



*Group's consolidated and Bank's separate  
condensed interim Financial Statements for the  
six month period ended 30 June 2011*

## CONTENTS

	PAGE
<b>MANAGEMENT REPORT ON THE GROUP'S AND THE BANK'S OPERATIONS DURING HALF A YEAR 2011</b>	<b>3-4</b>
<b>INFORMATION ON THE BANK'S MANAGEMENT</b>	<b>5</b>
<b>STATEMENT OF MANAGEMENT RESPONSIBILITY</b>	<b>6</b>
<b>AUDITORS' REPORT</b>	<b>7-8</b>
<b>GROUP'S CONSOLIDATED AND BANK'S SEPARATE CONDENSED INTERIM FINANCIAL STATEMENTS:</b>	
GROUP'S CONSOLIDATED AND BANK'S SEPARATE CONDENSED INTERIM INCOME STATEMENT	<b>9</b>
GROUP'S CONSOLIDATED AND BANK'S SEPARATE CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	<b>10</b>
GROUP'S CONSOLIDATED AND BANK'S SEPARATE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION	<b>11-12</b>
GROUP'S CONSOLIDATED AND BANK'S SEPARATE CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	<b>13-14</b>
GROUP'S CONSOLIDATED AND BANK'S SEPARATE CONDENSED INTERIM STATEMENT OF CASH FLOWS	<b>15-16</b>
NOTES TO GROUP'S CONSOLIDATED AND BANK'S SEPARATE CONDENSED INTERIM FINANCIAL STATEMENTS	<b>17-29</b>

## **MANAGEMENT REPORT ON THE BANK'S AND THE GROUP'S OPERATIONS DURING HALF A YEAR 2011**

Dear customers, partners, shareholders and colleagues,

In the first half of the year 2011 early signs of stabilization have been observed in Latvian banking sector and Latvian economy seems to be out of recession and the danger zone. Following nearly two years of loss making operations and decline, Latvia's banking sector appears to be turning a corner. Although macro-economic banking environment in Latvia still is very challenging and we strongly believe in more prudent management and cost control.

During the first half of the year the Bank conducted all the necessary actions to ensure safety and stability for its customers, which continues to be one of our main strategic priorities this year. It was achieved by ensuring high liquidity and capital base that exceeds regulatory requirements. As always, GE Money Bank in Latvia leveraged the experience of its parent company, General Electric Company, one of the largest and most financially secure corporations in the world.

Bank continues to improve its risk management, compliance and controllership systems, introduced several IT projects, as well as implemented cost optimization actions. Exceptional results from risks, sales and collections teams resulted in decrease of the expected losses.

The Bank completed half-a-year 2011 with EUR 6,603 thousand of audited losses which is 59% lower than losses in the same period of 2010. On June 30th, 2011 the Bank's capital adequacy ratio was 13.89%, while the liquidity ratio was 77.51% - both ratios well above the statutory minimum.

The Bank's total loan portfolio on June 30th, 2011 was EUR 129,574 thousand. Portfolio amount decreased mainly as a result of repayment of issued loans. Total amount of reserves on June 30th, 2011 was EUR 52,413 thousand. Net loan portfolio amount on June 30th, 2011 was EUR 77,161 thousand.

The Bank's total assets in the first half of the year comprised EUR 184,917 thousand, deposit portfolio - EUR 158,061 thousand.

Bank also continued providing support to an independent non-profit organization "Money Planning Centre" (hereinafter – MPC). The primary goal of the MPC is educating society in various financial matters. The Bank and the MPC supported several projects and offered innovative budget planning tools to the society, virtual consultations and seminars were organized by MPC, explaining peculiarities and opportunities of money saving and budget planning.

On the 28th of June GE Capital announced an agreement to sell "GE Money Bank" Latvia to "OTKRITIE Financial Corporation" JSC, for an undisclosed amount. The deal is subject to regulatory approval, and the parties anticipate closing in the next few months. GE Capital will retain ownership of its consumer lending and leasing company, GE Money AS, which will continue to operate in Latvia, focusing on providing ongoing quality customer service.

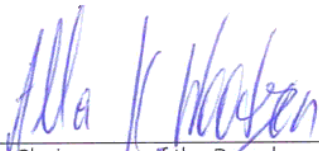
GE Capital strongly believes this transaction is positive news for the "GE Money Bank", and will position the Bank for future growth. This deal is in line with GE's overall strategy to reduce the size of its financial services balance sheet while remaining fully committed to a smaller more focused GE Capital.

AS "GE Money Bank" will continue operating as before ensuring uninterrupted quality customer service. The Bank's management's focus is to ensure a smooth transition to the future owner providing uninterrupted quality customer service, as well as continuing to ensure the Bank's security and stability. We continue to maintain high capital adequacy and liquidity, a healthy deposit base, exercise prudent risk and cost management.

In conclusion, we would like to express gratitude to the employees of the Bank for work contributed to the Bank's development and to the customers and partners for their trust and loyalty to the Bank!

Between the reporting date and the date of signing this financial report there have been no events that could significantly influence the results of the reporting period.

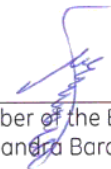
Sincerely,



Chairperson of the Board  
Alla Konnova Woodson



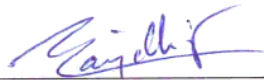
Member of the Board  
Francisco Javier Lopez  
Segura



Member of the Board  
Aleksandra Baranova



Member of the Board  
Jurita Brunava



Member of the Board  
Franck Antoine Raymond  
Marzilli

Riga, 25 August 2011

## INFORMATION ON THE BANK'S MANAGEMENT

### Council members as of the date of signing these financial statements

Name	Position	Initial election date	Resignation date
Richard L Neff	Member of the Council	03.12.2009. 28.12.2010.	
Xavier Pascal Durand	Chairperson of the Council	01.04.2011.	01.04.2011.
Aleš Blažek	Chairperson of the Council Deputy Chairman of the Council	01.06.2010. 28.03.2008. 25.08.2008. 09.04.2009. 17.06.2009. 03.12.2009. 28.12.2010. 01.04.2011.	
Alain Daniel Amiel	Member of the Council	28.12.2010. 01.04.2011.	
Kelvin Jones	Member of the Council	02.07.2010. 01.04.2011.	
Galina Gavrich Ruotolo	Member of the Council	28.12.2010. 01.04.2011.	

