

AS Latvijas Krājbanka

**Reflection of a shortened version of the Consolidated annual report
in euro currency.**

**The Consolidated annual report was approved on March 6th 2009.
The report has informative character.**

**Financial statements in EUR currency by rate of exchange 1 EUR=0,702804 LVL
(31.12.2008 and 31.12.2007).**

**AS LATVIJAS KRĀJBANKA
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

| EUR '000 | Group 2008 | Group 2007 | Bank 2008 | Bank 2007 |
|-------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Interest revenue | 59,862 | 46,273 | 57,466 | 46,235 |
| Interest expense | (32,231) | (23,864) | (31,673) | (23,896) |
| Net interest revenue | 27,631 | 22,409 | 25,793 | 22,339 |
| Commission and fee revenue | 12,047 | 10,857 | 11,750 | 10,583 |
| Commission and fee expense | (2,733) | (2,672) | (2,720) | (2,656) |
| Net commission and fee revenue | 9,314 | 8,185 | 9,030 | 7,927 |
| Dividend revenue | - | - | 43 | 11 |
| Net result on sale of securities and foreign exchange trading and revaluation | 9,104 | 5,263 | 9,143 | 5,263 |
| Other operating revenue | 2,631 | 1,642 | 1,872 | 1,634 |
| Operating revenue | 48,680 | 37,499 | 45,881 | 37,174 |
| Personnel expense | (17,022) | (13,479) | (15,895) | (13,135) |
| Depreciation and amortisation expense | (3,256) | (2,729) | (3,046) | (2,693) |
| Other operating expenses | (16,315) | (11,491) | (15,253) | (11,278) |
| Total operating expenses | (36,593) | (27,699) | (34,194) | (27,106) |
| Impairment losses | (7,241) | (1,443) | (6,560) | (1,443) |
| Profit before corporate income tax | 4,846 | 8,357 | 5,127 | 8,625 |
| Corporate income tax | (885) | (1,308) | (847) | (1,297) |
| Profit for the reporting year | 3,961 | 7,049 | 4,280 | 7,328 |
| Attributable to: | | | | |
| Shareholders of the Bank | 3,941 | 7,049 | 4,280 | 7,328 |
| Minority interest | 20 | - | - | - |
| Basic earnings per share (EUR per share) | 0.324 | 0.723 | | |
| Diluted earnings per share (EUR per share) | 0.277 | 0.563 | | |

AS LATVIJAS KRĀJBANKA
BALANCE SHEET
AS AT 31 DECEMBER 2008

| EUR '000 | Group 31.12.2008 | Group 31.12.2007 | Bank 31.12.2008 | Bank 31.12.2007 |
|------------------------------------------------------------------|---------------------|---------------------|--------------------|--------------------|
| Assets | | | | |
| Cash and deposits with the central bank | 82,830 | 68,513 | 82,705 | 68,513 |
| Due from credit institutions and the central bank | 315,456 | 391,301 | 313,743 | 391,301 |
| Loans and advances to customers | 481,685 | 423,562 | 486,358 | 424,367 |
| Financial assets at fair value through profit or loss | 8,897 | 31,282 | 8,699 | 31,282 |
| Financial assets held for trading | 423 | - | - | - |
| Available-for-sale financial assets | 1 | - | - | - |
| Held-to-maturity investments | 29,943 | 6,754 | 29,647 | 6,754 |
| Investments in subsidiaries | - | - | 6,231 | 911 |
| Intangible assets | 2,221 | 1,707 | 1,793 | 1,518 |
| Fixed assets | 31,835 | 27,691 | 31,128 | 27,215 |
| Prepayments and accrued income | 820 | 922 | 785 | 891 |
| Other assets | 15,541 | 3,503 | 6,249 | 3,159 |
| Total assets | 969,652 | 955,235 | 967,338 | 955,911 |
| Liabilities | | | | |
| Due to the central bank and credit institutions | 53,766 | 37,945 | 49,367 | 37,945 |
| Deposits from the customers | 827,807 | 833,986 | 832,088 | 834,615 |
| Derivative liabilities | 1,504 | 649 | 1,504 | 649 |
| Debt securities issued | 5,128 | 5,112 | 5,128 | 5,112 |
| Deferred income and accrued expenses | 2,168 | 2,583 | 2,097 | 2,514 |
| Corporate income tax liability | 736 | 1,369 | 711 | 1,359 |
| Deferred tax liability | 1,323 | 1,207 | 1,323 | 1,207 |
| Other liabilities | 5,211 | 1,350 | 2,894 | 1,113 |
| Subordinated debt | 12,846 | 12,682 | 12,846 | 12,682 |
| Total liabilities | 910,489 | 896,883 | 907,958 | 897,196 |
| Shareholders' equity | | | | |
| Paid-in share capital | 17,287 | 17,287 | 17,287 | 17,287 |
| Share premium | 17,501 | 17,501 | 17,501 | 17,501 |
| Reserve capital and other reserves | 891 | 891 | 891 | 891 |
| Revaluation reserve | 7,632 | 7,615 | 7,632 | 7,615 |
| Foreign currency translation reserve | (458) | - | - | - |
| Retained earnings | 15,367 | 15,058 | 16,069 | 15,421 |
| Total issued capital and reserves attributable to equity holders | 58,220 | 58,352 | 59,380 | 58,715 |
| Minority interest | 943 | - | - | - |
| Total shareholders' equity | 59,163 | 58,352 | 59,380 | 58,715 |
| Total liabilities and shareholders' equity | 969,652 | 955,235 | 967,338 | 955,911 |

