

INTERIM FINANCIAL RESULTS OF HANSABANK GROUP Q2 2007

FINANCIAL HIGHLIGHTS*

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006
For the period (EUR in millions)					
Net profit	127.5	109.2	102.5	94.0	61.2
Estonia	60.0	56.5	54.0	48.7	37.3
Latvia	38.1	25.3	26.0	25.5	18.5
Lithuania	28.1	22.5	18.4	16.9	14.4
Russia	3.8	4.6	6.7	3.0	-8.8
At the end of period (EUR in millions)					
Loans**	17,561	16,145	14,874	13,195	11,781
Estonia	6,829	6,450	6,027	5,461	4,948
Latvia	5,407	4,890	4,451	3,762	3,270
Lithuania	4,457	4,019	3,680	3,307	3,000
Russia	868	787	716	665	563
Deposits	10,051	9,608	9,330	8,407	8,142
Estonia	4,423	4,186	4,096	3,738	3,610
Latvia	2,347	2,234	2,210	1,980	1,868
Lithuania	3,170	3,070	2,940	2,564	2,536
Russia	111	120	84	126	130
Ratios (%)					
Return on shareholders' equity	32.5%	30.2%	29.7%	29.2%	20.5%
Estonia***	40.5%	40.7%	42.0%	41.6%	36.8%
Latvia***	37.5%	28.3%	32.8%	36.9%	31.6%
Lithuania***	33.8%	31.3%	27.6%	27.7%	26.2%
Russia***	16.0%	22.5%	40.8%	19.3%	-59.2%
Cost-income ratio	39.8%	40.2%	44.6%	40.5%	53.0%
Estonia	37.6%	36.1%	39.2%	36.2%	41.4%
Latvia	36.0%	40.5%	44.5%	38.6%	46.7%
Lithuania	43.6%	46.7%	52.4%	48.0%	50.7%
Russia	54.2%	44.6%	45.6%	54.1%	176.8%
Number of employees****	9,461	8,874	8,447	8,219	8,054
Number of bank branches	303	302	298	294	293
Internet banking customers, mil	2.13	2.06	1.94	1.87	1.79

* Country results do not sum to total group results as eliminations and group units are excluded

** Loans to customers (excluding repos)

*** Return on allocated equity – equity capital is allocated to the business units based on 8% capital adequacy in the Baltic countries and 11% capital adequacy in Russia. For the Group ROE is calculated based on actual equity.

**** Full time equivalent of employees

CHANGES IN REPORTING PRINCIPLES

These interim condensed financial statements are prepared in accordance with IAS 34 Interim financial reporting. The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the annual financial statements for the period ended 31 December 2006. These condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

There have been a few changes to reporting principles from the beginning of 2007.

ALLOCATION AND COST OF EQUITY

Hansabank Group is using the following Tier I capitalization and cost of equity levels.

	2006		2007	
	Baltic units	Russia	Baltic units	Russia
Cost of equity	8%	8%	10%	11%
Tier I capital*	8%	11%	8%	11%

* % of business unit's risk-weighted assets

NUMBER OF EMPLOYEES

In the second quarter of 2007, Hansabank unified the principles of accounting for trainees and interns in the group. Historical employee numbers have been adjusted to comply with the unified rules.

OPERATING RESULTS, Q207

- Loans increased by 9% qoq and 49% yoy
- Deposits increased by 5% qoq and 23% yoy
- Net interest margin stood at 3.03%, +7bp qoq and +17bp yoy
- Net profit was EUR 127m, +17% qoq, +108% yoy (VAT adj: +73%)
- Return on equity 32.5%
- Revenues EUR 252m, +13% qoq, +52% yoy
- Expenses were EUR 100m, 12% qoq, +14% yoy (VAT adj: +33%)
- Cost-income ratio was 39.8%

Hansabank has shown an improvement in quarterly net income for four consecutive quarters. Q207 result was a record EUR 127m, quarterly growth was +18m qoq and annual increase was +108%. (VAT adj: 73%). Annual growth numbers are affected by a Russian VAT provision of EUR 12.3m made in Q2 2006. ROE on actual equity was 32.5% and CI ratio 39.8% in Q207. EBT was up +105% yoy (VAT adj: +75%).

Group's loan portfolio increased 49% to EUR 17.6bn from the same period last year. The growth of loan portfolio is steadily decreasing (annual growth +54% in Q107, +59% in Q406, +61% in 3Q06). Group continues enforcing the stricter lending policies introduced already in 2006 and tightened further in Q1. Despite the high volume growth and overheating risks in the economy, our asset quality remains excellent.

ECONOMY AND BANKING MARKET

Early in 2007, several major imbalances occurred in the economies of three Baltic countries albeit to a different extent. Increasing shortage of labor and rapidly growing wages are putting increasing pressure on the production costs and competitiveness of local producers. Current and capital account deficits reached 17.1% of GDP in Estonia, 23.7% in Latvia, and 12.1% in Lithuania in Q107. Rapid price growth in all areas of the economy, particularly in the construction and real estate sectors, has resulted in accelerating inflation (CPI in June was 4.8% yoy in Lithuania, 5.8% in Estonia and 8.8% in Latvia).

Latvian and Lithuanian governments have come out with an anti-inflation plan to tackle the issue of rapidly growing prices and strong domestic consumption. Due to the general elections and change of the government, nothing particular besides discussions has happened in Estonia. Despite speculations by some foreign observers that local currencies may fall, Hansabank Markets Research (HBMR) is of the opinion that there is no reason to expect any change in local monetary systems, and especially devaluation of currencies.

HBMR believes that the probability of the soft-landing in Estonia and Latvia is considerably higher than hard landing, but it requires a smooth adjustment process to take place in both of the economies. The situation in Lithuania has been the least worrisome; however, there are signs that developments are heading in the same direction as those in Estonia and Latvia: wage

growth acceleration, current account and inflation growth etc.

HBMR expect that the government steps and the more conservative lending policies of commercial banks will have a clear effect on domestic demand by the 2nd half of the year and bring down wage growth and imports. Overall economic developments in the three Baltic countries are strongly affected by the convergence process, i.e. as among the poorest in the EU, these three countries have and are forced to make a very rapid catch up process to keep economies properly functioning and not losing their population through emigration to richer EU countries.

In second quarter Standard & Poor's lowered Latvian country rating and revised the outlook Estonia and Lithuania to negative from stable. The changes were made because of the heightened risk of a hard landing in response to rapidly increasing external imbalances. HBMR is of opinion that the revision of rating and outlooks is a strong warning to the Baltic governments not to loosen the fiscal policy. HBMR believes that the soft landing of Estonian economy has started already in 1Q and the 2Q preliminary figures are indicating that the process has been so far smooth, without the feared rapid correction.

CENTRAL BANK OF RUSSIA AUDIT IN OAO SWEDBANK

Central Bank of Russia (CBR) has carried out an audit of OAO Swedbank compliance with Federal Law dated 7 August 2001 N 115-FZ "On countering the legalization of illegal earning (money laundering) and the financing of terrorism" (with subsequent

Amendments and Additions) and respective CBR regulations in March-April 2007, and issued the resolution on 6 June 2007 to restrict certain banking operations of OAO Swedbank for a three month period effective 6 June 2007. The restrictions mainly apply to correspondent banking, foreign exchange operations, attracting new business and interbank loans.

The CBR prescribed a number of actions to be taken by OAO Swedbank to comply with the said Russian Federal Law.

The ability of OAO Swedbank to continue on a going concern basis is subject to successful completion of the actions prescribed and OAO Swedbank's compliance with the said Russian Federal Law and respective CBR regulations. As of June 20th we have presented a plan with concrete steps to the Central Bank of Russia in how we will improve further in these matters. Group's management has formed a team to work on the issues discovered by CBR. In the upcoming months we will implement the plan step by step so that the bank's full range of operations can be re-established this autumn.

REVENUES

Total revenues were EUR 252m in the second quarter of 2007 with an annual growth of 52%. All major revenue items show improvement on annual bases: interest income (+55%), net fees (+29%) income and trading income (+141%). Annual growth rate has stabilized for net interest income while the growth of net fees has been flat and that of trading is growing. In quarterly comparison, revenue was EUR 29m above the first quarter result. Net interest income grew EUR 17m in Q2 and non-interest income was up by EUR 12m from Q107. When comparing Q2 and Q1 results, the numbers are influenced by smaller number of days in Q1.

NET INTEREST INCOME

Net interest income remains the strongest performing revenue item that provided record income in Q207. The volume of net interest income rose by 55% yoy to EUR 162m in Q207. On the business unit level the annual growth rates of net interest income were as follows: Estonia 44%, Latvia 78%, Lithuania 56%, and 53% in Russia.