### Board members as of the date of signing these financial statements

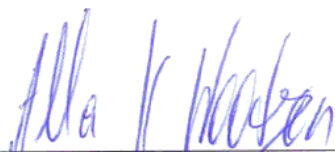
Name	Position	Election date	Resignation date
Alla Konnova Woodson	Chairperson of the Board	28.12.2010.	
Francisco Javier Lopez Segura	Member of the Board	05.02.2010.	
Aleksandra Baranova	Member of the Board	02.07.2010.	
Franck Antoine	Member of the Board	02.07.2010.	
Raymond Marzilli			
Jurita Brunava	Member of the Board	27.05.2011.	

### 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 Group's consolidated and Bank's separate 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 Group's consolidated and Bank's separate condensed interim income statement for the six months period ended 30 June 2011 and 30 June 2010 and the Group's consolidated and Bank's separate condensed interim statement of financial position as of 30 June 2011 and 31 December 2010, 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 Group's consolidated and Bank's separate condensed interim financial statements with the regulations of the Financial and Capital Market Commission and International Financial Reporting Standards as adopted by the European Union. 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.



Chairperson of the Board  
Alla Konnova Woodson



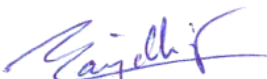
Member of the Board  
Francisco Javier Lopez  
Segura



Member of the Board  
Aleksandra Baranova



Member of the Board  
Jurita Brunava



Member of the Board  
Franck Antoine Raymond  
Marzilli

Riga, 25 August 2011



**KPMG Baltics SIA**  
Vesetas iela 7  
Riga LV 1013  
Latvia

Phone +371 670 380 00  
Fax +371 670 380 02  
Internet: [www.kpmg.lv](http://www.kpmg.lv)

## **Independent Auditors' Report**

### **To the shareholders of AS "GE Money Bank"**

#### **Report on the Separate and Consolidated Condensed Interim Financial Information**

We have audited the accompanying separate condensed interim financial information of AS "GE Money Bank" ("the Bank"), which comprises the separate condensed interim statement of financial position as at 30 June 2011, the separate condensed interim income statement, the separate condensed interim statement of comprehensive income, the separate condensed interim statement of changes in equity and the separate condensed interim statement of cash flows for the six month period then ended, and the separate condensed interim notes to financial information, comprising a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 29.

We have also audited the accompanying consolidated condensed interim financial information of AS "GE Money Bank" and its subsidiaries ("the Group"), which comprises the consolidated condensed interim statement of financial position as at 30 June 2011, the consolidated condensed interim income statement, the consolidated condensed interim statement of comprehensive income, the consolidated condensed interim statement of changes in equity and the consolidated condensed interim statement of cash flows for the six month period then ended, and the consolidated condensed interim notes to financial information, comprising a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 29.

#### *Management's Responsibility for the Financial Information*

Management is responsible for the preparation and fair presentation of this separate and consolidated condensed interim financial information in accordance with IAS 34 *Interim Financial Reporting* and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on this separate and consolidated condensed interim financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether this financial information is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated condensed interim financial information. The procedures selected depend on auditors' judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's and Group's preparation and fair presentation of the condensed interim financial information in order to design



audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and Group's internal control system. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the separate and consolidated condensed interim financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Opinion*

In our opinion, the separate condensed interim financial information of AS "GE Money Bank" as at and for the six month period ended 30 June 2011 is prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

In our opinion, the consolidated condensed interim financial information of AS "GE Money Bank" group as at and for the six month period ended 30 June 2011 is prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

KPMG Baltics SIA  
License No 55

Ondrej Fikrle  
Partner pp KPMG Baltics SIA  
Riga, Latvia  
25 August 2011

Inga Lipšane  
Sworn Auditor  
Certificate No 112

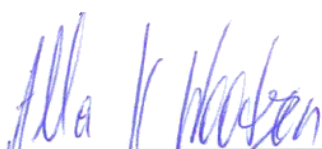
This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails.



**GROUP'S CONSOLIDATED AND BANK'S SEPARATE CONDENSED INTERIM INCOME STATEMENT**

	Notes	30.06.2011	30.06.2011	30.06.2010	30.06.2010
		Group	Bank	Group	Bank
Interest income	2	4,027	4,027	7,863	7,863
Interest expense	2	(3,721)	(3,739)	(8,025)	(8,051)
<b>Net interest income</b>		<b>306</b>	<b>288</b>	<b>(162)</b>	<b>(188)</b>
Commissions and fee income	3	1,550	1,416	1,713	1,560
Commissions and fee expense	3	(558)	(555)	(569)	(568)
<b>Net commission income</b>		<b>992</b>	<b>861</b>	<b>1,144</b>	<b>992</b>
Net profit from financial instruments at fair value through profit and loss		24	24	32	32
Gain from foreign exchange	4	316	316	1,576	1,576
Other operating income		1,734	1,734	1,625	1,625
<b>Net operating income</b>		<b>3,372</b>	<b>3,223</b>	<b>4,215</b>	<b>4,037</b>
Administrative expenses		(8,747)	(8,687)	(9,969)	(9,906)
Other operating expenses		(48)	(48)	(3)	(3)
Net impairment allowance expense	9	(1,091)	(1,091)	(10,341)	(10,341)
<b>Loss before corporate income tax</b>		<b>(6,514)</b>	<b>(6,603)</b>	<b>(16,098)</b>	<b>(16,213)</b>
Corporate income tax	17	-	-	-	-
<b>Loss for the period</b>		<b>(6,514)</b>	<b>(6,603)</b>	<b>(16,098)</b>	<b>(16,213)</b>

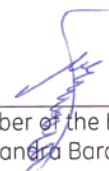
The accompanying notes on pages 17 to 29 form an integral part of these Group's consolidated and Bank's separate condensed interim financial statements.



