HIPOTEKARNA BANKA, PODGORICA

Financial Statements
For the Year Ended December 31, 2008 and
Independent Auditors' Report

This is a translation of the original report issued in the language officially used in Montenegro

CONTENTS **Page**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Hipotekarna banka A.D., Podgorica

We have audited the accompanying financial statements of Hipotekarna banka A.D., Podgorica (the "Bank"), which comprise the balance sheet as of December 31, 2008 and the related income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management of the Bank is responsible for preparation and fair presentation of these financial statements in accordance with the accounting regulations of the Republic of Montenegro and the regulations of the Central Bank of Montenegro governing financial reporting of banks. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as disclosed in "Basis for qualified opinion", we conducted our audit in accordance with International Standards on Auditing and the Law on Accounting and Auditing of the Republic Montenegro. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide solid basis for our audit opinion.

(Continues)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Hipotekarna banka A.D., Podgorica (Continued)

Basis for Qualified Opinion

As disclosed in Note 3.1 to the financial statements, origination fees relating to loans, guarantees and other forms of sureties, as well as the fees charged to the Bank based on received borrowings are included within income and expenses, respectively, when the service has been rendered or fees are due for settlement. Such accounting treatment departs from of IAS 18 "Revenues" and IAS 39 "Financial Instruments: Recognition and Measurement," which require that such fees be considered an integral part of continued engagement of the underlying financial instrument and should be deferred and recognized as an adjustment to the effective interest yield. Accordingly, we were unable to satisfy ourselves as to the potential effects which the application of the aforecited standards would have on the Bank's financial statements for the FY 2008.

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been necessary had we been able to satisfy ourselves as to the matter referred to in the preceding paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Hipotekarna banka A.D., Podgorica as of December 31, 2008, and its financial performance, changes in equity and its cash flows for the year then ended, in accordance with the accounting regulations prevailing in Montenegro and regulations of the Central Bank of Montenegro governing financial reporting of banks.

Deloitte d.o.o., Podgorica

Podgorica, Montenegro
March 13, 2009

Danijela Dimovski, Certified Auditor
(License no. 030 issued on August 7, 2006)

PREDUZEĆE ZA REVIZIJU "DELOITTE" D.O.O. PODGORICA

INCOME STATEMENT
For the Year Ended December 31, 2008
(thousands of EUR)

	Notes	2008	2007
Interest income	3.1, 4a	6,411	3,044
Interest expense	3.1, 4b	(2,324)	(986)
Net interest income		4,087	2,058
Provisions for potential losses	3.6, 5	(378)	(2,135)
Net income		3,709	(77)
Fee and commission income	3.1, 6a	1,627	1,688
Fee and commission expense	3.1, 6b	(299)	(357)
Net fee and commission income		1,328	1,331
NET INTEREST, FEE AND COMMISSION INCOME		5,037	1,254
Other income, net	7	391	4,429
General expenses	8	(4,915)	(4,661)
NET INCOME BEFORE EXTRAORDINARY ITEMS		513	1,022
Extraordinary income	10	722	23
Extraordinary expenses		(72)	(36)
		650	(13)
PROFIT BEFORE TAXATION		1,163	1,009
Differed taxes, net	3.3, 9	(10)	-
NET PROFIT FOR THE YEAR		1,153	1,009

The accompanying notes on pages 7 to 31 form an integral part of these financial statements.

These financial statements were approved by the Management of Hipotekarna banka A.D., Podgorica on January 30, 2009.

Signed on behalf of Hipotekarna banka A.D., Podgorica by:

HIPOTEKARNA BANKA A.D. PODGORICA

Esad Zaimović
General Director

Aleksandar Mitrović
Executive Officer for Financial and IT Department

This is a translation of the original report issued in the language officially used in Montenegro

BALANCE SHEET
As of December 31, 2008
(thousands of EUR)

	Notes	2008	2007
ASSETS			
Cash and deposit accounts held with depository institutions	11	13,539	11,379
Loans and leases	12	58,118	54,933
Securities available for sale, excluding shares		41	41
Business premises and other fixed assets	13	1,402	1,222
Equity investments in other legal entities	14	182	229
Other assets	15	1,503	1,391
Less: Provisions for potential losses on other assets		(26)	(116)
Total assets		74,759	69,079
LIABILITIES AND EQUITY			
Deposits	16	43,006	40,117
Borrowings	17	8,700	6,500
Amounts owed to the Government	18	1,349	1,502
Other liabilities	19	1,823	1,560
Provisions for potential losses on off-balance sheet exposures	20	606	1,278
Total liabilities		55,484	50,957
Equity			
Share capital	21	16,006	16,006
Share premium		7,444	7,444
General reserves		1,849	1,849
Accumulated losses		(6,024)	(7,177)
Total equity		19,275	18,122
Total liabilities and equity		74,759	69,079
OFF-BALANCE-SHEET ITEMS	22	122,047	7,587

The accompanying notes on pages 7 to 31 form
an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2008
(thousands of EUR)

	Share Capital	Share Premium	General Reserves	Accumulated Losses	Total
Balance, January 1, 2007	13,450	-	1,699	(8,186)	6,963
New share issue	2,556	7,444	-	-	10,000
Profit for the year	-	-	-	1,009	1,009
Reserve for general credit risk	-	-	150	-	150
Balance, December 31, 2007	16,006	7,444	1,849	(7,177)	18,122
Balance, January 1, 2008	16,006	7,444	1,849	(7,177)	18,122
Profit for the year	-	-	-	1,153	1,153
Balance, December 31, 2008	16,006	7,444	1,849	(6,024)	19,275

The accompanying notes on pages 7 to 31 form
an integral part of these financial statements.

