

## Interim financial results of Hansabank Group Q1 2005

Financial highlights						<i>Increase</i>
	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004	<i>(Decrease)</i>
						<i>Q1 05/ Q1 04</i>
<b>For the period (EUR in millions)</b>						
Net profit	54.3	48.7	48.7	42.6	42.8	26.9%
Estonia	29.1	33.8	26.2	22.9	26.2	11.1%
Latvia	11.4	8.9	13.5	10.4	8.4	35.7%
Lithuania	10.2	6.1	6.6	6.2	6.5	56.9%
Russia	4.3	1.3	2.4	2.3	2.3	87.0%
<b>At the end of period (EUR in millions)</b>						
Loans	6,418.4	5,924.0	5,461.8	5,078.5	4,654.2	37.9%
Estonia	2,973.3	2,789.5	2,612.2	2,439.5	2,273.5	30.8%
Latvia	1,507.3	1,366.0	1,273.1	1,185.1	1,073.0	40.5%
Lithuania	1,683.5	1,565.8	1,399.6	1,275.9	1,159.2	45.2%
Russia	264.3	203.1	177.5	178.2	149.8	76.4%
Deposits	5,368.5	4,972.0	4,769.7	4,580.0	4,298.7	24.9%
Estonia	2,329.4	2,171.5	2,118.3	2,046.5	1,919.5	21.4%
Latvia	1,170.2	1,125.3	1,064.7	1,023.8	949.2	23.3%
Lithuania	1,748.5	1,633.3	1,505.8	1,426.7	1,359.1	28.7%
Russia	120.7	43.9	82.4	83.9	71.3	69.3%
<b>Ratios (%)</b>						
Return on shareholders' equity	25.7%	24.4%	25.7%	23.8%	24.4%	
Estonia*	45.3%	54.0%	42.8%	41.1%	49.7%	
Latvia*	36.3%	31.9%	47.0%	39.1%	32.9%	
Lithuania*	29.0%	16.2%	18.2%	18.2%	19.9%	
Russia*	83.0%	36.6%	59.0%	67.8%	68.6%	
Cost-income ratio**	44.9%	50.4%	42.9%	44.2%	45.6%	
Estonia	37.6%	40.5%	40.7%	38.1%	37.9%	
Latvia	48.8%	58.0%	39.2%	45.9%	45.9%	
Lithuania	59.9%	60.2%	56.8%	64.4%	65.4%	
Russia	15.7%	28.9%	16.7%	11.7%	10.4%	
Number of employees***	6,347	6,213	6,005	5,987	5,956	6.6%
Number of bank branches	281	283	281	278	278	1.1%
Internet banking customers	1,420,000	1,343,000	1,292,000	1,236,000	1,164,000	22.0%

The sum of the country results does not equal the group total as the group result also includes the Ukrainian leasing activities and the results of the Baltic Realisation Centre (until Q1 2004)

\* Return on allocated equity - equity capital is allocated to the business units based on 9% capital adequacy

\*\*excluding goodwill amortisation

\*\*\*Full time equivalent of employees

## OPERATING RESULTS, Q1 2005

- Loan growth 8% qoq, +38% yoy
- Deposit growth 8% qoq, +25% yoy
- Net interest margin 3.17%, -5bp qoq, -23bp yoy
- Net profit EUR 54.3 million, +11% qoq, +27% yoy
- Return on equity 25.7%
- Revenues EUR 114.5 million, +2% qoq, +19% yoy
- Expenses EUR 51.6 million, -11% qoq, +12% yoy
- Cost-income ratio 44.9%

**Q1 2005 was characterised by intense competition and rapid growth in all important product areas. Hansabank Group managed to successfully strengthen its market position and maintain the leading position in the Baltic banking market.**

The Group's net profit totalled EUR 54.3 million in the first quarter, which exceeds previous year's first quarter result by 27%. Operating profit before provisions increased by 25% over the year. Part of the growth resulted from changes to International Financial Reporting Standards (IFRS). Starting from 2005, the bank is no longer amortising goodwill on a monthly basis, but has to perform an annual impairment test. In 2004 the quarterly goodwill amortisation cost amounted to EUR 2.0 million. Excluding this change, annual growth rates were 22% for net profit and 21% for operating profit.

The bank also adjusted its provisioning principles according to the requirements of IAS 39 (revised). As a result, the bank's recurring provisioning expense in the income statement will be smaller than previously. The effect on the business units' Q1 2005 net profit was the following: EUR 0.8 million for Estonia, EUR 0.4 million for Latvia, EUR 0.8 million for Lithuania. The Group also released EUR 25.5 million worth of provisions from the allowance for credit losses in the balance sheet and EUR 4.6 million of off-balance sheet provisions. The release was recorded under retained earnings from previous periods.

All business units showed excellent results in the first quarter of 2005. Russian net profit almost doubled compared to Q1 2004 to EUR 4.3 million, Lithuanian net profit increased by 57% to EUR 10.2 million, Latvian result improved by 36% to EUR 11.4 million and Estonian net profit rose by 11% to 29.1 million.

### Revenues

Total revenues increased by 2% qoq to EUR 114.5 million in the first quarter of 2005, annual growth was 19%.

The main growth engine was rapid loan growth which increased both, interest as well as fee income. Total loans increased by 8.3% or EUR 0.5 billion to EUR 6.4 billion during the first quarter. 40% of the growth came from the retail segment and 60% from business lending. During the quarter our clients signed close to 4,500 new mortgage loan agreements and over 16,000 credit card agreements. Faster lending growth increased net interest income by 24% yoy and 6% qoq to EUR 68.1 million. For the first time in several quarters the average lending margin increased, driven by a rise in US dollar interest rates, as well as faster growth in consumer lending and the Russian credit portfolio. The average yield of the loan portfolio increased by 3bp during the quarter to 5.84%. At the same time net interest margin reduced by 5bp to 3.17%. Net interest margin was negatively influenced by a slight increase in the cost of funding and a considerable increase in other assets due to amounts in transit related to the minority buy-out offer made by Swedbank.

Client deposits increased by 8% EUR or 0.4 billion to EUR 5.4 billion during the first quarter. 40% of the growth came from the Estonian business unit, where deposits increased by EUR 158 million during the quarter. The Lithuanian business unit showed strong deposit growth for the second consecutive quarter, with client deposits growing by EUR 115 million. A slight increase in the average cost of deposits has also pushed up the interest expense on deposits – annual increase of deposits was 25% at the end of first quarter 2005 while the increase in the cost of deposits was 29%.

<b>Interest income, net</b>						<i>Change</i>	
	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004	<i>yoy</i>	<i>qoq</i>
<i>(in millions of euros, for the period)</i>							
<b>Interest income</b>							
Loans	59.0	54.4	48.4	44.3	41.0	44%	8%
Bank deposits and loans	2.7	2.5	1.7	1.7	1.4	93%	8%
Correspondent accounts	3.4	2.5	2.4	2.2	1.8	89%	36%
Securities portfolio	5.1	4.7	5.3	5.4	5.3	-4%	9%
Leasing	26.3	25.4	25.8	25.4	25.3	4%	4%
Factoring	3.2	3.7	4.3	4.1	3.7	-14%	-14%
Derivatives, hedging	4.6	4.8	5.5	5.2	4.4	5%	-4%
Other	-	0.1	-	-	-	-	-
<b>Total interest income</b>	<b>104.3</b>	<b>98.1</b>	<b>93.4</b>	<b>88.3</b>	<b>82.9</b>	<b>26%</b>	<b>6%</b>
<b>Interest expenses</b>							
Deposits	17.6	16.7	15.3	14.2	13.6	29%	5%
Demand deposits	5.6	5.6	4.8	4.1	3.8	47%	0%
Time deposits	8.3	7.6	7.1	6.9	6.8	22%	9%
Deposit Guarantee Fund	3.7	3.5	3.4	3.2	3.0	23%	6%
Bank deposits and loans	3.1	3.3	3.1	3.6	3.3	-6%	-6%
Securities	11.0	8.8	7.4	6.3	5.8	90%	25%
Derivatives, hedging	4.5	4.6	5.3	4.9	5.0	-10%	-2%
Other	-	0.2	0.3	0.1	0.1	-100%	-100%
<b>Total interest expense</b>	<b>36.2</b>	<b>33.6</b>	<b>31.4</b>	<b>29.1</b>	<b>27.8</b>	<b>30%</b>	<b>8%</b>
<b>Interest income, net</b>	<b>68.1</b>	<b>64.5</b>	<b>62.0</b>	<b>59.2</b>	<b>55.1</b>	<b>24%</b>	<b>6%</b>
<b>Net interest margin %</b>	<b>3.17%</b>	<b>3.22%</b>	<b>3.30%</b>	<b>3.39%</b>	<b>3.40%</b>		

Net fee income rose by 27% yoy to EUR 33.7 million in Q1 2005. Usually the Group experiences a small decrease in net fee income in the first quarter of the year compared to the fourth quarter of the previous year due to seasonal factors (customer activity is at its highest in the fourth quarter of the year). However, thanks to very strong results in investment services and lending products in the first quarter of the year, the Group achieved a 3% quarterly increase and the best annual increase for several years.

The fastest growth, both in the last quarter as well as over the past year was in fees related to investment services. Custody, equity trading and investment services fees increased by 74% yoy and by 31% qoq to EUR 4.7 million. Part of the growth was caused by the buy-out offer made by Swedbank to Hansabank's minority shareholders and the resulting increase in trading activity. The Group is also seeing stable increase in fees from asset management and pension savings products. At the end of March 2005 over 0.7 million clients had selected one of Hansabank's II pillar pension funds for their retirement savings. At the end of

the period, the Group's total assets under management amounted to EUR 0.6 billion, +46% yoy.

Lending fees increased by 44% yoy, but decreased by 1% qoq to EUR 10.5 million. The Group had a very strong first quarter in lending services in 2005. Quarterly increase of the credit portfolio reached 0.49 billion euros, which is the best result ever and exceeds last year's same period result by 91%. Growth was equally strong in all business units. Estonian portfolio increased by EUR 184 million qoq (+7%), Latvian portfolio by EUR 141 million (+10%), Lithuanian portfolio by EUR 118 million (+8%) and Russian portfolio by EUR 61 million (+30%).

Settlement (cash services and transfers) fees decreased by 9% qoq. The decrease was caused by seasonally higher customer activity in the fourth quarter of the year. Annual growth of these fee items was 14%.

The same trends influenced also card fees, which reduced by 6% qoq, but increased by 20% yoy.

Fees and commissions, net	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004	Change	
						yoy	qoq
(in millions of euros, for the period)							
<b>Fee and commission income</b>							
Transfers	7.5	8.2	7.4	7.2	6.5	15%	-9%
Cash services	2.2	2.5	2.3	2.3	2.0	10%	-12%
Loan management and guarantees	6.7	6.4	5.5	7.6	4.0	68%	5%
Leasing	2.3	2.4	2.1	2.5	1.9	21%	-4%
Factoring	1.5	1.8	1.6	1.7	1.4	7%	-17%
Bank cards	11.3	12.0	11.7	10.9	9.4	20%	-6%
Other e-channels	1.2	1.3	1.2	1.0	0.9	33%	-8%
Custody	2.5	2.1	1.9	1.8	1.5	67%	19%
Brokerage and investment services	2.2	1.5	0.9	1.5	1.2	83%	47%
Insurance brokerage	1.5	1.5	1.4	1.4	1.4	7%	0%
Other	3.0	3.1	2.7	2.5	3.5	-14%	-3%
<b>Total fee and commission income</b>	<b>41.9</b>	<b>42.8</b>	<b>38.7</b>	<b>40.4</b>	<b>33.7</b>	<b>24%</b>	<b>-2%</b>
<b>Fee and commission expense</b>							
Settlements	1.2	1.5	1.7	1.5	1.2	0%	-20%
Loan management and guarantees	0.3	0.7	0.2	0.2	0.2	50%	-57%
Card services	2.9	3.3	3.2	3.1	2.3	26%	-12%
Securities transaction fees	1.0	0.9	0.5	0.9	0.7	43%	11%
Encashment and cash services	1.4	1.4	1.4	1.3	1.2	17%	0%
Other	1.4	2.2	1.7	1.9	1.6	-13%	-36%
<b>Total fee and commission expense</b>	<b>8.2</b>	<b>10.0</b>	<b>8.7</b>	<b>8.9</b>	<b>7.2</b>	<b>14%</b>	<b>-18%</b>
<b>Fees and commissions, net</b>	<b>33.7</b>	<b>32.8</b>	<b>30.0</b>	<b>31.5</b>	<b>26.5</b>	<b>27%</b>	<b>3%</b>

## Expenses

Operating expenses increased by 12% yoy, but reduced by 11% qoq to EUR 51.6 million in Q1 2005. Most of the growth resulted from an increase in personnel and administrative expenses. Expense growth was reduced by the previously mentioned change in accounting policies regarding goodwill amortisation.

