



*Condensed Interim Financial Statements prepared  
in accordance with International Financial Reporting  
Standards as adopted by the EU for the period ended  
30 June 2008 (non-audited)*

## I. BANK MANAGEMENT REPORT

AS "GE Money Bank" (the Bank), which in Latvia was registered under this name on April 25<sup>th</sup>, 2008, is a subsidiary of the USA corporation, General Electric (GE). Previously this company operated under the name AS "Baltic Trust Bank", and passed into the ownership of GE in the end of 2006. In 2007, active integration of AS "Baltic Trust Bank" was carried out, introducing policies, procedures, and better practice in the bank established by GE, restructuring company's processes, harmonising products and preparing for brand change.

The aim of "GE Money Bank" is to provide universal banking services to private persons, medium-sized and small enterprises in the territory of Latvia. Among the bank's clients, there are 139 natural persons and 7 thousand legal persons, who are serviced by a wide network of regional branches in the whole country.

In 2008, the bank's shareholders' main task is to establish operational and technological base – to invest in order to ensure the bank's stable long-term development. Year 2008 should be dedicated to intensive investments in various projects, reorganizing of the organisational structure, enhancing the branch network and investing in the bank's new brand.

As the result, AS "GE Money Bank" concluded first half of 2008 at unaudited loss of 2.7 million EUR, and due to this year's considerable investments, the bank is not planning to conclude year 2008 with profit. Events that made impact on the bank's financial indicators in the first half-year:

- This year, a new business strategy has been developed for the bank, which provides for focusing on activities on the local market and refusing from activity in certain market segments, which formerly provided an essential part of commission charges and other income. As the result, in the first half of the year, net interest income remained at the same level, and net operating income dropped by 6% as compared to the respective period of 2007
- Motivated employees and efficient organizational structure is foundation for the new bank's prosperity in the future, therefore in 2008, much attention is being paid to improving the company's internal functionality, establishing new functions, changing the organizational structure and investing in the personnel. The bank has invested financial resources in the modernization and expansion of the Customer Service Call Centre, considerably changed risk, marketing and product development structural units, and other structures. In total, 134 new employees have started to work in the bank over the first six months. The bank actively attracts high-qualified specialists and regularly reviews the employees' motivation level in accordance with market trends. Due to these measures, current personnel expenses have grown by 40% over 6 months against the first half-year of 2007, and by 15% against the end of 2007.
- The most significant investment in 2008 over the first six months was the change of brand from AS "Baltic Trust Bank" to AS "GE Money Bank" and branch network reorganization, which will also continue during the second half of the year. Due to these and aforementioned activities, administrative expenses have increased by 33% as compared to the respective period in 2007.
- To achieve the set aims and implement development plans in Latvia, AS "GE Money Bank" pays much attention to the establishment of stable and perspective client base, which will ensure further growth of the bank. Since end of the 2007 the number of GE Money Bank clients has increased by 7%.
- Accumulation of funds for the credit portfolio has had the greatest impact on financial indicators in the first half of the year. Considering the current economic situation in Latvia, the bank is deliberately accumulating large funds for the credit portfolio. Carefully evaluating potential future risks, the bank has reduced its credit portfolio, which created losses in the short-term to protect the bank from potentially greater losses in the future. GE Money Bank will also continue implementing active fund accumulation policy in the future.

In the end of June 2008, two emissions of mortgage bonds issued by the bank and one emission of subordinated obligations were quoted at Riga Stock Exchange.

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The bank has developed a system for identifying, supervising and managing the main risks for financial/bank's activity. The system is being constantly enhanced, considering the Bank's operating strategy, development of the market and the Bank.

The bank's concern also incorporates IPS "GE Money Asset Management" and AS "GE Money atklātais pensiju fonds". The total amount of the 2<sup>nd</sup> pension pillar plan by the end of June 2008 reached 4.52 million EUR, 3<sup>rd</sup> pension pillar plan– 0.34 million EUR. 2<sup>nd</sup> pension pillar plan, "Dpezs", has become the most profitable plan in the field in the first six months of 2008 over the last year, and 3<sup>rd</sup> pension pillar plan "Rumba" – the most profitable among the lat pension plans since it started to operate, and the pension plan "Tvists" also became profitable by the end of the first half-year.

