

AS PARITATE BANKA

**Unaudited Interim Condensed
Consolidated Financial Statements
for the six month period ended 30 June 2007**

**AS PARITATE BANKA
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 JUNE 2007**

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**AS PARITATE BANKA
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 JUNE 2007**

REPORT OF THE MANAGEMENT BOARD

Dear shareholders, customers and partners AS "PARITATE BANKA"!

One of the oldest banks in Latvia AS "PARITATE BANKA" has successfully concluded the first half of 2007. The result of the bank's activities matches the preset goals and objectives, which include expansion of the branch and settlement group network in Latvia, as well as conquering the EU market.

The profit of AS "PARITATE BANKA" group for the first half of 2007 amounted to LVL 644,000. The income from the main activities of the group in January-July reached LVL 3.9 mln., which is by 54% more if compared to the same period last year. The volume of the bank's issued loans made up LVL 72.981 mln., the volume of deposits – LVL 67.928 mln. The assets of the bank have grown to LVL 106.732 mln.

In near future AS "PARITATE BANKA" plans to even more improve its positions both in domestic and European market. At the meeting of the shareholders held on 1 June 2007, it was decided to increase the fixed capital of the bank by LVL 7.1 mln. – to LVL 10.65 mln. At the same time it was decided to change the title of the bank from AS "PARITATE BANKA" to AS "PrivatBank" and thus highlight the belonging of AS "PARITATE BANKA" to the leading Ukrainian bank closed JSC commercial bank "PrivatBank" (ЗАО КБ «ПриватБанк») and unite all daughter companies of "PrivatBank" under one internationally recognised brand.

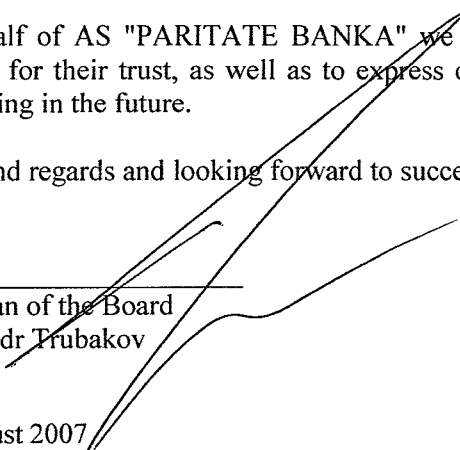
In the first half of 2007, AS "PARITATE BANKA" has continued developing its branch network. During the 6-month period the bank opened two settlement groups – in Valka and Cesis. Settlement groups in Ludza and Jekabpils will open soon.

AS "PARITATE BANKA" also plans to improve its position in the European banking market. The bank plans to open a branch in Spain after the branch in Portugal and a representative office in Italy.

In the first half of 2007, AS "PARITATE BANKA" continued with successful promotion of legal entities crediting by offering a new product to the customers – microcrediting, which allows SME representatives receive up to LVL 5000 without a pledge. A new product for individual customers will arrive soon – a credit-deposit programme Trio+.

On behalf of AS "PARITATE BANKA" we would like to thank our shareholders, customers and partners for their trust, as well as to express our confidence that our partner relations will continue developing in the future.

With kind regards and looking forward to successful cooperation,



Chairman of the Board
Oleksandr Trubakov

29 August 2007

STATEMENT OF THE MANAGEMENT'S RESPONSIBILITIES

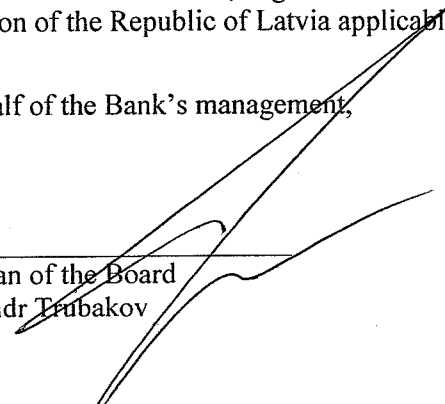
The Management of AS PARITATE BANKA (Bank) is responsible for the preparation of the consolidated financial statements of the Bank and its subsidiaries (the Group).

The consolidated financial statements on pages 4 to 24 are prepared in accordance with the source documents and present fairly the financial position of the Group as of 30 June 2007 and the results of its operations and cash flows for the six month period ended 30 June 2007.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgments and estimates have been made by the Management in the preparation of the financial statements.

The management of AS PARITATE BANKA are responsible for the maintenance of a proper accounting system, safeguarding the Group's assets, and prevention and detection of fraud and other irregularities in the Group. They are also responsible for operating the Bank in compliance with the Law on Credit Institutions, regulations of the Finance and Capital Markets Commission and other legislation of the Republic of Latvia applicable to credit institutions.