Chairperson of the Board  
Alla Konnova Woodson



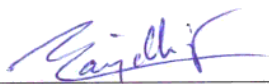
Member of the Board  
Francisco Javier Lopez  
Segura



Member of the Board  
Aleksandra Baranova



Member of the Board  
Jurita Brunava



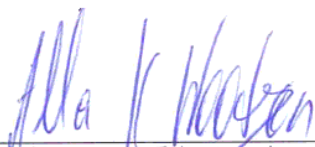
Member of the Board  
Franck Antoine Raymond  
Marzilli

Riga, 25 August 2011

**GROUP'S CONSOLIDATED AND BANK'S SEPARATE CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

	Notes	30.06.2011	30.06.2011	30.06.2010	30.06.2010
		Group	Bank	Group	Bank
<b>Loss for the period</b>		<b>(6,514)</b>	<b>(6,603)</b>	<b>(16,098)</b>	<b>(16,213)</b>
<b>Other comprehensive income</b>					
Increase in fair value of available-for-sale financial assets		184	183	1,329	1,329
<b>Other comprehensive income for the period</b>		<b>184</b>	<b>183</b>	<b>1,329</b>	<b>1,329</b>
<b>Total comprehensive income for the period</b>		<b>(6,330)</b>	<b>(6,420)</b>	<b>(14,769)</b>	<b>(14,884)</b>


The accompanying notes on pages 17 to 29 form an integral part of these Group's consolidated and Bank's separate condensed interim financial statements.



Chairperson of the Board  
Alla Konna Woodson



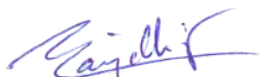
Member of the Board  
Francisco Javier Lopez Segura



Member of the Board  
Aleksandra Baranova



Member of the Board  
Jurita Brunava



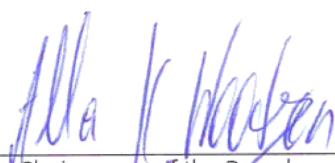
Member of the Board  
Franck Antoine Raymond Marzilli

Riga, 25 August 2011

**GROUP'S CONSOLIDATED AND BANK'S SEPARATE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

	Notes	30.06.2011	30.06.2011	31.12.2010	31.12.2010
ASSETS		Group	Bank	Group	Bank
Cash and due from Bank of Latvia	5	47,231	47,231	24,377	24,377
Financial instruments at fair value through profit or loss	6	3,059	3,059	2,888	2,888
<i>Shares and other non-fixed income securities</i>		2,332	2,332	2,403	2,403
<i>Derivatives</i>		727	727	485	485
Loans and receivables due from credit institutions	7	37,810	37,810	101,987	101,987
Loans and receivables due from customers	8-9	77,161	77,161	148,561	148,561
Available-for-sale financial assets	6	6,248	6,248	5,953	5,953
<i>Fixed-income securities</i>		6,248	6,248	5,953	5,953
Held-to-maturity financial assets	6	2,725	2,725	2,787	2,787
Investments in subsidiaries		-	383	-	354
Intangible assets		328	328	351	351
Property and equipment		5,462	5,462	6,029	6,029
Deferred expense and accrued income		612	571	535	496
Current tax assets		-	-	241	241
Non Current Assets Held-for-sale	10	3,265	3,265	2,060	2,060
Other assets		716	674	1,108	1,076
<b>Total assets</b>		<b>184,617</b>	<b>184,917</b>	<b>296,877</b>	<b>297,160</b>

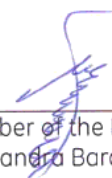
The accompanying notes on pages 17 to 29 form an integral part of these Group's consolidated and Bank's separate condensed interim financial statements.



Chairperson of the Board  
Alla Konnova Woodson



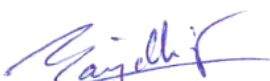
Member of the Board  
Francisco Javier Lopez Segura



Member of the Board  
Aleksandra Baranova



Member of the Board  
Jurita Brunava



Member of the Board  
Franck Antoine Raymond Marzilli

Riga, 25 August 2011


**GROUP'S CONSOLIDATED AND BANK'S SEPARATE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**


	Notes	30.06.2011	30.06.2011	31.12.2010	31.12.2010
		Group	Bank	Group	Bank
<b>LIABILITIES</b>					
Financial instruments at fair value through profit and loss		4	4	1,629	1,629
<i>Derivatives</i>		4	4	1,629	1,629
Financial liabilities at amortized cost		162,879	163,661	266,512	267,188
<i>Deposits due to credit institutions</i>	11	569	569	582	582
<i>Deposits due to non-credit institutions</i>	12	157,279	158,061	257,686	258,362
<i>Debt securities</i>	13	5,031	5,031	5,028	5,028
<i>Subordinated debt</i>	14	-	-	3,216	3,216
Deferred income and accrued expense		1,323	1,313	1,553	1,544
Other liabilities		380	377	821	817
<b>Total liabilities</b>		<b>164,586</b>	<b>165,355</b>	<b>270,515</b>	<b>271,178</b>
Capital and reserves					
<i>Share capital</i>		36,427	36,427	36,427	36,427
<i>Share premium</i>		53,033	53,033	53,033	53,033
<i>Reserve capital</i>		4,005	4,005	4,005	4,005
<i>Property and equipment revaluation reserve</i>		307	307	307	307
<i>Available-for-sale financial asset revaluation reserve</i>		(162)	(162)	(345)	(345)
<i>Accumulated losses of previous years</i>		(67,065)	(67,445)	(39,508)	(39,668)
<i>Loss for the period</i>		(6,514)	(6,603)	(27,557)	(27,777)
<b>Total equity</b>		<b>20,031</b>	<b>19,562</b>	<b>26,362</b>	<b>25,982</b>
<b>Total liabilities and equity</b>		<b>184,617</b>	<b>184,917</b>	<b>296,877</b>	<b>297,160</b>

