AS PAREX BANKA

CONDENSED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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AS Parex banka
Statements of Income
for the years ended 31 December 2009 and 2008

	EUR 000's			
	2009 Group	2008 Group	2009 Bank	2008 Bank
Interest income	245,175	324,895	218,499	287,836
Interest expense	(207,573)	(187,884)	(201,073)	(178,939)
Net interest income	37,602	137,011	17,426	108,897
Commission and fee income	40,068	67,140	30,717	54,493
Commission and fee expense	(12,220)	(16,184)	(9,880)	(15,474)
Net commission and fee income	27,848	50,956	20,837	39,019
(Loss) / gain on transactions with financial instruments, net	8,046	(4,784)	7,883	(6,626)
Other income	21,372	18,367	14,643	11,487
Other expense	(6,369)	(2,156)	(5,856)	(1,511)
Administrative expense	(101,769)	(155,224)	(71,645)	(117,583)
Amortisation and depreciation charge	(16,147)	(13,253)	(11,030)	(10,453)
Impairment charges and reversals, net	(170,316)	(227,278)	(156,079)	(208,671)
Loss on disposal of assets held for sale, net	(5,196)	(556)	-	-
Loss before taxation	(204,929)	(196,917)	(183,821)	(185,441)
Corporate income tax	24,210	10,563	25,726	8,994
Net loss for the year	(180,719)	(186,354)	(158,095)	(176,447)
Attributable to:				
Equity holders of the Bank	(180,719)	(186,354)	(158,095)	(176,447)
Minority interest	-	-	-	-
	(180,719)	(186,354)	(158,095)	(176,447)

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AS Parex banka
Statements of Comprehensive Income
for the years ended 31 December 2009 and 2008

	EUR 000's			
	2009 Group	2008 Group	2009 Bank	2008 Bank
Net loss for the year	(180,719)	(186,354)	(158,095)	(176,447)
Other comprehensive income:				
*Fair value revaluation reserve: held-to-maturity securities**				
Reclassification of securities (incl. deferred tax)	-	(17,410)	-	(15,758)
Amortisation	3,485	1,524	3,082	1,330
Impairment of securities	804	2,679	804	2,679
Deferred income tax charged directly to equity	17	94	(31)	(31)
Fair value revaluation reserve: available-for-sale securities				
Reclassification of securities (incl. deferred tax)	-	17,410	-	15,758
Impairment of securities	3,678	7,827	3,678	7,827
Fair value revaluation reserve charged to statement of income	16	9,300	(21)	10,095
Change in fair value of available for sale securities	23,709	(44,643)	23,096	(44,598)
Deferred income tax charged directly to equity	(563)	588	(313)	428
Other comprehensive income / (loss) for the year	31,145	(22,631)	30,294	(22,269)
Total comprehensive loss for the year	(149,574)	(208,984)	(127,801)	(198,717)
Attributable to:				
Equity holders of the Bank	(149,574)	(208,984)	(127,801)	(198,717)
Minority interest	-	-	-	-
	(149,574)	(208,984)	(127,801)	(198,717)

*The reserve is attributable to available-for-sale securities that were reclassified to held-to-maturity securities. The reserve will be amortised to Income statement till the maturity of the securities.

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AS Parex banka
Balance Sheets
as at 31 December 2009 and 2008