Although the bank does not forecast profit in 2008, AS "GE Money Bank" has a very stable capital position. Capital sufficiency indicator is planned within 12% by the end of the year, which is by 4% above the 8% normative. Besides, JSC "GE Money Bank" is a part of the group of enterprises of US corporation General Electric (GE), which has AAA credit rating, and the financing provided by it is a solid fundament for the stability of the bank and it's long-term growth.

Kind regards,

Chairman of the Board

I. Rācenāja

Riga, 8 August 2008

**II. INFORMATION ON THE BANK'S MANAGEMENT****The Supervisory Council 30.06.2008.**

<b>Name</b>	<b>Position</b>	<b>Election date</b>	<b>Resignation date</b>
Niels Aall	Chairman of the Council	14.11.2006	14.03.2008
Agneta Schwieler	Member of the Council	14.11.2006	14.03.2008.
Magnus Berggren	Member of the Council	14.11.2006	14.03.2008
Jan Sjoberg	Member of the Council	19.03.2007.	14.03.2008
Helen Heslop	Deputy Chairman of the Council	16.10.2007.	14.03.2008
Eva Ekwall	Member of the Council	16.10.2007.	14.03.2008
Allan Karlsen	Member of the Council	14.12.2007.	14.03.2008
Schaub William Christian	Chairman of the Council	14.03.2008.	
Blapek Aleð	Deputy Chairman of the Council	14.03.2008.	
Seidel Wilfried Mathias	Member of the Council	14.03.2008.	
Tanrikut Saadet Nurcan	Member of the Council	14.03.2008.	
Roth Herbert	Member of the Council	14.03.2008.	

**The Management Board 30.06.2008.**

<b>Name</b>	<b>Position</b>	<b>Election date</b>	<b>Resignation date</b>
Ieva Rācenāja	Chairman of the Board	03.03.2008	
Kaspars Krauze	Member of the Board	03.03.2007	02.03.2008
Inga Vagele	Member of the Board	03.03.2008	
Nina Sadurskis	Member of the Board	09.03.2007	08.03.2008
Dmitrijs Cimbers	Member of the Board	15.12.2007.	
Asim Yuzbasioglu	Member of the Board	16.10.2007.	

### III. STATEMENT OF MANAGEMENT RESPONSIBILITY

The management of JSC "GE Money Bank" ("the Bank") is responsible for the Bank's and the Bank's subsidiaries ("the Group") preparation of the condensed interim financial statements and ensuring the fair presentation of the financial position as at the period end, and the profit and loss and cash flows for the period then ended.

While preparing the condensed interim financial statements for the periods ended 30 June 2008 and 2007 and the condensed balance sheet as of 30 June 2008 and 31 December 2007, the management has applied appropriate accounting principles that are based on prudent and reasonable judgments and estimates. Appropriate accounting principles have been consistently applied.

The Bank's management is responsible for maintaining proper accounting records and ensuring the compliance of these condensed interim financial statements with the regulations of the Financial and Capital Market Commission and International Financial Reporting Standards. The management is responsible for maintaining the measures necessary for safeguarding the Bank's assets and for the prevention and detention of fraud and other irregularities.