Personnel expenses reached EUR 27.7 million in Q1 2005. Annual increase of personnel expenses was 23% while quarterly growth rate was 2%. A significant part of the annual growth came from an increase in the employee performance pay reserve. There has also been a slight increase in the average salary per employee.

Personnel expenses	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004	Change yoy	Change qoq
<i>(in millions of euros, for the period)</i>							
Salaries and compensation	16.7	14.5	13.9	14.6	14.9	12%	15%
Performance pay reserve	6.3	8.0	6.2	4.7	3.2	97%	-21%
Social insurance charges	4.7	4.6	4.3	4.2	4.4	7%	2%
<b>Total personnel expenses</b>	<b>27.7</b>	<b>27.1</b>	<b>24.4</b>	<b>23.5</b>	<b>22.5</b>	<b>23%</b>	<b>2%</b>
No. of employees, end of period*	6,347	6,213	6,005	5,987	5,956	7%	2%
No. of employees, average of the period*	6,292	6,026	6,026	5,977	5,934	6%	4%

\* full-time equivalent

Administrative expenses increased by 11% yoy, but reduced by 14% qoq to EUR 9.9 million. Fourth quarter 2004 administrative expenses were higher than usual due to several one-off projects. In the fourth quarter our Latvian business unit started to move to the new headquarters, which temporarily increased the cost on supplies and other office expenditures. In the fourth quarter the Group also paid EUR 0.9 million to outside

consultants for two ongoing strategic projects. We are enhancing the Group's management reporting system and developing a performance and talent management system.

IT expenses (does not include IT related personnel expenses and depreciation) reduced to EUR 3.9 million in Q1 2005, which is the same level as in Q3 and Q2 in 2004. This represents an increase of 18% yoy.

Administrative expenses	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004	Change yoy	Change qoq
<i>(in millions of euros, for the period)</i>							
Office expenses	4.6	4.6	3.9	4.0	3.9	18%	0%
Transportation, car lease	0.5	0.4	0.5	0.5	0.5	0%	25%
Supplies	0.8	1.3	0.9	0.7	0.6	33%	-38%
Communications	1.3	1.5	1.2	1.3	1.3	0%	-13%
Professional services	1.6	2.9	1.8	1.0	1.5	7%	-45%
Insurance	0.3	-	0.3	0.5	0.2	50%	-
Security	0.7	0.8	0.7	0.8	0.8	-13%	-13%
Other	0.1	-	0.1	0.1	0.1	0%	-
<b>Total administrative expenses</b>	<b>9.9</b>	<b>11.5</b>	<b>9.4</b>	<b>8.9</b>	<b>8.9</b>	<b>11%</b>	<b>-14%</b>

Other expenses decreased by 5% yoy and by 44% qoq to EUR 5.9 million. The biggest change under other expenses is related to goodwill amortisation which according to IFRS guidelines is no longer

performed on a monthly basis. Instead the Group will have to perform an annual asset impairment test. Previously goodwill amortisation totalled EUR 2.0 million for the Group. Excluding the

effect from goodwill amortisation, annual increase of other expenses would be 27%. The strongest impact has come from promotion and marketing activities. With intensifying competition banks are forced to step up their marketing activities with

more aggressive and frequent advertising campaigns. As a result, expenses related to promotion and marketing increased by 43% yoy to EUR 3.0 million in Q1 2005.

Other expenses	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004	<i>Change</i>	
						<i>yoy</i>	<i>qoq</i>
<i>(in millions of euros, for the year)</i>							
Business trips	0.4	0.6	0.3	0.4	0.3	33%	33%
Training	0.4	0.8	0.3	0.6	0.4	0%	50%
Marketing	1.9	2.7	1.8	2.1	1.3	46%	30%
Promotion	1.1	2.3	1.3	0.9	0.8	38%	52%
Amortisation of goodwill	-	1.9	2.0	2.0	2.0	-100%	-100%
Other	2.1	2.3	0.5	1.4	1.4	50%	9%
<b>Total other expenses</b>	<b>5.9</b>	<b>10.6</b>	<b>6.2</b>	<b>7.4</b>	<b>6.2</b>	<b>-5%</b>	<b>-44%</b>

At the end of 2004 the Group set a target to reduce its cost-income ratio below 45%. As a result of strong volume growth and improved scale, the Group managed to achieve this target in Q1 2005. With improvements in all business units results, the Group's cost-income ratio reduced to 44.9%.

The improved scale and operational efficiency is reflected in the operating expenses to total assets ratio, which improved from 2.70% in Q1 2004 to 2.37% in Q1 2005.

### Asset quality

Asset quality indicators were stable in the first quarter. Loans overdue more than 60 days totalled EUR 19.4 million, ie 0.3% of total loans. The Group's risk cost was 0.03% in Q1 with write-offs amounting to EUR 3.5 million and recoveries to EUR 3.0 million.

Based on the changes to international reporting standards (IAS 39, revised) the Group revised its provisioning principles in the beginning of 2005. Until the end of 2004 the Group calculated provisions based on estimated losses. According to the new requirements, provisions may only be based on loss events. As a result the Group

released EUR 25.5 million of the loan loss allowance recorded in the balance sheet and EUR 4.6 million of off-balance sheet provisions in the first quarter of 2005. These provision releases were booked under shareholders' equity in retained earnings of previous periods. As a result, the ratio of loan loss allowance to total loans decreased from 1.25% at the end of December 2004 to 0.81% at the end of March 2005.

These changes in accounting principles also have an effect on the recurring provisioning expense in the income statement. As a result, losses on loans and guarantees were smaller by approximately EUR 2 million in Q1 2005.

Allowance for credit losses	Group	Estonia	Latvia	Lithuania	Russia	Ukraine
(in millions of euros)						
<b>Balance, as of 31.03.04</b>	<b>65.1</b>	<b>34.6</b>	<b>15.2</b>	<b>13.3</b>	<b>1.7</b>	<b>0.3</b>
Write-offs	-4.2	-2.6	-1.1	-0.5	-	-
Loan losses*	8.5	3.8	2.2	1.9	0.7	-0.1
Effect of exchange rate changes	-	-	-	-	-	-
Loan provisions transferred from due from other instrument	-	-	-	-	-	-
<b>Balance, as of 30.06.04</b>	<b>69.4</b>	<b>35.8</b>	<b>16.3</b>	<b>14.7</b>	<b>2.4</b>	<b>0.2</b>
Write-offs	-6.2	-2.3	-3.2	-0.7	-	-
Loan losses*	8.2	4.6	2.9	1.0	-0.2	-0.1
Effect of exchange rate changes	-0.1	-	-0.1	-	-	-
Loan provisions transferred from due from other instrument	-0.2	-0.4	-	0.2	-	-
<b>Balance, as of 30.09.04</b>	<b>71.1</b>	<b>37.7</b>	<b>15.9</b>	<b>15.2</b>	<b>2.2</b>	<b>0.1</b>
Write-offs	-2.9	-1.5	-0.1	-1.3	-	-
Loan losses*	6.6	0.3	2.7	3.1	0.4	0.1
Effect of exchange rate changes	-0.7	-	-0.7	-	-	-
Loan provisions transferred from due from other instrument	-	0.2	-	-0.2	-	-
<b>Balance, as of 31.12.04</b>	<b>74.1</b>	<b>36.7</b>	<b>17.8</b>	<b>16.8</b>	<b>2.6</b>	<b>0.2</b>
Write-offs	-3.5	-1.2	-1.8	-0.5	-	-
Loan losses	6.9	2.8	2.5	1.7	-	-0.1
Effect of exchange rate changes	-	-	-	-	-	-
Loan provision write backs due to IAS 39	-25.5	-11.9	-6.3	-5.4	-1.9	-
<b>Balance, as of 31.03.05</b>	<b>52.0</b>	<b>26.4</b>	<b>12.2</b>	<b>12.6</b>	<b>0.7</b>	<b>0.1</b>

Loans overdue						
	Group	Estonia	Latvia	Lithuania	Russia	Ukraine
(in millions of euros)						
Up to 30 days	225.8	83.7	68.7	73.4	-	-
31 to 60 days	30.6	13.4	6.7	10.3	-	0.2
Over 60 days*	19.1	11.5	5.5	2.0	-	0.1
<b>Total loans overdue, 31.03.04</b>	<b>275.5</b>	<b>108.6</b>	<b>80.9</b>	<b>85.7</b>	<b>-</b>	<b>0.3</b>
Up to 30 days	338.8	96.4	61.8	180.6	-	-
31 to 60 days	34.5	14.9	10.3	9.2	0.1	-
Over 60 days*	20.4	8.9	9.2	2.2	-	0.1
<b>Total loans overdue, 30.06.04</b>	<b>393.7</b>	<b>120.2</b>	<b>81.3</b>	<b>192.0</b>	<b>0.1</b>	<b>0.1</b>
Up to 30 days	378.2	82.4	59.5	236.3	-	-
31 to 60 days	23.6	9.9	6.3	7.3	-	0.1
Over 60 days*	22.1	11.9	7.5	2.6	-	0.1
<b>Total loans overdue, 30.09.04</b>	<b>423.9</b>	<b>104.2</b>	<b>73.3</b>	<b>246.2</b>	<b>-</b>	<b>0.2</b>
Up to 30 days	417.2	94.5	98.7	224.0	-	-
31 to 60 days	27.8	10.9	13.1	3.8	-	-
Over 60 days*	17.0	9.1	6.8	1.1	-	-
<b>Total loans overdue, 31.12.04</b>	<b>462.0</b>	<b>114.5</b>	<b>118.6</b>	<b>228.9</b>	<b>-</b>	<b>-</b>
Up to 30 days	495.2	83.5	137.4	274.3	-	-
31 to 60 days	46.6	21.1	17.6	7.8	-	0.1
Over 60 days*	19.4	8.9	8.5	1.9	-	0.1
<b>Total loans overdue, 31.03.05</b>	<b>561.2</b>	<b>113.5</b>	<b>163.5</b>	<b>284.0</b>	<b>-</b>	<b>0.2</b>

\*non-performing loans

	Group	Estonia	Latvia	Lithuania	Russia	Ukraine
Loan portfolio as at the end of period*	6,418.4	2,963.1	1,507.3	1,683.5	264.3	0.2
Average loan portfolio*	6,152.5	2,871.9	1,427.9	1,617.1	235.4	0.2
Risk cost**	0.03%	0.03%	0.34%	-0.22%	0.00%	0.00%
Allowance for credit losses / loan portfolio*	0.81%	0.89%	0.81%	0.75%	0.26%	50.00%
Loans overdue / loan portfolio*	8.7%	3.8%	10.8%	16.9%	0.0%	100.0%
Over 60 days / loan portfolio*	0.3%	0.3%	0.6%	0.1%	0.0%	50.0%
Recoveries during the period (in millions of euros)	3.0	1.0	0.6	1.4	-	-