CASH FLOW STATEMENT
For the Year Ended December 31, 2008
(thousands of EUR)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest, fees and commissions received	8,120	4,591
Other receipts	529	4,272
Interest, fees and commissions paid	(1,054)	(1,343)
Payments to employees and suppliers	(5,513)	(4,220)
Cash generated from operating activities before changes in operating assets and liabilities	2,082	3,300
Increase/decrease in operating assets and liabilities		
Increase in placements to customers, net	(2,831)	(37,575)
Increase in obligatory reserve, net	(112)	(1,554)
Increase in other assets	(1,032)	(425)
Increase in customer deposits	2,889	4,474
(Decrease)/increase in other liabilities	(173)	602
Net cash used in operating activities	(1,259)	(34,478)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and intangible assets	(599)	(1,373)
Net cash used in investing activities	(599)	(1,373)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	2,047	4,781
Share issuance	-	10,000
Net cash generated from financing activities	2,047	14,781
Foreign exchange (losses)/gains, net	(223)	155
Net increase in cash and cash equivalents	2,048	(17,615)
Cash and cash equivalents, beginning of year	5,896	23,511
Cash and cash equivalents, end of year	7,944	5,896
Component of cash and cash equivalents:		
Cash and deposit accounts held with depository Institutions	7,944	5,896
	7,944	5,896

The accompanying notes on pages 7 to 31 form an integral part of these financial statements.

NOTES TO THE STAND ALONE FINANCIAL STATEMENTS
For the Year Ended December 31, 2008

1. THE BANK'S ESTABLISHMENT AND ACTIVITY

Hipotekarna banka A.D. Podgorica (hereinafter: the "Bank") was registered in 1995 as a shareholding company. The registration number of the Bank as recorded in the Central Registry of the Commercial Court is 4-0004632/027.

The Bank is included in the Register of Security Issuers maintained by the Securities Commission under the number 3 (Decision number 02/3-1/2-01).

The Bank executes its financial operations, through the gyro account number 907-52001-93 opened with the Central Bank of Montenegro – Payment Transactions.

The Bank received an operating license from the Central Bank of Montenegro, pursuant to the Decision number 26 dated November 21, 2001.

The Bank's activities include credit, depositary and guarantee operations, as well as the operations of payment transactions performed aboard and in the country, depositary operations, renting of safety deposit boxes, issuance, processing and recording of payment instruments (including credit cards, traveler and banking cheques).

The Bank is domiciled in the city of Podgorica, at 67 Josipa Broza Tita Street.

At December 31, 2008, the Bank had 128 employees (December 31, 2007: 116 employees).

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1. Basis of Preparation and Presentation of the Financial Statements

The Bank maintains its accounting records and prepares its statutory financial statements in conformity with the Accounting and Auditing Law of Montenegro ("Official Gazette of the Republic of Montenegro," no. 69/2005 and no. 80/2008) and specifically, in accordance with the relevant decision pertaining to the application of International Accounting Standards ("IAS") in Montenegro ("Official Gazette of the Republic of Montenegro," numbered 69/2002). Pursuant to these provisions, International Financial Reporting Standards ("IFRS") were applied for the first time as the Bank's primary basis of accounting for the reporting period commencing on January 1, 2003.

The financial statements are presented in the format required under Articles 17 and 18 of the Accounting and Auditing Law of Montenegro and the European Union Directive numbered 86/635/EEC of December 8, 1986 which relates to the annual reports of banks and other financial institutions. Such statements represent the complete set of financial statements as defined under the law, which differ from those defined under the provisions of IAS 1, "Presentation of Financial Statements."

The accounting policies adopted in the preparation and presentation of the financial statements for the year ended December 31, 2008 differ from the IFRS requirements in respect to the calculation of allowances for the impairment of financial instruments and in respect of disclosures of financial instruments in accordance with IFRS 7 "Financial Instruments: Disclosures." The Bank calculates the amount of allowance for impairment of financial instruments in accordance with the applicable Regulations of the Central Bank of Montenegro (Note 3.6). Such a policy might result in significant departures from the amounts which would be determined, had the allowances for impairment of financial instruments been estimated based on discounted expected future cash flows by applying the original effective interest rate, as required by IAS 39, "Financial Instruments: Recognition and Measurement."

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.1. Basis of Preparation and Presentation of the Financial Statements (Continued)

Due to the potentially significant effects of the above-described matters, these financial statements cannot be described as having been prepared in accordance with International Financial Reporting Standards.

In the preparation of the accompanying financial statements, the Bank has adhered to the accounting policies described in Note 3, which are in conformity with the accounting, banking and tax regulations prevailing in Montenegro.

The official currency in Montenegro and the Bank's functional currency is the Euro (EUR).

2.2. Use of Estimates

The presentation of financial statements requires the Bank's management to make the best possible estimates and reasonable assumptions that affect the value of assets and liabilities, as well as the disclosure of contingent liabilities and receivables as of the date of the preparation of the financial statements, and the income and expenses arising during the accounting period. Estimates and judgments relate to historical experience and other factors, including the expectations in respect to future events believed to be reasonable in the given circumstances, where the results provide goods grounds for the estimated carrying value of assets and liabilities that cannot be clearly derived from other sources. These estimations and assumptions are based on information available as of the financial statements' preparation date. However the Bank's operating results may vary from the estimated values.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Interest, Fee and Commission Income and Expense Recognition

Interest income and interest expense, including penalty interest and other income and expenses related to interest bearing assets and liabilities are accounted for on an accrual basis. Fee and commission income and expenses from banking services are determined when due for settlement and/or collection.

Income and expenses arising from loan and guarantee origination fees are recorded when due for collection/settlement.

3.2. Foreign Exchange Translation

Transactions denominated in foreign currencies are translated into euros at the official exchange rates prevailing on the Interbank Market, at the date of each transaction.

Assets and liabilities denominated in foreign currencies are translated into euros by applying the official exchange rates, as determined on the Interbank Market that are prevailing at the balance sheet date.

Net foreign exchange gains or losses arising upon the translation of transactions, and the assets and liabilities denominated in foreign currencies are credited or charged to the Income statement.

Commitments and contingent liabilities denominated in foreign currencies are translated into euros by applying the official exchange rates prevailing on the Interbank Market, at the balance sheet date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3. Taxes and Contributions

Income Taxes

Current Income Taxes

Income taxes are calculated and paid in conformity with the income tax regulations defined under the Republic of Montenegro Tax Law ("Official Gazette of the Republic of Montenegro," no. 40/0228) as per the effective proportional tax rate of 9% on taxable income.