On behalf of the Bank's Management:

Chairman of the Board

I.Rācenāja

Riga, 8 August 2008

## IV. BALANCE SHEET AND OFF BALANCE SHEET ITEMS

ASSETS	30 June	30 June	31 December	31 December
	2008	2008	2007	2007
	Group	Bank	Group	Bank
Cash and due from central bank	22,090	22,090	36,976	36,976
Due from credit institutions	55,306	55,283	79,184	79,161
Held for trading financial assets	1,625	2,406	2,142	2,808
<i>Fixed-income securities</i>	1,073	-	1,357	119
<i>Shares and other non-fixed income securities</i>	390	2,244	411	2,315
<i>Derivatives</i>	162	162	374	374
Loans	284,650	284,650	251,789	251,789
Available-for-sale financial assets	6,096	6,096	6,081	6,081
<i>Fixed-income securities</i>	6,096	6,096	6,081	6,081
Held-to-maturity investments	2,719	2,719	2,785	2,785
Investments in subsidiaries	-	354	-	283
Intangible assets	888	886	1,089	1,086
Property, plant and equipment	11,275	11,275	11,421	11,421
Deferred expense and accrued income	451	440	329	319
Other assets	2,654	2,587	2,786	2,786
<b>Total assets</b>	<b>387,754</b>	<b>388,786</b>	<b>394,582</b>	<b>395,495</b>

The accompanying notes on pages 13 to 15 form an integral part of these Bank and Group financial statements.

Chairman of the Board

I.Rācenāja

Riga, 8 August 2008

**BALANCE SHEET AND OFF BALANCE SHEET ITEMS**

	30 June	30 June	31 December	31 December
	2008	2008	2007	2007
<b>LIABILITIES</b>	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
Due to credit institutions	4,020	4,020	1,433	1,433
Financial liabilities held for trading	58	58	479	479
<i>Derivatives</i>	58	58	479	479
Financial liabilities at amortized cost	334,062	335,040	340,206	341,080
<i>Deposits</i>	323,916	324,723	329,940	330,643
<i>Debt securities</i>	6,983	6,983	7,147	7,147
<i>Subordinated debt</i>	3,163	3,334	3,119	3,290
Deferred income and accrued expense	1,625	1,618	1,806	1,791
Tax liabilities	985	985	985	985
Other liabilities	734	733	765	765
<b>Total liabilities</b>	<b>341,484</b>	<b>342,454</b>	<b>345,674</b>	<b>346,533</b>
Capital and reserves				
<i>Share capital</i>	22,198	22,198	22,198	22,198
<i>Share premium</i>	10,347	10,347	10,347	10,347
<i>Reserve capital</i>	4,005	4,005	4,005	4,005
<i>Property, plant and equipment     revaluation reserve</i>	2,363	2,363	2,363	2,363
<i>Available for sale financial asset     revaluation reserve</i>	(687)	(687)	(748)	(748)
<i>Retained earnings</i>	10,743	10,797	6,585	6,621
<i>Profit for the year</i>	(2,699)	(2,691)	4,158	4,176
<b>Total equity</b>	<b>46,270</b>	<b>46,332</b>	<b>48,908</b>	<b>48,962</b>
<b>Total liabilities and equity</b>	<b>387,754</b>	<b>388,786</b>	<b>394,582</b>	<b>395,495</b>
<b>OFF-BALANCE SHEET ITEMS</b>				
Guarantees	8,244	8,244	6,234	6,234
Other commitments	6,988	6,988	10,309	10,309