AS LATVIJAS KRĀJBANKA
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

| Group EUR '000 | Attributable to equity holders of the parent | | | | | | | Total shareholders' equity and minority interest |
|-------------------------------------------------------------------------------|----------------------------------------------|------------------|---------------------------------------------|------------------------|-----------------------------------------------|----------------------|----------------------|--------------------------------------------------------------|
| | Paid – in share capital | Share premium | Reserve capital and other reserves | Revaluation reserve | Foreign currency translation reserve | Retained earnings | Minority interest | |
| Balance as at 31 December 2006 | 12,957 | 1,882 | 891 | 4,039 | - | 10,830 | - | 30,599 |
| Change in deferred tax related to revaluation reserve | - | - | - | (194) | - | - | - | (194) |
| Revaluation charged | - | - | - | 3,770 | - | - | - | 3,770 |
| Total revenue and expense for the year recognised directly in equity | - | - | - | 3,576 | - | - | - | 3,576 |
| Profit for the year | - | - | - | - | - | 7,049 | - | 7,049 |
| Total revenue and expense for the year | - | - | - | 3,576 | - | 7,049 | - | 10,625 |
| Dividends paid | - | - | - | - | - | (2,821) | - | (2,821) |
| Issue of shares | 4,330 | 15,619 | - | - | - | - | - | 19,949 |
| Balance as at 31 December 2007 | 17,287 | 17,501 | 891 | 7,615 | - | 15,058 | - | 58,352 |
| Change in deferred tax related to revaluation reserve | - | - | - | 17 | - | - | - | 17 |
| Currency translation differences | - | - | - | - | (458) | - | (441) | (899) |
| Total revenue and expense for the year recognised directly in equity | - | - | - | 17 | (458) | - | (441) | (882) |
| Profit for the year | - | - | - | - | - | 3,941 | 20 | 3,961 |
| Total revenue and expense for the year | - | - | - | - | - | 3,941 | 20 | 3,961 |
| Dividends paid | - | - | - | - | - | (3,632) | - | (3,632) |
| Minority interest | - | - | - | - | - | - | 1,364 | 1,364 |
| Balance as at 31 December 2008 | 17,287 | 17,501 | 891 | 7,632 | (458) | 15,367 | 943 | 59,163 |

| Bank EUR '000 | Paid – in share capital | Share premium | Reserve capital and other reserves | Revaluation reserve | Retained earnings | Total shareholders' equity and minority interest |
|----------------------------------------------------------------------------|------------------------------------|--------------------------|-------------------------------------------------------|--------------------------------|------------------------------|---------------------------------------------------------------------|
| Balance as at 31 December 2006 | 12,957 | 1,882 | 891 | 4,039 | 10,914 | 30,683 |
| Change in deferred tax related to revaluation reserve | - | - | - | (194) | - | (194) |
| Revaluation charged | - | - | - | 3,770 | - | 3,770 |
| Total revenue and expense for the year recognised directly in equity | - | - | - | 3,576 | - | 3,576 |
| Profit for the year | - | - | - | - | 7,328 | 7,328 |
| Total revenue and expense for the year | - | - | - | 3,576 | 7,328 | 10,904 |
| Dividends paid | - | - | - | - | (2,821) | (2,821) |
| Issue of shares | 4,330 | 15,619 | - | - | - | 19,949 |
| Balance as at 31 December 2007 | 17,287 | 17,501 | 891 | 7,615 | 15,421 | 58,715 |
| Change in deferred tax related to revaluation reserve | - | - | - | 17 | - | 17 |
| Total revenue and expense for the year recognised directly in equity | - | - | - | 17 | - | 17 |
| Profit for the year | - | - | - | - | 4,280 | 4,280 |
| Total revenue and expense for the year | - | - | - | - | 4,280 | 4,280 |
| Dividends paid | - | - | - | - | (3,632) | (3,632) |
| Balance as at 31 December 2008 | 17,287 | 17,501 | 891 | 7,632 | 16,069 | 59,380 |