On behalf of the Bank's management,



Chairman of the Board
Oleksandr Trubakov

29 August 2007

AS PARITATE BANKA
 UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
 PERIOD ENDED 30 JUNE 2007

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	30 June 2007		30 June 2006	
		LVL '000	EUR '000	LVL '000	EUR '000
Interest income	4	3 292	4 684	1 882	2 678
Interest expense	5	(1 415)	(2 013)	(614)	(874)
NET INTEREST INCOME		1 877	2 671	1 268	1 804
Commission and fee income	6	1 314	1 870	940	1 337
Commission and fee expense	7	(309)	(440)	(299)	(425)
NET COMMISSION AND FEE INCOME		1 005	1 430	641	912
Net income from financial instruments carried at fair value	8	14	20	6	9
Net foreign exchange gains	9	709	1 009	406	577
Other operating income	10	349	496	252	359
TOTAL OPERATING INCOME		3 954	5 626	2 573	3 661
Administrative expenses	11	(2 552)	(3 631)	(1 662)	(2 365)
Depreciation		(295)	(420)	(212)	(302)
Other expenses		(257)	(366)	(126)	(179)
Impairment:	12	(133)	(189)	(45)	(64)
<i>Allowance for impairment losses</i>		(427)	(607)	(132)	(188)
<i>Reversal of prior impairment loss allowance</i>		294	418	87	124
NET INCOME BEFORE CORPORATE INCOME TAX		717	1 020	528	751
Corporate income tax		(73)	(104)	(78)	(111)
NET INCOME		644	916	450	640

The accompanying notes on pages 10 to 24 form an integral part of these interim condensed consolidated financial statements.

The Board of the bank approve for issue these interim condensed consolidated financial statements from page 2 to 24 on 29 August 2007, and the financial statements is signed on behalf of Board of the Bank by:

Chairman of the Board
 Oleksandrs Trubakovs

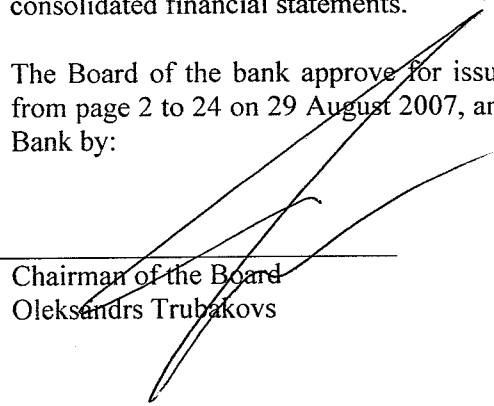
AS PARITATE BANKA
 UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
 PERIOD ENDED 30 JUNE 2007

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2007		31 December 2006	
		LVL '000	EUR '000	LVL '000	EUR '000
ASSETS					
Cash and balances with the Bank of Latvia	13	8 147	11 592	17 095	24 324
Demand deposits with credit institutions	14	6 237	8 874	10 235	14 563
Financial assets held for trading					
<i>Derivative financial instruments</i>	17	138	196	62	88
Financial instruments at fair value through profit or loss					
<i>Debt securities and other fixed income securities</i>	18	-	-	101	144
Loans and receivables:		87 702	124 788	73 343	104 357
<i>Term deposits due from credit institutions</i>	15	14 721	20 946	15 049	21 413
<i>Loans</i>	16	72 981	103 842	58 294	82 944
Available for sale financial assets					
<i>Investments in non-fixed income securities</i>	19	44	63	44	63
Intangible assets		113	161	137	195
Property, plant and equipment		1 994	2 837	1 967	2 799
Deferred expense and accrued income	21	459	653	661	941
Other assets	22	1 898	2 702	1 351	1 922
Total assets		106 732	151 866	104 996	149 396

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AS PARITATE BANKA
 UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
 PERIOD ENDED 30 JUNE 2007

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2007		31 December 2006	
		LVL '000	EUR '000	LVL '000	EUR '000
LIABILITIES					
Due on demand to credit institutions	23	10 861	15 454	11 959	17 016
Financial liabilities held for trading					
<i>Derivative financial instruments</i>	17	5	7	1	1
Financial liabilities carried at amortized cost					
<i>Customers' deposits</i>	24	67 928	96 653	73 455	104 518
<i>Balances due on term to other credit institutions</i>	24	2 088	2 971	1 550	2 205
<i>Mortgage bonds</i>	25	14 747	20 983	8 375	11 918
Deferred income and accrued expenses	26	219	312	185	263
Provisions	27	291	414	134	191
Tax liabilities		62	88	65	92
Other liabilities	28	2 377	3 382	2 465	3 507
Subordinated debt		703	1 001	-	-
Total liabilities		99 281	141 265	98 189	139 711
CAPITAL AND RESERVES					
Paid-up share capital	29	3 550	5 051	3 550	5 051
Reserve capital and other reserves		3 719	5 292	3 694	5 256
Accumulated losses carried forward from previous years		(462)	(658)	(1 497)	(2 130)
Current year's profit / (loss)		644	916	1 060	1 508
Total shareholders' equity		7 451	10 601	6 807	9 685
Total liabilities		106 732	151 866	104 996	149 396
OFF-BALANCE-SHEET ITEMS					
Contingent liabilities					
<i>Guarantees</i>		227	323	163	232
Commitments to customers:					
<i>Other commitments</i>		2 603	3 704	1 360	1 935