\*(excluded loans to consolidation companies)

\*\* (write offs - recoveries) / average loan portfolio

### Distribution of risk portfolio\* by rating classes

(in millions of euros, except ratios)	31.03.05	%	31.12.04	%	31.03.04	%
1 - Virtually no credit risk	91.6	1.2%	75.6	1.0%	119.7	2.1%
2 - Strong entities, good financial stability	566.2	7.2%	526.3	7.3%	423.1	7.6%
3 - Above-average entities that offer good financial security	1,310.1	16.7%	1,185.9	16.4%	922.5	16.5%
4 - Adequate entities, may be vulnerable in the medium term	1,652.2	21.1%	1,521.9	21.1%	1,069.1	19.1%
5 - Acceptable entities, however good collateral is required	269.8	3.4%	266.6	3.7%	222.6	4.0%
6 - Entities under close watch	35.1	0.4%	43.3	0.6%	45.5	0.8%
7 - Defaulted companies	24.3	0.3%	14.5	0.2%	32.8	0.6%
Not individually rated*	3,889.2	49.6%	3,583.3	49.6%	2,752.3	49.3%
<b>Total</b>	<b>7,838.5</b>	<b>100.0%</b>	<b>7,217.4</b>	<b>100.0%</b>	<b>5,587.6</b>	<b>100.0%</b>

\* Highly diversified private and SME masslending (incl. private mortgages)

## ESTONIA

- Loan growth 7% qoq, 31% yoy
- Deposit growth 7% qoq, 21% yoy
- Net interest margin 2.86%, -22bp qoq, -83bp yoy
- Net profit EUR 29.1 million, -14% qoq, +11% yoy
- Return on equity 45%
- Revenues EUR 52.8 million, +0% qoq, +11% yoy
- Expenses EUR 19.8 million, -8% qoq, +9% yoy
- Cost-income ratio 38%

Estonia			
(in millions of euros)	Q1 2005	Q1 2004	Change
Total income	52.8	47.6	11%
Operating expenses	19.8	18.2	9%
Operating profit before provisions	33.0	29.4	12%
Net profit	29.1	26.2	11%
EVA	24.3	20.8	17%
Return on allocated equity*	45.3%	49.7%	
Cost-income ratio	37.6%	37.9%	
Risk cost	0.0%	0.2%	
Net interest margin	2.86%	3.69%	
Loans	2,973.3	2,273.5	31%
Deposits	2,329.4	1,919.5	21%
Allocated equity*	272.2	212.1	28%
Assets	4,725.1	3,128.0	51%
Number of employees (full-time equivalent)	2,300	2,235	3%

\* based on 9% capital adequacy

In Q1 2005 Estonian operations were influenced on the one hand by strong competition which reduced the net interest margin below 3% level. On the other hand the negative effect from reducing margins was partially offset by faster volume growth and good asset quality. Estonian unit's net profit decreased by 14% qoq, but increased by 11% yoy to EUR 29.1 million.

### Revenues

Revenues of the Estonian business unit remained unchanged compared to the fourth quarter of 2004, totalling EUR 52.8 million. Annual growth of revenues was 11%. The main growth drivers were faster lending growth and a strong result in securities services.

Rapid lending growth had a positive influence on fee as well as interest revenues. Estonian loan portfolio increased by 7% or EUR 184 million in one quarter to EUR 2.97 billion. 41% of the growth came from retail lending, which increased

by EUR 76 million to EUR 1.25 billion at the end of March 2005. Hansabank signed more than 1,500 new mortgage loan contracts in Estonia in the first quarter, taking the total number of mortgage customers to 44,800.

Despite strong lending growth, net interest income rose by 1% qoq and 7% yoy to EUR 29.7 million in Q1. Growth was slowed by a reduction in lending yield as well as a slight increase in the average cost of funding due to the increased share of foreign funding. The net interest margin reduced by 22bp to 2.86%. Annual reduction of the margin now stands at 83bp.

Net fee income rose by 6% to EUR 17.9 million over the quarter. Fee growth was primarily driven by fast lending growth and increased activity on the securities market. As a one-off event, Swedbank announced a buy-out offer for Hansabank's minority shareholders which for a limited period increased brokerage and settlement fees. The transaction will be completed in the

second quarter and as such has a short-term effect on fee revenue.

### Expenses

Estonian business unit's operating expenses decreased by 8% to EUR 19.8 million in Q1. The reduction resulted primarily from a 47% decrease in other expenses. The considerable decrease is explained by seasonal factors - marketing, promotion and sponsorship expenses are seasonally higher in the last quarter of the year and below the average level during the first quarter of each year.

Personnel costs rose by 3% to EUR 9.0 million mainly due to an increase in the employee performance pay reserve.

Our Estonian unit has the best cost-efficiency in the Group. The ratio of operating expenses to average assets has continuously remained below

2.5%. In Q1 2005 the ratio was even as low as 1.8% which however was caused by temporary factors (high balance of amounts in transit due to Swedbank's buy-out offer). Estonian cost-income ratio was 38% in Q1.

### Asset quality

As mentioned previously, starting from 2005 the Group is using new provisioning principles based on IFRS guidelines. Under the new principles the Estonian unit's loan provisions totalled EUR 3.5 million in Q1 2005. This is approximately 25% less than based on principles the Group used previously. Regardless of the changes to provisioning principles, asset quality has remained solid in the Estonian business unit - non-performing loans formed just 0.3% of total loans at the end of March 2005 and risk cost ratio amounted to 0.03% in Q1 2005.

### Country-based balance sheets – Estonia

(in millions of euros, unaudited)

	31.03.05	31.12.04	30.09.04	30.06.04	31.03.05	yoy	qoq
<b>Assets</b>							
Cash	45.5	55.6	45.8	48.5	41.8	9%	-18%
Due from Central Bank	415.9	228.9	256.4	190.8	199.7	108%	82%
Due from other financial institutions	747.9	562.8	391.2	498.1	400.1	87%	33%
Treasury securities	-	7.4	9.3	8.3	8.2	-100%	-100%
Trading securities	21.9	22.6	14.9	15.4	16.3	34%	-3%
Investment securities	69.1	54.8	55.0	52.8	48.3	43%	26%
Loans	2,973.3	2,789.5	2,612.2	2,439.5	2,273.5	31%	7%
- Allowances for credit losses	-26.3	-36.6	-37.5	-35.7	-34.4	-24%	-28%
Net loans	2,947.0	2,752.9	2,574.7	2,403.8	2,239.1	32%	7%
Tangible assets	26.5	26.6	27.3	26.1	32.6	-19%	0%
Intangible assets	6.4	2.2	1.7	2.1	2.6	146%	191%
Prepayments and accrued interest	68.6	69.3	71.4	71.2	79.4	-14%	-1%
Other assets	376.3	66.6	61.1	165.1	59.9	528%	465%
<b>Total assets</b>	<b>4,725.1</b>	<b>3,849.7</b>	<b>3,508.8</b>	<b>3,482.2</b>	<b>3,128.0</b>	<b>51%</b>	<b>23%</b>
<b>Liabilities</b>							
Due to Central Bank and government	3.0	3.3	3.6	3.9	4.3	-30%	-9%
Due to other financial institutions	580.5	408.8	381.3	371.6	380.3	53%	42%
Deposits	2,329.4	2,171.5	2,118.3	2,046.5	1,919.5	21%	7%
Demand deposits	1,685.8	1,643.1	1,618.2	1,564.9	1,377.6	22%	3%
Time deposits	643.6	528.4	500.1	481.6	541.9	19%	22%
Debt securities	2,027.6	1,527.1	1,074.9	1,122.7	777.1	161%	33%
Accrued liabilities	61.6	78.2	71.7	67.5	58.5	5%	-21%
Appropriations	72.2	65.5	59.5	55.4	49.1	47%	10%
Other liabilities	203.1	61.9	74.6	69.1	63.7	219%	228%
Subordinated liabilities	-	-	15.3	15.3	40.8		
Internal funding adjustments	-824.5	-716.7	-525.8	-501.7	-377.4	118%	15%
<b>Shareholders' equity</b>	<b>272.2</b>	<b>250.1</b>	<b>235.4</b>	<b>231.9</b>	<b>212.1</b>	<b>28%</b>	<b>9%</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,725.1</b>	<b>3,849.7</b>	<b>3,508.8</b>	<b>3,482.2</b>	<b>3,128.0</b>	<b>51%</b>	<b>23%</b>

## Country-based income statements - Estonia

(in millions of euros, unaudited)

	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004	yoy	qoq
Interest income	48.5	47.3	45.2	44.4	42.7	14%	3%
Interest expense	-18.8	-17.8	-16.1	-15.6	-15.0	25%	6%
<b>Interest income, net</b>	<b>29.7</b>	<b>29.5</b>	<b>29.1</b>	<b>28.8</b>	<b>27.7</b>	<b>7%</b>	<b>1%</b>
Fee and commission income	21.5	21.4	19.0	20.4	16.5	30%	0%
Fee and commission expense	-3.6	-4.5	-3.9	-3.7	-2.9	24%	-20%
<b>Fees and commissions, net</b>	<b>17.9</b>	<b>16.9</b>	<b>15.1</b>	<b>16.7</b>	<b>13.6</b>	<b>32%</b>	<b>6%</b>
Net result from financial operations	4.2	4.4	3.5	3.2	4.6	-9%	-5%
Net income from insurance activities	0.7	0.8	0.4	0.7	0.3	133%	-13%
Other income	0.3	1.2	0.9	1.7	1.4	-79%	-75%
<b>Total income</b>	<b>52.8</b>	<b>52.8</b>	<b>49.0</b>	<b>51.1</b>	<b>47.6</b>	<b>11%</b>	<b>0%</b>
Operating expenses							
Personnel expenses	9.0	8.7	7.9	7.9	7.4	22%	3%
Data network expenses	4.2	4.8	4.4	4.4	4.1	2%	-13%
Administrative expenses	3.1	3.0	3.3	3.2	2.9	7%	3%
Other expenses	1.7	3.2	1.8	2.1	1.5	13%	-47%
incl. goodwill amortisation	-	0.1	0.1	0.1	0.1	-100%	-100%
Depreciation	0.4	0.6	0.5	0.5	0.6	-33%	-33%
Group overhead adjustment	1.4	1.2	2.1	1.5	1.7	-18%	17%
<b>Total operating expenses</b>	<b>19.8</b>	<b>21.5</b>	<b>20.0</b>	<b>19.6</b>	<b>18.2</b>	<b>9%</b>	<b>-8%</b>
<b>Operating profit before provisions</b>	<b>33.0</b>	<b>31.3</b>	<b>29.0</b>	<b>31.5</b>	<b>29.4</b>	<b>12%</b>	<b>5%</b>
Losses on loans and guarantees	-3.5	0.6	-4.6	-4.7	-4.5	-22%	-683%
Recovered loans	1.0	1.9	1.7	1.2	1.4	-29%	-47%
Income from associated companies	-	-	0.1	0.1	-		
<b>Profit before income tax</b>	<b>30.5</b>	<b>33.8</b>	<b>26.2</b>	<b>28.1</b>	<b>26.3</b>	<b>16%</b>	<b>-10%</b>
Income tax	-1.7	-	-	-5.1	-		
<b>Profit after income tax</b>	<b>28.8</b>	<b>33.8</b>	<b>26.2</b>	<b>23.0</b>	<b>26.3</b>	<b>10%</b>	<b>-15%</b>
Minority interest	0.3	-	-	-0.1	-0.1		
<b>Net profit</b>	<b>29.1</b>	<b>33.8</b>	<b>26.2</b>	<b>22.9</b>	<b>26.2</b>	<b>11%</b>	<b>-14%</b>

## LATVIA

- Loan growth 10% qoq, 40% yoy
- Deposit growth 4% qoq, 23% yoy
- Net interest margin 3.66%, 0bp qoq, +10bp yoy
- Net profit EUR 11.4 million, +28% qoq, +36% yoy
- Return on equity 36%
- Revenues EUR 29.6 million, +5% qoq, +26% yoy
- Expenses EUR 14.6 million, -12% qoq, +30% yoy
- Cost-income ratio 49%

Latvia (in millions of euros)	Q1 2005	Q1 2004	Change
Total income	29.6	23.4	26%
Operating expenses	14.6	11.2	30%
Operating profit before provisions	15.0	12.2	23%
Net profit	11.4	8.4	36%
EVA	8.4	7.3	15%
Return on allocated equity*	36.3%	32.9%	
Cost-income ratio	48.8%	45.9%	
Risk cost	0.1%	-0.1%	
Net interest margin	3.66%	3.56%	
Loans	1,507.3	1,073.0	40%
Deposits	1,170.2	949.2	23%
Allocated equity*	133.1	106.1	25%
Assets	2,008.4	1,504.5	33%
Number of employees (full-time equivalent)	1,581	1,355	17%

\* based on 9% capital adequacy

While Latvian Q4 2004 results were influenced by several one-off items then in Q1 2005 it was back to normal operations and strong growth. Latvian net profit increased by 28% qoq and 36% yoy to EUR 11.4 million.

