0.2
Other assets	4.7	0.4	15.4	10.1
Total	5.2	0.9	15.6	10.3

Note 12. Accruals and Prepaid Expenses

Accruals and prepaid expenses are presented as follows:

(in millions EEK)

	31.12.2003		31.12.2002	
	Group	Bank	Group	Bank
Interests	1.4	1.4	2.5	2.5
Prepaid expenses	2.7	2.0	2.3	2.1
Total	4.1	3.4	4.8	4.6

Note 13. Due to Other Credit Institutions

Due to other credit institutions are presented as follows:

(in millions EEK)

	31.12.2003		31.12.2002	
	Group	Bank	Group	Bank
Demand deposits	0.2	0.2	149.4	149.4
Total	0.2	0.2	149.4	149.4

As at 31 December 2003 amounts due to other credit institutions contain demand deposits with non – OECD banks. The total amount due to other credit institutions made up 0.3% of both the Group's and Bank's liabilities and equity total amount.

As at 31 December 2002 the total amounts due to other credit institutions made up 23.7% and 25.1% of the Group's and Bank's total liabilities and equity amounts respectively.

Note 14. Due to Bank's Customers

Due to Bank's customers are divided between economic sectors as follows:

(in millions EEK)

	31.12.2003		31.12.2002	
	Group	Bank	Group	Bank
Legal entities	109.2	109.2	78.7	78.7
Individuals	52.7	52.7	45.4	45.4
Other	98.1	98.1	89.8	89.8
Total	260.0	260.0	213.9	213.9

Following is presented the analysis of deposits according to their maturities:

(in millions EEK)

	31.12.2003		31.12.2002	
	Group	Bank	Group	Bank
Demand deposits	115.2	115.2	94.8	94.8
Deposits with maturity less than 3 months	10.6	10.6	18.5	18.5
Deposits with maturity 3 months – 1 year	59.6	59.6	30.3	30.3
Deposits with maturity 1 - 5 years	23.9	23.9	26.1	26.1
Deposits with maturity over 5 years	50.7	50.7	44.2	44.2
Overdue deposits	-	-	-	-
Total	260.0	260.0	213.9	213.9

Note 15. Other Liabilities and Accrued Expenses

Other liabilities and accrued expenses are presented as follows:

(in millions EEK)

	31.12.2003		31.12.2002	
	Group	Bank	Group	Bank
Money in transit	2.8	2.8	1.1	1.1
Other liabilities	35.8	0.6	56.5	20.6
Liabilities arising from transactions with precious metals	273.8	273.8	66.7	66.7
Accrued expenses	1.8	2.1	1.4	2.9
Interest liabilities	0.9	0.9	2.0	2.0
Total	315.1	280.2	127.7	93.3

Under the Group's other liabilities are presented resources received by TBB Liisingu AS from Maaelu Edendamise Sihtasutus in the total amount of 35.5 (as at 31 December 2002: 35.0) millions EEK for the purpose of financing the agricultural sector.

Note 16. Subordinated Debt

The Bank has a subordinated debt in the amount of 1.8 millions USD. As at 31 December 2001 the borrower was Metropol Bank operating in Moscow. Metropol Bank has transferred its claim against Tallinn Business Bank to Pennygold Trading Supplies, Ireland, at 5 September 2002. In 2003 the annual interest rate of the loan was 5.9% and the maturity date was 20 October 2010. According to the loan agreement, interest payments are to be made on a quarterly basis, but payments could be delayed if the Bank earned no profit for particular period.

According to regulations of the Bank of Estonia, the subordinated loan could be included in the shareholder's equity if it conforms to some criteria. The subordinated loan from Pennygold Trading Supplies complies with these requirements.

Note 17. Share Capital

In 2003 the share capital of Tallinn Business Bank was increased by 20 millions EEK, through the issue of 2 millions new shares with a nominal value of 10 EEK.

As at 31 December 2003 and 2002 the share capital of Tallinn Business Bank consisted of 10 443 113 and 8 443 113 shares respectively with a nominal value of 10 EEK.

Individual participation of all shareholders was below 10% (page 4).

As at 31 December 2003 and 2002 the Bank redeemed no own shares.

Note 18. Interest Income

Interest income is presented as follows:

(in millions EEK)

	2003		2002	
	Group	Bank	Group	Bank
From loans	15.6	17.3	16.6	17.7
From deposits	1.4	1.4	2.9	2.9
From lease operations	4.9	-	4.3	-
Other	0.6	1.4	1.5	2.8
Total	22.5	20.1	25.3	23.4

As at 31 December 2003 and 2002 the weighted average interest rate for loans granted was 8.15% and 9.96% respectively.