The growth in net interest income is propelled by strong volume growth, stable client loan margins and increasing base rates. Group's loan portfolio increased 49% to EUR 17.6bn from the same period last year. The growth of loan portfolio is steadily

decreasing (annual growth +54% in Q107, +59% in Q406, +61% in 3Q06). Client margins on loans were relatively stable in Q2; margins grew in Latvia and Russia and fell slightly in Estonia and Lithuania. On an annual comparison loan margin has been flat as the overheating risks in the economy have eased the price wars. Deposit margins have increased considerably during the quarter due to higher base rates. Highest growth has been in Latvian deposit margin that improved from 2.54% in Q1 to 4.16% in Q2. The main reason is the sharp increase in 1m RIGIBOR, particularly in May. Net interest margin for Q207 was 3.03%, an increase of 7bp from the previous quarter. The net interest margin has been climbing steadily over the past seven quarters.

MARGIN OF LOANS AND DEPOSITS

	Q2 2007	Q1 2007	Q2 2006
Loans			
Estonia	2.64%	2.65%	2.62%
Latvia	2.30%	2.10%	2.36%
Lithuania	1.85%	1.88%	1.91%
Deposits			
Estonia	1.51%	1.48%	1.14%
Latvia	4.16%	2.54%	2.08%
Lithuania	2.55%	2.12%	1.23%

Deposit margin=(FTP-interest expense)/average deposits
Loan margin=(interest income-FTP)/average loans

INTEREST INCOME, NET

(in millions of euros)	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006
Interest income					
Loans	222.8	190.4	169.4	140.7	116.2
Bank deposits and loans	5.4	7.2	6.2	5.6	6.2
Correspondent accounts	13.3	13.0	11.3	9.9	9.3
Securities portfolio	7.3	7.6	7.0	6.2	5.4
Leasing	49.5	43.7	40.1	36.5	32.8
Factoring	7.1	6.1	5.8	5.4	4.9
Derivatives, hedging	15.9	4.4	3.8	3.4	2.9
Total interest income	321.3	272.4	243.6	207.7	177.7
Interest expenses					
Deposits	53.8	45.5	42.5	36.9	34.3
Demand deposits	19.9	17.8	17.2	14.5	12.8
Time deposits	24.8	20.3	18.4	15.9	15.2
Deposit Guarantee Fund	9.1	7.4	6.9	6.5	6.3
Bank deposits and loans	84.1	69.7	55.1	39.7	29.6
Securities	8.9	9.0	9.0	9.7	7.3
Derivatives, hedging	12.8	3.2	2.7	2.4	2.4
Total interest expense	159.6	127.4	109.3	88.7	73.6
Interest income, net	161.7	145.0	134.3	119.0	104.1
Net interest margin %	3.03%	2.96%	2.94%	2.90%	2.85%

FEE INCOME

Net fees and commissions totaled EUR 52m in Q207 with a growth of 29% yoy. The growth from Q1 was strong EUR +5m or 11% after a relatively modest growth during Q1.

The three major groups within the fee revenues are: payment-related fees, investment & trading related fees and lending-related fees, each of them amounting to 58%, 18% and 14% of the total fee revenues in Q207, respectively. All other fees account for 10% of the total fee revenues.

Payment-related fees include revenues from bank cards, transfers and cash services. Fee income from these services increased 25% yoy. The income from bank cards increased by 31% yoy to EUR 23m while cash and settlements increased only modest 18% to EUR 15m. The number of cards issued (both debit and credit) increased 12% yoy. The issuing turnover increased by 47% yoy with strong growth rates in all three countries. Acquiring turnover grew

by 39% yoy with particularly strong growth in Lithuania (55% yoy) and Latvia (52% yoy).

Investment & trading related fees include fees from brokerage & investment services together with custody. Fee income from these areas grew by 43% yoy as asset management and pension savings products continue to develop at a fast pace. Banks in all three Baltic countries continue actively promoting savings and investment products as an inflation-reducing measure. Total assets gathered amounted to EUR 2.4bn at the end of June. Annual growth of assets gathered was a high 74%.

Lending-related fees include primarily factoring and consumer financing fees and minor fee income also from lending and leasing. Lending-related fees increased by 38% yoy. The growth of lending related fees was supported by the escalated refinancing of LVL nominated loans in Latvia due to increase in RIGIBOR.

FEES AND COMMISSIONS, NET

(in millions of euros)

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006
Fee and commission income					
Transfers	11.7	10.6	11.5	10.1	9.8
Cash services	3.7	3.3	3.7	3.4	3.2
Loan management and guarantees	7.3	5.0	4.5	4.1	5.0
Leasing and factoring	2.1	2.1	2.1	2.3	1.8
Bank cards	22.6	20.0	20.2	19.1	17.3
Other e-channels	2.0	1.8	1.8	1.6	1.6
Custody	7.9	6.5	5.9	5.0	4.6
Brokerage and investment services	4.8	5.6	4.5	3.6	4.3
Insurance brokerage	1.4	1.2	2.4	1.8	2.1
Other	5.9	6.0	4.2	3.4	3.5
Total fee and commission income	69.4	62.1	60.8	54.4	53.2
Fee and commission expense					
Settlements	2.1	1.7	1.8	1.5	1.7
Loan management and guarantees	0.7	0.7	0.6	0.5	0.5
Card services	7.5	6.4	5.8	6.2	5.2
Securities transaction fees	2.4	2.2	1.9	1.5	1.6
Encashment and cash services	2.3	2.0	2.1	2.0	2.0
Other	1.9	2.0	2.1	1.6	1.6
Total fee and commission expense	16.9	15.0	14.3	13.3	12.6
Fees and commissions, net	52.5	47.1	46.5	41.1	40.6

TRADING AND OTHER INCOME

Trading income demonstrated robust results in Q207. Income from trading increased by impressive 141% yoy to EUR 26m. The result was supported by increased client trading, by ending of the first investment deposit launched a year ago and the launch of three new deposits.

Other income was up by EUR 1.8m from Q2 06, supported by the one time fee received from Lithuanian government for the assistance in rouble deposits compensation program.

EXPENSES

Operating expenses increased by 14% yoy to EUR 100m. Growth rate is affected by the higher base due to EUR 12.3m VAT provision in the Russian unit in Q206. Excluding the provision, operating expenses growth would have been 33%, slightly less than adjusted growth in Q1. On a country level, Russia led with the highest expense growth of 60% yoy (adjusted for VAT provision). Lithuanian expenses grew 33%, Estonian 32% and Latvian 27% yoy. Compared to Q107, operating expenses are up by EUR 11m or 12%.

Group's personnel expenses increased by 42% yoy. The growth rate was pushed up by increase in employee numbers as well as by higher

performance pay reserve allocations. Salary and tax growth was 32% compared to Q206. In comparison to Q107, personnel expenses increased by EUR 5m or 10% mainly due to increase in number of employees (summer trainees).

The number of employees (FTE) grew by 17% over the past year amounting to 9,461 employees at the end of June. In the last 3 months 587 employees were added including 302 trainees. The breakdown is as follows: 276 in Estonia, 145 in Lithuania, 127 in Latvia and 39 in Russia. Most of the growth came from retail banking operations (branch network) where the summer trainees provide assistance during the vacation period. The bank has opened 10 new branches during the past year.

PERSONNEL EXPENSES

(in millions of euros)	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	yoy	qoq
Salaries and compensations	30.7	29.7	27.7	22.7	23.3	32%	3%
Performance pay reserve	15.9	13.0	16.0	11.5	9.3	71%	22%
Social insurance charges	8.3	8.0	7.2	6.5	6.4	30%	4%
Training	2.3	1.1	1.4	1.0	1.4	64%	109%
Total personnel expenses	57.2	51.8	52.3	41.7	40.4	42%	10%
Number of employees, end of period	9,461	8,874	8,447	8,219	8,054	17%	7%
Number of employees, average of the period	9,166	8,677	8,350	8,147	7,782	18%	6%

Administrative expenses increased by 19% yoy. The growth was highest in office expenses which grew by 34% yoy. Expenses have been relatively flat for the past three quarters. Annual growth in administrative expenses is very much related to

increasing business volumes and the bank's investments to organization and distribution capabilities.

ADMINISTRATIVE EXPENSES

(in millions of euros)	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	yoy	qoq
Office expenses	7.5	7.9	7.1	6.1	5.6	34%	-5%
Transportation, car lease	0.7	0.6	0.8	0.6	0.6	17%	17%
Supplies	1.7	1.5	1.9	1.6	1.5	13%	13%
Communications	1.7	1.6	2.1	1.6	1.7	0%	6%
Professional services	3.6	3.0	3.2	2.6	3.4	6%	20%
Insurance	0.4	0.4	0.3	0.4	0.3	33%	0%
Security	1.1	1.1	1.0	0.9	0.9	22%	0%
Other	0.1	0.1	0.1	0.1	0.1	0%	0%
Total administrative expenses	16.8	16.2	16.5	13.9	14.1	19%	4%

Q206 other expenses include a EUR 12.3m VAT provision in the Russian unit. Excluding this item, annual growth was 33%. Adjusted other expenses remained almost unchanged in annual comparison.

In comparison to Q107, marketing and PR related costs have doubled due to seasonality of these expenses.