A taxpaying entity's taxable income is determined based upon the income stated in its statutory statements of income following certain adjustments to its income and expenses performed in accordance with the Republic of Montenegro Tax Law (Articles 8 and 9, regarding the adjustment of income and Articles 10 to 20 pertaining to the adjustment of expenses).

The Republic of Montenegro tax regulations do not envisage that any tax losses of the current period be used to recover taxes paid within a specific carryback period. However, any current year losses reported in the annual corporate income tax returns may be carried forward and used to reduce or eliminate taxes to be paid in future accounting periods, but only for an ensuing period of a maximum of five years.

Deferred Income Taxes

Deferred income tax is determined using the balance sheet liability method, for the temporary differences arising between the tax bases of assets and liabilities, and their carrying values in the financial statements. The currently-enacted tax rates at the balance sheet date are used to determine the deferred income tax amount. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for the deductible temporary differences, and the tax effects of income tax losses and credits available for carry forward, to the extent that it is probable that future taxable profit will be available against which deferred tax assets may be utilized.

Taxes, Contributions and Other Duties Not Related to Operating Results

Taxes, contributions and other duties that are not related to the Company's operating results, include property taxes, employer contributions on salaries, and various other taxes and contributions paid pursuant to republic and municipal regulations.

3.4. Cash and Cash Equivalents

For purposes of the Cash Flow Statement, "Cash and cash equivalents" include cash and balances with the Central Bank of Montenegro and other banks, as well as trading and available-for-sale securities.

3.5. Loans

Loans originated by the Bank are recorded in the books of account at the moment of the transfer of funds to the loan beneficiary.

Loans originated by the Bank are stated in the balance sheet in the amount of placement originally approved less net of principal repaid and an allowance for impairment which is based on an evaluation of the specifically-identified exposures which serves to cover any losses inherent in the Bank's loan portfolio. The Bank's management applies the methodology prescribed by the Central Bank of Montenegro in its evaluation of the risks and resulting estimations of such allowances (Note 3.6).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6. Allowances for Impairment and Provisions for Potential Losses

The Decision issued by the Central Bank of Montenegro regarding to the classification of bank assets, provisions and reserves for credit losses per separate items of assets ("Official Gazette of the Republic of Montenegro," number 59/2007 and number 60/2008) set forth the following: minimum criteria and manner of classifying assets and off-balance sheet items which render the Bank susceptible to interest rate risk, manner of calculation and suspension of unpaid interest, manner of determining the minimum provisions for potential losses contingent on the Bank's exposure to credit risk and the criterion and way of determining the provisions for general credit losses. The Bank's risk-weighted assets, within the meaning of this Decision, are comprised of loans, interest, fees and commission, lease receivables, deposits with banks, advances and all other items included in the balance sheet exposing the Bank to default risk, as well as guarantees issued, other sureties, effectuated letters of credit and approved, but undrawn loan facilities, as well as all other off-balance sheet items comprising the Bank's contingent liabilities.

Pursuant to the aforementioned Decision, loans and other risk-weighted assets are classified into the following categories:

- A category ("Pass") – including assets assessed as collectible in full and as agreed;
- B category ("Special Mention") – with B1 and B2 subcategories including items for which there is low probability of loss, but which, still the same, require special attention, as the potential risk, if not adequately monitored, could lead to diminish their collectability;
- C category ("Substandard assets") – with C1, C2, C3 and C4 subcategories for which there is high probability of loss, due to the clearly identified collectability issues;
- D category ("Doubtful assets") – including items the collection of which is, given the creditworthiness of loan beneficiaries, quality of collaterals, highly unlikely;
- E category ("Loss") – including the items which are uncollectible in full, or will be collectible in an insignificant amount.

The estimated amount of provision for potential losses is computed by applying the following applicable percentages to the corresponding categories: 1% of the placements classified in category A, from 3% to 8% of the placements classified in category B, from 20% to 50% to the placements classified into category C, from 50% to 75% to the placements of category D, and 100% of the placements under category E.

Moreover, as in accordance with the provisions of the aforecited regulation, the Bank is to suspend any accrued, uncollected interest and should terminate any further accruals of interest on its non-performing assets, with the exception of the non-performing assets that are secured by quality collateral and are in the process of collection, to the extent that such asset recoveries are anticipated within a reasonable period of time (generally defined as not exceeding three months). Following the suspension of interest accruals on non-performing assets, the Bank remains under an obligation to record the subsequent, matured interest on the same basis, on its off-balance sheet records and upon classification, designates the accrued income into E category. The Decision further prescribes that the risk-weighted assets be classified into E category be written off from the off-balance sheet records under the heading of "Loans written off."

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6. Allowances for Impairment and Provisions for Potential Losses (Continued)

Pursuant to the Decision, provision for potential losses contingent on assets is calculated based on the carrying value net of any deductible items of collaterals based on:

- Monetary deposits and
- Irrevocable guarantees of the countries or central banks of the OESD member countries, the banks with credit rating better than A+ pursuant to the ratings of the agency Standard & Poor's, i.e., any equivalent rating of other internationally acclaimed rating agencies and legal entities whose business operations are under the control of the Central Bank of Montenegro.

3.7. Equity Investments in Legal Entities and Securities Available-for-Sale

We are unable to determine the market value of equity investments in other legal entities carried at cost which is believed by the management to approximate their fair value.

The carrying value of these receivables serves as basis for the calculation of provisions for potential losses according to the criteria and procedure for asset classification.

3.8. Business Premises, Other Fixed Assets and Intangible Assets

Business premises and other fixed assets at December 31, 2008 are stated at cost less accumulated depreciation and impairment loss, if any. Cost represents the prices billed by suppliers together with all costs incurred in bringing the respective asset to the location and condition necessary for its intended use.

