



**AKCIJU SABIEDRĪBAS "LATVIJAS KRĀJBANKA" (JSC)
STATEMENT ON CORPORATE GOVERNANCE
FOR THE FINANCIAL YEAR 2009**

**APPROVED
by the decision of
AS "Latvijas Krājbanka" Board
dated March 11th, 2010
(Minutes no.19, 8th item of the agenda)**

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I INTRODUCTION

AS "Latvijas Krājbanka" (JSC) statement on corporate governance in 2009 (hereinafter referred to as the Report) was prepared in accordance with demands of the Financial Instrument Market Law and AS "NASDAQ OMX Riga" (hereinafter referred to also as – the Stock Exchange) rules "On Listing and Trading of Financial Instruments on the Market Regulated by the Exchange" and made according to the "comply with or explain" principle.

The statement was prepared according to the "Corporate Governance Principles and Recommendations on their Implementation" issued by AS "NASDAQ OMX Riga" in 2008 and available on the Stock Exchange website www.nasdaqomxbaltic.com.

In 2009 AS "Latvijas Krājbanka" complied with the corporate governance principles listed in the "Corporate Governance Principles and Recommendations on their Implementation" of the Stock Exchange as stipulated in the Report as long as it is within the competence of Krājbanka Board and Council under the legislation of the Republic of Latvia.

The stock capital of AS "Latvijas Krājbanka" as of 31 December 2009 and as of the day of approval of the Report comprised LVL 19 324 248. The stock capital consists of 19 321 414 ordinary bearer shares with voting right, right for receiving dividends and the liquidation quota, at nominal value LVL 1.00 per share, and of 2 834 "A" category preference shares with equal guaranteed rights for receiving dividends and the liquidation quota at nominal value LVL 1.00 per share. All 19 324 248 Krājbanka shares are listed in the Baltic Secondary List of AS "NASDAQ OMX Riga".

According to the section 56² of the Financial Instrument Market Law the present Report is publicly available in the office of AS "Latvijas Krājbanka" located at 15 Jāņa Daliņa Street, in Riga, and in electronic format – on the website of AS "Latvijas Krājbanka" www.lkb.lv in the section "For Shareholders and Investors".

Ivars Priedītis
Chairman of the Board

II PRINCIPLES OF GOOD CORPORATE GOVERNANCE

SHAREHOLDERS' MEETING

Shareholders realize their right to participate in the management of the Issuer at shareholders' meetings. In compliance with legal acts the Issuers shall call the annual shareholders' meeting as minimum once a year. Extraordinary shareholders' meetings shall be called as required.

1. Ensuring shareholders' rights and participation at shareholders' meetings

The Issuers shall ensure equal attitude towards all the shareholders – holders of one category of shares. All shareholders shall have equal rights to participate in the management of the Issuer – to participate at shareholders' meetings and receive information that shareholders need in order to make decisions.

- 1.1. It shall be important to ensure that all the holders of shares of one category have also equal rights, including the right to receive a share of the Issuer's profit as dividends or in another way in proportion to the number of the shares owned by them if such right is stipulated for the shares owned by them.

AS "Latvijas Krājbanka" (hereinafter referred to as – Krājbanka) complies with the present corporate governance principle.

The articles of association of Krājbanka do not determine any voting right limitation to shareholders nor the maximal voting right amount. According to the articles of association the shareholders are entitled to receive the part of profit, which is proportionally related to the part of shares owned by them.

The qualifying shareholding in the stock capital of Krājbanka is held by:

- AB Bankas "Snoras", having legal address at 7 A. Vivulskio Str., LT-03221, Vilnius, the Republic of Lithuania. As of December 31, 2009 the shareholding amount of AB Bankas "Snoras" comprised 53.22%;
- Mr. Vladimirs Antonovs, whose shareholding amount as of December 31, 2009 comprised 31.96%.

The articles of association of Krājbanka don't give special powers of control to any of shareholders, but the participation in the amount exceeding 75% of the share number with voting rights ensures the shareholder with the determinant influence, and namely a possibility to decide the issues on the increase or reduction of stock capital, amendment of the article of association, reorganization, cessation or continuation of activity, and other serious issues at his sole discretion.

Only the meeting of shareholders is authorised to amend the articles of association of Krājbanka. The decision about amendments to the articles of association is considered approved if not less than three quarters of votes of the present shareholders` with voting right are given. According to the articles of association of Krājbanka meeting of shareholders shall be competent, provided shareholders that represent a total of more than a half of the paid-up fixed capital participate therein.

- 1.2. The Issuer shall prepare a policy for the division of profit. In the preparation of the policy, it is recommended to take into account not only the provision of immediate benefit for the Issuer's shareholders by paying dividends to them but also the expediency of profit reinvesting, which would increase the value of the Issuer in

future. It is recommended to discuss the policy of profit division at a shareholders' meeting thus ensuring that as possibly larger a number of shareholders have the possibility to acquaint themselves with it and to express their opinion on it. The Report shall specify where the Issuer's profit distribution policy is made available.

Krājbanka has not introduced the approved profit distribution policy, but until now according to the shareholders' meeting decisions not less than 50% of Krājbanka profit have been directed toward business development, thus increasing future value of Krājbanka.

- 1.3. In order to protect the Issuer's shareholders' interest to a sufficient extent, not only the Issuers but also any other persons who in compliance with the procedure stipulated in legislative acts call, announce and organize a shareholders' meeting are asked to comply with all the issues referred to in these Recommendations in relation to calling shareholders' meetings and provision of shareholders with the required information.

Krājbanka complies with the present corporate governance principle.

- 1.4. Shareholders of the Issuers shall be provided with the possibility to receive in due time and regularly all the required information on the relevant Issuer, participate at meetings and vote on agenda issues. The Issuers shall carry out all the possible activities to achieve that as many as possible shareholders participate at meetings; therefore, the time and place of a meeting should not restrict the attendance of a meeting by shareholders. Therefore, it should not be admissible to change the time and place of an announced shareholders' meeting shortly before the meeting, which thus would hinder or even make it impossible for shareholders to attend the meeting.

Krājbanka complies with the present corporate governance principle.

- 1.5. The Issuers shall inform their shareholders on calling a shareholders' meeting by publishing a notice in compliance with the procedure and the time limits set forth in legislative acts. The Issuers are asked to announce the shareholders' meeting as soon as the decision on calling the shareholders' meeting has been taken; in particular, this condition applies to extraordinary shareholders' meetings. The information on calling a shareholders' meeting shall be published also on the Issuer's website on the Internet, where it should be published also at least in one foreign language. It is recommended to use the English language as the said other language so that the website could be used also by foreign investors. When publishing information on calling a shareholders' meeting, also the initiator of calling the meeting shall be specified.

Krājbanka complies with the present corporate governance principle.

- 1.6. The Issuer shall ensure that complete information on the course and time of the meeting, the voting on decisions to be adopted, as well as the agenda and draft decisions on which it is planned to vote at the meeting is available in due time to the shareholders. The Issuers shall also inform the shareholders whom they can address to receive answers to any questions on the arrangements for the shareholders' meeting and the agenda issues and ensure that the required additional information is provided to the shareholders.