OTHER EXPENSES

(in millions of euros)	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	yoy	qoq
Business trips	1.0	0.8	1.1	0.8	1.0	0%	25%
Marketing	4.7	2.3	5.4	2.5	4.1	15%	104%
Promotion	1.2	1.3	2.4	1.1	1.0	20%	-8%
Other	5.5	4.9	5.8	5.1	16.3	-66%	12%
Total other expenses	12.4	9.3	14.7	9.5	22.4	-45%	33%

ASSET QUALITY

Despite the strong growth in loan portfolio Group's asset quality is on a very good level. Loans overdue more than 60 days total EUR 63m on 30 June 2007, or 0.53% of total loans (12-month old portfolio). Based on internal risk measurement principles the Group uses 12-month old portfolio volume for calculating this ratio since it gives a more adequate picture of the portfolio's quality. Slight growth from Q1 is largely attributable to payment delays of two particular Latvian clients. The share of lowest rated

loans (rating classes 6-7 - "entities under close watch or default companies") was 0.19% at the end of Q207 (0.22% at the end of Q107).

Net provisions were EUR 9m in Q207 that is in line with the provisioning level of past quarters (except the higher Q107). Net provisions to average portfolio were low 0.22% in Q207, down from 0.34% in Q1.

ALLOWANCE FOR CREDIT LOSSES

(in millions of euros)	Group	Estonia	Latvia	Lithuania	Russia
Balance, as of 31.12.06	108.1	37.6	26.0	35.9	8.6
Write-offs	-1.8	-0.6	-0.7	-0.5	-
Loan losses	13.0	3.5	6.7	1.9	0.9
Effect of exchange rate changes	-0.2	-	-0.2	-	-
Balance, as of 31.03.07	119.1	40.5	31.8	37.3	9.5
Write-offs	-2.4	-0.8	-1.0	-0.6	-
Loan losses	10.4	2.2	4.9	2.2	1.1
Effect of exchange rate changes	0.1	-	0.1	-	-
Balance, as of 30.06.07	127.2	41.9	35.8	38.9	10.6

LOANS OVERDUE

(in millions of euros)	Group	Estonia	Latvia	Lithuania	Russia
Total loans overdue, 31.12.06	877.6	262.6	262.5	352.5	-
Up to 30 days	1,099.6	264.4	352.8	482.4	-
31 to 60 days	60.7	18.5	24.4	17.8	-
Over 60 days*	48.7	18.4	14.1	16.2	-
Total loans overdue, 31.03.07	1,209.0	301.3	391.3	516.4	-
Up to 30 days	1,324.9	317.6	415.4	586.9	5.0
31 to 60 days	95.9	52.3	25.7	17.9	-
Over 60 days*	63.0	23.0	22.4	17.6	-
Total loans overdue, 30.06.07	1,483.8	392.9	463.5	622.4	5.0

*non-performing loans

Loan portfolio as at the end of period*	17,923.7	7,164.6	5,457.0	4,463.1	839.0
Average loan portfolio*	16,351.6	6,584.2	4,978.0	4,047.6	741.8
Net provisions**	0.22%	0.14%	0.31%	0.18%	0.52%
Allowance for credit losses / loan portfolio*	0.71%	0.58%	0.66%	0.87%	1.26%
Loans overdue / loan portfolio*	8.28%	5.48%	8.49%	13.95%	0.60%
Over 60 days / loan portfolio***	0.53%	0.46%	0.68%	0.59%	0.00%
Recoveries during Q2 2007 (in millions of euros)	2.7	1.0	0.9	0.8	-

* Excluded loans to consolidated companies and the distribution of loans is based on the origin of customer

** net provisions equals to (provisions+write-offs – recoveries) / average loan portfolio

*** Over 60 days / Loan portfolio ratio is calculated based on one year old portfolio volume

DISTRIBUTION OF RISK PORTFOLIO* BY RATING CLASSES

(in millions of euros, except ratios)	30.06.07	%	31.12.06	%
1 Highest rating class. Companies in this class are assumed to have virtually no credit risk.	158.2	0.7%	148.2	0.8%
1- Top investment grade. Companies in this class have very small credit risk. The company may default only in the event of a severe economic crisis or force major.	79.6	0.4%	56.1	0.3%
2 Top investment grade. The short and medium-term creditworthiness of the company is beyond any doubt.	440.5	2.1%	364.5	2.0%
2- Investment grade. The short and medium-term creditworthiness of the company is strong.	627.1	3.0%	304.6	1.7%
3 Investment grade. The current creditworthiness of the company is very good. Reasonable adverse shocks on the market (economy in general) are not likely to have a material impact on the financial strength of the company.	1,029.7	4.9%	1,278.7	7.2%
3- Investment grade. The current creditworthiness of the company is good. Moderate adverse shocks on the market (economy in general) are not likely to have a material impact on the financial strength of the company.	1,243.9	5.9%	1,133.4	6.3%
4 Investment grade. The company short-term creditworthiness is normal, and long-term creditworthiness is more than acceptable.	2,614.0	12.3%	2,228.1	12.5%
4- Investment grade. The company short-term creditworthiness is normal, and long-term creditworthiness is acceptable with certain reservations.	1,706.7	8.1%	1,170.7	6.6%
5 Investment grade. Both the short-term and the long-term creditworthiness of the company are weak.	1,000.2	4.7%	679.6	3.8%
5- Lowest investment grade. Both the short-term and the long-term creditworthiness of the company are very weak.	172.5	0.8%	178.7	1.0%
6 Speculative grade. Creditworthiness of the company is sub-standard.	29.9	0.1%	44.8	0.3%
6- The company is close to default.	-	0.0%	1.8	0.0%
7 The borrower has defaulted.	9.7	0.0%	12.2	0.1%
Not individually rated*	12,077.9	57.0%	10,269.6	57.5%
Total	21,189.9	100.0%	17,871.0	100.0%

* Highly diversified private and SME mass lending (incl. private mortgages)

ESTONIA

(in millions of euros)	Q2 2007	Q2 2006	Change
Total income	99.6	68.3	46%
Operating expenses	37.4	28.3	32%
Operating profit before provisions	62.2	40.0	56%
Net profit	60.0	37.3	61%
EVA*	45.1	28.9	56%
Return on allocated equity**	40.5%	36.7%	
Cost-income ratio	37.6%	41.6%	
Net provisions***	0.14%	0.25%	
Net interest margin	2.74%	2.40%	
Loans****	6,828.8	4,948.3	38%
Deposits	4,423.4	3,609.9	23%
Allocated equity**	613.3	444.9	38%
Assets	9,220.4	7,159.2	29%
Number of employees (full-time equivalent)	3,338	2,940	14%

* Cost of equity used for EVA calculation was 8% in 2006 and 10% in 2007

** based on 8% capital adequacy for 2006 and 2007

*** net provisions equals to (provisions+write-offs – recoveries) / average loan portfolio

**** Loans to customers (excluding repos)

Despite of the slowing loan growth and softer macro environment Hansabank Estonia's net income has past EUR 60m for the first time and was supported by stable growth in net interest income, fees and low net credit losses.

REVENUES

Total revenue of the Estonian business unit grew by 46% yoy, totaling EUR 100m in Q207. Estonian loan portfolio increased by EUR 379m or 6% during the second quarter. Of this EUR 219m came from mortgage loans and EUR 88m from corporate lending. Overall, portfolio growth has slowed. Annual loan portfolio growth has slowed down from 46% at the end of Q107 to 38% at the end of Q207. Growth is also slowing in absolute terms from EUR 2,031m in Q1 to EUR 1,880m in Q2.

Client deposit growth was EUR 237m in Q2 (yoy growth 23%). Assets gathered increased by strong EUR 190m during Q207. Annual growth of assets gathered was 72% at the end of June.

Estonian net interest margin was 2.74%, down 4bp from Q107. Drop was influenced by the regulatory increase in deposit guarantee fund payment. The net interest margin has been supported by rather stable client margins on lending side and rising client deposit margins as main base rates have been increasing.

EXPENSES

Hansabank Estonia's total operating expenses increased by 32% yoy to EUR 37m. Personnel expenses increased by 30% yoy. Number of employees grew by 276 people in Estonia to 3,338 people in the second quarter of 2007 (including IT and group level employees working in Estonia and 194 trainees). Annual employee growth was 14%.

Estonian cost-income ratio was 37.6% in Q2.

ASSET QUALITY

There have been no major changes in asset quality. Net credit losses totaled EUR 2m in the second quarter. Net provisions formed 0.14% of the average portfolio in Q207, down from 0.20% in Q1. Non-performing loans (over 60 days overdue) to loan portfolio (12-month old portfolio) were 0.46% at the end of June 2007.