As at 31 December 2003 and 2002 the average interest rate on time deposits was 1.6% and 1.8% respectively.

As at 31 December 2003 and 2002 the average interest rate on finance lease agreements was 9.37% and 10.64% respectively.

Note 19. Interest Expense

Interest expense is presented as follows:

(in millions EEK)

	2003		2002	
	Group	Bank	Group	Bank
From loans	5.4	3.9	3.6	2.6
From deposits	2.7	2.7	3.8	3.8
Other	0.1	0.2	1.6	1.6
Total	8.2	6.8	9.0	8.0

In 2003 the average interest rate on customers time and demand deposits was 3.4% and 0.3% respectively. In 2002 the average interest rate on customers time and demand deposits was 4.6% and 1.4% respectively.

Note 20. Net Profit from Finance Transactions

(in millions EEK)

	2003		2002	
	Group	Bank	Group	Bank
Gain from currency exchange transactions	1.8	1.8	3.1	3.1
Gain from transactions with precious metals	8.2	8.2	6.6	6.6
Gains from security transactions	-	-	0.2	0.2
Total	10.0	10.0	9.9	9.9

Tallinn Business Bank is dealing as an intermediary on the international precious metals market places. The main activity is the intermediation in transactions of precious metals produced in Russia to European and US large banks and corporations. The gain from transactions with precious metals consists of contractual intermediation fees. In purchase and sales transactions with precious metals where the Bank is performing as an intermediary, all risks are transferred to the seller. As at 31 December 2003 the Bank has non-closed intermediary deals with precious metals in the gross amount of 273.8 millions EEK (refer to Note 15).

Note 21. Salaries and Wages and Social Security Expense

Salaries and wages and social security expenses are presented as follows:

(in millions EEK)

	2003		2002	
	Group	Bank	Group	Bank
Management remuneration	2.2	1.9	1.5	1.3
Employee's salaries	5.6	5.4	5.1	5.0
Social security	2.6	2.4	2.2	2.1
Total	10.4	9.7	8.8	8.4

During 2003 and 2002 financial years the average number of employees for Bank was 47 and 44, for the Group 51 and 49 respectively.

Note 22. Other Administrative Expenses

Other administrative expenses are presented as follows:

(in millions EEK)

	2003		2002	
	Group	Bank	Group	Bank
Security services	0.8	0.8	0.8	0.8
Rent	0.6	0.6	0.6	0.6
Common utilities	0.3	0.3	0.3	0.3
Maintenance and repairs	0.3	0.3	0.4	0.4
Transportation	0.3	0.3	0.2	0.2
Expenses related to business trips	0.1	0.1	0.1	0.1
Communication expenses	0.4	0.4	0.4	0.4
Office goods	0.3	0.3	0.2	0.2
Marketing	0.2	0.2	0.4	0.2
Representational costs	0.1	0.1	0.1	0.1
Education expenses	0.1	0.1	0.2	0.2
Other expenses	1.7	1.1	1.1	0.9
Total	5.2	4.6	4.8	4.4

Note 23. Accrued and Paid Income Tax Amounts and Potential Income Tax on Dividends

The Bank's retained earnings that may be distributed as of 31 December 2003 amounted to 10.8 millions EEK. The maximum possible tax liability which would become payable if the retained earnings were fully distributed is 2.8 millions EEK, consequently the net dividend amount which could be paid out amounts to 8.0 millions EEK.

When calculating the maximum possible tax liability, the fact that the net amount of paid out dividends along with amount of income tax on dividends couldn't exceed the amount of retained earnings as at 31 December 2003 was considered.

Note 24. Off-balance Sheet Liabilities

Off-balance sheet liabilities are presented as follows:

(in millions EEK)

	31.12.2003		31.12.2002	
	Group	Bank	Group	Bank
Not paid out loan amounts	3.6	7.6	3.1	7.6
Other irreversible transactions	2.1	2.1	-	-
Guarantees	14.2	14.2	55.0	55.0
Total	19.9	23.9	58.1	62.6

Operating lease liability

Tallinn Business Bank and AS Grand Marketing have signed a rental agreement for office space located in Tallinn, which matures after 30 years (till 2030). According to this agreement the Bank has an obligation to perform office renovation work in the amount of 14 486 thousand EEK, which will be offset with rental payment amounts during 10 years. As at 31 December 2000 the Bank exercised its renovation obligation in the full amount. Rent payments comprise 65% of the average rent prices for the region during the next 10 years since the beginning of the rental period and during the next five years.