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Chairman of the Board

I.Rācenāja

Riga, 8 August 2008

## V. INCOME STATEMENT

	30.06. 2008.	30.06. 2008.	30.06. 2007.	30.06. 2007.
	Group	Bank	Group	Bank
Interest income	12,494	12,494	10,110	10,110
Interest expense	(6,218)	(6,222)	(3,795)	(3,795)
<b>Net interest income</b>	<b>6,276</b>	<b>6,272</b>	<b>6,315</b>	<b>6,315</b>
Commissions and fee income	3,524	3,472	3,994	3,982
Commissions and fee expense	(714)	(713)	(711)	(710)
<b>Net commission income</b>	<b>2,810</b>	<b>2,759</b>	<b>3,283</b>	<b>3,272</b>
Net profit from held for trading financial assets	11	11	114	114
Gain from foreign exchange	1,261	1,261	1,720	1,720
Other operating income	908	908	519	519
<b>Net operating income</b>	<b>2,180</b>	<b>2,180</b>	<b>2,353</b>	<b>2,353</b>
Administrative expenses	(10,250)	(10,188)	(7,570)	(7,555)
Depreciation, amortization and loss on sale of intangible assets and property, plant and equipment	(993)	(993)	(865)	(865)
Other operating expenses	(110)	(109)	(147)	(147)
Net impairment allowance expense	(2,612)	(2,612)	23	23
<b>Profit before corporate income tax</b>	<b>(2,699)</b>	<b>(2,691)</b>	<b>3,392</b>	<b>3,396</b>
Corporate income tax	-	-	(693)	(693)
<b>Profit (loss) for the year</b>	<b>(2,699)</b>	<b>(2,691)</b>	<b>2,699</b>	<b>2,703</b>
<b>Earnings per share (EUR)</b>	<b>(8.65)</b>	<b>(8.62)</b>	<b>8.65</b>	<b>8.67</b>

*The accompanying notes on pages 13 to 15 form an integral part of these Bank and Group financial statements.*

Chairman of the Board

I.Rācenāja

Rīga, 8 August 2008



## VI. STATEMENT OF CHANGES IN EQUITY (THE BANK)

	Share capital	Share premium	Revaluati on reserve	Reserve capital and other reserves	Accumulat ed profit / loss	Total
<b>31 December 2006</b>	<b>22,198</b>	<b>10,347</b>	<b>1,770</b>	<b>4,005</b>	<b>6,621</b>	<b>44,941</b>
Available for sale financial assets revaluation reserve	-	-	(14)	-	-	(14)
Profit for the period	-	-	-	-	2,703	2,703
<b>30 June 2007</b>	<b>22,198</b>	<b>10,347</b>	<b>1,756</b>	<b>4,005</b>	<b>9,324</b>	<b>47,630</b>
<b>31 December 2007</b>	<b>22,198</b>	<b>10,347</b>	<b>1,615</b>	<b>4,005</b>	<b>10,797</b>	<b>48,962</b>
Available for sale financial assets revaluation reserve	-	-	61	-	-	61
Profit for the period	-	-	-	-	(2,691)	(2,691)
<b>30 June 2008</b>	<b>22,198</b>	<b>10,347</b>	<b>1,676</b>	<b>4,005</b>	<b>8,106</b>	<b>46,332</b>

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Chairman of the Board

I.Rācenāja

Rīga, 8 August 2008

**STATEMENT OF CHANGES IN EQUITY  
(THE GROUP)**

	Share capital	Share premium	Revaluation reserves	Reserve capital and other reserves	Accumulated profit / loss	Total
<b>31 December 2006</b>	<b>22,198</b>	<b>10,347</b>	<b>1,770</b>	<b>4,005</b>	<b>6,585</b>	<b>44,905</b>
Available for sale financial assets revaluation reserve	-	-	(14)	-	-	(14)
Profit for the period	-	-	-	-	2,699	2,699
<b>30 June 2007</b>	<b>22,198</b>	<b>10,347</b>	<b>1,756</b>	<b>4,005</b>	<b>9,284</b>	<b>47,590</b>
<b>31 December 2007</b>	<b>22,198</b>	<b>10,347</b>	<b>1,615</b>	<b>4,005</b>	<b>10,743</b>	<b>48,908</b>
Available for sale financial assets revaluation reserve	-	-	61	-	-	61
Profit for the period	-	-	-	-	(2,699)	(2,699)
<b>30 June 2008</b>	<b>22,198</b>	<b>10,347</b>	<b>1,676</b>	<b>4,005</b>	<b>8,044</b>	<b>46,270</b>