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AS PARITATE BANKA
 UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
 PERIOD ENDED 30 JUNE 2007

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	30 June 2007		31 June 2006	
		LVL '000	EUR '000	LVL '000	EUR '000
Cash inflow from operating activities					
Profit before tax		717	1 020	528	751
Depreciation and amortization		295	420	296	421
Increase in the allowance for impairment		133	189	45	64
Revaluation (gain)/loss of financial assets at fair value through profit or loss		(14)	(20)	3	4
Foreign exchange gain/loss		14	20	3	4
Increase in cash and cash equivalents from operating activities before changes in assets and liabilities		1 145	1 629	875	1 244
(Increase) in loans and receivables		(15 087)	(21 467)	(18 270)	(25 996)
Decrease in balances due from banks		7 786	11 078	11 483	16 339
(Increase) in available for sale financial assets		-	-	(43)	(61)
(Increase)/ decrease in financial assets held for trading		(76)	(108)	17	24
Decrease in financial instruments designated at fair value through profit or loss		101	144	1	1
(Increase) in deferred expenses and accrued income		2	3	(133)	(189)
(Increase)/ decrease in other assets		(648)	(922)	(2 176)	(3 096)
Increase/ (decrease) in balances due to banks		2 073	2 950	(93)	(132)
Increase in customer deposits		(5 740)	(8 167)	2 450	3 485
(Decrease) in financial liabilities held for trading		4	6	(15)	(21)
Increase in other liabilities and provisions		(491)	(699)	2 961	4 213
Increase/ (decrease) in deferred income and accrued expenses		34	48	203	290
Increase/(decrease) in cash and cash equivalents from operating activities before tax		(10 897)	15 505	(2 740)	(3 899)
(Corporate income tax paid)		(73)	(104)	(78)	(111)
Increase/(decrease) in cash and cash equivalents from operating activities		(10 970)	(15 609)	(2 818)	(4 010)
Cash flow from investing activities					
(Acquisition) of property, plant and equipment and intangible assets		(375)	(534)	(304)	(433)
(Decrease) in cash and cash equivalents from investing activities		(375)	(534)	(304)	(433)

AS PARITATE BANKA
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Proceeds from issue of debt securities	6 289	8 948	2 863	4 074
Subordinated debt	703	1 000	-	-
Increase/(decrease) in cash and cash equivalents from financing activities	6 992	9 948	2 863	4 074
(Decrease) in cash and cash equivalents	(4 353)	(6 195)	(259)	(369)
Cash and cash equivalents at the beginning of the year	15 064	21 434	18 709	26 621
Loss from revaluation of foreign exchange	(14)	(20)	(3)	(4)
Cash and cash equivalents at the end of the year 30	10 697	15 219	18 447	26 248

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AS PARITATE BANKA
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 JUNE 2007

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AND RESERVES

LVL'000

	Paid-up share capital	Reserve capital	Accumulated loss	Total
Balance at 31.12.2005	3 550	3 669	(1 472)	5 747
Reserves	-	25	(25)	-
Profit of 2006	-	-	1 060	1 060
Balance at 31.12.2006	3 550	3 694	(437)	6 807
Reserves	-	25	(25)	-
Profit for the year 2007	-	-	644	644
Balance at 30.06.2007	3 550	3 719	182	7 451

EUR'000

	Paid-up share capital	Reserve capital	Accumulated loss	Total
Balance at 31.12.2005	5 051	5 221	(2 094)	8 177
Reserves	-	36	(36)	-
Profit of 2006	-	-	1 508	1 508
Balance at 31.12.2006	5 051	5 256	(622)	9 685
Reserves	-	36	(36)	-
Profit for the year 2007	-	-	916	916
Balance at 30.06.2007	5051	5 292	258	10 601

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NOTES TO THE INTERIM CONDESED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

AS PARITATE BANKA (“the Bank”) was established on 13 August 1992, when it was incorporated in the Republic of Latvia as a joint stock company. Subject to the banking licence issued by the Bank of Latvia on 31 July 1992 (reissued on 17 September 1998), the Bank is engaged in all types of banking activities foreseen by the Credit Institutions Law. The Bank and subsidiaries (together “the Group”) are presented together in these consolidated and Bank financial statements.