COUNTRY-BASED BALANCE SHEETS – ESTONIA

(in millions of euros, unaudited)	30.06.07	31.03.07	31.12.06	30.09.06	30.06.06
Assets					
Cash, dues from central bank and other banks	1,449.6	1,558.9	1,639.0	1,378.5	1,852.8
Securities	338.6	308.6	284.2	229.9	196.8
Loans	7,179.8	6,454.5	6,032.4	5,466.1	4,952.3
- Allowances for credit losses	-42.6	-41.1	-38.2	-35.4	-33.3
Net loans	7,137.2	6,413.4	5,994.2	5,430.7	4,919.0
Other assets	295.0	183.1	186.6	183.7	190.6
Total assets	9,220.4	8,464.0	8,104.0	7,222.8	7,159.2
Liabilities					
Deposits	4,423.4	4,208.3	4,096.2	3,738.1	3,609.9
Demand deposits	3,188.6	3,036.4	2,946.2	2,768.6	2,640.3
Time deposits	1,234.8	1,171.9	1,150.0	969.5	969.6
External funding	3,902.9	3,377.1	3,309.3	2,861.5	3,033.9
Other liabilities and internal funding adjustment	280.8	299.6	157.8	135.1	70.5
Equity	613.3	579.0	540.7	488.1	444.9
Total liabilities and equity	9,220.4	8,464.0	8,104.0	7,222.8	7,159.2

COUNTRY-BASED INCOME STATEMENTS – ESTONIA

(in millions of euros, unaudited)	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006
Interest income	131.7	109.9	98.9	84.2	73.6
Interest expense	-71.6	-53.2	-45.2	-38.3	-31.9
Interest income, net	60.1	56.7	53.7	45.9	41.7
Fee and commission income	33.4	31.0	29.9	26.4	26.8
Fee and commission expense	-7.8	-6.8	-6.1	-5.8	-5.7
Fees and commissions, net	25.6	24.2	23.8	20.6	21.1
Net result from financial operations	9.8	9.0	10.6	8.9	2.4
Net income from insurance activities	2.4	1.8	1.1	1.0	2.0
Other income	1.7	1.5	4.3	2.3	1.1
Total income	99.6	93.2	93.5	78.7	68.3
Operating expenses					
Personnel expenses	15.9	15.3	14.8	11.8	12.2
Data network expenses	8.0	6.5	7.2	5.8	6.3
Administrative expenses	5.3	5.2	5.1	4.4	4.0
Other expenses	4.1	3.1	5.4	3.0	3.2
Depreciation	0.8	0.7	0.6	0.8	0.7
Group overhead adjustment	3.3	2.9	3.5	2.7	1.9
Total operating expenses	37.4	33.7	36.6	28.5	28.3
Operating profit before provisions	62.2	59.5	56.9	50.2	40.0
Losses on loans and guarantees	-2.8	-3.6	-3.7	-2.4	-4.1
Recovered loans	0.5	0.5	0.5	0.7	1.2
Income from associated companies	0.1	0.1	0.3	0.2	0.2
Profit before income tax	60.0	56.5	54.0	48.7	37.3
Income tax	-	-	-	-	-
Profit after income tax	60.0	56.5	54.0	48.7	37.3
Minority interest	-	-	-	-	-
Net profit	60.0	56.5	54.0	48.7	37.3

LATVIA

(in millions of euros)	Q2 2007	Q2 2006	Change
Total income	75.9	46.0	65%
Operating expenses	27.4	21.5	27%
Operating profit before provisions	48.5	24.5	98%
Net profit	38.1	18.5	106%
EVA*	27.7	13.7	102%
Return on allocated equity**	37.5%	31.8%	
Cost-income ratio	36.0%	46.3%	
Net provisions***	0.31%	0.46%	
Net interest margin	3.37%	3.08%	
Loans****	5,406.6	3,269.9	65%
Deposits	2,347.1	1,868.0	26%
Allocated equity**	430.1	254.5	69%
Assets	6,519.3	4,107.4	59%
Number of employees (full-time equivalent)	2,514	2,105	19%

* Cost of equity used for EVA calculation was 8% in 2006 and 10% in 2007

** based on 8% capital adequacy for 2006 and 2007

*** net provisions equals to (provisions+write-offs – recoveries) / average loan portfolio

**** Loans to customers (excluding repos)

Latvian business has doubled the profit in Q2 to EUR 38m compared to Q2 06 results - annual growth was +106%. The outstanding result is a combination of rapidly increasing net interest income (YoY +78%), good non-interest income growth (YoY+41%), well-managed operating expenses (YoY only +27%) and almost unchanged net credit losses (YoY EUR +0.6m).

REVENUES

Total revenue of the Latvian business unit increased by 65% yoy to EUR 76m. Revenue growth was higher than in last quarter due to growing volumes and higher base rates. The loan and deposits growth were 65% and 26% yoy, respectively. Latvia had the highest lending growth in the Group - loan portfolio increased by EUR 517m in the second quarter. Strongest growth was in mortgages (EUR 174m), followed by corporate lending (EUR 155m) and asset based financing (EUR 134m). As a result of tightened lending policies, loan portfolio growth has starting to show signs of slowdown. Annual growth was 83% at the end of 2006, 75% in Q1 and 65% in Q2.

Latvian net interest margin increased significantly from 2.95% Q1 to 3.37% in Q2. Net interest income grew by 78% yoy. Bank has been able to gain from interest spread between short-term EUR and LVL rates, although the income is expected to diminish in further months as rates spread narrows. Non-interest income (net fees, trading, etc) growth was up 41% yoy, supported by the increased trading activity and LVL nominated loan refinancing. Deposit margins have increased considerably

during the quarter from 2.54% to 4.16% in Q2. The main reason is the increase in 1m RIGIBOR.

EXPENSES

Latvian operating expenses grew by 27% yoy that is the lowest annual growth in the group. Latvian cost-income ratio improved by another 45 percentage points from 40.5% in Q107 to all time low 36% in Q2.

Fastest growth was in personnel expenses, which increased by 39% yoy. Number of employees (incl Group and IT) increased by 127 during Q2 and 19% on an annual comparison.

ASSET QUALITY

Net loan losses for the Latvian business unit totaled EUR 4.1m in the second quarter: +17% YoY, compared to portfolio growth of +65%. Non performing loans amounted to 0.68% of the total loan portfolio (12-month old portfolio). The growth from Q1 is largely attributable to payment delays of two particular clients; the issues with one of the clients have been solved as of July 2007.

COUNTRY-BASED BALANCE SHEETS – LATVIA

(in millions of euros, unaudited)	30.06.07	31.03.07	31.12.06	30.09.06	30.06.06
Assets					
Cash, dues from central bank and other banks	809.9	648.3	772.1	585.6	527.6
Securities	213.3	215.9	202.1	228.0	221.7
Loans	5,412.8	4,896.3	4,456.8	3,769.6	3,280.5
- Allowances for credit losses	-35.9	-31.8	-26.0	-22.6	-19.8
Net loans	5,376.9	4,864.5	4,430.8	3,747.0	3,260.7
Other assets	119.2	107.1	106.0	97.3	97.4
Total assets	6,519.3	5,835.8	5,511.0	4,657.9	4,107.4
Liabilities					
Deposits	2,347.1	2,233.7	2,210.1	1,979.6	1,868.0
Demand deposits	1,706.4	1,623.4	1,640.8	1,442.8	1,383.4
Time deposits	640.7	610.3	569.3	536.8	484.6
External funding	3,327.9	2,966.3	2,657.0	2,104.9	1,715.2
Other liabilities and internal funding adjustment	414.2	255.8	303.9	283.4	269.7
Equity	430.1	380.0	340.0	290.0	254.5
Total liabilities and equity	6,519.3	5,835.8	5,511.0	4,657.9	4,107.4

COUNTRY-BASED INCOME STATEMENTS – LATVIA

(in millions of euros, unaudited)	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006
Interest income	99.4	79.9	71.0	58.8	48.8
Interest expense	-46.9	-38.5	-31.0	-23.9	-19.3
Interest income, net	52.5	41.4	40.0	34.9	29.5
Fee and commission income	17.8	15.7	15.5	14.3	13.1
Fee and commission expense	-4.6	-4.3	-4.8	-4.1	-3.8
Fees and commissions, net	13.2	11.4	10.7	10.2	9.3
Net result from financial operations	8.9	7.2	7.2	5.8	5.8
Net income from insurance activities	-	-	-	-	-
Other income	1.3	1.0	1.0	1.4	1.4
Total income	75.9	61.0	58.9	52.3	46.0
Operating expenses					
Personnel expenses	12.2	11.4	11.2	9.1	8.8
Data network expenses	5.1	4.7	4.1	3.5	4.0
Administrative expenses	4.1	3.9	4.4	3.5	4.2
Other expenses	3.6	2.8	4.1	2.4	3.3
Depreciation	0.9	0.8	0.9	0.8	0.7
Group overhead adjustment	1.5	1.1	1.5	0.9	0.5
Total operating expenses	27.4	24.7	26.2	20.2	21.5
Operating profit before provisions	48.5	36.3	32.7	32.1	24.5
Losses on loans and guarantees	-4.4	-7.4	-3.9	-3.1	-3.8
Recovered loans	0.4	0.5	0.4	0.7	0.3
Income from associated companies	-	-	-	-	-
Profit before income tax	44.5	29.4	29.2	29.7	21.0
Income tax	-6.4	-4.1	-3.2	-4.2	-2.5
Profit after income tax	38.1	25.3	26.0	25.5	18.5
Minority interest	-	-	-	-	-
Net profit	38.1	25.3	26.0	25.5	18.5

LITHUANIA

(in millions of euros)	Q2 2007	Q2 2006	Change
Total income	65.4	42.4	54%
Operating expenses	28.4	21.4	33%
Operating profit before provisions	37.0	21.0	76%
Net profit	28.1	14.4	95%
EVA*	19.6	9.9	98%
Return on allocated equity**	33.8%	26.5%	
Cost-income ratio	43.6%	50.3%	
Net provisions***	0.18%	0.30%	
Net interest margin	2.78%	2.55%	
Loans****	4,457.1	2,999.8	49%
Deposits	3,170.3	2,536.4	25%
Allocated equity**	361.8	231.4	56%
Assets	5,916.3	4,092.1	45%
Number of employees (full-time equivalent)	3,304	2,832	17%

* Cost of equity used for EVA calculation was 8% in 2006 and 10% in 2007

** based on 8% capital adequacy for 2006 and 2007

*** net provisions equals to (provisions+write-offs – recoveries) / average loan portfolio

**** Loans to customers (excluding repos)

Lithuanian quarterly results are continuously improving - net income reached EUR 28m in Q207. The unit has shown strong and healthy growth in loan portfolio and successfully improved efficiency. Cost income ratio keeps decreasing and was 43.6% in Q207.