Krājbanka complies with the present corporate governance principle.

- 1.7. The Issuer shall ensure that at least 14 (fourteen) days prior to the meeting the shareholders have the possibility to acquaint themselves with the draft decisions on the issues to be dealt with at the meeting, including those that have been submitted additionally already after the announcement on calling the meeting. The Issuer shall

ensure the possibility to read a complete text of draft decisions, especially if they apply to voting on amendments to the Issuer's statutes, election of the Issuer's officials, determination of their remuneration, division of the Issuer's profit and other issues.

Krājbanka complies with the present corporate governance principle.

- 1.8. In no way may the Issuers restrict the right of shareholders to nominate representatives of the shareholders for council elections. The candidates to the council and candidates to other offices shall be nominated in due time so that the information on the said persons would be available to the shareholders to the extent as stipulated in Clause 1.9 of this Section as minimum 14 (fourteen) days prior to the shareholders' meeting.

Krājbanka complies with the present corporate governance principle.

- 1.9. Especially, attention should be paid that the shareholders at least 14 (fourteen) days prior to the shareholders' meeting have the possibility to acquaint themselves with information on council member candidates and audit committee member candidates whose approval is planned at the meeting. When disclosing the said information, also a short personal biography of the candidates shall be published.

Krājbanka complies with the present corporate governance principle.

- 1.10. The Issuer may not restrict the right of shareholders to consult among them during a shareholders' meeting if it is required in order to adopt a decision or to make clear some issue.

Krājbanka complies with the present corporate governance principle.

- 1.11. To provide shareholders with complete information on the course of the shareholders' meeting, the Issuer shall prepare the regulations on the course of shareholders' meeting, in which the agenda of shareholders' meeting and the procedure for solving any organizational issues connected with the shareholders' meeting (e.g., registration of meeting participants, the procedure for the adoption of decisions on the issues to be dealt with at the meeting, the Issuer's actions in case any of the issues on the agenda is not dealt with, if it is impossible to adopt a decision etc.). The procedures adopted by the Issuer in relation to participation in voting shall be easy to implement.

Krājbanka complies with the present corporate governance principle. The information on the shareholders' registration for the meeting is published on the website of Krājbanka. Shareholders affirm the shareholders' meeting procedure regulations during the shareholders' meeting.

- 1.12. The Issuer shall ensure that during the shareholders' meeting the shareholders have the possibility to ask questions to the candidates to be elected at the shareholders' meeting and other attending representatives of the Issuer. The Issuer shall have the right to set reasonable restrictions on questions, for example, excluding the possibility that one shareholder uses up the total time provided for asking of questions and setting a time limit of speeches.

Krājbanka complies with the present corporate governance principle.

- 1.13. Since, if a long break of meeting is set, the right of shareholders to dispose of freely with their shares is hindered for an undetermined time period, it shall not be recommended to announce a break during a shareholders' meeting. The conditions upon which it is possible to announce a break shall be stipulated also in the

regulations on the course of meeting. A break of meeting may be a lunch break, a short break (up to 30 minutes) etc.

Krājbanka complies with the present corporate governance principle.

- 1.14. When entering the course and contents of discussions on the agenda issues to be dealt with at the shareholders' meeting in the minutes of shareholders' meeting, the chairperson of the meeting shall ensure that, in case any meeting participant requires it, particular debates are reflected in the minutes or that shareholder proposal or questions are appended thereto in written form.

Krājbanka complies with the present corporate governance principle.

2. Participation of members and member candidates of the Issuer's management institutions at shareholders' meetings

Shareholders' meetings shall be attended by the Issuer's board members, auditors, and as possibly many council members.

- 2.1. The attendance of members of the Issuer's management institutions and auditor at shareholders' meetings shall be necessary to ensure information exchange between the Issuer's shareholders and members of management institutions as well as to fulfill the right of shareholders to receive answers from competent persons to the questions submitted. The attendance of the auditor shall not be mandatory at shareholders' meetings at which issues connected with the finances of the Issuer are not dealt with. By using the right to ask questions shareholders have the possibility to obtain information on the circumstances that might affect the evaluation of the financial report and the financial situation of the Issuer.

Krājbanka ensures compliance with the present principle as far as it is under the competence of the Krājbanka Board and Council and as it is set by the act of the Republic of Latvia.

- 2.2. Shareholders' meetings shall be attended by the Issuer's official candidates whose election is planned at the meeting. This shall in particular apply to council members. If a council member candidate or auditor candidate is unable to attend the shareholders' meeting due to an important reason, then it shall be admissible that this person does not attend the shareholders' meeting. In this case, all the substantial information on the candidate shall be disclosed before the shareholders' meeting.

Krājbanka ensures compliance with the present principle as far as it is under the competence of the Krājbanka Board and Council and as it is set by the act of the Republic of Latvia.

- 2.3. During shareholders' meetings, the participants must have the possibility to obtain information on officials or official candidates who do not attend the meeting and reasons thereof. The reason of non-attendance should be entered in the minutes of shareholders' meeting.

Krājbanka ensures compliance with the present principle as far as it is under the competence of the Krājbanka Board and Council and as it is set by the act of the Republic of Latvia.

BOARD

The board is the Issuer's executive institution, which manages and represents the Issuer in its everyday business, therefore the Issuer shall ensure that it is efficient, able to take decisions, and committed to increase the value of the company, therefore its obligations and responsibilities have to be clearly determined.

Composition of Krājbanka board:

Name, surname	Position	Date of appointment/ reappointment	Term of appointment
Ivars Priedītis	Chairman of the Board/President	18/07/2007	3 years
Dzintars Pelcbērģs	First Deputy Chairman of the Board / First Vice President	02/01/2006 /03/01/2009	3 years
Svetlana Ovčinnikova	Member of the Board	19/06/2006 20/06/2009	3 years
Andrejs Surmačš	Member of the Board	28/10/2005/ 29/10/2008	3 years

Information on the Board Members of AS "Latvijas Krājbanka"

(Short professional biography and education)

Ivars Priedītis

Chairman of the Board (president)

Elected to the Board in July 2007. Starting from August 17 2009 the Chairman of the Board (president) of AS "Latvijas Krājbanka". Fulfills the duties of the Chairman of the Council in the following subsidiaries of AS "Latvijas Krājbanka" - AS "Pirmais atklātais pensiju fonds", AAS "LKB Life", SIA "LKB Līzings" and SIA "LKB Collect".

From 2001 until 2007 Mr. Priedītis worked at the Latvian Insurers Association – until 2005 he was the president and afterwards was elected as the Chairman of the Council of the Association.

Mr. Priedītis was the Board member and the Chairman of the Board between 2003 and 2007 at the enterprises of the "ERGO" group: AAS "ERGO Latvija", AAS "ERGO Latvija Dzīvība", AAS "ERGO Lietuva", AAS "ERGO Lietuva Dzīvība", AAS "ERGO Igaunija", AAS "ERGO Igaunija Dzīvība", AAS "ERGO Varahalduse Igaunija".