### Revenues

Revenues in our Latvian business unit increased by 5% to EUR 29.6 million in one quarter. Unlike in the other two Baltic countries, Latvian net interest margin is still fairly high. The main reason behind this is the higher share of US dollar denominated loans and the rise in dollar interest rates over the past year. The average yield of the loan portfolio decreased by 15bp to 6,25% and the net interest margin remained stable at 3.66% compared to the fourth quarter.

As opposed to the Estonian business unit the main revenue driver for the Latvian unit is net interest income, which rose by 5% qoq and by

40% yoy to EUR 17.6 million. Growth was driven by fast lending growth and stable margins throughout the year. Latvian lending portfolio increased by 10% in the last quarter and 40% over the past year to EUR 1.51 billion. The EUR 141 million growth in the first quarter divides almost equally between the retail and business segments. Retail customers signed close to 1,500 new mortgage contracts during the first quarter, taking the total to 21,000.

### Expenses

Latvian expenses decreased by 12% to EUR 14.6 million in Q1 2005. The reduction resulted from a higher than usual cost level in Q4 2004, which was caused by higher performance pay reserve payments and opening of the new headquarters. All expense items except depreciation recorded a decrease in Q1 2005. The increase in depreciation was caused by the opening of the new headquarters in Riga.

Due to fast organic growth, expense growth rate in the Latvian business unit is expected to remain higher than the average of the Group for some time still.

Latvian cost to asset ratio reduced from 3.6% in Q4 2004 to 3.0% in Q1 2005 and the cost-income ratio lowered from 58% to 49%.

### Asset quality

Latvian asset quality is stable and the ratio of non-performing loans to total loans was at 0.6% at the end of March 2005. Loan provisions in the Latvian unit totalled EUR 2.5 million in Q1 2005. The new provisioning principles reduced provisions by approximately EUR 0.4 million in the first quarter.

### Country-based balance sheets - Latvia

(in millions of euros, unaudited)

	31.03.05	31.12.04	30.09.04	30.06.04	31.03.05	yoy	qoq
<b>Assets</b>							
Cash	43.0	41.5	43.4	44.4	38.2	13%	4%
Due from Central Bank	115.9	64.1	44.0	59.3	42.1	175%	81%
Due from other financial institutions	99.5	62.8	102.9	59.3	71.3	40%	58%
Treasury securities	161.7	247.3	269.6	202.7	191.7	-16%	-35%
Trading securities	14.4	9.1	10.7	9.3	10.3	40%	58%
Investment securities	0.2	0.2	0.3	0.3	3.8	-95%	0%
Loans	1,507.3	1,366.0	1,273.1	1,185.1	1,073.0	40%	10%
- Allowances for credit losses	-12.2	-17.7	-15.8	-16.3	-15.2	-20%	-31%
Net loans	1,495.1	1,348.3	1,257.3	1,168.8	1,057.8	41%	11%
Tangible assets	44.3	44.7	43.5	42.1	36.5	21%	-1%
Intangible assets	1.1	1.3	1.6	1.9	2.2	-50%	-15%
Prepayments and accrued interest	27.3	20.4	26.5	21.1	31.5	-13%	34%
Other assets	5.9	9.6	16.5	16.2	19.1	-69%	-39%
<b>Total assets</b>	<b>2,008.4</b>	<b>1,849.3</b>	<b>1,816.3</b>	<b>1,625.4</b>	<b>1,504.5</b>	<b>33%</b>	<b>9%</b>
<b>Liabilities</b>							
Due to Central Bank and government	0.5	0.4	77.6	-	14.2	-96%	25%
Due to other financial institutions	539.6	443.6	385.8	331.2	267.4	102%	22%
Deposits	1,170.2	1,125.3	1,064.7	1,023.8	949.2	23%	4%
Demand deposits	822.9	789.8	740.4	717.5	653.3	26%	4%
Time deposits	347.3	335.5	324.3	306.3	295.9	17%	4%
Debt securities	21.8	21.2	22.4	22.5	22.6	-4%	3%
Accrued liabilities	33.1	30.9	29.7	24.6	21.6	53%	7%
Appropriations	1.8	2.7	2.5	3.0	2.9	-38%	-33%
Other liabilities	49.9	46.7	58.7	57.5	63.5	-21%	7%
Subordinated liabilities	12.1	12.1	10.4	10.4	10.4		
Internal funding adjustments	46.3	44.3	47.9	43.6	46.6	-1%	5%
<b>Shareholders' equity</b>	<b>133.1</b>	<b>122.1</b>	<b>116.6</b>	<b>108.8</b>	<b>106.1</b>	<b>25%</b>	<b>9%</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,008.4</b>	<b>1,849.3</b>	<b>1,816.3</b>	<b>1,625.4</b>	<b>1,504.5</b>	<b>33%</b>	<b>9%</b>

## Country-based income statements - Latvia

(in millions of euros, unaudited)

	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004	yoy	qoq
Interest income	25.5	24.6	23.2	21.2	18.7	36%	4%
Interest expense	-7.9	-7.9	-7.8	-6.4	-6.1	30%	0%
<b>Interest income, net</b>	<b>17.6</b>	<b>16.7</b>	<b>15.4</b>	<b>14.8</b>	<b>12.6</b>	<b>40%</b>	<b>5%</b>
Fee and commission income	9.5	10.1	9.7	9.7	8.2	16%	-6%
Fee and commission expense	-2.0	-2.5	-2.0	-2.0	-1.6	25%	-20%
<b>Fees and commissions, net</b>	<b>7.5</b>	<b>7.6</b>	<b>7.7</b>	<b>7.7</b>	<b>6.6</b>	<b>14%</b>	<b>-1%</b>
Net result from financial operations	4.0	3.8	4.3	3.7	3.5	14%	5%
Net income from insurance activities	-	-	-	-	-	0%	0%
Other income	0.5	0.2	3.0	0.6	0.7	-29%	150%
<b>Total income</b>	<b>29.6</b>	<b>28.3</b>	<b>30.4</b>	<b>26.8</b>	<b>23.4</b>	<b>26%</b>	<b>5%</b>
Operating expenses							
Personnel expenses	5.9	6.2	5.2	4.9	4.0	48%	-5%
Data network expenses	2.8	3.0	2.4	2.6	2.5	12%	-7%
Administrative expenses	2.9	3.4	2.7	2.3	2.4	21%	-15%
Other expenses	1.9	2.6	0.9	1.7	1.4	36%	-27%
incl. goodwill amortisation	-	0.2	0.3	0.3	0.5	-100%	-100%
Depreciation	0.7	0.6	0.4	0.5	0.5	40%	17%
Group overhead adjustment	0.4	0.8	0.6	0.6	0.4	0%	-50%
<b>Total operating expenses</b>	<b>14.6</b>	<b>16.6</b>	<b>12.2</b>	<b>12.6</b>	<b>11.2</b>	<b>30%</b>	<b>-12%</b>
<b>Operating profit before provisions</b>	<b>15.0</b>	<b>11.7</b>	<b>18.2</b>	<b>14.2</b>	<b>12.2</b>	<b>23%</b>	<b>28%</b>
Losses on loans and guarantees	-2.5	-2.2	-3.2	-2.6	-3.1	-19%	14%
Recovered loans	0.6	1.0	0.8	0.4	0.6	0%	-40%
Income from associated companies	-	-	-	-	-	-	-
<b>Profit before income tax</b>	<b>13.1</b>	<b>10.5</b>	<b>15.8</b>	<b>12.0</b>	<b>9.7</b>	<b>35%</b>	<b>25%</b>
Income tax	-1.7	-1.6	-2.3	-1.6	-1.3	-	-
<b>Profit after income tax</b>	<b>11.4</b>	<b>8.9</b>	<b>13.5</b>	<b>10.4</b>	<b>8.4</b>	<b>36%</b>	<b>28%</b>
Minority interest	-	-	-	-	-	-	-
<b>Net profit</b>	<b>11.4</b>	<b>8.9</b>	<b>13.5</b>	<b>10.4</b>	<b>8.4</b>	<b>36%</b>	<b>28%</b>

## LITHUANIA

- Loan growth 8% qoq, 45% yoy
- Deposit growth 7% qoq, 29% yoy
- Net interest margin 2.69%, +2bp qoq, +3bp yoy
- Net profit EUR 10.2 million, +67% qoq, +57% yoy
- Return on equity 29%
- Revenues EUR 26.7 million, -3% qoq, +20% yoy
- Expenses EUR 16.1 million, -11% qoq, +1% yoy
- Cost-income ratio 60%

Lithuania (in millions of euros)	Q1 2005	Q1 2004	Change
Total income	26.7	22.3	20%
Operating expenses	16.1	16.0	1%
Operating profit before provisions	10.6	6.3	68%
Net profit	10.2	6.5	57%
EVA	6.8	3.6	89%
Return on allocated equity*	29.0%	19.9%	
Cost-income ratio	59.9%	65.4%	
Risk cost	-0.2%	0.0%	
Net interest margin	2.69%	2.66%	
Loans	1,683.5	1,159.2	45%
Deposits	1,748.5	1,359.1	29%
Allocated equity*	149.2	135.2	10%
Assets	2,540.5	1,947.3	30%
Number of employees (full-time equivalent)	2,404	2,247	7%

\* based on 9% capital adequacy

Lithuanian business unit had a solid first quarter in 2005. The Lithuanian unit has maintained the fastest lending growth among the three Baltic countries (+45%) and in the first quarter achieved also the fastest deposit growth (+29%) as well as operating profit growth (+68%). Lithuanian net profit amounted to EUR 10.2 million in Q1 2005, an increase of 57% over the same period last year.

### Revenues

Revenues decreased by 3% in the first quarter to EUR 26.7 million. The two reasons behind the reduction were a 5% decrease in net fee income and a EUR 1.7 million technical reserve appropriation made in the insurance subsidiary due to changes in legislation.

The reduction in net fee income is explained by seasonal factors, much like in the Estonian

business unit. In annual comparison, net fee growth was 25%.

With strong volume growth interest income is the key revenue driver for the Lithuanian unit. Net interest income increased by 7% qoq and by 34% yoy to EUR 16.3 million in Q1 2005. Because of the competitive situation, Lithuanian lending margins are the lowest of the three Baltic countries – the average yield of the loan portfolio decreased by 1bp to 4.93% in the first quarter. At the same time thanks to improving asset structure and the increasing share of loans in total assets the net interest margin has remained steadily around the 2.7% level over the past year; in the first quarter net interest margin was 2.69%.