REVENUES

Total revenue increased by 54% to EUR 65m in Q207. Net interest income grew by 56% yoy to EUR 39m while non-interest income improved by 51% to EUR 26m. Growth of net interest income is driven by increasing base interest rates and growing portfolios. Net interest margin has been recovering throughout the past year and reached 2.78% in Q207 (+23bp yoy and +2bp qoq).

Net fees and commissions growth was supported by an annual clients' mortgage property insurance fee collected in Q2. Other income in Q2 was influenced by one-off compensation of EUR 1.2m received from Ministry of Finance for intermediating the rouble deposits compensation.

Lithuanian business unit's loan portfolio increased by 49% yoy. In the second quarter loan portfolio grew by EUR 438m. Strongest growth was in mortgages EUR +158m, followed by asset based financing EUR +164m and corporate lending EUR +88m. Deposits increased by EUR 100m in Q2.

EXPENSES

Operating expenses grew by 33% yoy to EUR 28m in Q2. Personnel costs increased by 27% yoy while IT expenses were up by 38%. The number of

employees increased by 145 in Q207. Annual growth in employee numbers was 17%.

Cost-income ratio in Q2 dropped by 67pp to 43.6%.

ASSET QUALITY

Net loan losses amounted to EUR 1.9m in Q207. They formed 0.18% of the average portfolio during the quarter (flat from Q1). Non-performing loans (overdue more than 60 days) to loan portfolio were 0.59% at the end of June 2006, down 25bp from Q206.

COUNTRY-BASED BALANCE SHEETS – LITHUANIA

(in millions of euros, unaudited)	30.06.07	31.03.07	31.12.06	30.09.06	30.06.06
Assets					
Cash, dues from central bank and other banks	541.8	503.2	691.2	488.9	594.9
Securities	786.3	718.3	616.9	522.0	407.0
Loans	4,463.0	4,023.3	3,685.2	3,311.2	3,003.6
- Allowances for credit losses	-38.9	-37.3	-35.9	-36.9	-34.0
Net loans	4,424.1	3,986.0	3,649.3	3,274.3	2,969.6
Other assets	164.1	152.3	129.7	131.7	120.6
Total assets	5,916.3	5,359.8	5,087.1	4,416.9	4,092.1
Liabilities					
Deposits	3,170.3	3,069.8	2,940.4	2,563.8	2,536.4
Demand deposits	2,135.5	2,099.2	2,073.3	1,749.6	1,739.6
Time deposits	1,034.8	970.6	867.1	814.2	797.0
External funding	1,874.9	1,550.9	1,426.5	1,206.8	1,000.7
Other liabilities and internal funding adjustment	509.3	435.2	442.8	394.1	323.6
Equity	361.8	304.0	277.4	252.2	231.4
Total liabilities and equity	5,916.3	5,359.8	5,087.1	4,416.9	4,092.1

COUNTRY-BASED INCOME STATEMENTS – LITHUANIA

(in millions of euros, unaudited)	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006
Interest income	70.5	61.7	55.0	47.4	41.0
Interest expense	-31.4	-26.3	-22.8	-18.7	-16.0
Interest income, net	39.1	35.4	32.2	28.7	25.0
Fee and commission income	18.1	15.0	14.8	13.5	13.3
Fee and commission expense	-4.8	-4.2	-3.6	-3.4	-3.0
Fees and commissions, net	13.3	10.8	11.2	10.1	10.3
Net result from financial operations	6.9	6.1	6.1	3.9	2.3
Net income from insurance activities	2.7	1.6	1.9	1.8	3.1
Other income	3.4	1.7	1.1	1.5	1.7
Total income	65.4	55.6	52.5	46.0	42.4
Operating expenses					
Personnel expenses	14.6	13.7	14.0	11.3	11.5
Data network expenses	5.8	5.0	4.9	4.4	4.1
Administrative expenses	4.3	4.3	4.2	3.5	3.2
Other expenses	1.7	1.2	2.5	1.5	1.5
Depreciation	0.6	0.7	0.7	0.6	0.6
Group overhead adjustment	1.4	1.1	1.3	0.8	0.5
Total operating expenses	28.4	26.0	27.6	22.1	21.4
Operating profit before provisions	37.0	29.6	24.9	23.9	21
Losses on loans and guarantees	-2.4	-2.0	-2.2	-3.7	-3.9
Recovered loans	0.4	0.4	0.4	0.4	1.7
Income from associated companies	-	-	-	-	-
Profit before income tax	35.0	28.0	23.1	20.6	18.8
Income tax	-6.9	-5.5	-4.7	-3.7	-4.4
Profit after income tax	28.1	22.5	18.4	16.9	14.4
Minority interest	-	-	-	-	-
Net profit	28.1	22.5	18.4	16.9	14.4

RUSSIA

(in millions of euros)	Q2 2007	Q2 2006	Change
Total income	14.1	9.4	50%
Operating expenses	7.7	17.1	-55%
Operating profit before provisions	6.4	-7.7	n.m
Net profit	3.8	-8.8	n.m
EVA*	0.8	-9.8	n.m
Return on allocated equity**	16.0%	-60.2%	
Cost-income ratio	54.2%	179.4%	
Net provisions***	0.52%	-0.05%	
Net interest margin	5.26%	5.03%	
Loans****	868.1	562.9	54%
Deposits	110.9	130.1	-15%
Allocated equity**	100.4	57.0	76%
Assets	1,063.5	711.2	50%
Number of employees (full-time equivalent)	305	175	74%

* Cost of equity used for EVA calculation was 8% in 2006 and 11% in 2007

** based on 11% capital adequacy for 2006 and 2007.

*** net provisions equals to (provisions+write-offs – recoveries) / average loan portfolio

**** Loans to customers (excluding repos)

Central Bank of Russia carried out an audit of OAO Swedbank compliance with Federal Law on money laundering in March-April 2007 and issued a resolution on 6 June 2007 to restrict certain banking operations for a three month period. CBR prescribed a number of actions to be taken by OAO Swedbank to comply with the law and respective CBR regulations. An action plan has been put together and team is working on the issues highlighted by CBR.

Russian unit's annual growth numbers are affected by a VAT provision of EUR 12.3m made in Q2 2006. Russian business unit had a solid quarter with net income of EUR 3.8m. The priority of management has been the improvement of areas highlighted by CBR and the quarterly result was affected by the restrictions posed on the company.

REVENUES AND EXPENSES

Total revenue increased by 50% yoy to EUR 14m in Q207. Net interest income increased by 8%, net fee income decreased by 32% and trading income decreased by 6% compared to the previous quarter. The net interest margin has been fluctuating slightly above 5% level during the past 12 months. The margin was 5.26% in Q207 down slightly from Q1.

The main effect of Central Bank restrictions made in the beginning of June was on the amount of net interest income. Based on the restrictions the bank could not open current accounts for new customers, foreign currency exchange operations were prohibited and significant restrictions were placed on bank's funding activities. As a result, the bank

also decided to postpone several loan disbursements to coming months.

Russian units operating costs dropped by 55% yoy to EUR 7.7m. Q206 expenses include EUR 12.3m VAT. Excluding the provision, operating expense growth would have been 60%. The number of employees has grown by 74% yoy. During Q207 additional 39 people were employed.

ASSET QUALITY

The Russian unit has no significant overdues in its portfolio and asset quality remains very good. Net provisions totaled EUR 1 million in Q207 forming 0.52% of the average portfolio.