In 1977 obtained higher education at Riga Polytechnic Institute.

Dzintars Pelcbērģs

First deputy Chairman of the Board

Works in the banking sector since 1992. The first deputy Chairman of the Board of the AS "Latvijas Krājbanka" since January 2006, re-elected in December 2008.

Holds the position of Deputy Chairman on the Council within SIA "LKB Līzings" - the subsidiary company of AS "Latvijas Krājbanka".

From 2000 until December 2005 worked at the AS "Latvijas Tirdzniecības banka" (the Latvian Bank of Trade), where until September of 2004 he was the Deputy Chairman of the Board, and in 2004 he was elected as the Member of the Board-procurist.

Mr. Pelcberts has studied at the Department of Economics at the University of Latvia where he received a degree in 1993.

Svetlana Ovčinnikova
Member of the Board

Elected to the Board of Krājbanka in June 2006, re-elected in June 2009. Fulfils the duties of the Council member in the following subsidiaries of AS "Latvijas Krājbanka" - AS "Ieguldījumu pārvaldes sabiedrība "LKB Krājfondi" and AS "Ieguldījumu pārvaldes sabiedrība "LKB Asset Management". From 2005 until 2006 worked as a CFO at Sampo bank and fulfilled the duties of the Member of the Board. From 2002 until 2003 was a CFO at "Societe Generale de Surveillance".

In 1993 received a Degree in Economics at the University of Latvia and in 2005 received ACCA qualification.

Andrejs Surmačs
Member of the Board

In October 2005 was elected to the board of the Krājbanka, re-elected in October 2008. Holds the position of Council member in the following subsidiaries of AS "Latvijas Krājbanka" - SIA "LKB Līzings", AS "Ieguldījumu pārvaldes sabiedrība "LKB Krājfondi", AS "Ieguldījumu pārvaldes sabiedrība "LKB Asset Management", AS "Pirmais atklātais pensiju fonds", AAS "LKB Life" and SIA "LKB Collect".

From 1998 until October 2005 worked at the AS "Latvijas Tirdzniecības banka" (the Latvian Bank of Trade), in 1999 was elected the Board Member.

In 1999 received a Bachelor's Degree in Economics at the Riga Aviation University, in 2000 a Law Degree at the Baltic Russian Institute and in 2001 a Master's Degree in Economics at the University of Latvia.

Appointment and dismissal of the Board members is performed in accordance with Commercial law and the articles of association of Krājbanka. The Council has right to appoint and dismiss the Board members. Board members are elected for the 3-year period, and the Council elects the Chairman and the First Deputy Chairman of the Board (first vice-president) from the Board members. The Chairman of the Board and the First Deputy Chairman of the Board shall be entitled to represent the Krājbanka severally, but the rest Board Members - each together with another Board Member.

3. Obligations and responsibilities of the Board

The Issuers shall clearly and expressively determine the obligations and authorities of the board and responsibilities of its members, thus ensuring a successful work of the board and an increase in the Issuer's value.

- 3.1. The board shall have the obligation to manage the business of the Issuer, which includes also the responsibility for the realization of the objectives and strategies determined by the Issuer and the responsibility for the results achieved. The board shall be responsible for the said to the council and the shareholders' meeting. In fulfillment of its obligations, the board shall adopt decisions guided by interests of all the shareholders and preventing any potential conflict of interests.

Krājbanka complies with the present corporate governance principle.

- 3.2. The powers of the board shall be stipulated in the Board Regulations or a similar document, which is to be published on the website of the Issuer on the Internet. This document must be also available at the registered office of the Issuer.

The work of Krājbanka board is regulated and the functions of the Board are stipulated in the Commercial Law, Krājbanka Articles of association (published on the Krājbanka website) and in the regulations of Krājbanka Board, available in the office of Krājbanka located in Riga, 15 Jāņa Daliņa Street.

The Board manages Krājbanka in accordance with the normative act of the Republic of Latvia, the articles of association and the decisions of the shareholders` meeting. The Council approval is required for the certain Board decisions. They cover approval of operational principles and regulatory policies, budget and the operating plan, the documents regulating the credit policy, certain category loan granting, determined in the regulatory documents of the Bank, stock capital increase as stipulated in the clause 5.16 of the Articles of association, and remuneration to the employees of the Internal Audit. According to the Commercial Law, the items regarding the issue and repurchase of the Bank's shares are within the competence of the shareholders` meeting. The clause 5.16 of the articles of association of the Bank stipulates that during the time until September 1st 2014 the Board is entitled to pass resolution on the increase of the stock capital of the Bank in amount, which does not exceed LVL 3'900'000 (three million nine thousand lats). When increasing the stock capital in accordance with the order set in the clause 5.16 of the articles of association, the new issues shares shall be paid only with money, and the share payment due date shall be no longer than three months from the day, when the resolution on the increase of the stock capital was adopted.

- 3.3. The board shall be responsible also for the compliance with all the binding regulatory acts, risk management, as well as the financial activity of the Issuer.

Krājbanka complies with the present corporate governance principle.

- 3.4. The board shall perform certain tasks, including:

- 1) corporate strategies, work plan, risk control procedure, assessment and advancement of annual budget and business plans, ensuring control on the fulfillment of plans and the achievement of planned results ;
- 2) selection of senior managers of the Issuer, determination of their remuneration and control of their work and their replacement, if necessary, in compliance with internal procedures (e.g. personnel policy adopted by the Issuer, remuneration policy etc.);
- 3) timely and qualitative submission of reports, ensuring also that the internal audits are carried out and the disclosure of information is controlled.

Krājbanka complies with the present corporate governance principle.

- 3.5. In annual reports, the board shall confirm that the internal risk procedures are efficient and that the risk management and internal control have been carried out in compliance with the said control procedures throughout the year.

Krājbanka complies with the present corporate governance principle.

- 3.6. It shall be preferable that the board submits decisions that determine the objectives and strategies for achievement thereof (participation in other companies, acquisition or alienation of property, opening of representation offices or branches, expansion of business etc) to the Issuer's council for approval.

The Board manages Krājbanka in accordance with the normative act of the Republic of Latvia, the articles of association and the decisions of the shareholders` meeting. Pursuant to the article of association the Council approval is required for the certain Board decisions. They cover approval of operational principles and regulatory policies, budget and the operating plan, the documents regulating the credit policy, certain category loan granting, determined in the regulatory documents of the Bank, stock capital increase as stipulated in the clause 5.16 of the Articles of association, and remuneration to the employees of the Internal Audit.

4. Board composition and requirements for board members

A board composition approved by the Issuer shall be able to ensure sufficiently critical and independent attitude in assessing and taking decisions.

- 4.1. In composing the board, it shall be observed that every board member has appropriate education and work experience. The Issuer shall prepare a summary of the requirements to be set for every board member, which specifies the skills, education, previous work experience and other selection criteria for every board member.

Krājbanka complies with the present corporate governance principle. The requirements regarding education, work experience and reputation for the Board members of credit institutions are specified in the Credit Institution Law.