### Expenses

Lithuanian operating expenses reduced due to seasonal factors by 11% to EUR 16.1 million in Q1 2005.

All expense items except for personnel expenses decreased compared to the previous quarter. Personnel expenses increased on the back of the good performance in the first quarter and the resulting increase in performance pay reserve by 14% qoq to EUR 7.3 million. Lithuanian unit's operating expenses were also influenced by the changes related to goodwill amortisation. In 2004 the average quarterly cost from goodwill amortisation totalled EUR 1.5 million, i.e. approximately 9% of total expenses.

Lithuanian cost to assets ratio was 2.6% and cost-income ratio was 60% in Q1 2005.

#### Asset quality

Lithuanian asset quality is the best in the Group. Non-performing loans (overdue more than 60 days) totalled EUR 1.9 million at the end of March 2005 and formed only 0.1% of total loans. Lithuanian provisioning expense totalled EUR 1.4 million in the first quarter. Under the old provisioning principles, provisions would have been larger by EUR 0.8 million.

#### Country-based balance sheets - Lithuania

(in millions of euros, unaudited)	31.03.05	31.12.04	30.09.04	30.06.04	31.03.05	yoy	qoq
<b>Assets</b>							
Cash	57.1	64.7	55.3	53.3	51.9	10%	-12%
Due from Central Bank	100.0	102.6	87.4	99.1	101.7	-2%	-3%
Due from other financial institutions	279.9	259.1	160.7	156.8	175.2	60%	8%
Treasury securities	176.8	124.9	163.9	181.4	175.5	1%	42%
Trading securities	34.8	31.2	52.7	62.6	71.7	-51%	12%
Investment securities	133.3	132.5	128.7	126.4	125.6	6%	1%
Loans	1,683.5	1,565.8	1,399.6	1,275.9	1,159.2	45%	8%
- Allowances for credit losses	-12.7	-16.9	-15.2	-14.7	-13.3	-5%	-25%
Net loans	1,670.8	1,548.9	1,384.4	1,261.2	1,145.9	46%	8%
Tangible assets	36.8	38.1	40.0	41.4	43.7	-16%	-3%
Intangible assets	20.2	20.3	21.9	23.6	25.2	-20%	0%
Prepayments and accrued interest	22.3	23.4	24.7	29.3	24.0	-7%	-5%
Other assets	8.5	6.5	10.2	5.8	6.9	23%	31%
<b>Total assets</b>	<b>2,540.5</b>	<b>2,352.2</b>	<b>2,129.9</b>	<b>2,040.9</b>	<b>1,947.3</b>	<b>30%</b>	<b>8%</b>
<b>Liabilities</b>							
Due to Central Bank and government	3.2	3.4	3.4	3.0	2.9	10%	-6%
Due to other financial institutions	451.0	404.7	323.2	329.8	291.0	55%	11%
Deposits	1,748.5	1,633.3	1,505.8	1,426.7	1,359.1	29%	7%
Demand deposits	1,189.3	1,117.3	1,012.4	957.6	899.5	32%	6%
Time deposits	559.2	516.0	493.4	469.1	459.6	22%	8%
Debt securities	-	-	-	-	-	-	-
Accrued liabilities	35.5	36.6	30.7	29.9	26.6	33%	-3%
Appropriations	71.9	66.6	60.9	54.4	49.8	44%	8%
Other liabilities	24.1	19.3	24.9	21.2	23.9	1%	25%
Subordinated liabilities	-	-	-	-	-	-	-
Internal funding adjustments	57.1	31.4	34.6	36.9	58.8	-3%	82%
<b>Shareholders' equity</b>	<b>149.2</b>	<b>156.9</b>	<b>146.4</b>	<b>139.0</b>	<b>135.2</b>	<b>10%</b>	<b>-5%</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,540.5</b>	<b>2,352.2</b>	<b>2,129.9</b>	<b>2,040.9</b>	<b>1,947.3</b>	<b>30%</b>	<b>8%</b>

## Country-based income statements - Lithuania

(in millions of euros, unaudited)

	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004	yoy	qoq
Interest income	24.6	22.2	21.3	19.6	18.7	32%	11%
Interest expense	-8.3	-7.0	-7.0	-6.7	-6.5	28%	19%
<b>Interest income, net</b>	<b>16.3</b>	<b>15.2</b>	<b>14.3</b>	<b>12.9</b>	<b>12.2</b>	<b>34%</b>	<b>7%</b>
Fee and commission income	10.2	11.0	9.6	9.5	8.4	21%	-7%
Fee and commission expense	-2.3	-2.7	-2.4	-2.7	-2.1	10%	-15%
<b>Fees and commissions, net</b>	<b>7.9</b>	<b>8.3</b>	<b>7.2</b>	<b>6.8</b>	<b>6.3</b>	<b>25%</b>	<b>-5%</b>
Net result from financial operations	2.2	2.2	1.7	1.4	2.3	-4%	0%
Net income from insurance activities	-0.5	1.1	0.9	1.0	0.6	-183%	-145%
Other income	0.8	0.6	1.1	1.0	0.9	-11%	33%
<b>Total income</b>	<b>26.7</b>	<b>27.4</b>	<b>25.2</b>	<b>23.1</b>	<b>22.3</b>	<b>20%</b>	<b>-3%</b>
Operating expenses							
Personnel expenses	7.3	6.4	6.3	6.5	6.3	16%	14%
Data network expenses	3.2	3.3	2.8	2.8	3.1	3%	-3%
Administrative expenses	2.9	3.0	2.6	2.7	2.7	7%	-3%
Other expenses	1.6	3.7	3.0	3.0	2.8	-43%	-57%
incl. goodwill amortisation	-	1.5	1.6	1.6	1.4	-100%	-100%
Depreciation	0.7	0.7	0.7	0.7	0.7	0%	0%
Group overhead adjustment	0.4	0.9	0.5	0.7	0.4	0%	-56%
<b>Total operating expenses</b>	<b>16.1</b>	<b>18.0</b>	<b>15.9</b>	<b>16.4</b>	<b>16.0</b>	<b>1%</b>	<b>-11%</b>
<b>Operating profit before provisions</b>	<b>10.6</b>	<b>9.4</b>	<b>9.3</b>	<b>6.7</b>	<b>6.3</b>	<b>68%</b>	<b>13%</b>
Losses on loans and guarantees	-1.4	-3.7	-2.9	-1.7	-0.6	133%	-62%
Recovered loans	1.4	1.0	0.6	1.6	1.0	40%	40%
Income from associated companies	-	-	-	-	-		
<b>Profit before income tax</b>	<b>10.6</b>	<b>6.7</b>	<b>7.0</b>	<b>6.6</b>	<b>6.7</b>	<b>58%</b>	<b>58%</b>
Income tax	-0.4	-0.5	-0.4	-0.4	-0.2		
<b>Profit after income tax</b>	<b>10.2</b>	<b>6.2</b>	<b>6.6</b>	<b>6.2</b>	<b>6.5</b>	<b>57%</b>	<b>65%</b>
Minority interest	-	-0.1	-	-	-		
<b>Net profit</b>	<b>10.2</b>	<b>6.1</b>	<b>6.6</b>	<b>6.2</b>	<b>6.5</b>	<b>57%</b>	<b>67%</b>

## RUSSIA

- Loan growth +30% qoq, +76% yoy
- Net interest margin 6.40%, +69bp qoq, -26bp yoy
- Net profit EUR 4.3 million, +231% qoq, +87% yoy
- Return on equity 83%
- Revenues EUR 5.9 million, +55% qoq, +90% yoy
- Expenses EUR 0.9 million, -18% qoq, +200% yoy
- Cost-income ratio 16%

Russia (in millions of euros)	Q1 2005	Q1 2004	Change
Total income	5.9	3.1	90%
Operating expenses	0.9	0.3	200%
Operating profit before provisions	5.0	2.8	79%
Net profit	4.3	2.3	87%
EVA	3.7	0.5	640%
Return on allocated equity*	83.0%	68.6%	
Cost-income ratio	15.7%	10.4%	
Risk cost	0.0%	0.0%	
Net interest margin	6.40%	6.66%	
Loans	264.3	149.8	76%
Deposits	120.7	71.3	69%
Allocated equity*	24.9	19.8	26%
Assets	305.5	155.6	96%

Number of employees (full-time equivalent) 56 5 1020%

\* based on 11% capital adequacy in 2005 and on 13% capital adequacy in 2004

In the first quarter of 2005 the Group's Russian business unit finalised several important transactions.

On 8 March 2005 Hansa Capital and EBRD signed a purchase agreement whereby Hansa Capital acquired from EBRD its 25% holding in the specialist leasing company AS Hansa Leasing Russia. As a result, Hansa Capital became the sole shareholder of Hansa Leasing Russia. Hansa Leasing Russia was established in 2002 as a greenfield joint venture between Hansabank and EBRD to provide financing to Russian businesses for leasing rail cars.

On 10 March 2005 Hansabank successfully completed the acquisition of the Moscow-based Kvest bank. Hansabank paid 3.4 million US dollars (2.5 million euros) for 100% of Kvest bank's shares.

The first bank branch will be opened in Moscow in April-May of this year. Branches in St. Petersburg and Kaliningrad will be opened later during the year. The Group's strategy in Russia

is to offer corporate banking and trade finance services in Moscow, St. Petersburg and Kaliningrad regions. The Group will concentrate on serving Baltic, Scandinavian and existing Russian corporate customers. Hansabank has already leasing offices in all three regions. The Group currently employs 56 people in Russia and is planning on increasing the number to 190 by the end of the year.

### Revenues and expenses

Russian credit portfolio increased by 30% over the first quarter to EUR 264 million. This corresponds to 4% of the Group's total portfolio. Russian unit's revenues increased by 55% from the previous quarter to EUR 5.9 million while expenses decreased by 18% to EUR 0.9 million. In the fourth quarter Russian expenses included some one-off items related to setting up the operations and hiring of new employees. Russian net profit increased more than two-fold from the previous quarter and totalled EUR 4.3 million in Q1 2005.

## Consolidated balance sheets

(in millions of euros, unaudited)

	31.03.05	31.12.04	31.03.04	yoy	qoq
<b>Assets</b>					
Cash	145.7	161.8	132.0	10%	-10%
Due from Central Bank	633.7	395.6	343.5	84%	60%
Due from other financial institutions	1,109.8	854.0	621.3	79%	30%
Treasury securities	338.5	379.6	375.4	-10%	-11%
Trading securities	71.1	62.9	98.3	-28%	13%
Investment securities	202.6	187.5	177.7	14%	8%
Loans	6,418.4	5,924.0	4,654.2	38%	8%
- Allowances for credit losses	-52.0	-74.1	-65.1	-20%	-30%
Net loans	6,366.4	5,849.9	4,589.1	39%	9%
Tangible assets	108.0	109.6	118.0	-8%	-1%
Intangible assets	27.7	23.8	30.0	-8%	16%
Prepayments and accrued interest	145.1	124.4	141.4	3%	17%
Other assets	375.9	70.2	76.4	392%	435%
<b>Total assets</b>	<b>9,524.5</b>	<b>8,219.3</b>	<b>6,703.1</b>	<b>42%</b>	<b>16%</b>
<b>Liabilities</b>					
Due to Central Bank and government	6.7	7.1	21.4	-69%	-6%
Due to other financial institutions	671.3	487.9	483.3	39%	38%
Deposits	5,368.5	4,972.0	4,298.7	25%	8%
Demand deposits	3,817.9	3,577.9	3,001.3	27%	7%
Time deposits	1,550.6	1,394.1	1,297.4	20%	11%
Debt securities issued	2,027.6	1,527.1	777.1	161%	33%
Accrued liabilities	129.0	143.9	106.0	22%	-10%
Other reserves	143.8	132.9	100.7	43%	8%
Deferred tax liability	2.1	2.0	1.3	62%	5%
Other liabilities	274.0	122.0	142.6	92%	125%
<b>Total liabilities</b>	<b>8,623.0</b>	<b>7,394.9</b>	<b>5,931.1</b>	<b>45%</b>	<b>17%</b>
<b>Subordinated liabilities</b>	<b>-</b>	<b>-</b>	<b>44.1</b>	<b>-100%</b>	<b>-</b>
<b>Shareholders' equity</b>					
Common stock	202.8	202.8	50.7	300%	0%
Share premium	31.4	30.2	181.1	-83%	4%
Treasury stock	-2.4	-0.2	-0.3	700%	1100%
Reserves	31.3	29.8	29.5	6%	5%
Other restricted equity	6.4	6.4	6.4	0%	0%
Currency translation reserve	-13.1	-15.8	-5.9	122%	-17%
Retained earnings	644.7	561.8	457.6	41%	15%
Minority interest	0.4	9.4	8.8	-95%	-96%
<b>Total shareholders' equity</b>	<b>901.5</b>	<b>824.4</b>	<b>727.9</b>	<b>24%</b>	<b>9%</b>
<b>Total liabilities and shareholders' equity</b>	<b>9,524.5</b>	<b>8,219.3</b>	<b>6,703.1</b>	<b>42%</b>	<b>16%</b>