As at the date of financial statements, the Bank’s network of branches consists of 8 branches, 13 settlement groups and 4 customer service centres. The Bank provides a wide range of services to its customers via subsidiaries.

SIA “DigiPro” was registered with the Commercial Registry on 18 March 2003 as SIA “Paritate-on-line”. As of 6 July 2004, the Bank holds 100% of SIA “DigiPro” shares. The primary activities of SIA “DigiPro” are sales of electronic products via POS terminals, and ensuring card settlements in POS terminals.

In June 2004, the Bank established SIA “PARITATE LĪZINGS” which is primarily engaged in financial and operating lease activities.

In March 2005, the Bank acquired 100% shares of SIA “PARITATE CONSULTING”.

Legislation regulating the Bank’s operations

The Bank’s operations are governed by the laws of the Republic of Latvia “On Credit Institutions”, “Commercial Law”, and regulations issued by the Financial and Capital Market Commission. These regulations refer to capital adequacy, minimum equity, liquidity, foreign exchange positions, credit concentration and other applicable requirements.

2 ACCOUNTING AND ASSESSMENT PRINCIPLES

(1) Statement of compliance

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations as adopted by the European Union, and regulations of the Financial and Capital Market Commission in force as at balance sheet date.

(2) Basis of preparation

The accounting system of the Bank is organized in accordance with the legislation of the Republic of Latvia, including requirements applicable to credit institutions operating in Latvia. The financial year of the Bank coincides with the calendar year.

The financial statements have been prepared under the historical cost convention or based on fair value in accordance with International Financial Reporting Standards, as adopted by the European Union. Assets and liabilities at the fair value include derivative financial instruments, financial assets and liabilities designated at fair value through profit and loss, as well as available for sale assets except those whose fair value cannot be reliably estimated. Other financial assets and liabilities and non-financial assets and liabilities are carried at amortized cost or initial cost.

The accounting principles used in the preparation of the 2007 financial statements are consistent with those used in 2006. The Bank and the Group have for the first time implemented “Regulations on the preparation of financial statements and consolidated financial statements of banks, investment broker companies and

AS PARITATE BANKA
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 JUNE 2007

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

investment management companies” issued by Financial and Capital Market Commission (adopted on 24 February 2006), which has resulted in the reclassifications of such balance sheet items as due from and due to credit institutions and loans and deposits.

Financial statements are prepared based on the going concern principle which represents sales of assets and fulfilment of liabilities in the course of regular banking operations. The accompanying financial statements do not contain any adjustments for the event that the Bank is unable to continue as a going concern.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year relate to loan loss impairment allowances.

(3) Foreign currency

The exchange rate for EUR used at 30 June 2007 is as follows – 0.702804.

4 INTEREST INCOME

	30 June 2007		30 June 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Balances due from credit institutions	620	882	524	746
Loans	2 538	3 611	1 302	1 853
Investments in securities	2	3	3	4
Other interest income	132	188	53	75
	3 292	4 684	1 882	2 678

5 INTEREST EXPENSE

	30 June 2007		30 June 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Customers' deposits	765	1 088	485	690
Due to credit institutions and the Bank of Latvia	300	427	57	81
Issued debt securities	265	377	8	12
Other interest expenses	85	121	64	91
	1 415	2 013	614	874

AS PARITATE BANKA
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 JUNE 2007

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6 COMMISSION AND FEE INCOME

	30 June 2007		30 June 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Current account servicing	62	88	659	938
Asset management fees	6	9	18	25
Other commission income	1 246	1 773	263	374
	<u>1 314</u>	<u>1 870</u>	<u>940</u>	<u>1 337</u>

7 COMMISSION AND FEE EXPENSE

	30 June 2007		30 June 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Current account servicing	160	228	203	289
Commission fee for credit card servicing	44	63	39	55
Other commission expenses	105	149	57	81
	<u>309</u>	<u>440</u>	<u>299</u>	<u>425</u>

8 NET INCOME FROM FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

	30 June 2007		30 June 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Gain from securities carried at fair value through profit and loss	14	20	6	9
	<u>14</u>	<u>20</u>	<u>6</u>	<u>9</u>

9 NET FOREIGN EXCHANGE GAINS

	30 June 2007		30 June 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Profit from foreign exchange transactions	723	1 029	409	581
Loss from revaluation of foreign currency	(14)	(20)	(3)	(4)
	<u>709</u>	<u>1 009</u>	<u>406</u>	<u>577</u>

10 OTHER OPERATING INCOME

	30 June 2007		30 June 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Income from electronic services (SIA DigiPro)	157	223	119	170
Income from seminars and conferences (SIA PARITATE CONSULTING)	7	10	21	30
Lease of fixed assets (SIA PARITATE LĪZINGS)	174	248	72	102
Other operating income	11	15	40	57
	<u>349</u>	<u>496</u>	<u>252</u>	<u>359</u>

