

AS Latvijas Krājbanka

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

**The Consolidated annual report was approved on March 15 2011.
The report has informative character.**

For information purposes Financial statements are presented in EUR currency by rate of exchange 1 EUR=0.702804 LVL (31.12.2010 and 31.12.2009).

Statement of comprehensive income/expense

31 December 2010

EUR '000	Group 31/12/2010	Group 31/12/2009	Bank 31/12/2010	Bank 31/12/2009
Interest revenue	35,893	48,704	35,812	46,154
Interest expense	(32,222)	(34,724)	(32,448)	(34,391)
Net interest revenue	3,671	13,980	3,364	11,763
Commission and fee revenue	12,988	11,735	12,948	11,192
Financial intermediation	-	7,997	-	7,001
Commission and fee expense	(5,098)	(3,378)	(5,343)	(4,035)
Net commission and fee revenue	7,890	16,354	7,605	14,158
Dividend revenue	23	-	23	142
Net result on sale of securities and foreign exchange trading and revaluation	6,054	11,691	6,023	11,821
Penalty income	-	4,196	-	4,196
Other operating revenue	14,776	3,002	12,875	1390
Operating revenue	32,414	49,223	29,890	43,470
Personnel expense	(15,118)	(16,165)	(14,175)	(14,737)
Depreciation and amortisation expense	(2,635)	(3,160)	(2,352)	(2,927)
Other operating expense	(17,641)	(15,815)	(16,619)	(14,126)
Total operating expense	(35,394)	(35,140)	(33,146)	(31,790)
Impairment losses	(1,275)	(16,142)	(1,337)	(13,877)
Impairment of other assets	(906)	(613)	(962)	(613)
Loss before corporate income tax from continuing operations	(5,161)	(2,672)	(5,555)	(2,810)
Corporate income tax	128	(80)	885	(4)
Loss for the reporting year from continuing operations	(5,033)	(2,752)	(4,670)	(2,814)
Profit/ (loss) after tax for the reporting period from discontinued operations	(249)	-	360	-
Loss for the reporting year	(5,282)	(2,752)	(4,310)	(2,814)
<i>Attributable to:</i>				
Shareholders of the Bank.	(5,282)	(2,752)	(4,310)	(2,814)
Non-controlling interest	-	-	-	-
Foreign currency revaluation reserve	-	899	-	-
Net change of the revaluation reserve	661	(849)	-	(849)
Total comprehensive (loss) for the reporting year	(4,621)	(2,702)	(4,310)	(3,663)
<i>Attributable to:</i>				
Shareholders of the Bank.	(4,621)	(2,702)	(4,310)	(3,663)
Non-controlling interest	-	-	-	-
Transfer of the revaluation reserve to the retained earnings	-	-	6,516	-
(Accumulated deficit)/ retained earnings, net	(4,621)	(2,702)	2,206	(3,663)
Basic earnings per share (euro per share)	(0.252)	(0.203)		
Diluted earnings per share (euro per share)	(0.252)	(0.203)		