CONSOLIDATED BALANCE SHEETS

(in millions of euros, unaudited)	30.06.07	31.03.07	31.12.06	30.09.06	30.06.06
Assets					
Cash	222.9	203.7	236.2	189.2	196.3
Due from Central Bank	1,347.3	1,311.7	1,304.6	988.0	952.5
Due from other financial institutions	1,246.4	1,147.4	1,488.6	1,174.1	1,186.7
Trading securities	225.6	232.2	830.3	729.6	574.4
Financial assets designated at fair value through P/L	959.8	894.4	177.7	146.3	131.8
Held-to-maturity securities	138.7	131.6	122.0	118.0	114.9
Investments in associates	3.2	3.1	3.0	2.7	2.1
Available for sale securities	0.1	0.1	0.1	0.5	0.7
Loans	17,923.7	16,161.2	14,890.3	13,211.7	11,799.5
- Allowances for credit losses	-127.3	-119.1	-108.0	-102.1	-93.0
Net loans	17,796.4	16,042.1	14,782.3	13,109.6	11,706.5
Tangible assets	122.1	119.2	114.9	113.6	112.8
Intangible assets	29.0	28.8	28.6	28.4	28.3
Prepayments and accrued interest	294.3	258.1	239.8	248.6	233.2
Other assets	148.5	59.1	63.7	53.8	62.2
Total assets	22,534.3	20,431.5	19,391.8	16,902.4	15,302.4
Liabilities					
Due to Central Bank and government	3.4	18.3	5.2	14.7	31.8
Due to other financial institutions	8,349.7	7,079.8	6,445.8	5,126.7	4,032.4
Deposits	10,050.7	9,608.0	9,330.2	8,406.5	8,142.5
Demand deposits	7,104.3	6,852.6	6,736.6	6,084.5	5,891.0
Time deposits	2,946.4	2,755.4	2,593.6	2,322.0	2,251.5
Debt securities issued	895.5	946.4	1,024.0	1,007.7	993.1
Accrued liabilities	374.2	318.6	317.8	248.6	225.8
Other reserves	365.6	321.2	294.1	263.9	246.0
Deferred tax liability	2.6	2.5	2.5	2.6	2.5
Other liabilities	354.2	221.1	261.5	208.1	198.0
Total liabilities	20,395.9	18,515.9	17,681.1	15,278.8	13,872.1
Subordinated Loan	500.0	400.0	300.0	300.0	200.0
Equity attributable to equity holders of parent					
Common stock	202.8	202.8	202.8	202.8	202.8
Share premium	32.2	32.2	32.2	32.2	32.2
Reserves	55.7	55.0	49.7	49.7	49.7
Other restricted equity	6.4	6.4	6.4	6.4	6.4
Currency translation reserve	-20.2	-20.4	-16.1	-13.6	-12.9
Retained earnings	1,361.5	1,239.6	1,135.7	1,033.0	939.1
Total equity attributable to equity holders of parent	1,638.4	1,515.6	1,410.7	1,310.5	1,217.3
Minority interest	-	-	-	13.1	13.0
Total shareholders' equity	1,638.4	1,515.6	1,410.7	1,323.6	1,230.3
Total liabilities and shareholders' equity	22,534.3	20,431.5	19,391.8	16,902.4	15,302.4

CONSOLIDATED INCOME STATEMENTS

(in millions of euros, unaudited)	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006
Interest income	321.3	272.4	243.6	207.7	177.7
Interest expense	-159.6	-127.4	-109.3	-88.7	-73.6
Interest income, net	161.7	145.0	134.3	119.0	104.1
Fee and commission income	69.4	62.1	60.8	54.4	53.2
Fee and commission expense	-16.9	-15.0	-14.3	-13.3	-12.6
Fees and commissions, net	52.5	47.1	46.5	41.1	40.6
Net result from financial operations	26.0	22.8	24.8	19.1	10.8
Net income from insurance activities	5.1	3.4	3.0	2.8	5.1
Other income	6.4	4.2	5.8	4.6	4.6
Total income	251.7	222.5	214.4	186.6	165.2
Operating expenses					
Personnel expenses	57.2	51.8	52.3	41.7	40.4
Data network expenses	8.7	7.3	7.5	5.8	6.3
Administrative expenses	16.8	16.2	16.5	13.9	14.1
Other expenses	12.4	9.3	14.7	9.5	22.4
Depreciation	5.0	4.8	4.7	4.6	4.4
Total operating expenses	100.1	89.4	95.7	75.5	87.6
Operating profit before provisions	151.6	133.1	118.7	111.1	77.6
Losses on loans and guarantees	-10.6	-14.5	-11.0	-10.5	-11.7
Recovered loans	1.3	1.4	1.8	1.8	3.2
Share of profit of associates	0.1	0.1	0.3	0.2	0.2
Profit before income tax	142.4	120.1	109.8	102.6	69.3
Income tax	-14.9	-10.9	-7.3	-8.6	-8.1
Profit for the period	127.5	109.2	102.5	94.0	61.2
Attributable to:					
Equity holders of the parent	127.5	109.2	102.5	94.0	61.2
Minority interest	-	-	-	-	-

CONSOLIDATED CASH FLOW STATEMENTS

(in millions of euros, unaudited)	30.06.07	31.03.07	31.12.06	30.09.06	30.06.06
Profit before income tax	262.5	120.1	353.2	243.4	140.9
Adjustments to profit before income tax					
Loan losses	18.8	11.4	28.4	26.2	8.2
Interest income	-593.7	-272.4	-782.3	-538.7	-331.0
Interest expense	287.0	127.4	331.9	222.6	133.9
Depreciation and amortisation	9.8	4.8	18.0	13.0	8.7
Impairment charge	-	-	-	0.3	-
Profit from sales of tangible assets	-0.2	-	-0.6	-0.5	-0.2
Book value of tangible assets written-off	0.2	0.4	0.5	0.1	0.1
Total adjustments to operating profit	-278.1	-128.4	-404.1	-277.0	-180.3
Changes in operating assets and liabilities					
Net change in prepayments	-42.6	-13.3	-32.4	-47.1	-35.7
Net change in accrued liabilities	22.0	-6.4	86.8	41.5	22.5
Net change in deposits placed with other financial institutions	104.0	168.7	94.4	186.9	265.4
Net change in financial assets held for trading	-106.6	-41.5	-138.9	-54.3	1.9
Net change in loans to financial institutions	189.8	-9.5	-108.5	-24.4	-85.6
Net change in compulsory reserve to Central Bank	-37.5	-14.8	-90.6	-59.5	-63.6
Net change in loans	-3,033.4	-1,270.9	-5,519.1	-3,840.5	-2,428.3
Net change in other assets	-84.9	4.6	-6.8	3.2	-5.3
Net change in short-term liabilities due to other banks	148.2	-30.7	521.8	309.4	200.0
Net change in demand deposits	367.7	116.1	1,641.0	988.9	795.4
Net change in time deposits	352.7	161.7	448.4	176.8	106.3
Net change in other liabilities	180.0	-28.9	177.7	86.5	49.4
Total adjustments to operating assets and liabilities	-1,940.6	-964.9	-2,926.2	-2,232.6	-1,177.6
Interest received	581.7	267.4	763.9	526.1	325.7
Interest paid	-261.8	-120.3	-301.1	-211.7	-126.8
Income tax paid	-9.3	-5.2	-10.6	-	-
Net cash used in operating activities	-1,645.6	-831.3	-2,524.9	-1,951.8	-1,018.1
Cash from investing activities					
Net change in securities held for investment	-17.0	-9.6	-7.5	-3.4	0.7
Acquisition of tangible assets	-19.5	-10.9	-29.5	-21.5	-14.7
Sale of tangible assets	3.2	1.0	6.7	4.6	2.6
Acquisition of intangible assets	-0.9	-0.5	-1.5	-	-0.9
Sale of intangible assets	-	-	-	-	-
Net cash provided by/used in investing activities	-34.2	-20.0	-31.8	-20.3	-12.3
Cash from financing activities					
Credit lines of Central Bank and government received	-	13.3	-	-	-
Credit lines of Central Bank and government paid	-1.8	-0.2	-28.7	-19.3	-2.2
Long-term loans received from other financial institutions	2,716.2	1,128.4	6,541.6	2,385.4	2,417.9
Long-term loans paid back to other financial institutions	-960.5	-463.7	-3,049.5	-	-1,017.4
Issue of debt securities	-146.3	-91.2	-353.4	-361.2	-370.4
Dividends paid	-5.0	-	-	-	-
Net change in subordinated liabilities	200.0	100.0	300.0	300.0	200.0
Net cash provided by financing activities	1,802.6	686.6	3,410.0	2,304.9	1,227.9
Effect of the change in exchange rate from foreign subsidiaries	-8.6	-4.3	-5.4	-2.8	-2.1
Net increase in cash and cash equivalents	114.2	-169.0	847.9	330.0	195.4
Cash and cash equivalents at the beginning of the year	2,471.9	2,471.9	1,624.0	1,624.0	1,624.0
Cash and cash equivalents at the end of the period	2,586.1	2,302.9	2,471.9	1,954.0	1,819.4