AS LATVIJAS KRĀJBANKA
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

| EUR '000 | Group 2008 | Group 2007 | Bank 2008 | Bank 2007 |
|---------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Cash flow from operating activities | | | | |
| Profit before corporate income tax | 4,846 | 8,357 | 5,127 | 8,625 |
| Depreciation and amortisation expense | 3,173 | 2,729 | 3,046 | 2,693 |
| Increase in impairment losses | 5,575 | - | 2,851 | - |
| (Gain)/loss on revaluation of foreign currency | (3,660) | 1,037 | (4,566) | 1,037 |
| (Gain)/loss on revaluation of investments | (16) | 171 | (37) | 171 |
| (Gain)/loss from disposals of fixed and intangible assets | | | | |
| | 90 | 3 | (4) | 3 |
| Net cash flow before changes in assets and liabilities, as a result of ordinary operations | 10,008 | 12,297 | 6,417 | 12,529 |
| Decrease/ (increase) in balances due from the central bank and credit institutions | 5,578 | (15,612) | 1,082 | (15,611) |
| (Increase) in loans and advances to customers | (58,076) | (151,909) | (64,848) | (152,514) |
| Decrease/(increase) in financial assets at fair value through profit or loss | 23,217 | (6,029) | 23,436 | (6,029) |
| Increase in financial assets held for trading | 19 | - | - | - |
| (Increase)/ decrease in held-to-maturity investments | (23,188) | 13,810 | (22,892) | 13,810 |
| (Increase)/ decrease in prepayments and accrued income | | | | |
| | 102 | (344) | 105 | (313) |
| (Increase) in other assets | (11,337) | (1,292) | (2,526) | (996) |
| (Increase) in balances due to the central bank and credit institutions | 13,227 | | 15,072 | - |
| Increase/ (decrease) in deposits from customers | (6,180) | 369,925 | (2,527) | 369,982 |
| Net decrease/(increase) in derivative instruments | 38 | (67) | 38 | (67) |
| Increase in debt securities issued | 16 | | 16 | |
| Increase/(decrease) in deferred income and accrued expenses | (414) | 766 | (417) | 697 |
| Increase/(decrease) in other liabilities | 1,431 | 758 | 1,781 | 546 |
| Net cash flow from operating activities | (45,559) | 222,303 | (45,263) | 222,034 |
| Income tax paid | (1,942) | (1,538) | (1,918) | (1,538) |
| Net cash flow from operating activities | (47,501) | 220,765 | (47,181) | 220,496 |
| Cash flow from investing activities | | | | |
| Purchase of fixed and intangible assets | (7,383) | (12,534) | (7,328) | (12,046) |
| Proceeds from disposal of fixed and intangible assets | 96 | 242 | 98 | 242 |
| Investments in subsidiaries, net of cash | (4,257) | - | (5,320) | (219) |
| Net cash flow investing activities | (11,544) | (12,292) | (12,550) | (12,023) |
| Cash flow from financing activities | | | | |
| Issue of shares | - | 4,330 | - | 4,330 |
| Share premium | - | 15,619 | - | 15,619 |
| Issue of debt securities | - | 5,112 | - | 5,112 |
| Dividends paid | (3,632) | (2,821) | (3,632) | (2,821) |
| Cash proceeds from issuing shares to minority investors in subsidiary | 765 | - | - | - |
| Proceeds from issue of subordinated debt | - | 1,762 | - | 1,762 |
| Net cash flow financing activities | (2,867) | 24,002 | (3,632) | 24,002 |
| Net cash flow | (61,912) | 232,475 | (63,363) | 232,475 |
| Cash and cash equivalents at the beginning of the year | 402,052 | 170,613 | 402,052 | 170,613 |
| Profit/(loss) from revaluation of foreign currency | 3,759 | (1,037) | 4,730 | (1,037) |
| Cash and cash equivalents at the end of the year | 343,899 | 402,051 | 343,419 | 402,051 |