Depreciation and/or amortization are provided for on a straight-line basis to the cost of business premises and other fixed assets in order to write them off over their expected useful lives. Depreciation and/or amortization are calculated using the following prescribed annual rates:

Name	Rate in %
Buildings	2
Computers and computer equipment	33.3
Software	20
Furniture and equipment	15
Motor vehicles	15

The calculation of depreciation of business premises and other fixed assets commences when an asset is placed into use.

3.9. Equity

The Bank's equity includes share capital, share premium, the Bank's reserves, as well as retained earnings.

The share capital of the Bank is formed from the assets invested by the founders and shareholders of the Bank in the pecuniary or non-pecuniary form. The Law on Securities sets forth that securities are dematerialized and exist in an electronic form in the system of the Central Depositary Agency. The excerpt obtained from the Registry of the Central Depositary Agency is the only and exclusive proof of ownership over securities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9. Equity (Continued)

Once all reserves available have been exhausted, the Bank uses capital for performing its banking operations, for equity investment in other legal entities, as well as to cover risks,.

The Bank's capital is classified as:

- first-tier capital;
- second-tier capital.

The Bank's first tier capital of the Bank includes paid-in share capital, share premium collected, retained earnings from prior years and legally prescribed reserves.

Second-tier capital is comprised of provisions for losses contingent on the items of assets of up to 1.25% of the Bank's risk-weighted assets, revaluation reserves, accrued current year profit in the current year and subordinated debt, if any, being the Bank's liability that is not paid up in case of bankruptcy or liquidation until all other amounts owed to creditors and depositors have been settled and if it meets certain conditions prescribed by the Central Bank of Montenegro. The Bank may include subordinated debt and other equity instruments in the second-tier capital if the Central Bank has issued such consent.

In order to cover risk inherent in operations, the Bank's provisions are formed. Provisions are formed based on the Decision issued by the Board of Directors of the Bank from the portion of profit earned by the Bank in its operations.

To provide for safe business operations, the Bank is under obligation to form reserves for potential losses arising from risk-weighted placements and from the classification of the balance sheet assets and off-balance sheet items.

3.10. Employee Benefits

Employee Taxes and Contributions for Social Security

Pursuant to the regulations effective in Montenegro, the Bank has an obligation to pay contributions to various state social security funds. These obligations involve the payment of contributions on behalf of an employee, by the employer, in an amount calculated by applying the specific, legally-prescribed rates. The Bank is also legally obligated to withhold contributions from gross salaries to employees, and on their behalf to transfer the withheld portions directly to the appropriate government funds. These contributions payable on behalf of the employee and employer are charged to expenses in the period in which they arise.

Retirement Benefits or Other Long-Term Employee Benefits

In accordance with the Collective Bargaining Agreement, the Bank is under obligation to pay retirement benefits to an employee upon his/her regular retirement in the amount of 6 net average salaries earned by the Bank's employees effective in the month in which payment is made. Concurrently, employees are entitled to jubilee awards for each 10, 20 and 30 consecutive years of service within the Bank. The Bank's financial statements as of and for the year ended December 31, 2008 include provisions calculated by an independent certified actuary, based on the estimated present value of assets to be used for retirement benefits and jubilee awards payable to vesting employees.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11. Fair Value

In accordance with International Financial reporting Standards, the fair value of financial assets and liabilities should be disclosed in the Notes to the Financial Statements. For these purposes, the fair value is defined as an amount at which an asset can be exchanged, or a liability settled, between knowledgeable willing parties in an arm's-length transaction. The Bank should disclose the fair value information of those components of assets and liabilities for which published market information is readily available, and for which their fair value is materially different from their recorded amounts.

In Montenegro, sufficient market experience, stability and liquidity do not exist for the purchase and sale of receivables, investments and other financial assets or liabilities, for which published market information is presently not readily available. Fair value cannot readily be determined in the absence of active capital and financial markets, as generally required under the provisions of IFRS/IAS. In the opinion of the Bank's management, the reported carrying amounts are the most valid and useful reporting values under the present market conditions in accordance with the accounting regulations of Montenegro and regulations of the Central Bank of Montenegro governing the financial reporting in banks.

4. INTEREST INCOME AND EXPENSE

a) Interest Income

	(thousands of €) Year Ended December 31, 2008	2007
Deposits with:		
- foreign banks	71	265
- Central Bank	30	15
	101	280
Loans to:		
- state institutions	-	1
- corporate customers	3,553	1,612
- retail customers	2,757	1,150
	6,310	2,763
Securities held-to-maturity	-	1
	6,411	3,044

4. INTEREST INCOME AND EXPENSE (Continued)

b) Interest Expense

	(thousands of €) Year Ended December 31, 2008	2007
Deposits with:		
- financial institutions	705	221
- state institutions	59	31
- corporate customers	707	292
- retail customers	853	416
	2,324	960
Payables arising from loans and other borrowings	-	26
	2,324	986

5. PROVISIONS FOR POTENTIAL LOSSES

a) Charge for the year

	(thousands of €) Year Ended December 31, 2008	2007
Net provisions/(reversal of provisions):		
- loans	370	2,132
- equity investments in other legal entities	1	58
- interest	9	5
- country risk	(4)	-
- off-balance sheet items	(53)	(326)
- operational risk	-	250
- employee benefits	54	-
- other	1	16
	378	2,135

NOTES TO THE STAND ALONE FINANCIAL STATEMENTS
For the Year Ended December 31, 2008

5. PROVISIONS FOR POTENTIAL LOSSES (Continued)

b) Movements on the accounts of allowance for impairment of bad debts and provisions

(thousands of €)

	Equity Investment in Other Legal Entities	Loans and Leases	Interest and Other Assets	Country Risk	Off-Balance Sheet Items	Provisions for Litigations	Operational Risk	Total
Balance, beginning of year	97	3,252	3	16	360	618	300	4,646
Charge for the year, net	1	370	9	(4)	(53)	(618)	-	(295)
Transfer to off-balance sheet items	(96)	(743)	-	-		-	-	(839)
Other	-	-	-	-	(1)	-	-	(1)
Balance, end of year	2	2,879	12	12	306	-	300	3,511