AS PARITATE BANKA
 UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
 PERIOD ENDED 30 JUNE 2007

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 ADMINISTRATIVE EXPENSES

	30 June 2007		30 June 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Salary of members of the Council and the Board	88	125	82	117
Remuneration to staff	1 197	1 703	761	1 083
Social taxes	321	457	202	287
Advertisement and marketing	175	249	108	154
Office maintenance and redecoration	330	470	205	292
Communications and post	152	216	122	174
Transportation and business trips	65	92	45	64
Professional services	17	24	20	28
Legal services	9	13	7	10
Staff training	14	20	8	11
Other operating expenses	184	262	102	145
	2 552	3 631	1 662	2 365

In 2007, the average number of Group staff was 319 (2006: 297).

12 ALLOWANCE FOR IMPAIRMENT

LVL '000	Loans	Total
Allocation of impairments losses, as of 31 December 2006	541	541
Increase in the allowance for doubtful debts	427	427
Recovery of prior period allowances for doubtful debts	(294)	(294)
Allocation of impairments losses, as of 30 June 2007	674	674
EUR '000	Loans	Total
Allocation of impairments losses, as of 31 December 2006	770	770
Increase in the allowance for doubtful debts	607	607
Recovery of prior period allowances for doubtful debts	(418)	(418)
Allocation of impairments losses, as of 30 June 2007	959	959

AS PARITATE BANKA
 UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
 PERIOD ENDED 30 JUNE 2007

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13 CASH AND BALANCES ON DEMAND WITH THE BANK OF LATVIA

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Cash	1 065	1 515	1 016	1 446
Balances on demand with the Bank of Latvia	7 082	10 077	16 079	22 878
	<u>8 147</u>	<u>11 592</u>	<u>17 095</u>	<u>24 324</u>

Balances with the Bank of Latvia represent cash on the correspondent account used for clearing purposes and to comply with the requirement for obligatory reserves.

In accordance with regulations set by the Financial and Capital Market Commission, the Bank's cash and current account balance with the Central Bank of Latvia should not be less than the required reserves calculated on basis of the average monthly customer deposits. The Bank was in compliance with this requirement in 2007.

14 DEMAND DEPOSITS WITH CREDIT INSTITUTIONS

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Due to Latvian credit institutions	1 371	1 951	817	1 162
Due from credit institutions registered in OECD countries	4 207	5 986	8 175	11 632
Due to credit institutions registered in other countries	659	937	1 243	1 769
	<u>6 237</u>	<u>8 874</u>	<u>10 235</u>	<u>14 563</u>

Correspondent accounts include amounts due from Deutsche Bank (Bankers Trust) amounting to USD 170 thousand or LVL 89 thousand which are not included in the calculation of cash and cash equivalents due to such amounts being frozen at 30 June 2007. The Bank's management does not consider the frozen accounts at risk since the frozen customer accounts in deposits exceed the blocked amount in the correspondent account with Deutsche Bank (Bankers Trust) of USD 189 thousand (or LVL 99 thousand).

15 TERM DEPOSITS DUE FROM CREDIT INSTITUTIONS

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Balances due from Latvian credit institutions	287	408	268	381
Due from OECD credit institutions	13 489	19 193	13 807	19 646
Due from non-OECD credit institutions	945	1 345	974	1 386
Total due from credit institutions and the Bank of Latvia	<u>14 721</u>	<u>20 946</u>	<u>15 049</u>	<u>21 413</u>
Total held-to-maturity investments	<u>14 721</u>	<u>20 946</u>	<u>15 049</u>	<u>21 413</u>

Concentration of amounts due from credit institutions

As at 30 June 2007, the Bank had amounts due from three credit institutions (2006: 4) where each separate receivable exceeded 10% of deposits and balances in those banks and other credit institutions in total. The gross value of these balances due from credit institutions as at 30 June 2007 was LVL 16 317 thousand (2005: LVL 19 347 thousand).

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16 LOANS AND RECEIVABLES

Allocation of loans:

(a) by the term of the loan:

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Until one year	1 689	2 403	2 317	3 297
More than one year	71 949	102 374	56 518	80 417
	73 638	104 777	58 835	83 714
Specific allowances	(657)	(935)	(541)	(770)
	72 981	103 842	58 294	82 944

(b) by type of borrower

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Private enterprises	24 718	35 171	20 930	29 780
Private individuals	48 920	69 606	37 905	53 934
	73 638	104 777	58 835	83 714
Specific allowances	(657)	(935)	(541)	(770)
	72 981	103 842	58 294	82 944

(c) by the type

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Commercial loans	16 259	23 134	14 074	20 025
Consumer loans	4 629	6 586	3 569	5 078
Loans to staff	1 294	1 841	1 061	1 509
Mortgage loans	42 036	59 813	31 924	45 424
Other	9 420	13 403	8 207	11 678
	73 638	104 777	58 835	83 714
Specific allowances	(657)	(935)	(541)	(770)
	72 981	103 842	58 294	82 944

(d) by geographic segmentation of the loans:

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Residents of Latvia	72 521	103 188	56 497	80 388
Residents of OECD countries	448	637	344	489
Residents of other countries	669	952	1 994	2 837
	73 638	104 777	58 835	83 714
Specific allowances	(657)	(935)	(541)	(770)
	72 981	103 842	58 294	82 944

The average loan interest rates in 2007 and 2006 were 7.8% and 7% respectively.

