JSC Latvijas Krājbanka

Financial Statement

for the 3 months period ended 31 March 2007

(unaudited)

AS Latvijas Krājbanka
FINANCIAL STATEMENT

Riga

AS Latvijas Krājbanka
FINANCIAL STATEMENT

Table of contents

AS Latvijas Krājbanka
FINANCIAL STATEMENT

Balance sheet as at 31 march 2007 (thousands of Lats)

Name of the Item	Reporting 3 months period ending 31.03.2007 (unaudited)		Previous reporting 3 months period ending 31.03.2006 (unaudited)	
	Group	Bank	Group	Bank
Cash and balances due from the Bank of Latvia	51 597	51 597	18 389	18 389
Due from credit institutions	26 350	26 350	19 872	19 872
Available-for-sale assets	739	739	3	3
Financial assets designated at fair value through profit or loss	34 863	34 863	15 014	14 875
Loans and advances to customers	252 637	252 762	174 802	174 852
Held-to-maturity investments	14 503	14 503	8 681	8 681
Accrued income and prepayments	497	497	341	341
Fixed assets	11 507	11 475	9 248	9 242
Intangible assets	868	748	801	799
Investments in subsidiary and associate	-	606	-	126
Tax assets	659	659	115	115
Other assets	9 333	9 313	4 558	4 538
Total assets	**403 553**	**404 112**	**251 824**	**251 833**
Due to central banks	-	-	-	-
Due to credit institutions	6 361	6 361	510	510
Available-for-sale financial liabilities	247	247	205	205
Financial liabilities designated at amortisated cost of aquisition value	364 901	365 354	226 902	227 021
Accrued expenses and deffered income	283	283	243	243
Provisions	685	680	499	496
Deffered tax liability	1 680	1 672	1 594	1 594
Other liabilities	4 375	4 367	2 839	2 830
Total liabilities	**378 532**	**378 964**	**232 792**	**232 899**
Capital and reserves	25 021	25 148	18 907	18 934
Minority interest	-	-	125	-
Total capital and reserves and liabilities	**403 553**	**404 112**	**251 824**	**251 833**
Off-balance items				
Contingent liabilities	1 746	1 746	390	390

Commitments	16 801	16 801	13 098	13 098

Profit and Loss statement (thousands of Lats)

Name of the Item	Reporting 3 months period ending 31.03.2007 (unaudited)		Previous reporting 3 months period ending 31.03.2006 (unaudited)	
	Group	**Bank**	**Group**	**Bank**
Interest income	5 603	5 627	3 419	3 419
Interest expense	(2 824)	(2 827)	(1 317)	(1 320)
Dividend income	0	0	0	0
Commission income	2 006	1 991	1 629	1 622
Commission expenses	(441)	(440)	(336)	(335)
Profit/loss Net of financial assets and liabilities designated at fair value through profit or loss	(71)	(71)	103	106
Profit/loss from currency exchange trading and revaluation	410	410	302	302
Profit/loss from derecognition of property, equipment, investments property and intangible assets	(3)	(3)	-	-
Other operating income	223	222	251	251
Other operating expences	(85)	(64)	(50)	(50)
Administrative expenditure	(3 459)	(3 418)	(2 697)	(2 664)
Depreciation and amortisation of intangible assets and fixed assets, correction in their value	(445)	(445)	(446)	(445)
Result of formation impairment losses	(218)	(218)	(73)	(73)
Profit/loss of the reporting period	**696**	**764**	**785**	**813**
Attributable to:				
Shareholders of the Bank	**696**	**764**	**786**	**813**
Minority interest	**-**	**-**	**(1)**	**-**
	696	**764**	**785**	**813**
Basic earnings per share **(Lats per share)**	0,076	0,083	0,086	0,089

Cash flow statement (thousands of Lats)