Balance sheets

31 December 2010

EUR '000	Group 31/12/2010	Group 31/12/2009	Bank 31/12/2010	Bank 31/12/2009
Assets				
Cash and demand deposits with central banks	193,310	63,079	193,310	63,079
Due from credit institutions	148,871	145,793	147,175	145,473
Financial assets at fair value through profit or loss				
	15,896	8,140	15,896	7,838
Loans and advances to customers	472,006	513,921	472,610	524,425
Held-to-maturity investments	13,768	16,258	13,744	15,805
Investment properties	37,955	1,640	33,580	1,640
Assets held for sale	94	6,083	275	6,083
Investments in subsidiaries	-	-	31,357	6,150
Intangible assets	1,798	2,187	1,586	1,695
Tangible assets	25,387	27,799	9,606	27,480
Prepayments and accrued income	1,185	1,020	1,152	999
Corporate income tax receivable	245	980	245	980
Other assets	20,333	19,538	13,455	9,256
Total assets	930,848	806,438	933,991	810,903
Liabilities				
Due to credit institutions	2,928	23,379	2,928	23,379
Deposits from customers	818,866	677,507	822,067	683,573
Derivatives	91	244	91	244
Debt securities issued	-	5,045	-	5,045
Deferred income and accrued expense	3,405	2,023	3,331	1,959
Provisions for off-balance sheet commitments	-	-	535	1,283
Corporate income tax liability	-	64	-	-
Deferred tax liability	320	1,205	320	1,205
Liabilities directly associated with the assets classified as held for sale	172	-	134	-
Other liabilities	3,375	4,975	1,950	1,586
Subordinated debt	22,042	21,600	22,042	21,600
Total liabilities	851,199	736,042	853,398	739,874
Equity				
Paid-in share capital	36,744	27,496	36,744	27,496
Share premium	27,231	22,605	27,231	22,605
Reserve capital and other reserves	891	891	891	891
Revaluation reserve	7,444	6,783	267	6,783
Retained earnings	7,332	12,614	15,460	13,254
Total equity attributable to equity holders	79,642	70,389	80,593	71,029
Non-controlling interest	7	7	-	-
Total shareholders' equity	79,649	70,396	80,593	71,029
Total liabilities and shareholders' equity	930,848	806,438	933,991	810,903

Statement of changes in shareholder's equity

Group EUR '000	Paid-in share capital	Share premium	Reserve capital and other reserves	Revaluation reserve	Foreign currency translation reserve	Retained earnings	Non- controlling interests	Total equity
Balance as at 1 January 2009	17,287	17,501	891	7,632	(458)	15,367	943	59,163
Loss for the period	-	-	-	-	-	(2,752)	-	(2,752)
Other comprehensive expense	-	-	-	(849)	458	-	441	50
Total comprehensive expense	-	-	-	(849)	458	(2,752)	441	(2,702)
Issue of shares	10,209	5,104	-	-	-	-	-	15,313
Non controlling interest of subsidiaries acquired	-	-	-	-	-	-	(1,377)	(1,377)
Dividends paid	-	-	-	-	-	(1)	-	(1)
Balance as at 1 January 2010	27,496	22,605	891	6,783	-	12,614	7	70,396
Loss for the period	-	-	-	-	-	(5,282)	-	(5,282)
Other comprehensive income	-	-	-	661	-	-	-	661
Total comprehensive income/ (expense) for the period	-	-	-	661	-	(5,282)	-	(4,621)
Issue of shares	9,248	4,626	-	-	-	-	-	13,874
Balance as at 31 December 2010	36,744	27,231	891	7,444	-	7,332	7	79,649

Bank EUR '000	Paid-in share capital	Share premium	Reserve capital and other reserves	Revaluation reserve	Retained earnings	Total Equity
Balance as at 1 January 2009	17,287	17,501	891	7,632	16,069	59,380
Loss for the period	-	-	-	-	(2,814)	(2,814)
Other comprehensive expense	-	-	-	(849)	-	(849)
Total comprehensive expense	-	-	-	(849)	(2,814)	(3,663)
Dividends paid	-	-	-	-	(1)	(1)
Issue of shares	10,209	5,104	-	-	-	15,313
Balance as at 1 January 2010	27,496	22,605	891	6,783	13,254	71,029
Loss for the period	-	-	-	-	(4,310)	(4,310)
Other comprehensive income	-	-	-	(6,516)	6,516	-
Total comprehensive income	-	-	-	(6,516)	2,206	(4,310)
Issue of shares	9,248	4,626	-	-	-	13,874
Balance as at 31 December 2010	36,744	27,231	891	267	15,460	80,593

During the Year 2009, the Bank paid dividends for preferred shares in the amount of EUR 0.347 per share.