**Consolidated income statements**

(in millions of euros, unaudited)

	<b>Q1 2005</b>	<b>2004</b>	<b>Q1 2004</b>
Interest income	104.3	362.7	82.9
Interest expense	-36.2	-121.9	-27.8
<b>Interest income, net</b>	<b>68.1</b>	<b>240.8</b>	<b>55.1</b>
Fee and commission income	41.9	155.6	33.7
Fee and commission expense	-8.2	-34.8	-7.1
<b>Fees and commissions, net</b>	<b>33.7</b>	<b>120.8</b>	<b>26.6</b>
Net result from financial operations	10.6	39.3	10.6
Net income from insurance activities	0.2	5.8	0.9
Other income	1.9	14.1	3.1
<b>Total income</b>	<b>114.5</b>	<b>420.8</b>	<b>96.3</b>
<b>Operating expenses</b>			
Personnel expenses	27.7	97.5	22.5
Data network expenses	3.9	16.1	3.3
Administrative expenses	9.9	38.7	8.7
Other expenses	5.9	30.4	6.5
incl. goodwill amortisation	-	7.9	2.0
Depreciation	4.2	18.1	5.0
<b>Total operating expenses</b>	<b>51.6</b>	<b>200.8</b>	<b>46.0</b>
<b>Operating profit before provisions</b>	<b>62.9</b>	<b>220.0</b>	<b>50.3</b>
Losses on loans and guarantees	-7.5	-34.2	-8.4
Recovered loans	3.0	13.2	3.0
Profit from associates under the equity method	-	0.2	-
<b>Profit before income tax</b>	<b>58.4</b>	<b>199.2</b>	<b>44.9</b>
Income tax	-4.1	-14.3	-1.5
<b>Profit after income tax</b>	<b>54.3</b>	<b>184.9</b>	<b>43.4</b>
Minority interest	-	-2.1	-0.6
<b>Net profit</b>	<b>54.3</b>	<b>182.8</b>	<b>42.8</b>

## Consolidated income statements - quarterly

(in millions of euros, unaudited)

	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004	yoy	qoq
Interest income	104.3	98.1	93.4	88.3	82.9	26%	6%
Interest expense	-36.2	-33.6	-31.4	-29.1	-27.8	30%	8%
<b>Interest income, net</b>	<b>68.1</b>	<b>64.5</b>	<b>62.0</b>	<b>59.2</b>	<b>55.1</b>	<b>24%</b>	<b>6%</b>
Fee and commission income	41.9	42.8	38.7	40.4	33.7	24%	-2%
Fee and commission expense	-8.2	-10.0	-8.7	-8.9	-7.2	14%	-18%
<b>Fees and commissions, net</b>	<b>33.7</b>	<b>32.8</b>	<b>30.0</b>	<b>31.5</b>	<b>26.5</b>	<b>27%</b>	<b>3%</b>
Net result from financial operations	10.6	10.6	9.6	8.5	10.6	0%	0%
Net income from insurance activities	0.2	1.9	1.3	1.7	0.9	-78%	-89%
Other income	1.9	2.1	5.0	3.9	3.1	-39%	-10%
<b>Total income</b>	<b>114.5</b>	<b>111.9</b>	<b>107.9</b>	<b>104.8</b>	<b>96.2</b>	<b>19%</b>	<b>2%</b>
<b>Operating expenses</b>							
Personnel expenses	27.7	27.1	24.4	23.5	22.5	23%	2%
Data network expenses	3.9	5.0	3.9	3.9	3.3	18%	-22%
Administrative expenses	9.9	11.5	9.4	8.9	8.9	11%	-14%
Other expenses	5.9	10.6	6.2	7.4	6.2	-5%	-44%
incl. goodwill amortisation	-	1.9	2.0	2.0	2.0	-100%	-100%
Depreciation	4.2	4.1	4.4	4.6	5.0	-16%	2%
<b>Total operating expenses</b>	<b>51.6</b>	<b>58.3</b>	<b>48.3</b>	<b>48.3</b>	<b>45.9</b>	<b>12%</b>	<b>-11%</b>
<b>Operating profit before provisions</b>	<b>62.9</b>	<b>53.6</b>	<b>59.6</b>	<b>56.5</b>	<b>50.3</b>	<b>25%</b>	<b>17%</b>
Losses on loans and guarantees	-7.5	-5.6	-10.7	-9.5	-8.4	-11%	34%
Recovered loans	3.0	3.9	3.1	3.2	3.0	0%	-23%
Profit from associates	-	-	0.1	0.1	-		
<b>Profit before income tax</b>	<b>58.4</b>	<b>51.9</b>	<b>52.1</b>	<b>50.3</b>	<b>44.9</b>	<b>30%</b>	<b>13%</b>
Income tax	-4.1	-2.7	-2.9	-7.2	-1.5	173%	52%
<b>Profit after income tax</b>	<b>54.3</b>	<b>49.2</b>	<b>49.2</b>	<b>43.1</b>	<b>43.4</b>	<b>25%</b>	<b>10%</b>
Minority interest	-	-0.5	-0.5	-0.5	-0.6	-100%	-100%
<b>Net profit</b>	<b>54.3</b>	<b>48.7</b>	<b>48.7</b>	<b>42.6</b>	<b>42.8</b>	<b>27%</b>	<b>11%</b>

## Consolidated Cash Flow Statements

(in millions of euros, for the period)

	Q1 2005	2004	Q1 2004
<b>Profit before income tax</b>	<b>58.4</b>	<b>199.2</b>	<b>44.9</b>
<b>Adjustments to profit before income tax</b>			
Loan losses	7.3	13.0	3.3
Interest income	-104.3	-362.7	-82.9
Interest expense	36.2	121.9	27.8
Depreciation and amortisation	4.2	26.0	7.0
Impairment charge	0.2	1.1	0.3
Profit from sales of tangible assets	-	-3.3	-
Book value of tangible assets written-off	0.1	1.5	0.4
<b>Total adjustments to operating profit</b>	<b>-56.3</b>	<b>-202.5</b>	<b>-44.1</b>
<b>Changes in operating assets and liabilities</b>			
Net change in prepayments	-18.3	40.2	22.7
Net change in accrued liabilities	-9.2	4.0	-24.8
Net change in deposits placed with other financial institutions	108.8	-124.5	-23.4
Net change in trading securities	-8.2	30.1	-5.3
Net change in loans to financial institutions	-2.3	-128.2	9.3
Net change in compulsory reserve to Central Bank	-13.3	-52.4	-9.1
Net change in loans	-461.0	-1,511.7	-258.7
Net change in other assets	-301.6	11.2	4.7
Net change in short-term liabilities due to other banks	210.3	22.3	2.6
Net change in demand deposits	209.2	687.2	110.6
Net change in time deposits	156.5	208.1	111.4
Net change in other liabilities	151.7	6.7	10.7
<b>Total adjustments to operating assets and liabilities</b>	<b>22.6</b>	<b>-807.0</b>	<b>-49.3</b>
Interest received	101.9	357.4	84.3
Interest paid	-41.9	-116.9	-33.4
Income tax paid	-1.8	-8.2	-
<b>Net cash used in operating activities</b>	<b>82.9</b>	<b>-578.0</b>	<b>2.4</b>
<b>Cash from investing activities</b>			
Acquisition of subsidiaries	-14.7	-19.5	-18.4
Dividends received	-	2.7	-
Net change in securities held for investment	-15.1	9.3	21.8
Acquisition of tangible assets	-3.6	-32.1	-5.6
Sale of tangible assets	1.1	23.6	0.9
Acquisition of intangible assets	-0.1	-1.3	-0.3
<b>Net cash provided by/used in investing activities</b>	<b>-32.4</b>	<b>-17.3</b>	<b>-1.6</b>
<b>Cash from financing activities</b>			
Credit lines of Central Bank and government received	-	83.4	5.1
Credit lines of Central Bank and government paid	-0.4	-126.3	-33.5
Long-term loans received from other financial institutions	-	80.6	20.6
Long-term loans paid back to other financial institutions	-26.9	-76.1	-1.0
Issue of debt securities	500.5	751.8	1.8
Issued capital and net change in share premium	1.2	1.3	0.1
Net change in subordinated liabilities	-	-44.0	0.1
Dividends paid	-	-35.5	-
Net change in treasury shares	-2.2	0.3	0.2
<b>Net cash provided by financing activities</b>	<b>472.2</b>	<b>635.5</b>	<b>-6.6</b>
<b>Effect of the change in exchange rate from foreign subsidiaries</b>	<b>2.7</b>	<b>-4.1</b>	<b>5.3</b>
<b>Net increase in cash and cash equivalents</b>	<b>525.4</b>	<b>36.1</b>	<b>-0.5</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,064.0</b>	<b>1,027.9</b>	<b>1,027.9</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,589.4</b>	<b>1,064.0</b>	<b>1,027.4</b>

## Consolidated statements of changes in shareholders' equity and minority interests

(in millions of euros)	Q1 2005	2004	Q1 2004
<b>Share capital</b>			
Balance at the beginning of the year	202.8	50.7	50.7
Issue of common stock	-	152.1	-
<b>Balance at the end of the period</b>	<b>202.8</b>	<b>202.8</b>	<b>50.7</b>
<b>Share premium</b>			
Balance at the beginning of the year	30.2	181.0	181.0
Bonus issue	-	-152.1	-
Profit from sales of shares	1.2	1.3	0.1
<b>Balance at the end of the period</b>	<b>31.4</b>	<b>30.2</b>	<b>181.1</b>
<b>Treasury shares</b>			
Balance at the beginning of the year	-0.2	-0.5	-0.5
Net change in treasury shares	-2.2	0.3	0.2
<b>Balance at the end of the period</b>	<b>-2.4</b>	<b>-0.2</b>	<b>-0.3</b>
<b>Reserves-general banking reserve</b>			
Balance at the beginning of the year	21.8	21.8	21.8
<b>Balance at the end of the period</b>	<b>21.8</b>	<b>21.8</b>	<b>21.8</b>
<b>Reserves-statutory reserve</b>			
Balance at the beginning of the year	8.0	7.7	7.7
Appropriations to statutory reserve	1.5	0.3	-
<b>Balance at the end of the period</b>	<b>9.5</b>	<b>8.0</b>	<b>7.7</b>
<b>Other reserves - stock dividends of subsidiaries</b>			
Balance at the beginning of the year	6.4	6.4	6.4
<b>Balance at the end of the period</b>	<b>6.4</b>	<b>6.4</b>	<b>6.4</b>
<b>Currency translation reserve</b>			
Balance at the beginning of the year	-15.8	-11.2	-11.2
Net change in currency translation reserve	2.7	-4.6	5.3
<b>Balance at the end of the period</b>	<b>-13.1</b>	<b>-15.8</b>	<b>-5.9</b>
<b>Retained earnings</b>			
Balance at the beginning of the year	561.8	414.8	414.8
Net income	54.3	182.8	42.8
Appropriations to reserves	-1.5	-0.3	-
Reclassification *	-	-	-
Provision release	30.1	-	-
Dividends paid	-	-35.5	-
<b>Balance at the end of the period</b>	<b>644.7</b>	<b>561.8</b>	<b>457.6</b>
<b>Total shareholders' equity</b>	<b>901.1</b>	<b>815.0</b>	<b>719.1</b>
<b>Minority interests</b>			
Balance at the beginning of the year	9.4	8.3	8.3
Acquisition of subsidiaries	-9.0	-1.0	-0.1
Minority share of net profit of subsidiaries	-	2.1	0.6
<b>Balance at the end of the period</b>	<b>0.4</b>	<b>9.4</b>	<b>8.8</b>
<b>Total shareholders' equity and minority interests</b>	<b>901.5</b>	<b>824.4</b>	<b>727.9</b>