- 4.2. On the Issuer's website on the Internet, the following information on every Issuer's board member shall be published: name, surname, year of birth, education, office term, position, description of the last three year's professional experience, number of the Issuer's or its parent companies/subsidiaries shares owned by the member, information on positions in other capital companies.

Krājbanka complies with the present corporate governance principle..

- 4.3. In order to fulfill their obligations successfully, board members must have access in due time to accurate information on the activity of the Issuer. The board must be capable of providing an objective evaluation on the activity of the Issuer. Board members must have enough time for the performance of their duties.

Krājbanka complies with the present corporate governance principle.

- 4.4. It is not recommended to elect one and the same board member for more than four successive terms. The Issuer has to evaluate whether its development will be facilitated in the result of that and whether it will be possible to avoid a situation where greater power is concentrated in hands of one or a number of separate persons due to their long-term work at the Issuer. If, however, such election is admitted, it shall be recommended to consider changing the field of work of the relevant Board member at the Issuer.

Krājbanka complies with the present corporate governance principle.

5. Identification of interest conflicts in the work of board members

Every board member shall avoid any interest conflicts in his/her work and be maximally independent from any external circumstances and willing to assume

responsibility for the decisions taken and comply with the general ethical principles in adopting any decisions connected with the business of the Issuer.

5.1 It shall be the obligation of every board member to avoid any, even only supposed, interest conflicts in his/her work. In taking decisions, the interests of the Issuer shall guide board members and not use the cooperation offers proposed to the Issuer to obtain personal benefit.

Krājbanka complies with the present corporate governance principle.

5.2 On the occurrence of any interest conflict or even only on its possibility, a board member shall notify other board members without delay. Board members shall notify on any deal or agreement the Issuer is planning to conclude with a person who has close relationship or is connected with the board member in question, as well as inform on any interest conflicts occurred during the validity period of concluded agreements.

For the purposes of these Recommendations the following shall be regarded as persons who have close relationship with a board member: spouses, a relative, including kinship of second degree or brother-in-law of first degree, or persons with whom the board member has had a common household for at least one year. For the purposes of these recommendations the following shall be regarded as persons who are connected with a board member: legal persons where the board member or a closely related to him/her person is a board or council member, performs the tasks of an auditor or holds another managing office in which he or she could determine or affect the business strategy of the respective legal entity.

Krājbanka complies with the present corporate governance principle.

5.3 Board members should not participate in taking decisions that could cause an interest conflict.

Krājbanka complies with the present corporate governance principle.

COUNCIL

In compliance with legal acts a council is the institution that supervises the Issuer and represents interests of shareholders between meetings in cases stipulated in the law and in the statutes of the Issuer, supervises the work of the board.

Supervisory Council of Krājbanka

Name, surname	Position	Date of appointment/ reappointment	Term of appointment
Raimondas Baranauskas	Chairman of the Council	28/10/2005 \\ 07/09/2009	3 years
Aleksandrs Antonovs	Deputy Chairman of the Council	28/10/2005 \\ 07/09/2009	3 years
Naglis Stancikas	Member of the Councils	28/10/2005 \\ 07/09/2009	3 years
Oļegs Suhorukovs	Member of the Council	28/10/2005 \\ 07/09/2009	3 years
Vladimirs Antonovs	Member of the Council	07/09/2009	3 years
Mārtiņš Bondars	Member of the Council	07/09/2009	3 years

Information on the Council Members of AS "Latvijas Krājbanka"

(Short professional biography and education)

Raimondas Baranauskas

On October 28, 2005 was elected Chairman of the Council of AS „Latvijas Krājbanka”, re-elected on September 7, 2009.

Since 2003 Chairman of the Board of AB Bankas „Snoras”, from 1994 until 2003 was the head of administration (the position title was changed to Chairman of the Board in 2003).

Since January 2009 the Member of Supervisory Council of AB Bankas “Finasta”

Has studied and obtained higher education In Vilnius State University, Faculty of Economics.

Aleksandrs Antonovs

On October 28, 2005 was elected to the Council of Krājbanka, since September 29, 2009 works in the position of deputy Chairman of the Council, re-elected on September 7, 2009.

Since October 2005 President of JSC “Convers Group Management Company ”,

Since April 2008 member of Supervisory Council of AKB „Investbank”;

Since April 2006 member of Supervisory Council of AB Bankas „Snoras”;

Since November 2009 the Member of Supervisory Council of AB Bankas “Finasta”;

Since October 2008 the member of Auditing Committee of AS “Latvijas Krājbanka”.

Graduated from Russian Academy of Economics, department of Finances and Credit.

Vladimirs Antonovs

On September 7, 2009 was elected to the Council of Krājbanka.

Since September 2003 councillor to the president of the AS “Management Company “Comvers Group”, since October 2005 the Chairman of the Supervisory Council;

Since March 2004 the Chairman of the Supervisory Council of AB Bankas „Snoras”;

Since February 2008 the Chairman of the Board of Directors of the “Banco Transatlantico S.A.”;

Since April 2009 the Chairman of the Supervisory Council of AB “Finasta Holding” (the former company name UAB “SNORO Investiciju Valdymas”);

Since September 2009 first deputy Chairman of the Board of AKB “Investbank”;

Since November 2009 the Member of the Supervisory Council of AB Bankas “Finasta”;

In graduated from Plekhanov Russian Academy of Economics, department of Finance and Credit.

Naglis Stancikas

On October 28, 2005 was elected to the Council of Krājbanka, re-elected on September 7, 2009.

Since September 2006 Deputy Chairman of the Board (first vice-president) of AB Bankas „Snoras”, since 2004 – Member of the Board and director of Finance Management Division;

Since June 2009 the Chairman of the Board of UAB “SNORO turto valdymas”;

Since April 2009 the Chairman of the Board of AB “Finasta Holding” (the former company name UAB “SNORO Investiciju Valdymas”);

Since June 2009 the Chairman of the Board of UAB “SNORO Media Investicijos”;

Since September 2009 the Chairman of the Board of AB “FINASTA įmonių finansai”;

Since November 2009 the Member of the Supervisory Council of AB Bankas “Finasta”;

In 1993 obtained higher education in Lithuanian Academy of Agriculture, Department of Economy and Agricultural manufacturing complex branch management.

Oļegs Suhorukovs

On October 28, 2005 was elected to the Council of Krājbanka, re-elected on September 7, 2009.
Since April 2006 member of Supervisory Council of AB Bankas „Snoras”,
Since November 2006 vice-president of AS “Management Company “Convers Group””.
Since October 24, 2008 the member of Auditing Committee of AS “Latvijas Krājbanka”.
In 1997 obtained higher education in the Higher School of Economics and in Moscow Power Engineering Institute.

Mārtiņš Bondars

On September 7, 2009 was elected to the Council of Krājbanka.
From July 2006 until August 2009 – the Chairman of the Board (president) of AS “Latvijas Krājbanka”;
From 1999 until 2006 - Head of the Chancery of the President of Latvia.
Has studied in the University of Latvia, department of physics and mathematics, and in 1996 received BA in International business in the Lakeland College, Wisconsin, USA.