Name of the Item	Reporting 3 months period ending 31.03.2007 (unaudited)		Previous reporting 3 months period ending 31.03.2006 (unaudited)	
	Group	Bank	Group	Bank
Operating activities				
Result before corporate income tax	824	892	897	925
Depreciation and amortisation	444	444	410	410
Impairment increase / (decrease)	-	-	52	52
Increase / (decrease) in provisions for liabilities and charges	959	945	379	378
Gain on revaluation of foreign currency	292	292	(38)	(38)
Loss/(gain) on revaluation of investments	(134)	(134)	25	25
Correction of consolidation	-	-	-	-
Loss / (gain) from disposal of fixed assets, net	9	9	-	-
Increase in cash and cash equivalents before changes in assets and liabilities, as a result of ordinary operations	**2 394**	**2 448**	**1 725**	**1 752**
Decrease in deferred income and accrued expenses	(990)	(989)	(2 238)	(2 238)
Decrease/(increase) in prepayments and accrued income	(91)	(91)	1 147	1 147
Net decrease /(increase) in derivative instruments	(352)	(352)	118	118
Decrease /(increase) in other assets	(8 671)	(8 684)	(3 308)	(3 292)
Increase/(decrease) in other liabilities	3 959	3 969	235	232
Decrease / (increase) investments	(17 554)	(17 554)	8 465	8 458
(Increase) in loans and advances to non-banking customers	(194)	(194)	2 951	2 951
Increase/(decrease) in liabilities due to the central bank and credit institutions	(7 583)	(7 568)	(3 980)	(4 032)
Increase/(decrease) in balances due to the central bank and credit institutions	-	-	-	-
Increase /(decrease) in deposits from the public	27 598	27 649	21 476	21 497
Net increase/(decrease) in cash and cash equivalents from operating activities before corporate income tax	**(1 484)**	**(1 366)**	**26 591**	**26 593**
(Paid corporate income tax)	(331)	(331)	(21)	(21)
Net increase in cash and cash equivalents from operating activities	**(1 815)**	**(1 697)**	**26 570**	**26 572**
Cash inflow/ outflow from investing activities				
(Purchase) of fixed and intangible assets	(1 912)	(1 910)	(654)	(654)
Proceeds from disposal of fixed and intangible assets	379	379	426	425
Investment in associate and subsidiary, net	-	(120)	-	-
Increase in cash and cash equivalents from investing activities	**(1 533)**	**(1 651)**	**(228)**	**(229)**
Cash inflow from financing activities				
Issue of shares and subordinated debt	2 820	2 820	-	-
Issue of securities	3 543	3 543	-	-
Increase in cash and cash equivalents from financing activities	**6 363**	**6 363**	-	-
Net increase/(decrease) in cash and cash equivalents	**3 015**	**3 015**	**26 342**	**26 343**
Cash and cash equivalents at the beginning of the year	**118 048**	**118 048**	**26 157**	**26 156**
Profit/(loss) from revaluation of foreign currency positions, net	(351)	(351)	39	39
Cash and cash equivalents at the end of the period	**120 712**	**120 712**	**52 538**	**52 538**

Statement of changes in shareholders' equity (thousands of Lats)

	Paid-in share capital LVL'000	Share premium LVL'000	Reserve capital and other reserves LVL'000	Revaluation reserve LVL'000	Retained earnings LVL'000	Total shareholders' equity of the Bank LVL'000
Balance as at 31 December 2005	**9,106**	**1,323**	**626**	**2,830**	**3,564**	**17,449**
Reversal of deferred tax from revaluation reserve	-	-	-	9	-	9
Net profit for the year	-	-	-	-	4,106	4,106
Balance as at 31 December 2006	**9,106**	**1,323**	**626**	**2,839**	**7,670**	**21,564**
Issue of shares	803	2,017	-	-		2,820
Net profit for the period	-	-	-	-	764	764
Balance as at 31 March 2007 (unaudited)	**9,909**	**3,340**	**626**	**2,839**	**8,434**	**25,148**

Statement of changes in shareholders' equity (thousands of Lats)

	Paid-in share capital LVL'000	Share premium LVL'000	Reserve capital and other reserves LVL'000	Revaluation reserve LVL'000	Retained earnings LVL'000	Minority interest LVL'000	Total shareholders' equity of the Group LVL'000
Balance as at 31 December 2005	**9,106**	**1,323**	**626**	**2,830**	**3,565**	**125**	**17,575**
Adjustment in the result of minority interest elimination**	-	-	-	-	5	(125)	(120)
Reversal of deferred tax from revaluation reserve	-	-	-	9	-	-	9
Net profit for the year	-	-	-	-	4,041	-	4,041
Balance as at 31 December 2006	**9,106**	**1,323**	**626**	**2,839**	**7,611**	**-**	**21,505**
Issue of shares	803	2,017	-	-	-	-	2,820
Net profit for the period	-	-	-	-	696	-	696
Balance as at 31 March 2007 (unaudited)	**9,909**	**3,340**	**626**	**2,839**	**8,307**	**-**	**25,021**

NOTES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union and the Latvian Financial and Capital Market Comission's ''Regulations on the preparation of annual reports and annual consolidated accounts for banks, investment brokerage firms and investment management companies".

b) *Basis of presentation*

The consolidated financial statements have been prepared on a historical cost basis, except for land and buildings that are presented in revalued amounts and derivative financial instruments and financial assets and financial liabilities held at fair value through profit or loss, that have been measure at fair value.