\*Related to a change in the minority holding in Hansabankas

### Revenues by business segments

(in millions of euros, for the period)	<b>Q1 2005</b>	<i>share</i>	<b>2004</b>	<i>share</i>
Banking	96.2	84%	319.7	76%
Leasing	23.4	20%	92.6	22%
Insurance	2.3	2%	9.9	2%
Other	2.5	2%	6.6	2%
Eliminations	-9.9	-9%	-8.0	-2%
<b>Total income</b>	<b>114.5</b>	<b>100%</b>	<b>420.8</b>	<b>100%</b>

### Net profit by business segments

(in millions of euros, for the period)	<b>Q1 2005</b>	<i>share</i>	<b>2004</b>	<i>share</i>
Banking	41.9	77%	113.1	62%
Leasing	11.0	20%	63.2	35%
Insurance	1.7	3%	5.7	3%
Other	-0.3	-1%	0.8	0%
<b>Total net profit</b>	<b>54.3</b>	<b>100%</b>	<b>182.8</b>	<b>100%</b>

### Assets by business segments

(in millions of euros, end of period)	<b>31.03.05</b>	<i>share</i>	<b>31.12.04</b>	<i>share</i>
Banking	9,033.3	95%	8,228.6	100%
Leasing	2,128.9	22%	2,054.3	25%
Insurance	158.2	2%	140.9	2%
Other	35.3	0%	7.0	0%
Eliminations	-1,831.2	-19%	-2,211.5	-27%
<b>Total assets</b>	<b>9,524.5</b>	<b>100%</b>	<b>8,219.3</b>	<b>100%</b>

## Distribution of Loans by Product

(in millions of euros)	31.03.05	31.12.04	30.09.04	30.06.04	31.03.04
Loans	4,124.4	3,674.4	3,330.9	3,011.0	2,880.0
Finance leases	1,643.1	1,600.3	1,548.6	1,502.3	1,440.0
Overdraft	401.7	356.1	316.0	309.7	85.0
Factoring	227.1	269.7	235.3	218.3	207.3
Repos	22.0	23.4	30.9	37.1	41.7
Assignment	0.1	0.1	0.1	0.1	0.2
<b>Gross lending to customers</b>	<b>6,418.4</b>	<b>5,924.0</b>	<b>5,461.8</b>	<b>5,078.5</b>	<b>4,654.2</b>
Specified loan-loss allowance	-52.0	-74.1	-71.1	-69.4	-65.1
<b>Net lending to customers</b>	<b>6,366.4</b>	<b>5,849.9</b>	<b>5,390.7</b>	<b>5,009.1</b>	<b>4,589.1</b>

## Geographic distribution of loans

(in millions of euros)	31.03.05	31.12.04	30.09.04	30.06.04	31.03.04
Estonia	2,973.0	2,773.9	2,598.4	2,425.6	2,273.5
Latvia	1,514.5	1,364.3	1,270.5	1,181.4	1,073.0
Lithuania	1,710.5	1,590.6	1,423.7	1,302.6	1,159.1
OECD	13.0	4.6	6.3	5.0	6.1
Other	207.4	190.6	162.9	163.9	142.5
<b>Gross lending to customers</b>	<b>6,418.4</b>	<b>5,924.0</b>	<b>5,461.8</b>	<b>5,078.5</b>	<b>4,654.2</b>
Specified loan-loss allowance	-52.0	-74.1	-71.1	-69.4	-65.1
<b>Net lending to customers</b>	<b>6,366.4</b>	<b>5,849.9</b>	<b>5,390.7</b>	<b>5,009.1</b>	<b>4,589.1</b>

## Loan portfolio by sectors

(in millions of euros)	31.03.05	%	31.12.04	%	31.03.04	%
Individuals	2,075.5	32.3%	1,878.4	31.7%	1,323.9	28.4%
Student Loans	148.5	2.3%	148.9	2.5%	137.9	3.0%
Wholesale and retailing	914.8	14.3%	838.6	14.2%	712.4	15.3%
Industry	785.2	12.2%	714.0	12.1%	588.8	12.7%
Real estate management and other business services	1,122.9	17.5%	923.3	15.6%	679.7	14.6%
Transport and communications	532.3	8.3%	512.4	8.6%	452.6	9.7%
Energy	102.4	1.6%	122.4	2.1%	121.3	2.6%
Municipalities and government	42.6	0.7%	48.3	0.8%	47.4	1.0%
Agriculture and forestry	148.4	2.3%	142.1	2.4%	99.5	2.1%
Construction	209.0	3.3%	185.9	3.1%	159.2	3.4%
Hotels and restaurants	142.5	2.2%	132.5	2.2%	115.6	2.5%
Finance and insurance	18.8	0.3%	16.1	0.3%	21.2	0.5%
Other	175.5	2.7%	261.1	4.4%	194.7	4.2%
<b>Total</b>	<b>6,418.4</b>	<b>100.0%</b>	<b>5,924.0</b>	<b>100.0%</b>	<b>4,654.2</b>	<b>100.0%</b>

## Geographic Distribution

(in millions of euros)	Assets		Liabilities and shareholders equity		Derivative fin. instruments, fin. commitments and guarantees		Profit before income tax	
	31.03.05	2004	31.03.05	2004	31.03.05	2004	Q1 2005	2004
Estonia	3,967.4	3,564.5	2,968.7	2,705.1	773.8	725.8	29.6	115.4
Latvia	1,767.8	1,547.0	1,109.0	1,153.9	404.3	399.2	12.3	50.2
Lithuania	1,784.7	1,721.9	1,888.0	1,748.7	887.3	738.7	11.0	28.8
CIS	280.4	184.2	335.3	226.1	7.4	16.2	5.5	4.8
OECD	1,701.4	1,169.7	3,025.0	2,164.7	1,169.7	1,173.0	-	-
Other	22.8	32.0	198.5	220.8	4.5	4.3	-	-
<b>Total</b>	<b>9,524.5</b>	<b>8,219.3</b>	<b>9,524.5</b>	<b>8,219.3</b>	<b>3,247.0</b>	<b>3,057.2</b>	<b>58.4</b>	<b>199.2</b>

## Tangible assets

March 31 2005

(in millions of euros)	Equipment				Total
	Land	Buildings	and other*	Construction	
<b>Cost</b>					
Balance at the beginning of the year	0.5	90.4	91.7	0.7	<b>183.3</b>
Additions	-	0.5	3.1	-	<b>3.6</b>
Reclassification	-	0.3	-	-0.3	<b>-</b>
Disposals	-	-0.6	-2.0	-	<b>-2.6</b>
Effect of movements in foreign exchange	-	-	-	-	<b>-</b>
<b>Balance at the end of the period</b>	<b>0.5</b>	<b>90.6</b>	<b>92.8</b>	<b>0.4</b>	<b>184.3</b>

### Depreciation

Balance at the beginning of the year	-	16.7	57.0	-	<b>83.6</b>
Depreciation charge for the year	-	0.9	2.9	-	<b>3.8</b>
Impairment charge**	-	-	0.2	-	<b>0.2</b>
Disposals	-	-0.2	-1.3	-	<b>-1.5</b>
Effect of movements in foreign exchange	-	-	0.1	-	<b>0.1</b>
<b>Balance at the end of the period</b>	<b>-</b>	<b>17.4</b>	<b>58.9</b>	<b>-</b>	<b>76.3</b>

### Net book value

Balance at the beginning of the year	0.5	73.7	34.7	0.7	<b>109.6</b>
Balance at the end of the year	0.5	73.2	33.9	0.4	<b>108.0</b>

\* Equipment and other tangible assets also include fixed assets under operating lease

\*\* Impairment charge includes the impairment charges of rental assets of car lease companies

## Deposits divided by client type

(in millions of euros)	Estonia		Latvia		Lithuania		Russia		Group	
	31.03.05	31.12.04	31.03.05	31.12.04	31.03.05	31.12.04	31.03.05	31.12.04	31.03.05	31.12.04
<b>Demand deposits</b>										
Public sector	25.9	27.4	10.8	9.6	218.3	196.8	-	-	255.0	233.8
Corporate customers	437.7	435.2	306.7	317.4	225.6	227.3	0.9	-	970.9	979.9
Private individuals	683.2	644.3	294.9	270.6	670.5	625.3	0.1	-	1,648.7	1,540.2
<b>Total demand deposits</b>	<b>1,146.8</b>	<b>1,106.9</b>	<b>612.4</b>	<b>597.6</b>	<b>1,114.4</b>	<b>1,049.4</b>	<b>1.0</b>	<b>-</b>	<b>2,874.6</b>	<b>2,753.9</b>
<b>Overnight deposits*</b>										
Public sector	22.6	28.0	-	-	6.4	3.5	-	-	29.0	31.5
Corporate customers	594.2	501.4	195.8	178.6	68.5	64.3	-	-	858.5	744.3
Private individuals	41.1	34.5	14.7	13.7	-	-	-	-	55.8	48.2
<b>Total overnight deposits</b>	<b>657.9</b>	<b>563.9</b>	<b>210.5</b>	<b>192.3</b>	<b>74.9</b>	<b>67.8</b>	<b>-</b>	<b>-</b>	<b>943.3</b>	<b>824.0</b>
<b>Time deposits</b>										
Public sector	20.2	18.9	0.3	0.4	1.5	2.2	-	-	22.0	21.5
Corporate customers	217.4	140.6	92.5	96.3	33.8	26.1	-	-	343.7	263.0
Private individuals	406.4	383.1	254.5	238.8	523.9	487.7	0.1	-	1,184.9	1,109.6
<b>Total time deposits</b>	<b>644.0</b>	<b>542.6</b>	<b>347.3</b>	<b>335.5</b>	<b>559.2</b>	<b>516.0</b>	<b>0.1</b>	<b>-</b>	<b>1,550.6</b>	<b>1,394.1</b>
<b>Total deposits</b>	<b>2,448.7</b>	<b>2,213.4</b>	<b>1,170.2</b>	<b>1,125.4</b>	<b>1,748.5</b>	<b>1,633.2</b>	<b>1.1</b>	<b>-</b>	<b>5,368.5</b>	<b>4,972.0</b>

## Acquisition of subsidiaries

(in millions of euros)	Kvest bank	Hansabankas	Hansa Leasing Russia	Total
<b>Net assets acquired:</b>				
Cash		0.1	0.2	0.3
Dues from other banks		0.6	0.9	2.3
Loans to customers		2.0	4.0	35.3
Other assets		0.1	1.3	4.1
Deposits		-1.5	-5.5	-30.7
Other liabilities		-	-0.3	-0.6
<b>Fair value of net assets</b>		<b>1.3</b>	<b>0.6</b>	<b>10.7</b>
Goodwill		1.5	1.1	4.3
<b>Total purchase consideration</b>		<b>2.8</b>	<b>1.7</b>	<b>15.0</b>
Satisfied by cash		-2.8	-1.7	-15.0
Cash acquired		0.1	0.2	0.3
<b>Net cash flow from acquisition</b>		<b>-2.7</b>	<b>-1.5</b>	<b>-14.7</b>

Hansabank signed a purchase agreement for acquiring 100% of OAO Kvest bank on 24 September 2004. Closing of the agreement was on 10 March 2005. Hansabank paid 2.5 million euros for the company.