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions of euros, unaudited)	30.06.07	31.03.07	31.12.06	30.09.06	30.06.06
Equity attributable to equity holders of parent					
Share capital					
Balance at the beginning of the year	3,173.7	3,173.7	3,173.7	202.8	202.8
Balance at the end of the period	3,173.7	3,173.7	3,173.7	202.8	202.8
Share premium					
Balance at the beginning of the year	504.1	504.1	504.1	32.2	32.2
Balance at the end of the period	504.1	504.1	504.1	32.2	32.2
Reserves-general banking reserve					
Balance at the beginning of the year	341.7	341.7	341.7	21.8	21.8
Balance at the end of the period	341.7	341.7	341.7	21.8	21.8
Reserves-statutory reserve					
Balance at the beginning of the year	436.8	391.5	391.5	27.9	25.0
Appropriations to statutory reserve	93.2	45.3	45.3	6.0	2.9
Balance at the end of the period	530.0	436.8	436.8	33.9	27.9
Other reserves - stock dividends of subsidiaries					
Balance at the beginning of the year	100.5	100.5	100.5	6.4	6.4
Balance at the end of the period	100.5	100.5	100.5	6.4	6.4
Revaluation reserves					
Balance at the beginning of the year	-254.2	-169.8	-169.8	-16.1	-10.8
Net change in revaluation reserves	-62.4	-84.4	-33.2	-4.1	-5.3
Balance at the end of the period	-316.6	-254.2	-203.0	-20.2	-16.1
Retained earnings					
Balance at the beginning of the year	17,770.7	12,754.1	12,754.1	1,135.7	815.1
Net income	3,703.1	5,061.9	1,985.3	236.7	323.5
Appropriations to reserves	-93.2	-45.3	-45.3	-5.9	-2.9
Dividends paid	-78.3	-	-	-5.0	-
Reclassification *	-	-	-0.1	-	-
Balance at the end of the period	21,302.3	17,770.7	14,694.0	1,361.5	1,135.7
Total equity attributable to equity holders of parent	25,635.7	22,073.3	19,047.8	1,638.4	1,410.7
Minority interests					
Balance at the beginning of the year	-	6.2	6.2	-	0.4
Acquisition of subsidiaries	-	-6.2	195.2	-	-0.4
Minority share of net profit of subsidiaries	-	-	1.5	-	-
Balance at the end of the period	-	-	202.9	-	-
Total equity	25,635.7	22,073.3	19,250.7	1,638.4	1,410.7

REVENUES BY BUSINESS SEGMENTS

(in millions of euros, for the period)	6m 2007	share	2006	share
Banking	417.3	88%	610.9	86%
Leasing	65.1	14%	112.1	16%
Insurance	10.8	2%	12.7	2%
Other	5.0	1%	9.6	1%
Eliminations	-24.0	-5%	-32.0	-5%
Total income	474.2	100%	713.3	100%

NET PROFIT BY BUSINESS SEGMENTS

(in millions of euros, for the period)	6m 2007	share	2006	share
Banking	194.6	82%	269.3	83%
Leasing	35.9	15%	47.5	15%
Insurance	7.3	3%	7.2	2%
Other	-1.1	0%	-0.5	0%
Total net profit	236.7	100%	323.5	100%

ASSETS BY BUSINESS SEGMENTS

(in millions of euros)	30.06.07	share	31.12.06	share
Banking	19,885.2	88%	17,236.5	89%
Leasing	3,917.2	17%	3,304.3	17%
Insurance	390.8	2%	311.1	2%
Other	4.4	0%	42.7	0%
Eliminations	-1,663.3	-7%	-1,502.8	-8%
Total assets	22,534.3	100%	19,391.8	100%

DISTRIBUTION OF LOANS BY PRODUCT

(in millions of euros)	30.06.07	31.12.06
Loans	13,862.3	11,523.9
Finance leases	2,935.7	2,506.1
Overdraft	353.5	486.3
Factoring	409.1	358.0
Repos	363.1	16.0
Gross lending to customers	17,923.7	14,890.3
Specified loan-loss allowance	-127.3	-108.0
Net lending to customers	17,796.4	14,782.3

GEOGRAPHIC DISTRIBUTION OF LOANS*

(in millions of euros)	30.06.07	31.12.06
Estonia	6,811.9	6,023.7
Latvia	5,439.9	4,486.8
Lithuania	4,464.9	3,687.0
OECD	365.5	21.0
Other	841.5	671.8
Gross lending to customers	17,923.7	14,890.3
Specified loan-loss allowance	-127.3	-108.0
Net lending to customers	17,796.4	14,782.3

* The distribution of loans is based on the origin of customer

LOAN PORTFOLIO BY SECTORS

(in millions of euros)	30.06.07	%	31.12.06	%
Individuals	7,141.1	39.8%	5,794.8	38.9%
Student Loans	168.0	0.9%	171.2	1.2%
Wholesale and retailing	1,650.4	9.2%	1,508.6	10.1%
Industry	1,718.8	9.6%	1,434.4	9.6%
Real estate management and other business services	2,857.8	15.9%	2,408.6	16.2%
Transport and communications	1,082.7	6.0%	957.8	6.4%
Energy	139.0	0.8%	169.6	1.1%
Municipalities and government	85.8	0.5%	60.3	0.4%
Agriculture and forestry	370.1	2.1%	335.1	2.3%
Construction	585.8	3.3%	530.7	3.6%
Hotels and restaurants	321.0	1.8%	306.4	2.1%
Finance and insurance	390.6	2.2%	51.1	0.3%
Other business services	1,205.5	6.7%	981.8	6.6%
Other	207.1	1.2%	179.9	1.2%
Total	17,923.7	100.0%	14,890.3	100.0%

GEOGRAPHIC DISTRIBUTION

(in millions of euros)	Assets		Liabilities and shareholders equity		Derivative fin. instruments, fin. commitments and guarantees		Profit before income tax	
	30.06.07	31.12.06	30.06.07	31.12.06	30.06.07	31.12.06	30.06.07	31.12.06
Estonia	7,822.2	7,039.9	5,936.4	5,421.4	1,738.7	1,626.6	117.1	173.2
Latvia	6,112.8	5,111.3	2,525.6	2,405.4	1,361.1	970.0	77.4	104.9
Lithuania	5,119.8	4,230.3	3,776.0	3,390.1	1,392.4	1,143.0	66.2	78.5
CIS	951.8	841.6	365.7	366.6	135.7	108.6	1.8	-3.4
OECD	2,505.3	2,130.9	9,571.4	7,457.3	4,503.1	5,462.6	-	-
Other	22.4	37.8	359.2	351.0	38.4	44.8	-	-
Total	22,534.3	19,391.8	22,534.3	19,391.8	9,169.4	9,355.6	262.5	353.2

TANGIBLE ASSETS

(in millions of euros, June 30, 2007)	Land	Buildings	Equipment and other*	Construction	Total
Cost					
Balance at the beginning of the year	4.4	91.3	109.2	2.3	207.2
Additions	-	4.2	14.3	1.0	19.5
Reclassification	-	4.1	-4.6	0.5	-
Disposals	-	-1.3	-4.6	-	-5.9
Write-offs	-	-0.1	-1.1	-	-1.2
Effect of movements in foreign exchange	-	0.1	0.1	-	0.2
Balance at the end of the period	4.4	98.3	113.3	3.8	219.8
Depreciation					
Balance at the beginning of the year	-	22.7	69.6	-	92.3
Depreciation charge for the year	-	2.1	7.1	-	9.2
Reclassification	-	0.8	-0.8	-	-
Disposals	-	-	-2.9	-	-2.9
Write-offs	-	-	-1.0	-	-1.0
Effect of movements in foreign exchange	-	-	0.1	-	0.1
Balance at the end of the period	-	25.6	72.1	-	97.7
Net book value					
Balance at the beginning of the period	4.4	68.6	39.6	2.3	114.9
Balance at the end of the period	4.4	72.7	41.2	3.8	122.1

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

DEPOSITS DIVIDED BY CLIENT TYPE

(in millions of euros)	Estonia		Latvia		Lithuania		Russia		Group	
	30.06.07	31.12.06	30.06.07	31.12.06	30.06.07	31.12.06	30.06.07	31.12.06	30.06.07	31.12.06
Demand deposits										
Public sector	16.0	14.1	26.2	19.6	298.1	357.8	-	-	340.3	391.5
Corporate customers	754.5	741.8	522.2	583.8	364.7	403.4	26.3	25.1	1,667.7	1,754.1
Private individuals	1,177.1	1,072.0	760.5	707.9	1,337.2	1,175.2	4.3	2.5	3,279.1	2,957.6
Total demand deposits	1,947.6	1,827.9	1,308.9	1,311.3	2,000.0	1,936.4	30.6	27.6	5,287.1	5,103.2
Overnight deposits*										
Public sector	55.9	57.7	1.8	0.6	27.6	29.0	-	-	85.3	87.3
Corporate customers	1,140.1	1,040.6	318.1	269.8	107.9	107.9	-	-	1,566.1	1,418.3
Private individuals	88.3	68.8	77.5	59.0	-	-	-	-	165.8	127.8
Total overnight deposits	1,284.3	1,167.1	397.4	329.4	135.5	136.9	-	-	1,817.2	1,633.4
Time deposits										
Public sector	38.6	63.2	2.6	0.3	5.4	3.0	-	-	46.6	66.5
Corporate customers	441.2	447.6	93.6	88.9	58.1	45.6	10.0	5.5	602.9	587.6
Private individuals	777.9	640.6	544.5	480.0	971.3	818.5	3.2	0.4	2,296.9	1,939.5
Total time deposits	1,257.7	1,151.4	640.7	569.2	1,034.8	867.1	13.2	5.9	2,946.4	2,593.6
Total deposits	4,489.6	4,146.4	2,347.0	2,209.9	3,170.3	2,940.4	43.8	33.5	10,050.7	9,330.2