**COMMITMENTS AND CONTINGENCIES**

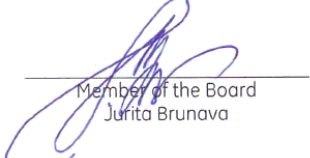
Guarantees	15	1,145	1,145	1,514	1,514
Other commitments	15	1,989	1,989	2,299	2,299

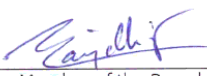
The accompanying notes on pages 17 to 29 form an integral part of these Group's consolidated and Bank's separate condensed interim financial statements.

  
Chairperson of the Board  
Alla Konnova Woodson

  
Member of the Board  
Francisco Javier Lopez Segura

  
Member of the Board  
Aleksandra Baranova

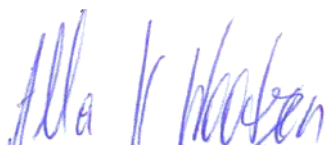
  
Member of the Board  
Jurita Brunava

  
Member of the Board  
Franck Antoine Raymond Marzilli

**GROUP'S CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

	Share capital	Share premium	Revaluation reserve of available-for-sale financial assets	Revaluation reserve of property	Reserves	Accumulated losses	Total
<b>31.12.2009</b>	<b>32,870</b>	<b>42,361</b>	<b>(2,536)</b>	<b>334</b>	<b>4,005</b>	<b>(39,508)</b>	<b>37,526</b>
Total comprehensive income	-	-	1,329	-	-	(16,098)	(14,769)
<b>30.06.2010</b>	<b>32,870</b>	<b>42,361</b>	<b>(1,207)</b>	<b>334</b>	<b>4,005</b>	<b>(55,606)</b>	<b>22,757</b>
Increase of share capital	3,557	10,672	-	-	-	-	14,229
Total comprehensive income	-	-	862	(27)	-	(11,459)	(10,623)
<b>31.12.2010</b>	<b>36,427</b>	<b>53,033</b>	<b>(345)</b>	<b>307</b>	<b>4,005</b>	<b>(67,065)</b>	<b>26,362</b>
Total comprehensive income	-	-	183	-	-	(6,514)	(6,331)
<b>30.06.2011</b>	<b>36,427</b>	<b>53,033</b>	<b>(162)</b>	<b>307</b>	<b>4,005</b>	<b>(73,579)</b>	<b>20,031</b>

The accompanying notes on pages 17 to 29 form an integral part of these Group's consolidated and Bank's separate condensed interim financial statements.



Chairperson of the Board  
Alla Konnova Woodson



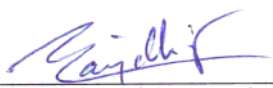
Member of the Board  
Francisco Javier Lopez Segura



Member of the Board  
Aleksandra Baranova



Member of the Board  
Jurita Brunava



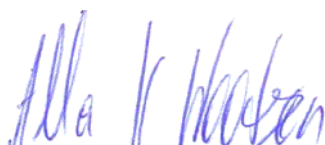
Member of the Board  
Franck Antoine Raymond Marzilli

Riga, 25 August 2011

**BANK'S SEPARATE CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

	Share capital	Share premium	Revaluation reserve of available for-sale financial assets	Revaluation reserve of property	Reserves	Accumulated losses	Total
<b>31.12.2009</b>	<b>32,870</b>	<b>42,362</b>	<b>(2,537)</b>	<b>334</b>	<b>4,005</b>	<b>(39,668)</b>	<b>37,367</b>
Total comprehensive income	-	-	1,328	-	-	(16,213)	(14,885)
<b>30.06.2010</b>	<b>32,870</b>	<b>42,362</b>	<b>(1,208)</b>	<b>334</b>	<b>4,005</b>	<b>(55,881)</b>	<b>22,482</b>
Increase of share capital	3,557	10,671	-	-	-	-	14,229
Total comprehensive income	-	-	862	(27)	-	(11,564)	(10,729)
<b>31.12.2010</b>	<b>36,427</b>	<b>53,033</b>	<b>(345)</b>	<b>307</b>	<b>4,005</b>	<b>(67,445)</b>	<b>25,982</b>
Total comprehensive income	-	-	183	-	-	(6,603)	(6,420)
<b>30.06.2011</b>	<b>36,427</b>	<b>53,033</b>	<b>(162)</b>	<b>307</b>	<b>4,005</b>	<b>(74,048)</b>	<b>19,562</b>

The accompanying notes on pages 17 to 29 form an integral part of these Group's consolidated and Bank's separate condensed interim financial statements.