6. FEE AND COMMISSION INCOME AND EXPENSE

a) Fee and Commission Income

	(thousands of €) Year Ended December 31, 2008	2007
Loan origination fees	594	619
Fee and commission income from off-balance-sheet operations	78	66
Fee and commission income from payment transfers	885	842
Other fee and commission income	70	161
	1,627	1,688

b) Fee and Commission Expense

	(thousands of €) Year Ended December 31, 2008	2007
Fees and commissions payable to the Central Bank	133	178
Fee and commission expense from international payment transfers	38	31
Fee and commission for deposit insurance	111	99
Loan origination fees	-	1
Other fee and commission expense	17	48
	299	357

7. OTHER INCOME, net

	(thousands of €) Year Ended December 31, 2008	2007
(Expenses)/income from exchange operations	(3)	36
Net (losses)/gains on unrealized and realized foreign exchange fluctuations	(219)	119
Dividend income	83	30
Collected receivables previously written off	438	4,095
Other income	92	149
	391	4,429

8. OTHER EXPENSES

	(thousands of €) Year Ended December 31, 2008	2007
Net salaries	1,290	949
Taxes and contributions on salaries	1,073	777
Remunerations to the members of the Board of Directors	41	33
Business trip expenses	96	246
Rentals	686	724
Maintenance of property and equipment	60	35
Depreciation and amortization charge:		
- property, plant and equipment	273	111
- intangible assets	155	89
Cost of security	99	74
Insurance premiums	41	33
Taxes payable	238	56
Advertizing	243	298
Professional services	214	495
Telecommunication and postage	116	108
Electricity	73	78
Office material	42	49
Cost of acquiring credit cards	21	19
Losses on disposal of property, plant and equipment	-	379
Other costs	154	108
	4,915	4,661

9. INCOME TAXES AND CONTRIBUTIONS

a) Components of Income Taxes

	(thousands of €) Year Ended December 31, 2008	2007
Current income taxes	-	-
Deferred tax expenses	10	-
	10	-

9. INCOME TAXES AND CONTRIBUTIONS (Continued)

b) Numerical Reconciliation between Tax Expense and the Product of Accounting Results Multiplied by the Applicable Tax Rate

	(thousands of €) Year Ended December 31, 2008
Profit before tax	1,163
Income tax at the statutory tax rate of 9%	105
Tax loss carryforwards	(613)
Unrecognized tax assets arising from tax loss carryforwards	505
Recognized prior year tax payables	(7)
Tax effects on the income statement	(10)
Effective interest rate	(0.9%)

c) Tax Loss Carryforwards

The review of tax losses which the Bank failed to recognize as deferred tax assets as of December 31, 2008 due to the uncertainty over the availability of taxable profit in future periods against which these tax losses could be utilized, is presented in the table below:

Inception Year	Expiry Year	Tax Losses	(thousands of €) Unrecognized Deferred Tax Assets
2004	2009	3,600	324
2005	2010	2,007	181
		5,607	505

d) Deferred Tax Liabilities

At December 31, 2008, tax liabilities in the amount of EUR 10 thousand are associated with the temporary differences between the carrying value of fixed and intangible assets and the value of fixed and intangible assets calculated for tax purposes.

10. EXTRAORDINARY INCOME

Extraordinary income for the year 2008 amounted to EUR 722 thousand. Out of this amount, EUR 618 thousand relates to the reversal of the previously formed provisions for losses contingent on litigations, based on the adjudication number 599/04 enacted by the Commercial Court in Podgorica in favor of the Bank in the legal dispute between the Bank and the enterprise Radoje Dakić, Podgorica. The adjudication was passed on June 27, 2008 in Podgorica.

11. CASH AND DEPOSIT ACCOUNTS HELD WITH DEPOSITORY INSTITUTIONS

(thousands of €)

	December 31, 2008	December 31, 2007
Cash on hand:		
- in EUR	1,589	1,570
- in foreign currency	150	242
Gyro account	6,202	4,059
Correspondent account with foreign banks	-	21
Obligatory reserves with the Central Bank of Montenegro	5,595	5,483
Time deposits with foreign banks	-	3
Other	3	1
	13,539	11,379

The Bank's obligatory reserves at December 31, 2008 represent the minimum deposits set aside in accordance with the Central Bank of Montenegro Regulation with respect to the "Reserve Requirements for Banks to Be Held with the Central Bank of Montenegro," ("Official Gazette of Montenegro," no. 5/08 as of January 23, 2008). Pursuant to the aforecited, the obligatory reserve is to be calculated by applying the following reserve percentages:

- 19% for demand and term deposits having less-than-180-day maturities as of the reserve calculation date; and
- 2% for term deposits with more-than-180-day, but less-than-two-year maturities as of the reserve calculation date.

The obligatory reserve is to be calculated by applying the aforementioned ratios on a weekly basis, two days prior to the expiration of the maintenance period.

The Bank allocates the obligatory reserve to the account opened specially for these purposes in the country or abroad and/or to the accounts of the Central Bank held abroad, where an amount of up to 10% of obligatory reserve may be allocated by blocking the treasury bills of the Republic of Montenegro. For the amount of 50% of the obligatory reserve requirement deposited by banks, the Central Bank pays interest at the annual rate of 1% up to the eighth day of the month for the preceding month. The obligatory reserve is held in euros.

12. LOANS AND LEASES

	(thousands of €) December 31, 2008	December 31, 2007
Matured loans:		
- privately-owned corporate entities	2,135	-
- non-profit organizations	3	-
- retail customers	274	-
Short-term loans:		
-financial institutions	90	2,100
- privately-owned corporate entities	15,117	13,302
- banks	900	4,000
- non-profit organizations	355	200
- corporate entities with majority state-ownership	-	30
- retail customers	3,388	5,375
Long-term loans, including current portions:		
- privately-owned corporate entities	17,018	17,485
- corporate entities with majority state-ownership	609	746
- financial institutions	1,600	-
- non-profit organizations	60	-
- government agencies	-	40
- retail customers	19,448	14,907
	60,997	58,185
Minus: Provisions for credit losses	(2,879)	(3,252)
	58,118	54,933

Short-term loans to corporate entities with majority state-ownership are approved for current assets maturing over the period from 3 to 12 months, while long-term loans are approved for the period from 12 to 180 months and are mostly originated to corporate entities involved in civil engineering, trade, transport, warehousing, postal services and telecommunications. Short-term loan to corporate entities are mostly approved at an interest rate ranging between 9% and 14% annually and the same interest rate is applied to long-term loans.