Hansabank's subsidiary Hansa Capital signed a purchase agreement for acquiring from EBRD its 25% holding in the specialist leasing company Hansa Leasing Russia on 8 March 2005. As a result, Hansa Capital became the sole shareholder of Hansa Leasing Russia. Hansa Capital paid 10.5 million euros for the holding.

## Derivative financial instruments

(in millions of euros)	31.03.05			31.12.04		
	Contractual/ notional amount Total**	Fair values		Contractual/ notional amount Total**	Fair values	
		Assets	Liabilities		Assets	Liabilities
<b>Foreign exchange derivatives</b>						
Forward exchange contracts	120.9	1.2	-0.2	246.7	2.5	-4.2
Currency swaps	1,015.6	6.0	-7.1	878.7	11.3	-5.5
OTC* options bought and sold	9.3	-	-	31.0	2.7	-
Other	-	-	-	20.7	0.1	-
<b>Total FX derivatives</b>	<b>1,145.8</b>	<b>7.2</b>	<b>-7.3</b>	<b>1,146.1</b>	<b>13.9</b>	<b>-9.7</b>
<b>Interest rate derivatives</b>						
Swaps	406.0	2.0	-5.4	371.0	4.3	-5.3
incl.hedges	150.0	1.1	-	150.0	3.9	-
OTC options bought and sold	31.2	0.2	-0.2	31.8	0.1	-0.1
Other	17.0	-	-	13.6	-	-
<b>Total interest rate derivatives</b>	<b>454.2</b>	<b>2.2</b>	<b>-5.6</b>	<b>416.4</b>	<b>4.4</b>	<b>-5.4</b>
<b>Equity and other derivatives</b>						
Futures	112.3	2.9	-2.8	106.3	1.1	-1.0
OTC options bought and sold	92.7	4.1	-2.6	71.5	4.1	-4.8
<b>Total equity and other derivatives</b>	<b>205.0</b>	<b>7.0</b>	<b>-5.4</b>	<b>177.8</b>	<b>5.2</b>	<b>-5.8</b>
<b>Total derivatives</b>	<b>1,805.0</b>	<b>16.4</b>	<b>-18.3</b>	<b>1,740.3</b>	<b>23.5</b>	<b>-20.9</b>

\* over the counter

\*\* Includes the sum of long and short notional amounts

The bank has designed a fair value hedge to eliminate the interest risk from fixed rate leasing and loan contracts, which are funded from short-term deposits. The hedging instruments are interest rate swaps (IRS) that transform fixed rate assets to variable rate assets, which is naturally hedged with short-term deposits. The hedging period is intended to match the maturity of the last hedging instrument.

## Capital structure

(in millions of euros)	31.03.05	31.12.04
<b>Primary capital (Tier 1)</b>		
Share capital	202.8	202.8
Share premium	31.4	30.2
Reserves	31.3	29.8
Other reserves	6.4	6.4
Retained earnings from previous periods	549.9	379.0
Retained earnings from current period	-	142.2
Minority ownership	0.4	9.5
Currency translation reserve	-13.1	-15.8
Less: Intangible assets	-27.7	-23.8
Treasury shares	-2.4	-0.2
<b>Total Tier 1</b>	<b>779.0</b>	<b>760.1</b>
<b>Supplementary capital (Tier 2)</b>	<b>-</b>	<b>-</b>
<b>Own funds, total</b>	<b>779.0</b>	<b>760.1</b>
Deductions from own funds	-0.3	-0.3
<b>Own funds, net</b>	<b>778.7</b>	<b>759.8</b>
<b>Own funds for covering trading portfolio's market risk (Tier 3)</b>	<b>-</b>	<b>-</b>

## Capital Ratios

(per cent) (unaudited)	31.03.05	31.12.04
Tier 1 capital ratio <sup>1</sup>	10.99%	11.79%
Tier 2 capital ratio <sup>2</sup>	0.00%	0.00%
Total capital ratio	10.99%	11.79%
Tier 1 Leverage Ratio <sup>3</sup>	8.18%	9.25%
Common Stock to Total Assets	2.13%	2.47%
Common Shareholders' Equity to Total Assets	9.47%	9.92%

<sup>1</sup> Tier 1 capital divided by total risk-weighted on and off balance sheet items

<sup>2</sup> Tier 2 capital divided by total risk-weighted on and off balance sheet items

<sup>3</sup> Tier 1 capital divided by assets

## Maturity structure

March 31, 2005 (in millions of euros)	Under 1 month	1...3 months	3...12 months	1...2 years	2...5 years	Over 5 years	Other (without maturity)	Non- financial assets	Total
<b>Assets</b>									
Cash and due from Central Bank	779.4	-	-	-	-	-	-	-	779.4
Due from other financial institutions	974.0	110.3	19.6	5.6		0.3	-	-	1,109.8
Securities	46.4	47.1	125.1	28.6	132.1	187.5	45.4	-	612.2
Loans	331.7	450.2	1,182.6	934.8	1,394.9	2,124.2	-	-	6,418.4
- Allowance for credit losses	-7.4	-4.7	-10.4	-7.9	-9.9	-11.7	-	-	-52.0
Tangible and intangible assets	-	-	-	-	-	-	-	135.7	135.7
Other assets	433.2	18.1	30.0	4.3	3.9	5.3	3.0	23.2	521.0
<b>Total assets</b>	<b>2,557.3</b>	<b>621.0</b>	<b>1,346.9</b>	<b>965.4</b>	<b>1,521.0</b>	<b>2,305.6</b>	<b>48.4</b>	<b>158.9</b>	<b>9,524.5</b>
<b>Liabilities</b>									
Due to Central Bank and Government	0.1	0.3	1.9	1.7	2.2	0.5	-	-	6.7
Due to other financial institutions	260.1	11.5	41.9	108.9	215.2	33.7	-	-	671.3
Deposits	4,310.2	344.3	651.2	38.2	22.4	2.2	-	-	5,368.5
Debt securities issued to the public	82.8	455.9	530.3	91.4	861.3	5.9	-	-	2,027.6
Other liabilities	306.4	45.5	42.7	11.6	51.1	75.1	-	16.5	548.9
Shareholders' equity	-	-	-	-	-	-	-	901.5	901.5
<b>Total liabilities</b>	<b>4,959.6</b>	<b>857.5</b>	<b>1,268.0</b>	<b>251.8</b>	<b>1,152.2</b>	<b>117.4</b>	<b>-</b>	<b>918.0</b>	<b>9,524.5</b>
<b>Balance sheet maturity gap</b>	<b>-2,402.3</b>	<b>-236.5</b>	<b>78.9</b>	<b>713.6</b>	<b>368.8</b>	<b>2,188.2</b>	<b>48.4</b>	<b>-759.1</b>	<b>-</b>
<b>Off balance sheet items</b>									
Guarantees, letters of credit and undisbursed loans	-148.3	-159.0	-608.1	-213.7	-141.8	-171.1	-	-	-1,442.0
Derivatives, assets	261.9	185.1	222.4	119.8	148.6	2.6	-	-	940.4
Derivatives, liabilities	-639.6	-118.2	-75.2	-7.4	-21.6	-2.6	-	-	-864.6
<b>Off balance sheet maturity gap</b>	<b>-526.0</b>	<b>-92.1</b>	<b>-460.9</b>	<b>-101.3</b>	<b>-14.8</b>	<b>-171.1</b>	<b>-</b>	<b>-</b>	<b>-1,366.2</b>
<b>Net maturity gap</b>	<b>-2,928.3</b>	<b>-328.6</b>	<b>-382.0</b>	<b>612.3</b>	<b>354.0</b>	<b>2,017.1</b>	<b>48.4</b>	<b>-759.1</b>	<b>-1,366.2</b>

## Open Currency Positions

March 31, 2005

(in millions of euros)	EEK	LVL	LTL	EURO	USD	Others	Total
<b>Assets</b>							
Cash and due from Central Bank	453.8	148.5	124.7	34.2	11.0	7.2	<b>779.4</b>
Due from other financial institutions	25.2	23.7	65.7	699.7	229.8	65.7	<b>1,109.8</b>
Securities	27.2	47.9	151.5	288.8	90.2	6.6	<b>612.2</b>
Loans	561.3	424.5	590.0	4,083.4	755.2	4.0	<b>6,418.4</b>
- Allowance for credit losses	-17.6	-6.1	-4.7	-21.2	-2.4	-	<b>-52.0</b>
Tangible and intangible assets	41.0	44.6	50.0	-	-	0.1	<b>135.7</b>
Other assets	133.5	14.8	26.8	325.1	12.0	8.8	<b>521.0</b>
<b>Total assets</b>	<b>1,224.4</b>	<b>697.9</b>	<b>1,004.0</b>	<b>5,410.0</b>	<b>1,095.8</b>	<b>92.4</b>	<b>9,524.5</b>
<b>Liabilities</b>							
Due to Central Bank and Government	3.0	0.5	3.0	0.2	-	-	<b>6.7</b>
Due to other financial institutions	69.7	28.1	24.4	516.3	31.0	1.8	<b>671.3</b>
Deposits	1,726.2	533.7	1,419.0	815.4	808.8	65.4	<b>5,368.5</b>
Debt securities issued to the public	17.5	-	-	1,882.4	2.1	125.6	<b>2,027.6</b>
Other liabilities	173.3	33.5	73.0	199.4	60.2	9.5	<b>548.9</b>
<b>Total liabilities</b>	<b>1,989.7</b>	<b>595.8</b>	<b>1,519.4</b>	<b>3,413.7</b>	<b>902.1</b>	<b>202.3</b>	<b>8,623.0</b>
Shareholders' equity	901.5	-	-	-	-	-	<b>901.5</b>
<b>Net balance sheet position</b>	<b>-1,666.8</b>	<b>102.1</b>	<b>-515.4</b>	<b>1,996.3</b>	<b>193.7</b>	<b>-109.9</b>	<b>-</b>
<b>Off balance sheet net notional position</b>							
	<b>-74.0</b>	<b>94.4</b>	<b>474.7</b>	<b>-415.1</b>	<b>-203.8</b>	<b>123.7</b>	<b>-0.1</b>

## Ratings

### Moody's Investors Service

	12.12.02	29.07.02	29.01.02	02.05.00
Long-term deposit	A1	Baa1	Baa1	Baa1
Short-term deposit	Prime 1	Prime 2	Prime 2	Prime 2
Financial strength	C	C	C-	C-
Senior-debt	A1	A2	A2	

### Fitch Ratings

	29.04.04	06.11.03	02.05.02	28.02.02
Long-term	A	A-	A-	A-
Short-term	F-1	F-1	F-2	F-2
Individualrating	B/C	B/C	C	C

## Largest shareholders

(March 31, 2005)

Swedbank	76.7%
EBRD	4.8%
Morgan Stanley International (custody)	1.6%
JP Morgan Bank Luxembourg S.A	1.1%
Clearstream Banking Luxembourg, (custody)	1.0%
Others	14.8%
<b>Total</b>	<b>100.0%</b>

Hansabank Group published the 2004 annual report on 21 March 2005. The report is available on Hansabank's internet home page: [www.hansagroup.com](http://www.hansagroup.com)

### Hansabank's financial calendar for 2005:

Q1 2005	April 28
Q2 2005	August 18
Q3 2005	October 27

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