The financial statements are reported in thousands of lats (LVL'000), unless otherwise stated.

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank as at and for the year ended 31 March 2007 and 2006. Subsidiaries are consolidated from the date on which the control is transferred to the Bank. Control is achieved when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In preparing the consolidated financial statements, respective items have been evaluated in accordance with the uniform accounting policies and valuation principles applied by the Bank in conformity with the requirements of the Financial and Capital Market Commission and International Financial Reporting Standards. The subsidiaries' financial statements are included in the Group's consolidated financial statements based on the full consolidation method.

All items in the Bank's and Group's financial statements have prior year comparatives. Should the difference between information on the Group and that on the Bank be insignificant, such information on the Group is not separately presented.

d) *Income and expense recognition*

Interest income and expenses are recognized in the income statement on an accrual basis using the effective interest rate. Interest income includes various fixed payments, coupons earned on fixed income investments and trading securities and accrued discount and premium on treasury bills and other discounted investments. Fees and commissions and other income are credited to income when related transactions are completed. Non-interest expenses are recognized at the time the transaction occurs.

e) *Foreign currency translation*

Transactions denominated in foreign currencies are recorded in lats at the actual rates of exchange published by the Bank of Latvia at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into lats at the rate of exchange prevailing at the year-end. Any gain or loss resulting from a currency rate fluctuations subsequent to the date of the transaction is included in the income statement as a profit or loss from revaluation of foreign currency positions.

The principal foreign exchange rates (LVL to 1 foreign currency unit) published by the Bank of Latvia and used in the preparation of the Bank's balance sheet were as follows:

Reporting date	USD	EUR
As of 31 March 2007	0.528000	0.702804
As of 31 March 2006	0.582000	0.702804

f) *Corporate income tax*

Corporate income tax at the rate of 15% (2005:15%) is calculated in accordance with Latvian tax regulations and is based on the taxable profit reported for the taxation period.

Deferred taxes are provided for all temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using future tax rates enacted at the balance sheet date. Deferred tax liabilities arising from revaluation of fixed assets are disclosed in fixed assets revaluation reserve.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

g) *Earnings per share*

Earnings per share are calculated by dividing the attributable profit for the reporting period by the weighted average number of shares in issue during the reporting period.

h) *Impairment of financial assets*

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the greater of the following amounts: the market value which can be recovered from the sale of an asset under normal conditions, net of selling costs, or the estimated future economic benefits arising from the use of the asset. The largest components of the Group's assets are periodically tested for impairment and temporary impairments are provisioned through the profit and loss account "Impairment loss".

i) *Originated loans and provisions for loan impairment*

The loans originated by the Bank are categorized as loans and receivables, and are carried at amortized cost. All loans and receivables are recognized when cash is advanced to borrowers. Loans and receivables to non-banking customers represent the outstanding principal and accrued income balances less allowances for impaired loans and recievables.

If there is any objective evidence that a loan may be impaired (deterioration of a debtor's financial health, payment default, etc), the amortised cost of the loan is reduced through a provision to its estimated recoverable value.

When according to Management loans and advances cannot be recovered, they are written off and charged against the impairment allowance for possible credit losses. They are not written off until all the necessary legal procedures have been completed, and the Bank gains sufficient assurance about the unrecoverability of the loan, and the final amount of the loss is determined.

j) *Leases*

Finance leases, which confer rights and obligations similar to those attached to owned assets, are recognized as assets and liabilities at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The finance income is allocated to periods during the lease term to produce a constant periodic return on the net investments outstanding in respect of the finance leases.

k) *Financial instruments*

Classification

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Group has the intent and the ability to hold to maturity.

Financial instruments at fair value through profit or loss: the Bank at inception has designated these financial assets or liabilities as at fair value through profit or loss and trading investments. The sub category financial assets designated through profit and loss, are classified due to management way of analyse these assets that is compliant with documented risk management accepted by Asset and liability management committee (ALMCo). Assets are classified as designated through profit and loss when the ALMCo makes the decision about financial assets and liabilities or class of them before transaction is initialized.