Cash flow statement

EUR '000	Group 31/12/2010	Group 31/12/2009	Bank 31/12/2010	Bank 31/12/2009
Cash flows to/ from operating activities				
(Loss)before corporate income tax	(5,161)	(2,672)	(5,555)	(2,810)
(Loss) from discontinued operations	(249)	-	-	-
Depreciation and amortisation expense	2,635	3,160	2,352	2,927
Increase in impairment losses	1,185	16,142	1,338	13,877
(Gain)/loss on foreign currency translation	(2,129)	4,051	(2,089)	3,899
(Gain)/loss on revaluation of investments	(2,345)	(733)	(2,345)	(710)
(Gain)on revaluation of investments property	(12,339)	(852)	(11,837)	(852)
Loss from revaluation of tangible assets	908	613	962	613
Other non-cash items included in profit before tax	-	(3,399)	-	(3,399)
(Gain) on sale of subsidiary	-	(478)	-	-
(Gain)/loss from disposal of fixed and intangible assets	34	13	33	13
Increase in cash and cash equivalents before changes in assets and liabilities, as a result of operating activities	(17,461)	15,845	(17,141)	13,558
(Increase) in balances due from credit institutions	(6,540)	9,059	(4,855)	7,703
(Increase) in loans and advances to customers	22,224	(50,949)	25,633	(53,331)
Decrease/(increase) in financial assets at fair value through profit or loss	(6,162)	1,019	(6,464)	1,123
Decrease in financial assets held for trading	-	445	-	-
Decrease available-for-sale financial assets	(94)	1	-	-
(Increase)/ decrease in prepayments and accrued income	(165)	(201)	(154)	(213)
(Increase) in other assets	2,191	(6,561)	(783)	(4,131)
(Decrease)Increase in balances due to credit institutions	(571)	(18,901)	(571)	(14,502)
Increase/ (decrease) in deposits from customers	141,358	(150,299)	138,494	(148,515)
Net decrease/(increase) in derivatives	598	(811)	598	(811)
(Decrease)Increase in debt securities issued	-	(83)	-	(83)
Increase/(decrease) in deferred income and accrued expense	1,382	(145)	1,373	(139)
Increase/(decrease) in other liabilities	(1,427)	(236)	364	(1,308)
Net increase in cash and cash equivalents from operating activities	135,333	(201,817)	136,494	(200,649)
Corporate income tax paid	(104)	(64)	-	-
Net increase in cash and cash equivalents	135,229	(201,881)	136,494	(200,649)
Cash flows to/ from investing activities				
(Purchase) of investment properties	(1,727)	-	(1,727)	-
Proceeds from sale subsidiaries	-	-	2,304	-
(Purchase) of fixed and intangible assets	(1,229)	(1,007)	(1,177)	(801)
Proceeds from disposal of fixed and intangible assets	488	319	3	21
Investment in subsidiaries, net	-	-	(2,359)	(1,288)
(Purchase) of held to maturity investments	(8,130)	(4,263)	(8,130)	(4,263)
Proceeds from held to maturity investments	10,620	17,948	10,192	18,105
Increase in cash and cash equivalents from investing activities	22	12,997	(894)	11,774
Cash flows to/ from financing activities				
(Decrease)Increase in debt securities issued	(5,046)	-	(5,046)	-
Issue of shares	9,249	10,209	9,249	10,209
Share premium	4,626	5,104	4,626	5,104
Dividends paid	-	(1)	-	(1)
Proceeds from issue of subordinated debt	-	8,666	-	8,666
Net cash flows to/ from financing activities	8,829	23,978	8,829	23,978
Net increase/ (decrease) in cash and cash equivalents	144,080	(164,906)	144,429	(164,897)
Cash and cash equivalents at the beginning of the year	175,031	343,900	174,712	343,419
Foreign exchange difference	2,570	(3,963)	2,530	(3,810)
Cash and cash equivalents at the end of the year	321,681	175,031	321,671	174,712
Cash flows from interest and dividends:				
EUR '000	Group 31/12/2010	Group 31/12/2009	Bank 31/12/2010	Bank 31/12/2010
Interest paid	23,297	22,914	23,509	22,508
Interest received	24,344	42,781	24,234	40,163
Dividends received	21	-	21	142