6. Obligations and responsibilities of the council

The objective of the Issuer’s council is to act in the interests of all the shareholders, ensuring that the value of the Issuer grows. The Issuer shall clearly determine the obligations of the council and the responsibility of the council members, as well as ensure that individual council members or groups thereof do not have a dominating role in decision making.

- 6.1 The functions of the council shall be set forth in the council regulation or a document equated thereto that regulates the work of the council, and it shall be published on the Issuer’s website on the Internet. This document shall be also available at the Issuer’s office.

The work of Krājbanka Council is regulated and the functions of the Council are stipulated in the Commercial Law, Krājbanka Articles of association and in the regulations of Krājbanka Council, available in the office of Krājbanka located in Riga, 15 Jāņa Daliņa Street.

- 6.2 The supervision carried out by the council over the work of the board shall include supervision over the achievement of the objectives set by the Issuer, the corporate strategy and risk management, the process of financial accounting, board’s proposals on the use of the profit of the Issuer, and the business performance of the Issuer in compliance with the requirements of regulatory acts. The council should discuss every of the said matters and express its opinion at least annually, complying with frequency of calling council meetings as laid down in regulatory acts, and the results of discussions shall be reflected in the minutes of the council’s meetings.

Krājbanka complies with the present corporate governance principle.

- 6.3 The council and every its member shall be responsible that they have all the information required for them to fulfill their duties, obtaining it from board members and internal auditors or, if necessary, from employees of the Issuer or external consultants. To ensure information exchange, the council chairperson shall contact the Issuer’s board, inter alia the board chairperson, on a regular basis and discuss all the most important issues connected with the Issuer’s business and development strategy, business activities, and risk management.

Krājbanka complies with the present corporate governance principle.

- 6.4 When determining the functions of the council, it should be stipulated that every council member has the obligation to provide explanations in case the council

member is unable to participate in council meetings. It shall be recommended to disclose information on the council members who have not attended more than a half of the council meetings within a year of reporting, providing also the reasons for non-attendance.

Krājbanka complies with the present corporate governance principle. During the accounting year the Council members have regularly participated at the Council meetings.

7. Council composition and requirements for council members

The council structure determined by the Issuer shall be transparent and understandable and ensure sufficiently critical and independent attitude in evaluating and taking decisions.

7.1 The Issuer shall require every council member as well as council member candidate who is planned to be elected at a shareholders' meeting that they submit to the Issuer the following information: name, surname, year of birth, education, office term as a council member, description of the last three year's professional experience, number of the Issuer's or its parent companies/subsidiaries shares owned by the member, information on positions in other capital companies. The said information shall be published also on the Issuer's website on the Internet, providing, in addition to the said information, also the term of office for which the council member is elected, its position, including also additional positions and obligations, if any.

Krājbanka requires each Council member/Council member candidate to submit the information listed in the clause 7.1. It is planned that in 2010 the said information on the Council members will be placed on the website of Krājbanka in the Internet.

7.2 When determining the requirements for council members as regards the number of additional positions, attention shall be paid that a council member has enough time to perform his or her duties in order to fulfill their duties successfully and act in the interests of the Issuer to a full extent.

Krājbanka complies with the present corporate governance principle

7.3 In establishing the Issuer's council, the qualification of council members should be taken into account and assessed on a periodical basis. The council should be composed of individuals whose knowledge, opinions and experience is varied, which is required for the council to fulfill their tasks successfully.

Krājbanka complies with the present corporate governance principle

7.4 Every council member in his or her work shall be as possibly independent from any external circumstances and have the will to assume responsibility for the decisions taken and comply with the general ethical principles when taking decisions in relation to the business of the Issuer.

Krājbanka complies with the present corporate governance principle.

7.5 It is impossible to compile a list of all the circumstances that might threaten the independence of council members or that could be used in assessing the conformity of a certain person to the status of an independent council member. Therefore, the Issuer, when assessing the independence of council members, shall be guided by the independence criteria of council members specified in the Annex hereto.

7.6 It shall be recommended that at least a half of council members are independent according to the independence criteria specified in the Annex hereto. If the number of council members is an odd number, the number of independent council members may be one person less than the number of the council members who do not conform to the independence criteria specified in the Annex hereto.

7.7 As independent shall be considered persons that conform to the independence criteria specified in the Annex hereto. If a council member does not conform to any of to the independence criteria specified in the Annex hereto but the Issuer does consider the council member in question to be independent, then it shall provide an explanation of its opinion in detail on the tolerances permitted.

7.8 The conformity of a person to the independence criteria specified in the Annex hereto shall be evaluated already when the council member candidate in question has been nominated for election to the council. The Issuer shall specify in the Report who of the council members are to be considered as independent every year.

Krājbanka does not invoke the principles listed in the points 7.5 – 7.8. The Council members of Krājbanka are elected pursuant to the shareholders` meeting decision. The Financial and Capital Market Commission verifies the conformity of Krājbanka Council members to the demands specified in the Commercial Law.

8. Identification of interest conflicts in the work of council members

Every council member shall avoid any interest conflicts in his/her work and be maximally independent from any external circumstances. Council members shall comply with the general ethical principles in adopting any decisions connected with the business of the Issuer and assume responsibility for the decisions taken.

8.1 It shall be the obligation of every council member to avoid any, even only supposed, interest conflicts in his/her work. When taking decisions, board members shall be guided by the interests of the Issuer and not use the cooperation offers proposed to the Issuer to obtain personal benefit.

Krājbanka complies with the present corporate governance principle.

8.2 On the occurrence of any interest conflict or even only on its possibility, a council member shall notify other council members without delay. Council members shall notify on any deal or agreement the Issuer is planning to conclude with a person who has close relationship or is connected with the council member in question, as well as inform on any interest conflicts occurred during the validity period of concluded agreements.

For the purposes of these recommendations the following shall be regarded as persons who have close relationship with a council member: spouses, a relative, including kinship of second degree or brother-in-law of first degree, or persons with whom the council member has had a common household for at least one year. For the purposes of these recommendations the following shall be regarded as persons who are connected with a council member: legal persons where the council member or a closely related to him/her person is a board or council member, performs the tasks of an auditor or holds another managing office in which he or she could determine or affect the business strategy of the respective legal entity.

Krājbanka complies with the present corporate governance principle.

8.3 A council member who is in a possible interest conflict should not participate in taking decisions that might be a cause of an interest conflict.

Krājbanka complies with the present corporate governance principle.

DISCLOSURE OF INFORMATION

Good practice of corporate governance for an Issuer whose shares are included in the market regulated by the Stock Exchange means that the information disclosed by the Issuer has to provide a view on the economic activity of the Issuer and its financial results. This facilitates a justified determination of the price of financial instruments in public circulation as well as the trust in finance and capital markets. Disclosure of information is closely connected with investor relations (hereinafter – the IR), which can be defined as the process of developing Issuer's relations with its potential and existing investors and other parties interested in the business of the Issuer.

9. Transparency of the Issuer's business

The information disclosed by the Issuers shall be provided in due time and allowing the shareholders to assess the management of the Issuer, to get an idea on the business of the company and its financial results, as well as to take grounded decisions in relation to the shares owned by them.