Available-for-sale assets are financial assets that are not classified in one of the above mentioned groups.

Recognition

The Group recognizes a financial asset or a financial liability on its balance sheet when, and only when, the group becomes a party to the contractual provisions of the instrument.

Purchase of securities is accounted for using settlement date.

Measurement

Held-to-maturity investments are recognized at cost (including transaction costs) and subsequently remeasured at amortised cost less impairment losses. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Revaluation of financial assets at fair value through profit or loss, trading investments and available-for-sale assets are based on quoted market price. If quoted prices are not readily available the Bank uses alternative methods to determine fair value, for example, using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on the Management's best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, the information is based on market related measures at the balance sheet date. There are no assets where quoted prices are not available.

Revaluation of financial assets at fair value through profit or loss and trading investments is directly recognized in the income statement.

Derecognition

A financial asset is derecognised when the Bank loses control over contractual rights that comprise that asset. This occurs when the rights are realized, expire or are surrendered. A financial liability is derecognised when it is extinguished.

Held-to-maturity instruments and originated loans and receivables are derecognised on the day they are transferred by the Bank.

m) *Investments in privatization certificates*

Investments in privatization certificates are stated at their market value determined in accordance with instructions of the Bank of Latvia.

Unrealized profits or losses arising as a result of stating privatization certificates at market value are respectively credited or charged to the statement of income as profit or loss from the revaluation of securities.

l) *Derivatives*

In the normal course of business, the Bank is a party to contracts for forward foreign exchange rate and currency swap instruments. Receivables and payables arising from recognizing derivatives at their fair value are recognized in the balance sheet as the assets or liabilities of these agreements. Foreign exchange instruments are valued according to the forward rate that is determined based on differences arising between the exchange rates and interest rates of the respective currencies as at the date of the financial statements, as set by the Bank of Latvia. The revaluation result is disclosed as profit or loss from currency exchange trading.

m) *Intangible assets*

Intangible assets are recognized when it is probable that the asset will generate future economic benefits and their cost can be measured reliably. Intangible assets are amortized over the period of their useful economic life on a straight-line basis. Computer software is treated as an intangible asset only when it is not an integral part of the related hardware. The depreciation rates in rage of 12.5% till 20% is applied to intangible assets.

n) *Business combinations and goodwill*

Upon acquisition, subsidiaries are accounted for under the fair value method of accounting. Any goodwill arising on acquisition is recognised in the balance sheet, any negative goodwill is immediately charged to the income statement.

Goodwill represents the excess of the acquisition cost over the fair value of the Group's share of the net assets of the acquired subsidiary/ associated undertaking at the date of acquisition. Goodwill is reported in the balance sheet as a component of "Intangible fixed assets". Goodwill is not amortized and is tested for impairment at least on an annual basis.

o) *Fixed assets*

Fixed assets are recorded at historical cost, except for buildings that are carried at their revalued amount, less accumulated depreciation. If the recoverable amount of a fixed asset is lower than its carrying amount due to circumstances not considered to be temporary, the fixed asset is written down to its recoverable amount.

Depreciation is provided using the straight-line method over the estimated useful life of the asset. Assets under construction and preparation are not depreciated. The following depreciation rates have been applied:

Type of fixed assets	*Annual Rate*
Buildings	2%-6,667%
EDP equipment	25%
Equipment and fixtures	10%-33.33%
Transport vehicles	20%

Fixed assets maintenance and running repair costs are charged to the statement of income as incurred
Leasehold improvements and capital repair costs are capitalized and depreciated over the shorter of the useful economic life and the remaining lease contract period on a straight-line basis.

Land and buildings are revalued periodically.

Depreciation methods, useful lives and residual values are reassessed annually.

p) *Sale and repurchase agreements*

Sale and repurchase agreements are accounted for as financing transactions. Under sale and repurchase agreements, where the Group is the transferor, assets transferred remain on the

Group's balance sheet and are subject to the Group's usual accounting policies, with the purchase price received stated as a liability to the transferee.