Note 25. Related Parties

Related parties are shareholders, employees, members of the Supervisory Council and the Management Board, their relatives and the companies in which they hold majority interest.

Group

(in millions EEK)

	31.12.2003		31.12.2002	
	Amount	Interest rate	Amount	Interest rate
Loans to shareholders, members of the Management Board and other related parties	3.0	4 - 5.7%	0.9	5.7%
Finance lease claims of the Group	0.0	-	1.6	0 - 5.7%

Bank

(in millions EEK)

	31.12.2003		31.12.2002	
	Amount	Interest rate	Amount	Interest rate
Loans to shareholders, members of the Management Board and other related parties	1.4	4 - 5.7%	0.9	5.7%
Loans to TBB Liisingu AS	27.1	6 - 11%	20.4	6 - 11%

Tallinn Business Bank rents office space from its shareholder AS Grand Marketing (refer to Note 24).

Note 26. Fair Value of Financial Instruments

Tallinn Business Bank Group assessed the fair value of financial instruments according to IAS 39 "Financial Instruments: Disclosure and Presentation".

The fair value of short-term financial instruments reported on the balance sheet does not differ significantly from their balance value. Under reported on the balance sheet financial instruments are reported cash balances, due from the Bank of Estonia, due from other banks, loans to customers, shares of legal entities, where the Bank's participation is less than 10%, due to other banks and financial institutions, deposit accounts and other short-term liabilities and assets.

The fair value of investments in the subsidiary shares, fixed assets, and other assets and liabilities was not calculated, as according to IAS 39 these are not financial instruments.

Estimates for fair value should reflect the market prices of these instruments. However, these values cannot be viewed as achievable in case of a prompt sale.

AUDITORS' OPINION

INDEPENDENT AUDITORS' REPORT

To the Management Board and Shareholders of Tallinna Äripanga AS:

We have audited the annual accounts of Tallinna Äripanga AS ("the Bank") and its subsidiary ("the Group") for the year ended 31 December 2003. These annual accounts are the responsibility of the Bank's Management Board. Our responsibility is to express an opinion on these annual accounts based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the annual accounts. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the annual accounts present fairly, in all material respects, the financial position of the Bank and the Group as of 31 December 2003, the results of their operations and their cash flows for the year then ended, in accordance with International Financial Reporting Standards and with the guideline for preparation of "Public Accounts".

Veiko Hintsov
Certified auditor
7 May 2004

AS Deloitte & Touche Audit

4. PROPOSAL FOR PROFIT DISTRIBUTION

The audited net profit of Tallinna Äripanga AS for the 2003 financial year was 6 685 thousand EEK.

Decision of Management Board:

To distribute the net profit for the 2003 financial year in the amount of 6 685 thousand EEK as follows:

- to the reserve capital	380 thousand EEK
incl. statutory reserve	380 thousand EEK
- increase of share equity through equity financing	6 305 thousand EEK

To approve the equity financing on account of retained earnings in amount of 10 446 thousand EEK.

Valeri Haritonov
Chairman of the Board

Andrei Zukov
Member of the Board

Tatjana Levitskaja
Member of the Board

5. BOARD'S AND COUNCIL SIGNATURES TO THE ANNUAL REPORT

The Management Board has prepared the management report and the annual accounts of Tallinna Äripanga AS for the financial year ended 31 December 2003 on 7 May 2004.

The Supervisory Council of Tallinna Äripanga AS has reviewed the annual report, prepared by the Management Board, consisting of the management report, the annual accounts, the Management Board's proposal for profit distribution and the independent auditors' report, and has approved the annual report for presentation on the Shareholders' General Meeting.

All the members of the Management Board and Supervisory Council have signed the annual report.

Name	Position	Signature	Date
Valeri Haritonov	Chairman of the Board	_____	_____
Andrei Zukov	Member of the Board	_____	_____
Tatjana Levitskaja	Member of the Board	_____	_____
Viljar Veski	Chairman of the Council	_____	_____
Valeri Lvovski	Member of the Council	_____	_____
Aleksander Udaltsov	Member of the Council	_____	_____
Madis Kiisa	Member of the Council	_____	_____
Sergei Gorny	Member of the Council	_____	_____