	EUR 000's			
	31/12/2009 Group	31/12/2008 Group	31/12/2009 Bank	31/12/2008 Bank
Assets				
Cash and deposits with central banks	224,105	165,551	202,416	135,428
Balances due from credit institutions	314,221	390,897	463,670	709,565
Securities held for trading:				
- fixed income	2,005	3,293	2,005	2,846
- shares and other non-fixed income	2,053	6,262	2,053	6,262
Derivative financial instruments	2,722	27,323	2,735	27,251
Financial assets designated at fair value through profit and loss	3,941	2,318	-	-
Available-for-sale securities:				
- fixed income	149,143	208,005	121,998	201,057
- shares and other non-fixed income	13,561	17,792	13,458	17,669
Loans and receivables to customers	2,362,491	2,896,968	2,056,627	2,482,728
Held-to-maturity securities	425,967	1,079,314	453,397	1,135,436
Current income tax assets	11,350	11,592	10,230	10,908
Non-current assets and disposal groups classified as held for sale	17,605	10,115	6	4,004
Fixed assets	74,694	86,072	17,850	28,796
Goodwill and intangible assets	4,687	5,760	832	1,113
Investments in subsidiaries	-	-	103,478	73,195
Investment property	1,249	-	-	-
Deferred income tax assets	44,809	17,358	40,980	13,772
Other assets	40,449	28,385	24,395	13,401
Total assets	3,695,052	4,957,005	3,516,130	4,863,431
Liabilities				
Derivative financial instruments	1,333	13,530	1,369	13,759
Financial liabilities designated at fair value through profit and loss	1,009	447	-	-
Financial liabilities measured at amortised cost:				
- balances due to credit institutions and central banks	786,088	1,692,678	814,995	1,794,867
- deposits from customers	2,401,593	2,878,461	2,192,174	2,706,140
- issued debt securities	128,842	126,610	129,114	126,226
- other financial liabilities	7,726	3,331	-	-
Current income tax liabilities	620	626	-	-
Deferred income tax liabilities	1,204	494	-	-
Other liabilities	21,022	52,969	13,332	36,829
Subordinated liabilities	147,907	75,351	147,917	75,355
Total liabilities	3,497,344	4,844,497	3,298,901	4,753,176
Equity				
Paid-in share capital	327,299	92,525	327,299	92,525
Share premium	18,062	18,062	18,062	18,062
Fair value revaluation reserve – held-to-maturity securities	(8,808)	(13,113)	(7,925)	(11,780)
Fair value revaluation reserve – available-for-sale securities	(8,719)	(35,559)	(9,119)	(35,559)
(Accumulated losses) / Retained earnings	(130,126)	50,593	(111,088)	47,007
Total shareholders' equity attributable to the shareholders of the Bank	197,708	112,508	217,228	110,255
Minority interest	-			
Total equity	197,708	112,508	217,228	110,255
Total liabilities and equity	3,695,052	4,957,005	3,516,130	4,863,431

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AS Parex banka
Statements of Changes in Equity
for the years ended 31 December 2009 and 2008

Changes in the Group's equity are as follows:

	EUR 000's					
	Attributable to equity holders of the Bank					
	Issued share capital	Share premium	Fair value revaluation reserve, attributable to:		Retained earnings	Total equity
			Held-to-maturity securities	Available-for-sale securities		
Balance as at 31 December 2007	**92,525**	**18,062**	**-**	**(26,041)**	**236,947**	**321,492**
Net loss for the period	-	-	-	-	*(186,354)*	*(186,354)*
Other comprehensive loss for the period	-	-	(13,113)	(9,518)	-	(22,631)
Balance as at 31 December 2008	**92,525**	**18,062**	**(13,113)**	**(35,559)**	**50,593**	**112,508**
Issue of new shares	234,774	-	-	-	-	234,774
Net loss for the period	-	-	-	-	*(180,719)*	*(180,719)*
Other comprehensive income for the period	-	-	4,306	26,840	-	31,145
Balance as at 31 December 2009	**327,299**	**18,062**	**(8,808)**	**(8,719)**	**(130,126)**	**197,708**

Changes in the Bank's equity are as follows:

	EUR 000's					
	Attributable to equity holders of the Bank					
	Issued share capital	Share premium	Fair value revaluation reserve, attributable to:		Retained earnings	Total equity
			Held-to-maturity securities	Available-for-sale securities		
Balance as at 31 December 2007	**92,525**	**18,062**	**-**	**(25,070)**	**223,455**	**308,972**
Net loss for the period	-	-	-	-	*(176,447)*	*(176,447)*
Other comprehensive loss for the period	-	-	(11,780)	(10,489)	-	(22,269)
Balance as at 31 December 2008	**92,525**	**18,062**	**(11,780)**	**(35,559)**	**47,007**	**110,255**
Issue of new shares	234,774	-	-	-	-	234,774
Net loss for the period	-	-	-	-	*(158,095)*	*(158,095)*
Other comprehensive income for the period	-	-	3,855	26,440	-	30,294
Balance as at 31 December 2009	**327,299**	**18,062**	**(7,925)**	**(9,119)**	**(111,088)**	**217,228**

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AS Parex banka
Statements of Cash Flows
for the year ended 31 December 2009

	EUR 000's			
	2009 Group	2008 Group	2009 Bank	2008 Bank
Cash flows from operating activities				
Loss before tax	(204,929)	(196,917)	(183,821)	(185,441)
Amortisation of intangible assets, depreciation of fixed assets and investment property	16,147	13,253	11,030	10,452
Change in impairment allowances and other provisions	170,316	225,852	156,079	205,621
Other non-cash items	341	1,461	1,113	895
Cash generated before changes in assets and liabilities	**(18,125)**	**43,649**	**(15,599)**	**31,527**
Change in derivative financial instruments	12,405	(17,452)	12,126	(15,630)
(Increase)/ decrease in other assets	(6,530)	(2,752)	4,479	(306)
(Decrease) in other liabilities	(26,373)	(2,157)	(22,316)	(710)
Decrease in trading investments	4,435	53,150	5,050	51,775
(Increase)/ decrease in balances due from credit institutions	31,097	19,011	(238,781)	246,375
(Increase) / decrease in loans and receivables to customers	351,577	(186,114)	251,366	(157,656)
Increase / (decrease) in balances due to credit institutions and central banks	(47,575)	140,135	(29,335)	134,947
(Decrease) in deposits from customers	(188,967)	(83,908)	(226,064)	(10,304)
Cash generated from / (used in) operating activities before corporate income tax	**111,944**	**(36,438)**	**(259,075)**	**280,018**
Corporate income tax (paid)	(3,500)	(11,388)	(1,150)	(9,395)
Net cash flow generated from / (used in) operating activities	**108,444**	**(47,826)**	**(260,225)**	**270,623**
Cash flows from investing activities				
(Purchase) of intangible and fixed assets	(14,939)	(56,777)	(1,487)	(13,581)
Proceeds from disposal of intangible and fixed assets	1,827	2,139	922	1,108
Acquisitions and investments in subsidiaries	-	-	(30,841)	-
(Purchase) of held-to-maturity securities	-	(21,837)	-	(57,505)
Cash inflows from maturing held-to-maturity securities	53,160	47,513	84,307	46,730
(Purchase) of available-for-sale securities, net	84,520	(57,267)	101,190	(74,666)
Net cash flow from investing activities	**124,568**	**(86,229)**	**154,091**	**(97,914)**
Cash flows from financing activities				
Repayment/ repurchase of debt securities	-	(140,758)	-	(141,886)
Repayment of syndicated loans	(232,500)	(374,999)	(232,500)	(374,999)
Proceeds from received syndicated loans	-	275,000	-	275,000
Raised subordinated capital	18,395	35,350	18,401	35,354
Net cash flow from financing activities	**(214,105)**	**(205,407)**	**(214,100)**	**(206,531)**
Net cash flow for the year	**18,907**	**(339,462)**	**(320,233)**	**(33,822)**
Cash and cash equivalents at the beginning of the year	**514,351**	**853,813**	**791,017**	**824,839**
Cash and cash equivalents at the end of the year	**533,258**	**514,351**	**470,784**	**791,017**

Amounts of interest income and (expense) received/ (paid) are as follows:

	EUR 000's			
	2009 Group	2008 Group	2009 Bank	2008 Bank
Interest income received during the year	226,958	316,266	204,731	282,729
Interest expense paid during the year	(241,224)	(184,629)	(209,137)	(175,047)

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