Where the Group is the transferee, the assets are not recognized in the Group's balance sheet, but the purchase price paid to the transferor is included as a receivable from the transferor. Interest income or expense arising from outstanding sale and repurchase agreements is recognized in the income statement over the term of the agreement.

q) *Investments in associates*

Associates are enterprises in which the Bank has significant influence, but not control, over the financial and operation policies. The financial statements include the Bank's share of the total recognized gains and losses of associates on an equity accounted basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases. When the Bank's shares of losses exceed the carrying amount recognition of further losses is discontinued except to the extent that the Bank has incurred obligations in respect of the associate.

r) *Cash and cash equivalents*

Cash and cash equivalents comprise cash and deposits with the Bank of Latviua and other credit institutions with a remaining maturity of three months or less.

s) *Provisions*

A provision is recognized in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

t) *Accruals for employee holiday pay*

The accruals for vacations is estimated for the Group's personnel based on the total number of holidays earned but not taken, multiplied by the average daily remuneration expense for the preceding six months including social security contributions.

u) *Other off-balance sheet instruments*

In the ordinary course of business the Group is involved with commitments to extend loans and advances, set limits for credit cards accounts, issue overdrafts and financial guarantees, as well as commercial letters of credit. Such financial instruments are recorded in the financial statements when the respective contracts are concluded. The impairment on these instruments is recognized based on the accounting policy referred to in section v).

v) *Assets and liabilities under management*

Assets and liabilities managed by the Group on behalf of its customers, trusts and other institutions are not regarded as assets or liabilities of the Group and, therefore, are not included in its balance sheet. The Group assumes no risk for asset and liability under management.

w) *The fair value of financial assets and liabilities*

The fair value of financial assets and liabilities represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transactions. If according to Management of the Group the fair value of financial assets and liabilities is different than the balance sheet value, then the fair value of financial assets and liabilities is disclosed in the notes to the financial statements.

ADDITIONAL INFORMATION

Balance sheet as at 31 march 2007 (thousands of EUR)[1]

Name of the Item	Reporting 3 months period ending 31.03.2007 (unaudited)		Previous reporting 3 months period ending 31.03.2006 (unaudited)	
	Group	Bank	Group	Bank
Cash and balances due from the Bank of Latvia	73 416	73 416	26 165	26 165
Due from credit institutions	37 493	37 492	28 275	28 275
Available-for-sale assets	1 052	1 052	4	4
Financial assets designated at fair value through profit or loss	49 605	49 605	21 364	21 166

[1] For information purposes Financial statements are presented in EUR currency by rate of exchange 1 EUR=0,702804 LVL (31.03.2007. and 31.03.2006.)

Loans and advances to customers	359 470	359 648	248 721	248 792
Held-to-maturity investments	20 636	20 636	12 352	12 352
Accrued income and prepayments	708	708	485	485
Fixed assets	16 374	16 328	13 159	13 150
Intangible assets	1 235	1 064	1 139	1 137
Investments in subsidiary and associate	-	862	-	179
Tax assets	938	938	163	163
Other assets	13 278	13 251	6 486	6 458
Total assets	**574 205**	**575 000**	**358 313**	**358 326**
Due to central banks	-	-	-	-
Due to credit institutions	9 052	9 052	726	726
Available-for-sale financial liabilities	351	351	292	292
Financial liabilities designated at amortisated cost of aquisition value	519 207	519 851	322 852	323 022
Accrued expenses and deffered income	403	403	346	346
Provisions	975	967	709	705
Deffered tax liability	2 390	2 379	2 268	2 268
Other liabilities	6 225	6 214	4 040	4 026
Total liabilities	**538 603**	**539 217**	**331 233**	**331 385**
Capital and reserves	35 602	35 783	26 902	26 941
Minority interest	-	-	178	-
Total capital and reserves and liabilities	**574 205**	**575 000**	**358 313**	**358 326**
Off-balance items				
Contingent liabilities	2 484	2 484	555	555
Commitments	23 905	23 905	18 637	18 637

AS Latvijas Krājbanka
FINANCIAL STATEMENT

Profit and Loss statement (thousands of EUR)[1]