Short-term loans to retail customers are approved with an interest rate ranging from 0.625% to 1.8% on a monthly basis. Long-term loans to retail customers encompass loans for the renovation of housing and business premises, loans for the purchase of consumables and for other purposes, approved for the period from 6 to 96 months.

The geographic risk concentration within the customer loan portfolio mainly includes customers domiciled in Montenegro.

12. LOANS AND LEASES (Continued)

The concentration of total gross loans to customers per separate fields of industry as of December 31, 2008 was as follows:

(thousands of €)

	December 31, 2008	December 31, 2007
Agriculture, hunting and fishing	30	-
Civil engineering	2,978	1,682
Energy and mining	79	207
Trade	16,177	14,726
Services, tourism, accommodation industry	1,507	870
Transport, warehousing, postal services and communication	6,385	5,220
Administration and other public services	577	728
Real estate trade	387	7
Banks and other financial institutions	2,590	6,100
Retail customers	23,110	20,282
Other	7,177	8,363
	60,997	58,185

13. BUSINESS PREMISES AND OTHER FIXED ASSETS

(thousands of €)

	Buildings	Computers	Other Instruments of Labor	Construction in Progress	Total
Cost					
Balance, beginning of year	371	683	848	-	1,902
Additions	6	37	249	161	453
Disposal	-	(7)	(8)	-	(15)
Balance, end of year	377	713	1,089	161	2,340
Accumulated Depreciation					
Balance, beginning of year	30	487	163	-	680
Charge for the year	8	111	154	-	273
Disposal	-	(7)	(8)	-	(15)
Balance, end of year	38	591	309	-	938
Net Book Value:					
- December 31, 2008	339	122	780	161	1,402
- December 31, 2007	341	196	685	-	1,222

At December 31, 2008, there are no encumbrances over the Bank's assets to serve as collateral for the timely and regular repayment of loans and other liabilities.

14. EQUITY INVESTMENTS IN OTHER LEGAL ENTITIES

(thousands of €)

	December 31, 2008	December 31, 2007
Banks and financial organizations		
- Montenegro berza A.D., Podgorica	180	99
- Tržište novca A.D., Beograd	2	1
	182	100
Other legal entities		
- Adriatico Finadria d.o.o., Podgorica	-	129
	-	129
	182	229

15. OTHER ASSETS

(thousands of €)

	December 31, 2008	December 31, 2007
Interest receivables	438	103
Fee and commission receivables	101	93
Intangible assets	682	646
Prepayments	279	321
Income taxes	-	82
Advances	-	146
Other receivables	3	-
	1,503	1,391

The movements on intangible assets in the course of 2008 were as follows:

(thousands of €)

	Softwares and Licenses
Cost	
Balance, beginning of year	706
Additions	237
Other	(33)
Balance, end of year	910
Accumulated Amortization	
Balance, beginning of year	60
Charge for the year	155
Other	13
Balance, end of year	228
Net Book Value:	
- December 31, 2008	682
- December 31, 2007	646

15. OTHER ASSETS (Continued)

(thousands of €)

	December 31, 2008	December 31, 2007
Provisions for potential losses on other assets:		
- investments in other legal entities	2	97
- interest	10	3
- country risk	12	16
- other	2	-
	26	116

16. DEPOSITS

(thousands of €)

	December 31, 2008	December 31, 2007
Demand deposits:		
- government agencies	5	5
- funds	66	78
- municipalities (public organizations)	148	131
- corporate entities with majority state - ownership	108	199
- privately-owned corporate entities	11,357	13,765
- banks	205	163
- financial institutions	410	753
- non-profit organizations	1,010	650
- retail customers	3,608	4,636
- other	460	412
Short-term deposits:		
- funds	-	500
- corporate entities with majority state - ownership	1,785	-
- privately-owned corporate entities	3,434	1,857
- banks	2,500	3,000
- financial institutions	699	90
- non-profit organizations	261	261
- retail customers	7,839	5,739
- other	64	25
Long-term deposits:		
- privately-owned corporate entities	1,871	2,384
- retail customers	7,176	5,469
	43,006	40,117

Demand deposits placed by retail customers and denominated in EUR accrue interest at the rate of 1.0% annually. Retail deposits in foreign currency are deposited at an interest rate ranging from 0.75% to 1.10% annually, depending on the currency.

Short-term and long-term deposits of retail customers denominated in EUR are placed at an interest rate ranging from 3% to 8% annually, depending on the chosen savings arrangement.

16. DEPOSITS (Continued)

Short-term deposits of corporate entities denominated in EUR are placed at interest rates ranging from 1.2% to 6% annually, depending on the depositing period and the amount of deposit being placed (up to EUR 50,000 thousand and more). Short-term deposits in other currencies accrue interest at rates ranging from 1.0% to 3.2%. Long-term deposits of corporate entities were placed at an interest rate ranging from 5% to 6% annually, depending on the depositing period and currency.

Demand deposits of corporate entities, public and other organizations bear interest at the rate ranging from 0.7% to 1.2% annually.