Chairperson of the Board  
Alla Konnova Woodson



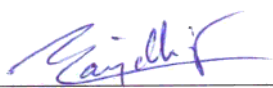
Member of the Board  
Francisco Javier Lopez Segura



Member of the Board  
Aleksandra Baranova



Member of the Board  
Jurita Brunava



Member of the Board  
Franck Antoine Raymond Marzilli

Riga, 25 August 2011

**GROUP'S CONSOLIDATED AND BANK'S SEPARATE CONDENSED INTERIM STATEMENT OF CASH FLOWS**

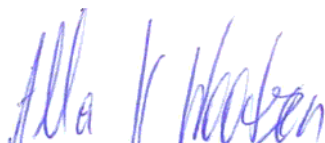
	6 months ended 30.06.2011	6 months ended 30.06.2011	6 months ended 30.06.2010	6 months ended 30.06.2010
<b>Cash flows from operations</b>	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
Loss before corporate income tax	(6,514)	(6,603)	(16,098)	(16,213)
Depreciation, amortization and write-off of intangible assets and property and equipment	788	788	1,208	1,208
Increase of impairment allowance	1,091	1,091	10,341	10,341
Result from revaluation of foreign currencies	(13)	(13)	(26)	(26)
<b>Decrease in cash and cash equivalents before changes in assets and liabilities</b>	<b>(4,647)</b>	<b>(4,737)</b>	<b>(4,575)</b>	<b>(4,690)</b>
Increase in loans and receivables due from credit institutions	(889)	(889)	(131)	(131)
Decrease in loans and receivables due from customers	68,945	68,945	17,837	17,837
Increase in available-for-sale financial assets	-	-	(111)	(111)
(Increase)/ decrease in held for trading financial assets	(171)	(171)	1,833	1,833
(Increase)/ decrease in deferred expense and accrued income	(189)	(186)	312	314
Decrease in other assets	854	862	1,448	1,477
(Increase)/ decrease in due to credit institutions	53	53	(538)	(538)
Decrease in deposits	(100,408)	(100,301)	(26,243)	(26,162)
(Increase)/ decrease in held for trading financial liabilities	(1,625)	(1,625)	1,429	1,429
(Increase)/ decrease in deferred income and accrued expenses	(229)	(230)	219	220
Decrease in other liabilities	(438)	(437)	(107)	(105)
<b>Net cash used in operating activities</b>	<b>(38,744)</b>	<b>(38,716)</b>	<b>(8,627)</b>	<b>(8,627)</b>

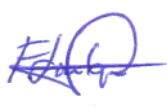
Cash flows from investing activities	6 months ended	6 months ended	6 months ended	6 months ended
	30.06.2011	30.06.2011	30.06.2010	30.06.2010
	Group	Bank	Group	Bank
Purchases of property and equipment, and intangibles	(199)	(199)	(555)	(555)
Increase of investments in subsidiaries	-	(29)	-	-
<b>Net cash used in investing activities</b>	<b>(199)</b>	<b>(228)</b>	<b>(555)</b>	<b>(555)</b>
<b>Cash flows from financing activities</b>				
Subordinated liabilities repaid	(3,216)	(3,216)	-	-
<b>Net cash used in financing activities</b>	<b>(3,216)</b>	<b>(3,216)</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(42,160)</b>	<b>(42,160)</b>	<b>(9,182)</b>	<b>(9,182)</b>
Opening balance of cash and cash equivalents	123,280	123,280	120,948	120,948
Results from exchange rate differences	13	13	26	26
<b>Closing balance of cash and its equivalents</b>	<b>81,133</b>	<b>81,133</b>	<b>111,792</b>	<b>111,792</b>


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

	30.06.2011	30.06.2011	30.06.2010	30.06.2010
	Group	Bank	Group	Bank
Cash and due from the Bank of Latvia	47,231	47,231	26,195	26,195
Due from credit institutions including term deposits due in less than three months	33,969	33,969	85,728	85,728
Due to credit institutions including term deposits due in less than three months	(67)	(67)	(131)	(131)
<b>Total</b>	<b>81,133</b>	<b>81,133</b>	<b>111,792</b>	<b>111,792</b>

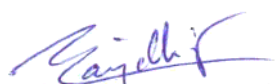
The accompanying notes on pages 17 to 29 form an integral part of these Group's consolidated and Bank's separate condensed interim financial statements.

  
Chairperson of the Board  
Alla Konnova Woodson

  
Member of the Board  
Francisco Javier Lopez Segura

  
Member of the Board  
Aleksandra Baranova

  
Member of the Board  
Jurita Brunava

  
Member of the Board  
Franck Antoine Raymond Marzilli

Riga, 25 August 2011



## NOTES TO GROUP'S CONSOLIDATED AND BANK'S SEPARATE CONDENSED INTERIM FINANCIAL STATEMENTS

### 1. BACKGROUND

JSC "GE Money Bank" (until 23 April 2008 JSC "Baltic Trust Bank") (the "Bank") was founded on 10 September 1992. It was registered in the Republic of Latvia as a joint stock company with limited liability. The Bank's license allows the Bank to maintain accounts and receive term deposits from individuals and legal entities. The Group's and Bank's legal address is 3, 13. Janvara Street, Riga, Latvia, LV - 1050.

The Bank's ultimate controlling party is General Electric Company which is listed on the New York Stock Exchange. The Bank's immediate controlling party is SIA "Finstar Baltic Investments" owning more than 99% of shares. On the 28th of June GE Capital announced an agreement to sell "GE Money Bank" Latvia to "OTKRITIE Financial Corporation" JSC, for an undisclosed amount. The deal is subject to regulatory approval, and the parties anticipate closing in the next few months.

The Bank and its subsidiaries (together "the Group") are presented together in these Group's consolidated and Bank's separate condensed interim financial statements.

Group's consolidated and Bank's separate condensed interim financial statements for the six month period ended 30 June 2011 incorporate the financial statements of companies mentioned below:

Name of company	Country of registration	Type of activity	Participation, %	Date of overtaking control
IPS "GE Money Asset management" (until 23.04.08. IS "BTB Asset management")	Latvia	Financial services	100	06.11.2003
AS "GE Money atklātais pensiju fonds" (until 23.04.08. "Baltic Trust Bank Atklātais pensiju fonds")	Latvia	Financial services	100	13.05.2005

### Basis of preparation

#### *Statement of compliance*

These Group's consolidated and Bank's separate condensed interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. These Group's consolidated and Bank's separate condensed interim financial statements do not include all of the information required for a complete set of annual financial statements, and should be read in conjunction with the consolidated financial statements of the Bank and the Group as at and for the year ended 31 December 2010. Financial statements of the Bank and the Group as at and for the year ended 31 December 2010 contains a complete set of accounting policies.