- 9.1 The structure of corporate governance shall be established in a manner that ensures provision of timely and exhaustive information on all the substantial matters that concern the Issuer, including its financial situation, business results, and the structure of owners.

Krājbanka complies with the present corporate governance principle

- 9.2 The information disclosed shall be checked, precise, unambiguous and prepared in compliance with high-quality standards.

Krājbanka complies with the present corporate governance principle

- 9.3 The Issuers should appoint a person who would be entitled to contact the press and other mass media on behalf on the Issuer, thus ensuring uniform distribution of information and evading publication of contradictory and untruthful information, and this person could be contacted, if necessary, by the Stock Exchange and investors.

Krājbanka complies with the present corporate governance principle

- 9.4 The Issuers should ensure timely and compliant with the existing requirements preparation and disclosure of financial reports and annual reports of the Issuer. The procedure for the preparation of reports should be stipulated in the internal procedures of the Issuer.

Krājbanka complies with the present corporate governance principle

10. Investor relations

Considering that financial instruments of the Issuers are offered on a regulated market, also such activity sphere of the Issuers as investor relations (hereinafter – the IR) and the development and maintaining thereof is equally important, paying special attention to that all the investors have access to equal, timely and sufficient information.

- 10.1 The main objectives of the IR are the provision of accurate and timely information on the business of the Issuer to participants of finance market, as well as the provision of a feedback, i.e. receiving references from the existing and potential investors and other persons. In the realization of the IR process, it shall be born in mind that the target group consists not only of institutional investors and finance market analysts. A greater emphasis should be put on individual investors, and more importance should

be attached to informing other interested parties: employees, creditors and business partners.

Krājbanka complies with the present corporate governance principle

10.2 The Issuer shall provide all investors with equal and easily accessible important information related to the Issuer's business, including financial position, ownership structure and management. The Issuer shall present the information in a clear and understandable manner, disclosing both positive and negative facts, thus providing the investors with a complete and comprehensive information on the Issuer, allowing the investor to assess all information available before the decision making.

Krājbanka complies with the present corporate governance principle

10.3 A number of channels shall be used for the information flow in the IR. The IR strategy of the Issuer shall be created using both the possibilities provided by technologies (website) and relations with mass media and the ties with the participants of finance market. Considering the development stage of modern technologies and the accessibility thereof, the Internet is used in the IR of every modern company. This type of media has become one of the most important means of communications for the majority of investors.

Krājbanka complies with the present corporate governance principle

10.4 The basic principles that should be observed by the Issuers in preparing the IR section of their websites:

- 1) The IR section of website shall be perceived not only as a store of information or facts but also as one of the primary means of communication by means of which it is possible to inform the existing and potential shareholders;

Krājbanka complies with the present corporate governance principle

- 2) all the visitors of the IR section of website shall have the possibility to obtain conveniently all the information published there. Information on websites shall be published in all the foreign languages in which the Issuer normally distributes information so that in no way would foreign investors be discriminated, however, it shall be taken into account that information must be disclosed at least in Latvian and English;

Krājbanka complies with the present corporate governance principle

- 4) It shall be recommended to consider a solution that would allow the existing and potential investors to maintain ties with the Issuer by using the IR section of website – submit questions and receive answers thereto, order the most recent information, express their opinions etc.;

Krājbanka complies with the present corporate governance principle

- 5) the information published on websites shall be updated on a regular basis, and the news in relation to the Issuer and its business shall be published in due time. It shall not be admissible that outdated information that could mislead investors is found on websites;

Krājbanka complies with the present corporate governance principle

- 6) after the website is created the creators themselves should assess the IR section of the website from the point of view of users – whether the information of interest can be found easily, whether the information published provides answers to the most important questions etc.

Krājbanka complies with the present corporate governance principle

10.5 The Issuer shall ensure that at least the following information is contained in the IR section of website:

- 1) general information on the Issuer - history of its establishment and business, registration data, description of industry, main types of business;

Krājbanka complies with the present corporate governance principle

- 2) Issuer's Report ("*comply or explain*") on the compliance with the principles of corporate governance;

Krājbanka complies with the present corporate governance principle

- 3) Number of issued and paid financial instruments, specifying how many of them are included in a regulated market;

Krājbanka complies with the present corporate governance principle

- 4) information on shareholders' meetings, draft decisions to be examined, decisions adopted – at least for the last year of report ;

Krājbanka complies with the present corporate governance principle

- 5) Issuer's statutes;

Krājbanka complies with the present corporate governance principle

- 7) Issuer's board or council regulation or a document equated thereto that regulates its work, as well as the Issuer's remuneration policy (or a reference where it is made available) and the shareholders' meeting procedure regulation, if such has been adopted;

The regulations of Krājbanka Council and Board are available in the office of Krājbanka, located in Riga, 15 Jāņa Daliņā Street. The shareholders shall approve the shareholders' meeting regulations during the shareholders' meeting. Currently the remuneration policy is under development and pursuant to "Regulations on Underlying Principles of Remuneration Policies" of the Financial and Capital Market Commission shall be approved until December 31, 2010.

- 8) Information on the performance of the Issuer's Audit Committee;

The item about Audit Committee Report is included in the agenda of the ordinary shareholders' meeting dated 26.03.2010. After consideration at the shareholders' meeting the information on the operational results of Audit Committee will be placed on the website of Krājbanka.

- 9) information on present Issuer's council and board members (on each individually): work experience, education, number of the Issuer's shares owned by the member (as at the beginning of year; the information shall be updated as required but at least annually), information on positions in other capital companies, and the term of office of board and council members;

Krājbanka complies with the present corporate governance principle

- 10) Issuer's shareholders which/who own at least 5% of the Issuer's shares; and information on changes of shareholders;

Krājbanka complies with the present corporate governance principle

- 11) Financial reports and annual reports of the Issuer prepared in compliance with the procedure specified in legal acts and the Stock Exchange regulations;

Krājbanka complies with the present corporate governance principle

- 12) Any other information to be disclosed by the Issuer, e.g. information on any substantial events, Issuer's press releases, archived information on Issuer's financial and annual reports on previous periods etc.

Krājbanka complies with the present corporate governance principle

INTERNAL CONTROL AND RISK MANAGEMENT

The purpose of internal control and risk management is to ensure efficient and successful work of the Issuer, the truthfulness of the information disclosed and conformity thereof to the relevant regulatory acts and business principles. Internal control helps the board to identify the shortcomings and risks in the management of the Issuer as well as facilitates that the council's task - to supervise the work of the board - is fulfilled efficiently.

11. Principles of the Issuer's internal and external control

To ensure successful work of the Issuer, it shall be necessary to plan regular its controls and to determine the procedure of internal and external (audit) control.

- 11.1 To ensure successful operation, the Issuer shall control its work on a regular basis and define the procedure of internal control.

Krājbanka complies with the present corporate governance principle

- 11.2 The objective of risk management is to ensure that the risks connected with the commercial activity of the Issuer are identified and supervised. To ensure an efficient risk management, it shall be necessary to define the basic principles of risk management. It is recommended to characterize the most essential potential and existing risks in relation to the business of the Issuer.