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Chairman of the Board

I.Rācenāja

Riga, 8 August 2008

## VII. STATEMENT OF CASH FLOWS

	6 months ended 30 June 2008	6 months ended 30 June 2008	6 months ended 30 June 2007	6 months ended 30 June 2007
<b>Cash flows from operations</b>	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
Profit before corporate income tax	(2,699)	(2,691)	3,392	3,396
Depreciation, amortization and write-off intangible assets and property, plant and equipment	993	993	865	865
Increase of impairment allowance	2,612	2,612	(23)	(23)
Result from revaluation of foreign currencies	(1,261)	(1,261)	128	128
<b>Increase in cash and cash equivalents before changes in assets and liabilities</b>	<b>(355)</b>	<b>(347)</b>	<b>4,362</b>	<b>4,366</b>
Change in due from credit institutions	(384)	(384)	7,995	7,991
Change in loans	(35,474)	(35,474)	(36,546)	(36,546)
Change in available-for-sale financial assets	(14)	(14)	14,375	14,375
Change in held for trading financial assets	579	462	935	935
Change in deferred expense and accrued income	(122)	(121)	(754)	(754)
Change in other assets	196	265	53	53
Change in due to credit institutions	(713)	(713)	(44)	(44)
Change in deposits	(6,024)	(5,919)	59,165	59,229
Change in held for trading financial liabilities	(421)	(421)	212	212
Change in deferred income and accrued expenses	(181)	(173)	2,894	2,894
Change in other liabilities	(151)	(152)	(390)	(390)
Income tax paid	-	-	(693)	(693)
<b>Net cash used in operating activities</b>	<b>(43,064)</b>	<b>(42,991)</b>	<b>51,564</b>	<b>51,628</b>

Cash flows from investing activities	6 months ended	6 months ended	6 months ended	6 months ended
	30 June 2007	30 June 2007	30 June 2006	30 June 2006
	Group	Bank	Group	Bank
Purchases of property, plant and equipment, and intangibles	(647)	(647)	(1,084)	(1,084)
Purchases of held-to-maturity investments	-	-	5,755	5,755
Investments in subsidiaries	-	(71)	-	(64)
<b>Net cash from investing activities</b>	<b>(647)</b>	<b>(718)</b>	<b>4,671</b>	<b>4,607</b>
<b>Cash flows from financing activities</b>				
Subordinated liabilities (repaid)	-	-	(94)	(94)
Debt securities issued	-	-	(404)	(404)
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>(498)</b>	<b>(498)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(43,711)</b>	<b>(43,709)</b>	<b>55,737</b>	<b>55,737</b>
Opening balance of cash and cash equivalents	111,923	111,900	121,186	121,186
Results from exchange rate differences	1,261	1,261	(128)	(128)
<b>Closing balance of cash and cash equivalents</b>	<b>69,473</b>	<b>69,452</b>	<b>176,795</b>	<b>176,795</b>

**Cash and cash equivalents include the following:**

	30 June 2008	30 June 2008	30 June 2007	30 June 2007
	Group	Bank	Group	Bank
Cash and due from the Bank of Latvia	22,090	22,090	65,249	65,249
Due from credit institutions including term deposits due in less than three months	51,403	51,382	111,930	111,930
Due to credit institutions including term deposits due in less than three months	(4,020)	(4,020)	(384)	(384)
<b>Total</b>	<b>69,473</b>	<b>69,452</b>	<b>176,795</b>	<b>176,795</b>

*The accompanying notes on pages 13 to 15 form an integral part of these Bank and Group financial statements.*

Chairman of the Board

I.Rācenāja

Riga, 8 August 2008

## VIII. CONDENSED NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

These condensed interim financial statements are prepared in accordance with IAS 34 *Interim Financial Reporting*. The accounting policies used in the preparation of the condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2006.