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17 FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

Derivative financial instruments

	Notional amount		Fair value			
	30.06.2007	31.12.2006	Assets		liabilities	
			30.06.2007	31.12.2006	30.06.2007	31.12.2006
LVL '000						
Forward currency exchange agreements	3 123	2 158	138	62	5	1
Total	3 123	2 158	138	62	5	1

Derivative financial instruments

	Notional amount		Fair value			
	30.06.2007	31.12.2006	Assets		liabilities	
			30.06.2007	31.12.2006	30.06.2007	31.12.2006
EUR '000						
Forward currency exchange agreements	4 444	3 071	196	88	7	1
Total	4 444	3 071	196	88	7	1

18 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Debt securities and other fixed income securities				
Central government bonds	-	-	101	144
Total financial instruments at fair value through profit or loss	-	-	101	144

19 AVAILABLE FOR SALE FINANCIAL ASSETS

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Investments in non-fixed income securities				
SWIFT shares	41	59	41	59
Eko Bloks SIA	3	4	3	4
Total available-for-sale financial assets	44	63	44	63

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20 INVESTMENT IN SUBSIDIARIES

As at 30 June 2007 and 31 December 2006, the Bank had investments in:

	30 June 2007		31 December 2006	
	LVL '000	Holding %	LVL '000	Holding %
SIA "PARITATE LIZINGS"	10	100	10	100
SIA "DigiPro"	4	100	4	100
SIA "PARITATE CONSULTING"	2	100	2	100
	<u>16</u>		<u>16</u>	

	30 June 2007		31 December 2006	
	EUR '000	Holding %	EUR '000	Holding %
SIA "PARITATE LIZINGS"	14	100	14	100
SIA "DigiPro"	6	100	6	100
SIA "PARITATE CONSULTING"	3	100	3	100
	<u>23</u>		<u>23</u>	

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21 DEFERRED EXPENSES AND ACCRUED INCOME

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Deferred income	127	181	436	621
Prepaid expenses	332	472	225	320
	459	653	661	941

22 OTHER ASSETS

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Materials	66	94	53	75
Stock	164	234	202	287
Trade accounts receivable	596	848	123	175
Security deposit	703	1 001	703	1 001
Other	369	525	270	384
	1 898	2 702	1 351	1 922

23 DUE ON DEMAND TO CREDIT INSTITUTIONS

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Credit institutions registered in Latvia	45	64	394	561
Credit institutions registered in OECD countries	192	273	-	-
Credit institutions registered in non-OECD countries	10 624	15 117	11 565	16 456
	10 861	15 454	11 959	17 017

Concentration of amounts due to credit institutions

As of 30 June 2007 the Bank had one balance due to a credit institution (2006: 1), which comprised more than 10% of due to credit institutions. The gross amount of such payables as at 30 June 2007 was LVL 12,664 thousand (2006: LVL 11 308 thousand).

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24 DEPOSITS AND BALANCES DUE ON TERM TO CREDIT INSTITUTIONS

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Demand deposits				
Residents:				
State companies	11	16	16	23
Private enterprises	1 091	1 553	1 455	2 070
Private individuals	4 018	5 717	4 408	6 272
Non-residents:				
Residents of OECD countries	27 378	38 955	25 495	36 276
Residents of non-OECD countries	19 832	28 218	11 687	16 629
Total demand deposits	52 330	74 459	43 061	61 270
Term deposits				
Residents:				
State companies	35	50	255	363
Private individuals	11 360	16 163	10 148	14 440
Private enterprises	919	1 308	489	696
Non-residents:				
Residents of OECD countries	2 942	4 186	13 322	18 956
Residents of non-OECD countries	342	487	6 180	8 793
Credit institutions registered in non-OECD countries	2 088	2 971	1 550	2 205
Total term deposits	17 686	25 165	31 944	45 453
Total deposits and balances due on term to credit institutions	70 016	99 624	75 005	106 723

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
The maturity structure of customer deposits as per agreement term at 31 December 2006 was as follows:				
Demand deposits	52 330	74 459	43 061	61 270
Term deposits:				
to 3 months	2 305	3 280	22 498	32 012
from 3 to 6 months	3 675	5 229	1 928	2 744
from 6 months to one year	4 721	6 717	2 334	3 321
more than one year	4 897	6 968	3 634	5 171
Total demand and term deposits	67 928	96 653	73 455	104 518

The average deposit interest rates in 2007 and 2006 were 4.72% and 3.47% respectively.