Krājbanka complies with the present corporate governance principle

- 11.3 Auditors shall be granted access to the information required for the fulfillment of the auditor's tasks and the possibility to attend council and board meetings at which financial and other matters are dealt with.

Krājbanka complies with the present corporate governance principle

- 11.4 Auditors shall be independent in their work and their task shall be to provide the Issuer with independent and objective auditing and consultation services in order to facilitate the efficiency of the Issuer's business and to provide support in achieving the objectives set for the Issuer's management by offering a systematic approach for the assessment and improvement of risk management and control processes.

Krājbanka complies with the present corporate governance principle

- 11.5 It shall be recommended to carry out an independent internal control at least annually in order to assess the work of the Issuer, including its conformity to the procedures approved by the Issuer.

The daily internal inspections and control of Krājbanka is performed by special inspection service established by the Council – Internal audit. It works within the limits of powers set by the Council, on behalf of the Council and is subjected to the Council. Besides, according to the demand of Financial Instrument Market Law, the Auditing committee was established within Krājbanka.

- 11.6 When approving an auditor, it is recommended that the term of office of one auditor is not the same as the term of office of the board.

Krājbanka complies with the present corporate governance principle

12. Audit Committee

The Audit Committee shall be established by a resolution of the Issuer's shareholders' meeting, and its operations and scope of responsibilities shall be set as guided by the legislation.

Composition of the Audit Committee of Krājbanka:

- *Aleksandrs Antonovs, Deputy Chairman of the Council of Krājbanka;*
- *Oļegs Suhorukovs, Member of the Council';*
- *Olga Girnis, Director of the Audit Department of AB Bankas "Snoras".*

- 12.1 The functions and responsibility of the Audit Committee should be specified in the regulation of the committee or a comparable document.

Krājbanka complies with the present corporate governance principle. Regulations of the Audit Committee will be approved shortly.

- 12.2 To assure an efficient functioning of the Audit Committee, it is recommended that at least three of its members have adequate knowledge in accounting and financial reporting, because issues related to the Issuer's financial reports and control are in the focus of the Audit Committee's operations.

Krājbanka complies with the present corporate governance principle

- 12.3 All Audit Committee members shall have access to the information about the accounting principles practiced by the Issuer. Board shall advise the audit Committee as to the approaches to significant and unusual transactions, where alternative evaluations are possible, and shall ensure that the Audit Committee has access to all information that has been specified in the legislation.

Krājbanka complies with the present corporate governance principle

- 12.4 The Issuer shall ensure that its officials, board members and staff release the information to the Audit Committee that is necessary for its operations. The Audit Committee should also be entitled to carry out an independent investigation in order to identify, within its scope, any violations in the Issuer' activities.

Krājbanka complies with the present corporate governance principle

- 12.5 Within its scope, the Audit Committee shall adopt resolutions, and is accountable to the shareholders' meeting for its operations.

Krājbanka complies with the present corporate governance principle

REMUNERATION POLICY

13. General principles, types and criteria for setting remuneration

The policy of the remuneration of board and council members – type, structure and amount of remuneration - is one of the spheres where persons involved has a potentially greater risk to find themselves in an interest conflict situation. To avoid it, the Issuer shall develop a clear remuneration policy, specifying general principles, types and criteria for the remuneration to be awarded to the board or council members.

13.1 The Issuers are called on to develop a remuneration policy in which the main principles for setting the remuneration, possible remuneration schemes and other essential related issues are determined. Without limiting the role and operations of the Issuer's management bodies responsible for setting remuneration to the board and council members, the drafting of the remuneration policy should be made a responsibility of the Issuer's board, which during the preparation of a draft policy should consult with the Issuer's council.

The remuneration system of Krājbanka is developed with an aim to raise the personnel involvement into achievement of high result of Krājbanka activity, and ensures employees with effective, flexible and differential remuneration consisting of variable and invariable part. The remuneration to Krājbanka Council and Board is determined according to the Commercial Law and decisions of the management bodies.

Pursuant to "Regulations on Underlying Principles of Remuneration Policies" of the Financial and Capital Market Commission the Remuneration policy shall be approved until December 31, 2010. Currently the Remuneration policy of Krājbanka is under development.

13.2 Should the remuneration policy contain a remuneration structure with a variable part in the form of the Issuer's shares or share options, it should be linked to previously defined short-term and long-term goals. If remuneration depends on fulfillment of short-term goals only, it is not likely to encourage an interest in the company's growth and improved performance in the long-term. The scope and structure of the remuneration should depend on the business performance of the company, share price and other Issuer's events.

Shares are not included in the remuneration of Krājbanka Board and Council members and other employees of Krājbanka. Until now Krājbanka has not issued share options as the remuneration to the Board and the Council members.

13.3 Remuneration schemes that include Issuer's shares as remuneration may theoretically cause loss to the Issuer's existing shareholders because the share price might drop due to a new issue of shares. Therefore, prior to the preparation and approval of this type of remuneration, it shall be required to assess the possible benefits or losses.

Shares are not included in the remuneration of Krājbanka Board and Council members and other employees of Krājbanka. Until now Krājbanka has not issued share options as the remuneration to the Board and the Council members.

13.4 When preparing the remuneration policy where a variable part is in the form of the Issuer's shares or share options, the Issuer shall be obliged to disclose information on how the Issuer plans to ensure the amount of shares to be granted in compliance with

the approved remuneration schemes– whether it is planned to obtain them by buying on a regulated market or by issuing new shares.

Shares are not included in the remuneration of Krājbanka Board and Council members and other employees of Krājbanka. Until now Krājbanka has not issued share options as the remuneration to the Board and the Council members.

13.5 While drafting the remuneration policy and envisaging awarding options entitling to the Issuer's shares, the Stock Exchange rules regarding distribution of share options should be taken into account.

Shares are not included in the remuneration of Krājbanka Board and Council members and other employees of Krājbanka. Until now Krājbanka has not issued share options as the remuneration to the Board and the Council members.

13.6 While setting remuneration principles with regard to board and council members, they should include general approach as to compensations, if any, in cases when contracts with the said officials are terminated.

Currently the remuneration policy of Krājbanka is under development. The remuneration policy will include general approach as to compensation, if any, in case when contract with the Board and the Council members are terminated.

14. Remuneration Report

A clear and complete report on the remuneration policy with regard to the management body members of the Issuer should be made available to the shareholders. Public disclosure of the said information would allow the existing and potential shareholders to carry out a comprehensive evaluation of the Issuer's approach the remuneration issues; consequently, the Issuer's responsible body shall draft and made public the Remuneration Report.

14.1 The Issuer is obliged to make public the Remuneration Report – a complete report on the remuneration policy applied to the members of the Issuer's management bodies. Remuneration Report may be a separate document, or may integrated in a special chapter of the Report prepared by the Issuer as recommended by Item 9 of the Introduction of the present Recommendations. The Remuneration Report should be posted on the Issuers website.