#### Basis of Consolidation

The consolidated financial statements for the year ended 31 December 2007 incorporate the financial statements of companies mentioned below:

Name of company	Country of incorporation	Type of activity	Participation, %
IS "BTB Asset management"	Latvia	Financial services	100
Non-profit JSC "Baltic Trust Bank Atklātais pensiju fonds"	Latvia	Financial services	100

The consolidated financial statements for the period ended 30 June 2008 incorporate the financial statements of companies mentioned below :

Name of company	Country of incorporation	Type of activity	Participation, %
IS "GE Money Asset management"	Latvia	Financial services	100
Non-profit JSC "GE Money Atklātais pensiju fonds"	Latvia	Financial services	100

The consolidated balances consist of all subsidiary undertakings, which are those companies in which the Group directly or indirectly has an interest of more than half of the voting rights or otherwise has power to exercise control over operations. Control is achieved where the company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The subsidiaries are consolidated from the date on which effective control is acquired by the Group and are no longer consolidated from the date of disposal.

All significant intercompany transactions and balances between Group enterprises are eliminated on consolidation.

On consolidation, the assets and liabilities of the Group's foreign operations are translated at the exchange rates of Bank of Latvia prevailing on the balance sheet date. Income and expenses are translated at the average exchange rates for the period.

These condensed interim financial statements should be read in conjunction with the 2007 annual financial statements.

**2. DUE FROM CREDIT INSTITUTIONS**

	<b>30 June 2007</b>	<b>30 June 2007</b>	<b>31 December 2006</b>	<b>31 December 2006</b>
<b>Demand</b>	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
Credit institutions in OECD countries	12,065	12,065	19,449	19,449
Latvian credit institutions	44	44	16,072	16,072
Credit institutions in the non-OECD region	465	465	906	906
<b>Total</b>	<b>12,574</b>	<b>12,574</b>	<b>36,427</b>	<b>36,427</b>
<b>Term</b>				
Latvian credit institutions	42,732	42,709	42,757	42,734
<b>Total</b>	<b>42,732</b>	<b>42,709</b>	<b>42,757</b>	<b>42,734</b>
<b>Total demand and term</b>	<b>55,306</b>	<b>55,283</b>	<b>79,184</b>	<b>79,161</b>

**3. LOANS AND RECEIVABLES**

Loans and receivables by term are comprised as follows:

	<b>30 June 2008</b>	<b>30 June 2008</b>	<b>31 December 2007</b>	<b>31 December 2007</b>
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
General government	1,106	1,106	1,071	1,071
State companies and municipalities	11,932	11,932	12,857	12,857
Financial agencies	49,801	49,801	4,268	4,268
Private companies	147,323	147,323	145,897	145,897
Loans to private individuals	77,438	77,438	90,051	90,051
<b>Gross loans</b>	<b>287,600</b>	<b>287,600</b>	<b>254,144</b>	<b>254,144</b>
<i>Allowances for loan losses</i>	<i>(2,950)</i>	<i>(2,950)</i>	<i>(2,355)</i>	<i>(2,355)</i>
<b>Total</b>	<b>284,650</b>	<b>284,650</b>	<b>251,789</b>	<b>251,789</b>

**4. DEBT SECURITIES**

Total amount of the debt securities issued by the Bank as at 30 June 2008 consist of mortgage bonds in circulation for total nominal value (excluding accrued interest) of 6,908 thousand EUR (as of 31 December 2007: 7,066 thousand EUR).

During the reporting period (from 1<sup>st</sup> January 2008 till 30<sup>th</sup> June 2008) the Bank has paid out the following amount of mortgage bond interest: 92 thousand USD and 141 thousand EUR.

## **5. SUBORDINATED DEBT**

As on 30<sup>th</sup> June 2008 the total book value of issued subordinated bonds was 3,140 thousand EUR (as of 31 December 2007: 3,290 thousand EUR). Subordinated bonds are recognized at their amortized cost and mature on 10<sup>th</sup> January 2011. Subordinated bonds have floating coupon interest rate – 6 months LVL RIGIBOR plus 2.00%, which on the 30<sup>th</sup> June 2007 was 10.125%. These bonds are listed at Riga Stock exchange. During the reporting period (from 1<sup>st</sup> January 2008 till 30<sup>th</sup> June 2008) the Bank has paid out on subordinated debt interest in the amount of 112 thousand LVL.

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