During each reported period 2007 and 2006 the average interest rate on overnight deposits included in current deposit group was 3.84 % and 2.5%, respectively.

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25 ISSUED MORTGAGE BONDS

As at 30 June 2007, the Banks and Group had LVL 14,747 thousand of bonds outstanding, including accrued interest of LVL 83 thousand.

On 15 May 2006, the Bank issued 3 year mortgage bonds for EUR 4,865 thousand (LVL 3,419 thousand) with accrued interest of LVL 24 thousand. The coupon rate of these bonds is 6M LIBOR + 1.5%. As at 30 June 2007 coupon rate of these bonds was 5.625%.

On 15 December 2006, the Bank issued 5 year mortgage bonds for EUR 7,000 thousand (LVL 4,920) with accrued interest of LVL 13 thousand. The coupon rate of these bonds is 6M LIBOR + 1.6%. As at 30 June 2007 coupon rate of these bonds was 5.875%.

On 15 May 2007, the Bank issued 3 year mortgage bonds for EUR 9,000 thousand (LVL 6 325) with accrued interest of LVL 46 thousand. The coupon rate of these bonds is 6M LIBOR + 1.55%. As at 30 June 2007 coupon rate of these bonds was 5.75%.

26 DEFERRED INCOME AND ACCRUED EXPENSES

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Other accrued expenses	219	312	185	263
	<u>219</u>	<u>312</u>	<u>185</u>	<u>263</u>

27 PROVISIONS

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Provision for vacations	124	176	93	133
Other liabilities	167	238	41	58
	<u>291</u>	<u>414</u>	<u>134</u>	<u>191</u>

28 OTHER LIABILITIES

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Unrealised loss from SPOT transactions	105	149	117	166
Amounts in clearing	1 443	2 054	1 360	1 935
Trade accounts payable	643	915	765	1 088
Other liabilities	186	264	223	317
	<u>2 377</u>	<u>3 382</u>	<u>2 465</u>	<u>3 507</u>

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29 PAID-UP SHARE CAPITAL

Share capital consists of common shares entitling equal rights to dividends, liquidation quota and voting rights at the shareholders meeting. Nominal value per share is LVL 1. All shares are fully paid up. The largest shareholder of the Bank is Commercial Bank "PrivatBank", (Ukraine).

Shareholders as at 30 June 2007 are as follows:

Shareholder	Country	Shares LVL	Holding, %	Voting rights
Closed Joint Stock Commercial Bank "PrivatBank"	Ukraine	3 374 882	95.0671	With voting rights
M. Esterovs	USA	174 908	4.9271	With voting rights
J. Aleksandrova (Skvorcova)	Latvia	50	0.0014	With voting rights
A. Laško	Latvia	51	0.0014	With voting rights
V. Bīriņš	Latvia	65	0.0018	With voting rights
O.Trubakov	Ukraine	11	0.0003	With voting rights
O. Mekekechko	Ukraine	11	0.0003	With voting rights
V. Beļskis	Latvia	11	0.0003	With voting rights
R. Pētersons	Latvia	11	0.0003	With voting rights
		3 550 000	100.00	

Shareholder	Country	Shares EUR	Holding, %	Voting rights
Closed Joint Stock Commercial Bank "PrivatBank"	Ukraine	4 802 024	95.0671	With voting rights
M. Esterovs	USA	248 871	4.9271	With voting rights
J. Aleksandrova (Skvorcova)	Latvia	71	0.0014	With voting rights
A. Laško	Latvia	73	0.0014	With voting rights
V. Bīriņš	Latvia	92	0.0018	With voting rights
O.Trubakov	Ukraine	16	0.0003	With voting rights
O. Mekekechko	Ukraine	16	0.0003	With voting rights
V. Beļskis	Latvia	16	0.0003	With voting rights
R. Pētersons	Latvia	16	0.0003	With voting rights
		5 051 195	100.00	

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30 CASH AND CASH EQUIVALENTS

	30 June 2007		30 June 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Cash and due from the Bank of Latvia	8 147	11 592	7 387	10 511
Deposits in other credit institutions with maturity less than three months	13 411	19 082	16 614	23 640
Due to other credit institutions with maturity less than three months	(10 861)	(15 455)	(5 554)	(7 903)
	<u>10 697</u>	<u>15 219</u>	<u>18 447</u>	<u>26 248</u>

31 FUNDS UNDER TRUST MANAGEMENT

	30 June 2007		31 December 2006	
	LVL '000	EUR '000	LVL '000	EUR '000
Assets under management				
Loans to residents of Non - OECD countries	394	561	-	-
Loans to residents of OECD countries	-	-	4 133	5 881
	<u>394</u>	<u>561</u>	<u>4 133</u>	<u>5 881</u>
Liabilities under management				
Deposits of residents of other countries	394	561	4 133	5 881
	<u>394</u>	<u>561</u>	<u>4 133</u>	<u>5 881</u>

As at 30 June 2007, the Bank held and managed customers' funds of LVL 394 thousand and invested in fiduciary loans of LVL 394 thousand at customers' direction. These are not the Bank assets and are not recognized in the balance sheet. The Bank is not exposed to risks relating to such placements, which the ultimate customer bears.