Pursuant to "Regulations on Underlying Principles of Remuneration Policies" of the Financial and Capital Market Commission (hereinafter referred to as Regulations of FCMC) the Remuneration policy shall be approved until December 31, 2010. Currently the Remuneration policy of Krājbanka is under development. The necessary information on remuneration to the management bodies of Krājbanka shall be disclosed observing the term stipulated in the Regulations of FCMC (until May 01, 2010) and with respect to privacy and natural persons` data protection principles.

14.2 Remuneration Report should contain at least the following information:

1) Information as to the application of the remuneration policy to board and council members in the previous financial year, specifying the material changes to the Issuer's remuneration policy compared to the previous reporting period;

2) The proportion between the fixed and variable part of the remuneration for the respective category of officials;

- 3) Sufficient information as to linking the remuneration with performance;
- 4) Information about the Issuer's policy with regard to the contracts with the members of the Issuer's management bodies, the terms and conditions of the contracts (duration, notice deadlines about termination, including payments due in case of termination);
- 5) Information about the incentive schemes and the specifications and reasons for awarding any other benefits;
- 6) A description of any pension or early retirement schemes;
- 7) An overview of the remuneration paid to or any benefits received by each individual that has been board or council member in the reporting period – disclosing at least the information required in Items 14.2 1) to 7) above.

The necessary information on remuneration policy to the management bodies of Krājbanka shall be disclosed pursuant to demands of the Regulations of FCMC (observing terms and amounts stipulated in the Regulations).

14.3 To avoid overlapping of information, the Issuer, while preparing its Remuneration Report, may omit the information required in Items 14.2 1) to 7) above, provided it is a part of the Issuer's Remuneration Policy document. In such case, Remuneration Report should have a reference to the Remuneration Policy, together with an indication where it is made available.

After disclosure of the information on the remuneration policy, the present corporate governance principle will be observed within Krājbanka.

14.4 If the Issuer believes that, as a result of following the provisions of Item 14.2 of these Recommendations sensitive business information might become public to the detriment of the Issuer's strategic position, the Issuer may not disclose such information and give the reasons.

14.5 The following remuneration and other benefits related information about each board and council member should be disclosed:

- 1) Total amount paid or outstanding (salary) for the year;
- 2) Remuneration and other benefits received from any company associated with the Issuer. For the understanding of this Item, "associated undertaking" is a company according to the definition in Paragraph 1 of the Law on the Financial Instruments Market;
- 3) Remuneration paid as profit distribution or bonus, and the reasons for awarding such remuneration;
- 4) Compensation for fulfillment of duties in addition to the regular job responsibilities;
- 5) Compensations and any other payments received by or to be received by board or council member who has left the position during the accounting period;
- 6) Total value of any other benefits apart from those listed under Items 1) to 5) received as remuneration.

The necessary information on remuneration to the member of management bodies of Krājbanka shall be disclosed pursuant to demands of the Regulations of FCMC (observing terms and amounts stipulated in the Regulations), and with respect to privacy and natural persons` data protection principles.

Until May 01, 2010 the following information on the remuneration to the Board and the Council members of Krājbanka for the year 2009 will be disclosed in the internet on the website of Krājbanka:

- total remuneration by type of positions (the Council and the Board members);
- the amount of the variable part and constant part of the remuneration during the

accounting year, as well as the number of the receivers of this remuneration;
- the amount of the variable part of the remuneration by its structural elements, for instance, funds, company shares, stock options and other elements of the variable part of the remuneration;
- the amount of the severance pay disbursed during the accounting period, as well as the number of receivers of the severance pay.

The Information on the remuneration (total amount) disbursed to the Council and the Board members in 2009 is available in the annual report of Krājbanka.

14.6 The following information should be disclosed with regard to the shares and/or share options or any other incentive schemes resulting in ownership of the Issuer's shares:

- 1) the number and holding conditions of shares or share options entitling to the Issuer's shares granted over the reporting period to the members of Issuer's management bodies;
- 2) The number of options exercised during the reporting period, entitling to the Issuer's shares, specifying the price and the number of shares obtained, or the unit value held by the member of the Issuer's management board in a share-related incentive scheme as at the end of the reporting year;
- 3) The number of non-exercised options entitling to the Issuer's shares as at the end of the reporting year, the share price in the contract, expiry date and the key rules for exercising the option;
- 4) Information changes, if any, introduced during the reporting period with regard to the provisions of the contracts on options entitling to the Issuer's shares (such as changes in the option exercising rules, change of expiry date etc.).

Shares are not included in the remuneration of Krājbanka Board and Council members and other employees of Krājbanka. Until now Krājbanka has not issued share options as the remuneration to the Board and Council members.

14.7 The following information should be disclosed with regard to savings or contributions to pension schemes of private pension funds:

- 1) the amount of contributions made by the Issuer, to the benefit of individuals, to a pension scheme or schemes, and the rules for disbursement of the pension capital;
- 2) the participation rules, including termination of participation, to the respective pension scheme, applicable the concrete individual.

14.8 Remuneration schemes involving awarding with the Issuer's shares, share options or any other tools resulting in ownership of the Issuer's shares shall be approved by the annual general meeting of shareholders. Shareholders' meeting, while resolving on approval of the remuneration scheme, need not resolve on its application to concrete individuals.

Shares are not included in the remuneration of Krājbanka Board and Council members and other employees of Krājbanka. Until now Krājbanka has not issued share options as the remuneration to the Board and Council members.

ANNEX III

INDEPENDENCE CRITERIA OF COUNCIL MEMBERS

As independent shall be regarded a council member of the Issuer who:

- 1) has not been a board or council member of the Issuer, its associated company or a shareholder that controls the Issuer in the previous three years and does not hold the said office also within the time period when holding the office of a council member. A company associated with the Issuer shall mean a company which is included in the consolidated financial report of the Issuer or the consolidated report of which the Issuer is included in;
- 2) is not the Issuer's, its associated company's or a shareholder's which controls the Issuer employee, except in cases when the council member candidate in question has been appointed for election to the council as a representative of the Issuer's employees;
- 3) in addition to the remuneration he or she receives as a council member, he or she does not receive or has not received any substantial additional remuneration from the Issuer, its associated company or a shareholder that controls the Issuer;
- 4) neither directly or indirectly represents the shareholders that control the Issuer;
- 5) neither as of the approval nor within the last year prior to approval as a council member neither directly nor indirectly has been in substantial business relations with the Issuer, its associated company or a shareholder that controls the Issuer neither directly nor as a partner, shareholder or a senior manager;
- 6) within the last three years has not been an internal controller, auditor or employee at a company which is the external auditor of the Issuer, its associated company or a shareholder that controls the Issuer;
- 7) is not a board member or another managing employee at a company at which the Issuer's board member performs the functions of a council member and if he or she has not any other essential relations with the Issuer's board members by participating in other companies or organizational units (mutually connected control relations);
- 8) has not been the Issuer's council member for more than 10 (ten) successive years;
- 9) is not a family member (for the purposes of this clause a family member is a spouse, a parent, or a child) of a board member or a person to whom the criteria specified in sub-clauses (1) to (8) of this Annex apply.