Name of the Item	Reporting 3 months period ending 31.03.2007 (unaudited)		Previous reporting 3 months period ending 31.03.2006 (unaudited)	
	Group	Bank	Group	Bank
Interest income	7 972	8 007	4 865	4 865
Interest expense	(4 018)	(4 022)	(1 874)	(1 878)
Dividend income	0	0	0	0
Commission income	2 855	2 833	2 318	2 308
Commission expenses	(628)	(626)	(478)	(477)
Profit/loss Net of financial assets and liabilities designated at fair value through profit or loss	(101)	(101)	146	151
Profit/loss from currency exchange trading and revaluation	583	583	430	430
Profit/loss from derecognition of property, equipment, investments property and intangible assets	(5)	(5)	-	-
Other operating income	318	316	357	357
Other operating expences	(121)	(92)	(71)	(71)
Administrative expenditure	(4 922)	(4 863)	(3 837)	(3 791)
Depreciation and amortisation of intangible assets and fixed assets, correction in their value	(633)	(632)	(635)	(633)
Result of formation impairment losses	(310)	(310)	(104)	(104)
Profit/loss of the reporting period	**990**	**1 088**	**1 117**	**1 157**
Attributable to:				
Shareholders of the Bank	**990**	**1 088**	**1 119**	**1 157**
Minority interest	**-**	**-**	**(2)**	**-**
	990	**1 088**	**1 117**	**1 157**
Basic earnings per share **(euro per share)**	**0,108**	**0,119**	**0,123**	**0,127**

[1] For information purposes Financial statements are presented in EUR currency by rate of exchange 1 EUR=0,702804 LVL (31.03.2007. and 31.03.2006.)

AS Latvijas Krājbanka
FINANCIAL STATEMENT

Cash flow statement (thousands of EUR)[1]

Name of the Item	Reporting 3 months period ending 31.03.2007 (unaudited)		Previous reporting 3 months period ending 31.03.2006 (unaudited)	
	Group	Bank	Group	Bank
Operating activities				
Result before corporate income tax	1 172	1 269	1 276	1 316
Depreciation and amortisation	632	632	583	583
Impairment increase / (decrease)	-	-	74	74
Increase / (decrease) in provisions for liabilities and charges	1 365	1 345	540	538
Gain on revaluation of foreign currency	415	415	(54)	(54)
Loss/(gain) on revaluation of investments	(191)	(191)	36	36
Correction of consolidation	-	-	-	-
Loss / (gain) from disposal of fixed assets, net	13	13	-	-
Increase in cash and cash equivalents before changes in assets and liabilities, as a result of ordinary operations	**3 406**	**3 483**	**2 455**	**2 493**
Decrease in deferred income and accrued expenses	(1 408)	(1 407)	(3 184)	(3 184)
Decrease/(increase) in prepayments and accrued income	(129)	(129)	1 632	1 632
Net decrease /(increase) in derivative instruments	(501)	(501)	168	168
Decrease /(increase) in other assets	(12 338)	(12 356)	(4 707)	(4 684)
Increase/(decrease) in other liabilities	5 633	5 647	334	330
Decrease / (increase) investments	(24 977)	(24 977)	12 045	12 035
(Increase) in loans and advances to non-banking customers	(276)	(276)	4 199	4 199
Increase//(decrease) in liabilities due to the central bank and credit institutions	(10 790)	(10 768)	(5 663)	(5 737)
Increase//(decrease) in balances due to the central bank and credit institutions	-	-	-	-
Increase /(decrease) in deposits from the public	39 268	39 341	30 558	30 587
Net increase in cash and cash equivalents from operating activities before corporate income tax	**(2 112)**	**(1 943)**	**37 837**	**37 839**
(Paid corporate income tax)	(471)	(471)	(30)	(30)
Net increase in cash and cash equivalents from operating activities	**(2 583)**	**(2 414)**	**37 807**	**37 809**
Cash inflow/ outflow from investing activities				
(Purchase) of fixed and intangible assets	(2 720)	(2 718)	(931)	(931)
Proceeds from disposal of fixed and intangible assets	539	539	606	605
Investment in associate and subsidiary, net	-	(171)	-	-
Increase in cash and cash equivalents from investing activities	**(2 181)**	**(2 350)**	**(325)**	**(326)**
Cash inflow from financing activities				
Issue of shares and subordinated debt	4 012	4 012	-	-
Issue of securities	5 041	5 041	-	-
Increase in cash and cash equivalents from financing activities	**9 053**	**9 053**	-	-
Net increase/(decrease) in cash and cash equivalents	**4 289**	**4 289**	**37 482**	**37 483**
Cash and cash equivalents at the beginning of the year	**167 967**	**167 967**	**37 218**	**37 217**
Profit/(loss) from revaluation of foreign currency positions, net	(499)	(499)	55	55
Cash and cash equivalents at the end of the period	**171 757**	**171 757**	**74 755**	**74 755**

[1] For information purposes Financial statements are presented in EUR currency by rate of exchange 1 EUR=0,702804 LVL (31.03.2007. and 31.03.2006.)