The Group's consolidated and Bank's separate condensed interim financial statements were approved for issue by the Board of Directors on 25 August 2011. The financial statements may be amended by the shareholders.

#### *Functional and Presentation Currency*

The financial statements are presented in thousands of lats (EUR 000's), unless otherwise stated. The lat is the Bank's functional currency.

### Significant accounting policies

The accounting policies applied in these Group's consolidated and Bank's separate condensed interim financial statements are the same as those applied by the Group and Bank in their financial statements as at and for the year ended 31 December 2010.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

### New standards and interpretations

A number of new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2011. None of these has a significant effect on the Group's consolidated and Bank's separate condensed interim financial statements:

- Revised IAS 24 Related Party Disclosure;
- Amendment to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010);
- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after 1 February 2010).

### Risk management

All aspects of the Group and Bank's risk management objectives and policies are consistent with those disclosed in the consolidated and Bank financial statements as at and for the year ended 31 December 2010.

### Capital management

The Financial and Capital Market Commission sets and monitors capital requirements for the Bank, the lead operating entity of the Group, and for the Group as a whole.

The Bank defines as capital those items defined by statutory regulation as capital. Under the current capital requirements set by the Financial and Capital Market Commission, banks must maintain a ratio of capital to risk weighted assets ("statutory capital ratio") above the prescribed minimum level. As at 30 June 2011, this minimum level is 8% (as at 31 December 2010 – 8%).

The Bank's risk based capital adequacy ratio, as at 30 June 2011, was 13.89% (31 December 2010: 13.87%; 30 June 2010: 11.28%).

### Use of estimates and judgments

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these Group's consolidated and Bank's separate condensed financial statements, the significant judgments made by management in applying the Group and Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated and Bank financial statements as at and for the year ended 31 December 2010. These were allowances for credit losses, valuation of financial instruments, impairment of financial instruments, valuation of non-current assets held for sale, valuation of assets shown under other assets, recognition/ non-recognition of deferred tax asset.

## 2. INTEREST INCOME AND EXPENSE

Interest income is comprised as follows:

	30.06.2011	30.06.2011	30.06.2010	30.06.2010
	Group	Bank	Group	Bank
Interest income from loans	3,670	3,670	7,543	7,543
Interest income from loans and receivables due from credit institutions	181	181	144	144
Interest income from fixed income securities	176	176	176	176
<b>Total</b>	<b>4,027</b>	<b>4,027</b>	<b>7,863</b>	<b>7,863</b>

Interest expense is comprised as follows:

	30.06.2011	30.06.2011	30.06.2010	30.06.2010
	Group	Bank	Group	Bank
Interest expenses on amortized cost instruments	3,565	3,583	7,874	7,900
<i>Interest expenses on deposits</i>	3,496	3,514	7,319	7,345
<i>Interest expenses on deposits of credit institutions</i>	6	6	326	326
<i>Interest expenses on debt securities</i>	60	60	48	48
<i>Interest expenses on subordinated debt</i>	3	3	181	181
Deposit guarantee fund	132	132	151	151
Financial Stability duty	24	24	-	-
<b>Total</b>	<b>3,721</b>	<b>3,739</b>	<b>8,025</b>	<b>8,051</b>

In accordance with the regulations of the Financial and Capital Market Commission payments into the deposit guarantee fund are considered as interest .

### 3. COMMISSIONS AND FEE INCOME AND EXPENSE

Commissions and fee income are comprised as follows:

	30.06.2011	30.06.2011	30.06.2010	30.06.2010
	Group	Bank	Group	Bank
Commissions from opening and servicing customers' accounts	611	477	753	600
Commissions from payment cards	632	632	603	603
Commissions for settlement of utilities payments	122	122	161	161
Commissions from cash withdrawal	121	121	155	155
Commissions from guarantees	-	-	11	11
Other	64	64	30	30
<b>Total</b>	<b>1,550</b>	<b>1,416</b>	<b>1,713</b>	<b>1,560</b>

Expenses are as follows:

	30.06.2011	30.06.2011	30.06.2010	30.06.2010
	Group	Bank	Group	Bank
Operations with payment cards	490	490	463	463
Services of correspondent banks	47	47	78	78
Other	21	18	28	27
<b>Total</b>	<b>558</b>	<b>555</b>	<b>569</b>	<b>568</b>

### 4. GAIN FROM FOREIGN EXCHANGE

	30.06.2011	30.06.2011	30.06.2010	30.06.2010
	Group	Bank	Group	Bank
Foreign exchange trading income	329	329	1,602	1,602
Foreign currency revaluation result	(13)	(13)	(26)	(26)
<b>Total</b>	<b>316</b>	<b>316</b>	<b>1,576</b>	<b>1,576</b>

## 5. CASH AND DUE FROM BANK OF LATVIA

	30.06.2011	30.06.2011	31.12.2010	31.12.2010
	Group	Bank	Group	Bank
Cash	12,143	12,143	12,078	12,077
Correspondent account in the Bank of Latvia	35,088	35,088	12,299	12,299
<b>Total</b>	<b>47,231</b>	<b>47,231</b>	<b>24,377</b>	<b>24,377</b>

## 6. INVESTMENTS IN FINANCIAL ASSETS

	30.06.2011	30.06.2011	31.12.2010	31.12.2010
	Group	Bank	Group	Bank
Financial instruments at fair value through profit or loss	3,059	3,059	2,888	2,888
<i>Shares and other non-fixed income securities</i>	2,332	2,332	2,403	2,403
<i>Derivatives</i>	727	727	485	485
Available-for-sale financial assets	6,248	6,248	5,953	5,953
Held-to-maturity financial assets	2,725	2,725	2,787	2,787
	<b>12,032</b>	<b>12,032</b>	<b>11,628</b>	<b>11,628</b>

Derivative instruments are foreign currency swaps. Shares and other non-fixed income securities are non-listed Latvia registered securities. Available-for-sale financial assets and held-to-maturity financial assets are listed Latvian Government Bonds (Moody's assigned credit rating Baa3 as at 30 June 2011).

