

Pension Plan "Stability"



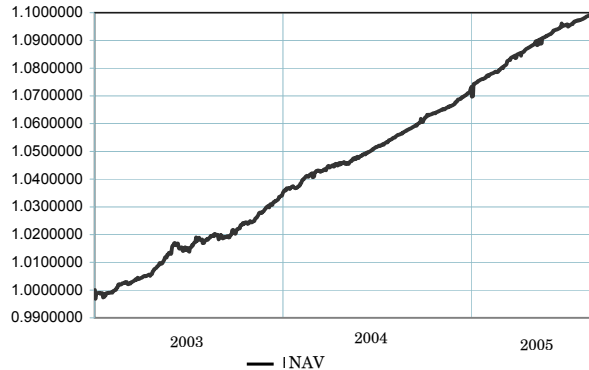
Investment Principles

The investment policy of the Plan is conservative, as assets of the Plan are disposed in financial instruments with fixed income. Not less than 70 % of assets of the Plan are invested in debt securities and no more than 30 % - in term-deposits. The investment policy of the Plan provides to invest not less than 50% of assets in Latvia. Investments in foreign currencies can't exceed 30% of assets of the Plan.

General information

Plan Management Company	AS IPS Hansa Fondi
Plan Manager	Raimonds Vesers
Inception	2002
Applications are accepted in:	Branch offices of AS Hansabanka; 7024555 www.hanzanet.lv State Social Insurance Agency
Net Asset Value (NAV)	1.099538 LVL
Net Assets	3 930 887 LVL
Management Fee per annum	1.0%
Weighted average rating	A3
Weighted average modified duration, years	2.6

Performance of Plan



	YTD	1 month	3 months	6 months	1 year	3 years	Inception*
Performance	2.66%	0.21%	0.73%	1.89%	3.99%	7.80%	9.95%
Annualized**	3.97%	2.52%	2.89%	3.72%	3.93%	3.77%	3.60%

	2003	2004				
Annualized**	3.36%	3.62%				

* - since launch

** - the annual interest rate of yield is calculated, using ACT/360 method

Manager Comment

Assets under this plan topped 3.9 million lats in end-July, and the number of participants amounted to 40,692.

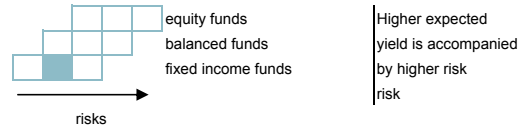
The German 10-year bond rate fluctuated over the month – in the first half of the month reaching a high of 3.37%, it nevertheless dropped to 3.10% at the end of the month (end July - 3.24%).

At the end of August, commercial banks had to start calculating the mandatory reserves according to the increased 6% rate. It caused a short-term demand for the Lats resources resulting into an increased interbank rate for all periods: the Rigibor 1-week rate at the end of August was 2.81% (at the end of July - 2.51%), 1-month rate 2.83% (2.63%), 3-month 2.85% (2.71%), 6-month 2.85% (2.78%), and 12-month rate 2.93% (2.89%).

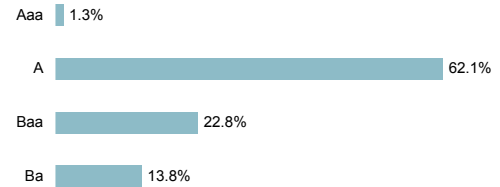
The Latvian long-term bond rates slightly fell in August: at the end of the month, the Latvian year 2013 bonds were bought for a yield of 3.44% (in end July – 3.50%) and the Latvian year 2014 bonds – for 3.59% (3.65%).

In the original Latvian bonds auction on 24 and 25 August, debt securities with 1 year maturity were sold at a total amount of 6.65 million lats according to nominal value and yield - 2,375%.

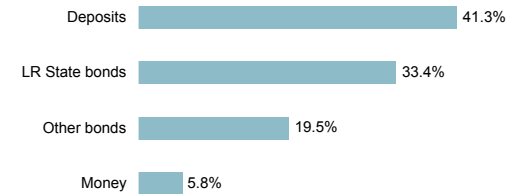
Risk level



Portfolio by ratings



Portfolio by instruments



Portfolio by countries



*** - without East Europe

Larger investments

Larger investments	Weight
LR 5-year bonds 04.02.10	12.9%
LR 10-year bonds 14.02.13	12.6%
T.Rowe Price Euro Corporate Bond Fund	3.9%
LR 5-year bonds 26.01.06	3.8%
LHQB mortgage bond 15.08.06	3.8%
SEB Vilniaus Bankas 20.02.08	2.7%
Parex Bank euro bond 09.06.08	2.7%
Term deposit in Sampo Bank 22.12.2007	2.6%
Baltic Trust Bank mortgage bond 01.12.07	2.6%
Term deposit Nord/LB Latvija 04.06.2007	2.6%