17. BORROWINGS

(thousands of €)

	Currency	Annual Interest Rate	December 31, 2008	December 31, 2008
Amounts owed to domestic creditors:				
Invest Banka Montenegro, Podgorica	EUR	6%	900	-
			900	-
Amounts owed to foreign creditors:				
Banca Monte dei Paschi di Siena S.p.a	EUR	6.12%	5,000	5,000
Abanka Vipa d.d., Ljubljana	EUR	EURIBOR + 2.60%	800	-
LHB Internationale Handelsbank, Austria	EUR	3M EURIBOR +2.80%	500	-
Nova Ljubljanska banka d.d Filiale di Trieste		3M EURIBOR +2.65%	1,500	1,500
			7,800	6,500
			8,700	6,500

In 2008, the Bank drew new credit facilities from Abanka Vipa d.d., Ljubljana and LHB International Handelsbank, Austria in the aggregate amount of EUR 1,300 thousand. In 2008, the Bank also obtained a loan from Invest Banka, Montenegro in the total amount of EUR 900 thousand.

18. AMOUNTS OWED TO THE GOVERNMENT

At December 31, 2008, the amount of EUR 1,349 thousand owed to the Government of Montenegro is associated with payables arising from long-term borrowings from the Montenegro Development Fund approved for the period from 3 to 5 years with a grace period from 1 to 2 years, accruing interest at rates ranging from 5% to 7% annually.

19. OTHER LIABILITIES

	December 31, 2008	December 31, 2007
	(thousands of €)	
Interest payable	806	145
Interest collected in advance	35	285
Accounts payable (suppliers)	73	308
Tax payables	101	47
Advances received	744	731
Other liabilities	64	44
	1,823	1,560

20. PROVISIONS FOR LOSSES CONTINGENT ON OFF-BALANCE SHEET ITEMS

	December 31, 2008	December 31, 2007
	(thousands of €)	
Provisions for losses contingent on:		
- off-balance sheet items	306	360
- litigations	-	618
- operational risk	300	300
	606	1,278

21. SHARE CAPITAL

At December 31, 2008, the Bank's share capital was comprised of 31,305 ordinary shares at par value of EUR 511.29.

The Law on the Amendments and Supplements to the Law on Banks ("Official Gazette of the Republic of Montenegro," no. 32/2002), effective as of July 11, 2002, defines that the minimum cash amount of initial capital may not be less that EUR 5,000 thousand. At December 31, 2008, the Bank's capital complied with the prescribed minimum capital requirements.

The ownership structure of the Bank's share capital as of December 31, 2008 and 2007 was as follows:

	2008			2007		
Shareholder	Number of Shares	Thousands of EUR	% Share	Number of Shares	Thousands of EUR	% Share
FLANDRIA PARTICIPATIONS FINANCIERES	5,000	2,556	15.97%	5,000	2,556	15.97%
CERERE S.R.L	4,360	2,229	13.93%	4,360	2,229	13.93%
NEREO FINANCE S.A.	3,524	1,802	11.26%	3,524	1,802	11.26%
GORGONI ANTONIA	2,631	1,345	8.40%	2,631	1,345	8.40%
PODRAVSKA BANKA DD	2,486	1,271	7.94%	2,455	1,255	7.84%
Other	13,304	6,803	42.50%	13,335	6,819	42.60%
	31,305	16,006	100%	31,305	16,006	100%

21. SHARE CAPITAL (Continued)

Pursuant to the regulations of the Central Bank of Montenegro, the Bank is under obligation to maintain the minimum capital adequacy ratio at 10%. The Bank is required to maintain certain ratios pertaining to the volume of its activities and composition of risk assets in compliance with the Law on Banks and regulations of the Central Bank of Montenegro.

The solvency ratio amounted to 41.31% as of December 31, 2008.

At December 31, 2008, all ratios were in line with the prescribed percentages.

22. OFF-BALANCE SHEET ITEMS

		(thousands of €)
	December 31, 2008	**December 31, 2007**
Guarantees, sureties and irrevocable commitments:		
Guarantees to corporate entities:		
- payment guarantees	4,411	3,641
- performance bonds	170	133
- other types of guarantees	959	1,122
Commitments arising from undrawn loans	862	1,699
Letters of credit	-	27
Other off-balance sheet items:		
- commission banking	131	-
- written-off receivables	1,302	965
- collaterals	114,212	-
	122,047	7,587

23. RELATED PARTY TRANSACTIONS

The Law on Banks ("Official Gazette of the Republic of Montenegro," numbers 52/00 and 32/02) defines that significant influence on the Bank's operations is exercised by those persons appointing at least one representative in the Board of Directors or some similar body, either though shareholding, based on the agreement with the owners or otherwise. In accordance with the Law on Banks, related party transactions are presented in the following tables:

(thousands of €)

	December 31, 2008	**December 31, 2007**
Payables		
Demand deposits :		
- Podravska banka	153	-
- Montenegro berza	1	1
- Miljan Todorovic	20	-
	174	1
Time deposits:		
- Podravska banka	2,500	3,000
- Montenegro berza	40	-
- Miljan Todorovic	3,700	3,700
	6,240	6,700
Interest payables:		
- Podravska banka	206	-
- Montenegro berza	2	-
- Miljan Todorovic	239	108
	447	108
Total payables	6,861	6,809

24. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The matching between the maturities of financial assets and liabilities as of December 31, 2008 is presented in the following table:

(thousands of €)

	Less than One month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years	Total
Financial assets							
Cash and deposit accounts with depository institutions and available-for-sale securities	13,580	-	-	-	-	-	13,580
Loans and other receivables	8,926	5,937	6,334	11,114	23,071	5,616	60,998
Other financial assets including investments in shares	541	-	-	-	182	-	723
Total	23,047	5,937	6,334	11,114	23,253	5,616	75,301
Financial liabilities							
Deposits	21,191	3,178	3,990	5,601	8,801	245	43,006
Loans and other borrowings	900	-	-	-	7,800	-	8,700
Liabilities towards the Government	74	38	69	144	792	232	1,349
Other financial liabilities	264	82	167	425	135	7	1,080
Total	22,429	3,298	4,226	6,170	17,528	484	54,135
Maturity gap:							
- December 31, 2008	618	2,639	2,108	4,944	5,725	5,132	21,166
- December 31, 2007	(5,301)	(4,304)	2,293	9,148	18,858	21,226	41,920
Cumulative GAP:							
- December 31, 2008	618	3,257	5,365	10,309	16,034	21,166	
- December 31, 2007	(5,301)	(9,605)	(7,312)	1,836	20,694	41,920	
% of total liquidity-bearing assets:							
- December 31, 2008	1.1%	6.0%	9.9%	19.0%	29.6%	39.1%	
- December 31, 2007	-0.42%	-0.09%	0.05%	0.19%	0.39%	0.43%	

The Bank's liquidity, as its ability to settle its liabilities when due, principally depends upon the Bank's balance sheet structure, as well as on the matching between inflows and outflows of assets.