AS Latvijas Krājbanka
FINANCIAL STATEMENT

Statement of changes in shareholders' equity (thousands of EUR)[1]

	Paid-in share capital EUR'000	Share premium EUR'000	Reserve capital and other reserves EUR'000	Revaluation reserve EUR'000	Retained earnings EUR'000	Total shareholders' equity of the Bank EUR'000
Balance as at 31 December 2005	**12,957**	**1,883**	**891**	**4,026**	**5,071**	**24,828**
Reversal of deferred tax from revaluation reserve	-	-	-	13	-	13
Net profit for the year	-	-	-	-	5,842	5,842
Balance as at 31 December 2006	**12,957**	**1,883**	**891**	**4,039**	**10,913**	**30,683**
Issue of shars						
Net profit for the period	1,143	2,870				4,013
Balance as at 31 March 2007 (unaudited)	-	-	-	-	1,087	1,087
Balance as at 31 December 2005	**14,100**	**4,753**	**891**	**4,039**	**12,000**	**35,783**

Statement of changes in shareholders' equity (thousands of EUR)[1]

	Paid-in share capital EUR'000	Share premium EUR'000	Reserve capital and other reserves EUR'000	Revaluation reserve EUR'000	Retained earnings EUR'000	Minority interest EUR'000	Total shareholders' equity of the Group EUR'000
Balance as at 31 December 2005	**12,957**	**1,883**	**891**	**4,026**	**5,072**	**178**	**25,007**
Adjustment in the result of minority interest elimination**	-	-	-	-	7	(178)	(171)
Reversal of deferred tax from revaluation reserve	-	-	-	13	-	-	13
Net profit for the year	-	-	-	-	5,750	-	5,750
Balance as at 31 December 2006	**12,957**	**1,883**	**891**	**4,039**	**10,829**	**-**	**30,599**
Issue of shars							
Net profit for the period	1,143	2,870	-	-	-	-	4,013
Balance as at 31 March 2007 (unaudited)	-	-	-	-	990	-	990

[1] For information purposes Financial statements are presented in EUR currency by rate of exchange 1 EUR=0,702804 LVL (31.03.2007. and 31.03.2006.)

Balance as at 31 December 2005	**14,100**	**4,753**	**891**	**4,039**	**11,819**	**-**	**35,602**

Supervisory Council as at the date of signing financial statements:

Name, surname	*Position*	*Date of appointment/ Reappointment*
Raimondas Baranauskas	Chairmen of the Council	28/10/2005 / 29/09/2006 / 23/03/2007
Aleksandr Antonov	Deputy Chairman of the Council	28/10/2005 / 29/09/2006 / 23/03/2007
Michael Duncan Chartres	Member of the Council	23/03/2007
Dmitry Jakovlev	Member of the Council	23/03/2007
Naglis Stancikas	Member of the Council	28/10/2005 / 29/09/2006 / 23/03/2007
Oleg Suhorukov	Member of the Council	28/10/2005 / 29/09/2006 / 23/03/2007
Žoržas Šarafanovičius	Member of the Council	23/03/2007

Based on the shareholders' meeting decision on 23/03/2007 the number of Council members was increased from 5 to 7, wherewith all Supervisory Council was reappointed. All previous members were reelected, except Veronika Doļenko. Together as members of Council were elected Michael Duncan Chartres, Dmitry Jakovlev and Žoržas Šarafanovičius.

There have been no other changes in the composition of the Supervisory Council from 1 January 2007 until the date of signing these financial statements.

Management Board as at the date of signing financial statements:

Name, surname	***Position***	***Date of appointment/ Reappointment***
Mārtiņš Bondars	Chairman of the Board / President	03/07/2006
Dzintars Pelcbergs	First Deputy Chairman of the Board / First Vice President	02/01/2006
Svetlana Ovčiņņikova	Member of the Board	19/06/2006
Andrejs Surmačs	Member of the Board	28/10/2005
Ēvalds Trukšans	Member of the Board	27/12/2005
Jānis Tukāns	Member of the Board	13/04/2006

There have been no any changes in the composition of the Management Board from 1 January 2007 until the date of signing these financial statements.

Raimondas Baranauskas	Mārtiņš Bondars
Chairmen of the Council	Chairmen of the Board / President

Riga
22 May 2007