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32 RELATED PARTY TRANSACTIONS

Related parties are shareholders having a significant influence over the Bank, companies which they can control, members of the Council and Board, senior management, their close relatives and companies which they can control, as well as associated companies.

	30 June 2007 LVL'000	Annual interest rate	31 December 2006 LVL'000	Annual interest rate
Assets				
Loans to the members of the Board and Council	157	5.97%	98	4.88%
PrivatBank balance on correspondent account	-	-	132	-
PrivatBank term deposits	245	2.69%	5	2.69%
Funds in settlement (Visa, Privatmoney)	19	-	91	-
	<u>421</u>		<u>326</u>	
Liabilities				
Due to PrivatBank – loro account	2 118	-	11 309	-
PrivatBank term deposits	10 918	5%	1 517	5%
Funds in settlement (Visa, Privatmoney)	35	-	-	-
	<u>13 071</u>		<u>12 826</u>	

As at 30 June 2007 the Bank had the following transactions with subsidiaries:

	30 June 2007 LVL'000	Annual interest rate	31 December 2006 LVL'000	Annual interest rate
Assets				
Loan to SIA "PARITATE LĪZINGS"	12 019	5.84%	10 862	4.21%
Loan to SIA "DigiPro"	390	5.33%	390	4.36%
Loan to SIA "PARITATE CONSULTING"	7	4%	5	4%
	<u>12 416</u>		<u>11 257</u>	

	30 June 2007 LVL'000	Annual interest rate	31 December 2006 LVL'000	Annual interest rate
Liabilities				
Due to SIA "PARITATE LĪZINGS"	-	-	-	-
Due to SIA "DigiPro"	-	-	18	-
Due to SIA "PARITATE CONSULTING"	-	-	11	-
	<u>-</u>		<u>29</u>	

	30 June 2007 LVL'000	31 December 2006 LVL'000
Income from related party transactions		
Interest income from SIA "PARITATE LĪZINGS"	366	374
Interest income from SIA "DigiPro"	9	17
Interest income from SIA "PARITATE CONSULTING"	-	1
	<u>375</u>	<u>392</u>

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	30 June 2007		31 December 2006	
Assets	EUR'000		EUR'000	
Loans to the members of the Board and Council	223	5.97%	139	4.88%
PrivatBank balance on correspondent account	-	-	188	-
PrivatBank term deposits	349	2.69%	7	2.69%
Funds in settlement (Visa, Privatmoney)	27	-	129	-
	<u>599</u>		<u>463</u>	
	30 June 2007	Annual interest rate	31 December 2006	Annual interest rate
Liabilities	EUR'000		EUR'000	
Due to PrivatBank – loro account	3 014	-	16 091	-
PrivatBank term deposits	15 535	5%	2 158	5%
Funds in settlement (Visa, Privatmoney)	50	-	-	-
	<u>18 599</u>		<u>18 249</u>	

As at 30 June 2007 the Bank had the following transactions with subsidiaries:

	30 June 2007	Annual interest rate	31 December 2006	Annual interest rate
Assets	EUR'000		EUR'000	
Loan to SIA “PARITATE LĪZINGS”	17 101	5.84%	15 455	4.21%
Loan to SIA “DigiPro”	555	5.33%	555	4.36%
Loan to SIA “PARITATE CONSULTING”	10	4%	7	4%
	<u>17 666</u>		<u>16 017</u>	

	30 June 2007	Annual interest rate	31 December 2006	Annual interest rate
Liabilities	EUR'000		EUR'000	
Due to SIA “PARITATE LĪZINGS”	-	-	-	-
Due to SIA “DigiPro”	-	-	26	-
Due to SIA “PARITATE CONSULTING”	-	-	16	-
	<u>-</u>		<u>42</u>	

	30 June 2007	31 December 2006
Income from related party transactions	EUR'000	EUR'000
Interest income from SIA “PARITATE LĪZINGS”	521	532
Interest income from SIA “DigiPro”	13	24
Interest income from SIA “PARITATE CONSULTIG”	-	1
	<u>534</u>	<u>557</u>

All transactions with related parties have been carried out at an arm's length basis.