*In the balance sheet overnight deposits are recorded as part of demand deposits

DERIVATIVE FINANCIAL INSTRUMENTS

(in millions of euros)	30.06.07			31.12.06		
	Contractual/ notional amount Total**	Fair values		Contractual/ notional amount Total**	Fair values	
		Assets	Liabilities		Assets	Liabilities
Foreign exchange derivatives						
Forward exchange contracts	263.6	1.6	-1.2	195.4	0.8	-0.5
Currency swaps incl.hedges	2,500.8 -	4.5 -	-4.5 -	4,627.0 -	5.0 -	-3.1 -
OTC* options bought and sold	141.2	0.6	-0.6	312.6	0.9	-0.8
Other	239.8	0.4	-0.4	143.4	0.2	-0.1
Total FX derivatives	3,145.4	7.1	-6.7	5,278.4	6.9	-4.5
Interest rate derivatives						
Swaps incl.hedges	1,112.0 1,066.4	1.4 0.5	-9.1 -8.2	149.6 73.5	0.9 0.8	-1.2 -
OTC options bought and sold	6.5	-	-0.1	16.6	0.1	-0.1
Other	664.6	0.1	-	320.2	0.1	-0.1
Total interest rate derivatives	1,783.1	1.5	-9.2	486.4	1.1	-1.4
Equity and other derivatives						
Futures	144.0	5.7	-5.4	338.2	6.6	-6.0
OTC options bought and sold	467.6	29.5	-23.5	249.0	13.3	-15.4
Total equity and other derivatives	611.6	35.2	-28.9	587.2	19.9	-21.4
Total derivatives	5,540.1	43.8	-44.8	6,352.0	27.9	-27.3

* 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)	30.06.07	31.12.06
Primary capital (Tier 1)		
Share capital	202.8	202.8
Share premium	32.2	32.2
Reserves	55.7	56.1
Retained earnings from previous periods	1,124.8	812.2
Retained earnings from current period	109.2	323.5
Minority ownership	-	-
Revaluation reserves	-20.2	-16.1
Less: Intangible assets	-29.0	-28.6
Treasury shares	-	-
Total Tier 1	1,475.5	1,382.1
Supplementary capital (Tier 2)	500.0	300.0
Own funds, total	1,975.5	1,682.1
Deductions from own funds	-	-
Own funds, net	1,975.5	1,682.1
Own funds for covering trading portfolio's market risk (Tier 3)	-	-

CAPITAL RATIOS

(per cent) (unaudited)	30.06.07	31.12.06
Tier 1 capital ratio ¹	7.68%	8.66%
Tier 2 capital ratio ²	2.60%	1.88%
Total capital ratio	10.28%	10.54%
Tier 1 Leverage Ratio ³	6.55%	7.13%
Common Stock to Total Assets	1.05%	1.46%
Common Shareholders' Equity to Total Assets	7.27%	8.33%

¹ Tier 1 capital divided by total risk-weighted on and off balance sheet items

² Tier 2 capital divided by total risk-weighted on and off balance sheet items

³ Tier 1 capital divided by assets

MATURITY STRUCTURE

June 30, 2006 (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
Assets									
Cash and due from Central Bank	1,570.2	-	-	-	-	-	-	-	1,570.2
Due from other financial institutions	994.2	239.5	12.7	-	-	-	-	-	1,246.4
Securities	184.8	174.7	332.2	65.6	226.9	113.2	230.0	-	1,327.4
Loans	536.7	1,387.3	2,755.8	2,113.7	3,728.2	7,402.0	-	-	17,923.7
- Allowance for credit losses	-18.4	-10.4	-25.8	-19.6	-29.6	-23.5	-	-	-127.3
Tangible and intangible assets	-	-	-	-	-	-	-	151.1	151.1
Other assets	334.4	18.1	38.7	1.7	4.9	12.8	-	32.2	442.8
Total assets	3,601.9	1,809.2	3,113.6	2,161.4	3,930.4	7,504.5	230.0	183.3	22,534.3
Liabilities									
Due to Central Bank and Government	0.2	0.3	1.2	0.7	0.9	0.1	-	-	3.4
Due to other financial institutions	370.4	565.3	1,348.6	933.4	4,741.7	390.3	-	-	8,349.7
Deposits	8,244.1	547.6	959.7	280.9	17.3	1.1	-	-	10,050.7
Debt securities issued to the public	-	4.3	23.9	67.8	753.3	-	-	-	849.3
Other liabilities	541.9	75.0	99.9	94.0	66.6	217.8	-	47.6	1,142.8
Subordinated liabilities	-	-	-	-	-	500.0	-	-	500.0
Shareholders' equity	-	-	-	-	-	-	-	1,638.4	1,638.4
Total liabilities	9,156.6	1,192.5	2,433.3	1,376.8	5,579.8	1,109.3	-	1,686.0	22,534.3
Balance sheet maturity gap	-5,554.7	616.7	680.3	784.6	-1,649.4	6,395.2	230.0	-1,502.7	-0.0
Off balance sheet items									
Guarantees, letters of credit and undisbursed loans	-332.4	-339.5	-1,337.6	-898.9	-380.2	-340.7	-	-	-3,629.3
Derivatives, assets	459.7	658.9	198.6	1,111.4	27.0	32.3	-	-	2,487.9
Derivatives, liabilities	-1,520.3	-1,013.6	-366.8	-142.5	-8.0	-1.0	-	-	-3,052.2
Off balance sheet maturity gap	-1,393.0	-694.2	-1,505.8	70.0	-361.2	-309.4	-	-	-4,193.6
Net maturity gap	-6,947.7	-77.5	-825.5	854.6	-2,010.6	6,085.8	230.0	-1,502.7	-4,193.6

OPEN CURRENCY POSITIONS

June 30, 2006							
(in millions of euros)	EEK	LVL	LTL	EUR	USD	Others	Total
Assets							
Cash and due from Central Bank	624.4	545.3	312.4	23.9	12.3	51.9	1,570.2
Due from other financial institutions	8.8	46.0	47.7	674.8	380.1	89.0	1,246.4
Securities	115.5	23.0	121.1	925.1	128.2	14.5	1,327.4
Loans	941.6	824.2	1,774.5	13,430.2	813.5	139.7	17,923.7
- Allowance for credit losses	-10.9	-11.3	-16.9	-74.2	-11.0	-3.0	-127.3
Tangible and intangible assets	47.9	46.6	52.9	0.3	-	3.4	151.1
Other assets	96.4	26.9	38.5	180.1	10.0	90.9	442.8
Total assets	1,823.7	1,500.7	2,330.2	15,160.2	1,333.1	386.4	22,534.3
Liabilities							
Due to Central Bank and Government	2.1	-	1.2	0.1	-	-	3.4
Due to other financial institutions	20.7	73.2	7.0	7,795.0	453.3	0.5	8,349.7
Deposits	2,997.5	1,134.1	2,599.1	2,303.6	867.2	149.2	10,050.7
Debt securities issued to the public	2.9	-	1.0	842.5	2.9	-	849.3
Other liabilities	216.3	77.7	236.4	421.4	102.7	88.3	1,142.8
Subordinated liabilities	-	-	-	500.0	-	-	500.0
Total liabilities	3,239.5	1,285.0	2,844.7	11,862.6	1,426.1	238.0	20,895.9
Shareholders' equity	1,638.4	-	-	-	-	-	1,638.4
Net balance sheet position	-3,054.2	215.7	-514.5	3,297.6	-93.0	148.4	-0.0
Off balance sheet net notional position	754.1	182.4	21.8	-1,041.5	92.2	-24.1	-15.1

RATINGS

MOODY'S INVESTORS SERVICE

	24.02.07	31.05.06	14.11.05	12.12.02	29.07.02	29.01.02	02.05.00
Long-term deposit	A1	A1	A1	A1	Baa1	Baa1	Baa1
Short-term deposit	Prime 1	Prime 1	Prime 1	Prime 1	Prime 2	Prime 2	Prime 2
Financial strength	C+	C+	C+	C	C	C-	C-
Senior-debt	Aa2	Aa3	A1	A1	A2	A2	

International rating agency Moody's has increased Hansabank's senior-debt rating from level Aa3 to level Aa2. The outlook of long-term deposits' rating A1 was also changed from stable to positive. Other main ratings remained unchanged. The developments took place in connection with changes in the methodology of Moody's bank ratings.

Hansabank Group's annual reports are published on the Group's internet home page: www.hansagroup.com

HANSABANK'S FINANCIAL CALENDAR FOR 2007:

Q1 2007	April 25
Q2 2007	August 7
Q3 2007	October 24