## 7. LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

	30.06.2011	30.06.2011	31.12.2010	31.12.2010
	Group	Bank	Group	Bank
<b>Demand deposits</b>				
Credit institutions of OECD countries	22,350	22,350	51,415	51,415
Latvian credit institutions	12,423	12,423	30,023	30,023
Credit institutions non-OECD countries	181	181	17,598	17,598
<b>Total</b>	<b>34,954</b>	<b>34,954</b>	<b>99,036</b>	<b>99,036</b>
<b>Term deposits</b>				
Credit institutions of OECD countries	2,856	2,856	2,951	2,951
<b>Total term deposits</b>	<b>2,856</b>	<b>2,856</b>	<b>2,951</b>	<b>2,951</b>
<b>Total deposits</b>	<b>37,810</b>	<b>37,810</b>	<b>101,987</b>	<b>101,987</b>

As at 30 June 2011 and 31 December 2010 the Bank had three and four placements with banks and financial institutions, respectively, whose balances exceeded 10% of total placements with banks and other financial institutions. The gross value of these balances as of 30 June 2011 and 31 December 2010 were EUR 30,670 thousand and EUR 65,778 thousand, respectively.

## 8. LOANS AND RECEIVABLES DUE FROM CUSTOMERS

Loans by groups are comprised as follows:

	30.06.2011	30.06.2011	31.12.2010	31.12.2010
	Group	Bank	Group	Bank
Government	127	127	137	137
Corporate	76,846	76,846	146,432	146,432
Individuals	47,103	47,103	51,425	51,425
State controlled companies and municipalities	5,498	5,498	5,968	5,968
<b>Gross loans</b>	<b>129,574</b>	<b>129,574</b>	<b>203,962</b>	<b>203,962</b>
<i>Allowances for loan losses (Note 9)</i>	<i>(52,413)</i>	<i>(52,413)</i>	<i>(55,401)</i>	<i>(55,401)</i>
<b>Total</b>	<b>77,161</b>	<b>77,161</b>	<b>148,561</b>	<b>148,561</b>

Loans issued by type:

	30.06.2011	30.06.2011	31.12.2010	31.12.2010
	Group	Bank	Group	Bank
Mortgage loans	43,349	43,349	47,390	47,390
Commercial loans	16,093	16,093	75,176	75,176
Industrial loans	62,184	62,184	71,366	71,366
Finance lease	4,373	4,373	5,558	5,558
Consumer loans	764	764	899	899
Credit cards	1,646	1,646	1,692	1,692
Other	1,165	1,165	1,881	1,881
<b>Gross loans</b>	<b>129,574</b>	<b>129,574</b>	<b>203,962</b>	<b>203,962</b>
<i>Allowances for loan losses (Note 9)</i>	<i>(52,413)</i>	<i>(52,413)</i>	<i>(55,401)</i>	<i>(55,401)</i>
<b>Total</b>	<b>77,161</b>	<b>77,161</b>	<b>148,561</b>	<b>148,561</b>

Finance lease is comprised as follows:

	30.06.2011	30.06.2011	31.12.2010	31.12.2010
	Group	Bank	Group	Bank
up to 1 year	1,323	1,323	1,636	1,636
1-5 years	2,762	2,762	3,570	3,570
above 5 years	287	287	351	351
<b>Total</b>	<b>4,372</b>	<b>4,372</b>	<b>5,557</b>	<b>5,557</b>

Amounts below represent the maximum credit exposure of finance lease contracts:

	30.06.2011	30.06.2011	31.12.2010	31.12.2010
	Group	Bank	Group	Bank
Gross investment in finance lease	4,450	4,450	5,735	5,735
Unearned finance income	(78)	(78)	(178)	(178)
<b>Net investment in finance lease</b>	<b>4,372</b>	<b>4,372</b>	<b>5,557</b>	<b>5,557</b>

Group's and Bank's loans issued by country of customers:

Country	Gross loans		Allowance		Net loans	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010	30.06.2011	31.12.2010
Latvia	129,439	203,829	(52,396)	(55,365)	77,043	148,464
OECD countries	125	9	(10)	(7)	115	1
Non OECD countries	10	124	(7)	(29)	3	95
<b>Total</b>	<b>129,574</b>	<b>203,962</b>	<b>(52,413)</b>	<b>(55,401)</b>	<b>77,161</b>	<b>148,561</b>

Loans by industry are comprised as follows:

Industry	30.06.2011	30.06.2011	31.12.2010	31.12.2010
	Group	Bank	Group	Bank
Manufacturing industry	23,100	23,100	24,922	24,922
Trade	9,670	9,670	11,670	11,670
Real estate, renting and other business activities	9,115	9,115	14,172	14,172
Agriculture, forestry and fishing	8,051	8,051	12,042	12,042
Transport, storage and communications	6,784	6,784	8,221	8,221
Other community, social and personal service activities	6,386	6,386	6,417	6,417
Construction	3,818	3,818	4,240	4,240
Electricity, gas and water supply	4,365	4,365	4,751	4,751
Hotels and restaurants	5,341	5,341	5,938	5,938
Financial services	3,442	3,442	57,151	57,151
Mining and quarrying	902	902	1,406	1,406
Other	1,497	1,497	1,614	1,614
<b>Total</b>	<b>82,471</b>	<b>82,471</b>	<b>152,544</b>	<b>152,544</b>
Loans to individuals	47,103	47,103	51,418	51,418
<b>Gross loans</b>	<b>129,574</b>	<b>129,574</b>	<b>203,962</b>	<b>203,962</b>
<i>Allowances for loan losses (Note 9)</i>	<i>(52,413)</i>	<i>(52,413)</i>	<i>(55,401)</i>	<i>(55,401)</i>
<b>Total</b>	<b>77,161</b>	<b>77,161</b>	<b>148,561</b>	<b>148,561</b>