25. INTEREST RATE RISK

The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest rate risk requires special treatment under the existing local circumstances of frequent interest rate movements, and irregular capital supply and demand. Interest rate risk is unfavorable when there is fluctuation in the price of a loan in relation to the level of the effective interest rates on deposits, and the potential of a reduction in the optimal difference between the average interest rates applied to loans on one side, and to deposits on the other.

The table below shows the Bank's exposure to interest rate risk as of December 31, 2008.

	Less than One month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years
Interest rate sensitive assets						
Interest-bearing deposits in other institutions	2,238	-	-	-	-	2,238
Loans and other receivables	8,926	5,937	6,334	11,114	28,687	60,998
Total	11,164	5,937	6,334	11,114	28,687	63,236
% of the total interest-bearing assets	17.65%	9.39%	10.02%	17.58%	45.36%	100.00%
Interest rate sensitive liabilities						
Interest bearing deposits	17,795	3,178	3,990	5,601	9,046	39,610
Interest-bearing borrowings	973	38	69	7,944	1,025	10,049
Total	18,768	3,216	4,059	13,545	10,071	49,659
% of the total interest-bearing liabilities	37.79%	6.48%	8.17%	27.28%	20.28%	100.00%
Interest rate exposure:						
- December 31, 2008	(7,604)	2,721	2,275	(2,431)	18,616	13,577
- December 31, 2007	(8,885)	(6,693)	22	(6,921)	17,662	(4,815)
Cumulative GAP:						
- December 31, 2008	(7,604)	(4,883)	(2,608)	(5,039)	13,577	
- December 31, 2007	(8,885)	(15,578)	(15,556)	(22,477)	(4,815)	

26. CURRENCY RISK

The following table summarizes the net foreign currency position of the Bank as of December 31, 2008. The Bank takes on exposure resulting from fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The management establishes limitations on the exposure levels per currencies and aggregately, and monitors such exposure on regular basis.

(thousands of €)

	RSD	**USD**	**GBP**	**CHF**	**Other**	**Total**
Assets in foreign currencies	-	2,280	23	37	28	2,368
Liabilities in foreign currencies	-	2,838	16	30	2	2,886
Net foreign exchange position:						
- December 31, 2008	-	(558)	7	7	26	
- December 31, 2007	-	2,406	14	63	8	
% of first- tier capital:						
- December 31, 2008	-	3,66%	0.05%	0.05%	0.17%	
- December 31, 2007	-	(4.06)%	0.02%	0.07%	0.02%	
Aggregate open position:						
- December 31, 2008	(518)					
- December 31, 2007	(1,001)					
% of first-tier capital:						
- December 31, 2008	(3,40)%					
- December 31, 2007	(3.96)%					

27. LITIGATIONS

At December 31, 2008, there are several litigations filed by legal and natural persons against the Bank. In the assessment of the legal sector of the Bank, the aggregate value of litigations amounted to EUR 242 thousand. The aforementioned amount does not include penalties that may be assessed upon conclusion of these legal suits, given that the management was unable to determine potential effects of penalties contingent on the resolution of these legal suits until the issuance of these financial statements. The total amount of litigations filed by the Bank amounted to EUR 855 thousand. The outcome of litigations is so far impossible to assess. However, based on the opinion of the management and the legal advisor, the Bank does not anticipate adverse effects thereof that could have materially significant effects of the financial statements issued by the Bank.

28. TAXATION RISKS

Montenegro tax legislation is subject to varying interpretations, and legislative changes occur frequently. The interpretation of tax legislation by tax authorities as applied to the transactions and activities of the Company may not concur with the views of the Bank's management.

29. CURRENT FINANCIAL CRISIS AND ITS IMPACT ON THE BANK

In 2008, the Bank’s operations were under the influence of the recent financial crisis and deterioration of economic conditions. In 2009, further decline in the market conditions is anticipated. Due to the current global crisis in the market and its weakening effects on domestic economic activities on the local market in Montenegro, the Bank will probably operate in more difficult and uncertain economic environment throughout 2009 and beyond. The impact of this crisis on the Bank’s business operations is currently not possible to fully predict and therefore there is an element of general uncertainty.

So far, the ongoing financial crisis has had a limited impact on the financial position and performance of the Bank owing to the internal acts of the Bank and limits imposed by the Central Bank of Montenegro.

The Bank regularly monitors risks associated with credit, liquidity, interest rates and foreign currencies. It is expected that the capital adequacy of the Bank will remain at the existing level, which is significantly above the prescribed capital adequacy. Given the conservative credit policy of the Bank, liquidity is satisfactory and it is expected to remain at a satisfactory level throughout 2009.

The deteriorating economic situation in the country will probably impact the position of certain industries (such as tourism, constructions, real estate and retail), and the ability of some clients to meet their loan obligations which may impact the amount of necessary provisions against credit losses arising from impairment in 2009, as well as other fields which require significant Management estimates, including the valuation of collaterals and securities. The 2008 financial statements contain significant estimates with respect to impairment charges, collateral valuation and the fair value of assets. Actual results may differ from these estimates. The key priorities of the Bank in 2009 will be the management of the financial portfolio adjusting to the changing economic environment and maintaining the Bank’s position on the market.

30. EXCHANGE RATES

The official exchange rates for major currencies used in the translation of balance sheet items denominated in foreign currencies, into euros as at December 31, 2008 and 2007 were as follows:

	December 31, 2008	December 31, 2007
USD	0.7093	0.6806
CHF	0.6683	0.6023
GBP	1.0265	1.3609