Loans by classification and groups:

	30.06.2011	30.06.2011	31.12.2010	31.12.2010
	Group	Bank	Group	Bank
<b>Loans assessed on individual basis</b>	<b>93,009</b>	<b>93,009</b>	<b>163,394</b>	<b>163,394</b>
<i>Standard</i>	26,492	26,492	90,734	90,734
<i>Watch-list</i>	7,839	7,839	8,996	8,996
<i>Substandard</i>	14,128	14,128	20,950	20,950
<i>Doubtful</i>	42,234	42,234	40,758	40,758
<i>Bad</i>	2,316	2,316	1,957	1,957
Allowances	(44,042)	(44,042)	(46,014)	(46,014)
<b>Net loans assessed on individual basis</b>	<b>48,967</b>	<b>48,967</b>	<b>117,381</b>	<b>117,381</b>
<b>Gross loans assessed collectively</b>	<b>36,565</b>	<b>36,565</b>	<b>40,567</b>	<b>40,567</b>
Allowances	(8,371)	(8,371)	(9,387)	(9,387)
<b>Net loans assessed collectively</b>			<b>31</b>	<b>31</b>
	<b>28,194</b>	<b>28,194</b>	<b>,180</b>	<b>,180</b>
<b>Net loans, Total</b>	<b>77,161</b>	<b>77,161</b>	<b>148,561</b>	<b>148,561</b>

Loan quality by delinquency periods:

	30.06.2011	30.06.2011	31.12.2010	31.12.2010
	Group	Bank	Group	Bank
<b>Loans with no impairment allowance</b>	<b>1,841</b>	<b>1,841</b>	<b>58,540</b>	<b>58,540</b>
Loans without delinquency	1,528	1,528	57,994	57,994
Delinquent loans	313	313	546	546
<i>Delinquent up to 30 days</i>	168	168	215	215
<i>Delinquent 30-60 days</i>	1	1	60	60
<i>Delinquent 60-90 days</i>	134	134	122	122
<i>Delinquent over 90 days</i>	10	10	149	149
<b>Loans with an impairment allowance</b>	<b>127,733</b>	<b>127,733</b>	<b>145,422</b>	<b>145,422</b>
Loans without delinquency	46,692	46,692	59,324	59,324
Delinquent loans	81,041	81,041	86,098	86,098
<i>Delinquent up to 30 days</i>	7,762	7,762	6,403	6,403
<i>Delinquent 30-60 days</i>	753	753	2,018	2,018
<i>Delinquent 60-90 days</i>	1,411	1,411	1,151	1,151
<i>Delinquent over 90 days</i>	71,115	71,115	76,526	76,526
<b>Loans, total</b>	<b>129,574</b>	<b>129,574</b>	<b>203,962</b>	<b>203,962</b>
Impairment allowance (Note 9)	(52,413)	(52,413)	(55,401)	(55,401)
<b>Net loans, total</b>	<b>77,161</b>	<b>77,161</b>	<b>148,561</b>	<b>148,561</b>

The following table provides the analysis of the loan portfolio of the Group and Bank by types of collateral as at 30 June 2011 and 31 December 2010 as grouped by relating gross carrying loan amounts:

EUR'000	30.06.2011	% of loan portfolio	31.12.2010	% of loan portfolio
Commercial buildings	47,103	36	52,089	26
Commercial assets pledge	16,636	13	19,525	10
Land mortgage	17,553	14	19,863	9
Mortgage on residential properties	32,646	25	37,649	18
Guarantee	3,065	2	3,246	2
Deposit	-	-	57,144	28
Other (non-secured)	12,571	10	14,446	7
<b>Gross loans</b>	<b>129,574</b>	<b>100</b>	<b>203,962</b>	<b>100</b>
<i>Allowances for loan losses (Note 9)</i>	<i>(52,413)</i>	-	<i>(55,401)</i>	-
<b>Total</b>	<b>77,161</b>	-	<b>148,561</b>	-

Other (non-secured) include negative balances of current accounts, overdrafts, credit cards and factoring. All of these balances are non-secured.

As at 30 June 2011 the Group and Bank had no borrower, whose loan balance exceeded 10% of loans to customers (as at 31 December 2010: one). Thus the gross value of such loans as at 30 June 2011 is EUR 0 thousand (as at 31 December 2010: EUR 57,144 thousand). This loan was issued to a related party registered in Latvia and has been repaid in May 2011.

The amount of restructured loans (principals) as at 30 June 2011 was EUR 26,433 thousand (as at 31 December 2010: EUR 49,907 thousand).

#### 9. NET IMPAIRMENT ALLOWANCE EXPENSE

The Group's and Bank's impairment allowance movements in 2010 and six month period ended 30 June 2011 are as follows:

Impairment Allowance

	Group	Bank
<b>Balance as at 31 December 2009</b>	<b>47,733</b>	<b>47,806</b>
Impairment allowance increase	12,999	12,999
Impairment allowance decrease	(2,658)	(2,658)
Net impairment allowance expense	10,341	10,341
Decrease of allowance as a result of loan and receivable write-off	(1,885)	(1,885)
<b>Balance as at 30 June 2010</b>	<b>56,189</b>	<b>56,262</b>
<b>Balance as at 31 December 2010</b>	<b>55,401</b>	<b>55,473</b>
Impairment allowance increase	5,229	5,229
Impairment allowance decrease	(4,138)	(4,138)
Net impairment allowance expense	1,091	1,091
Decrease of allowance as a result of loan and receivable write-off	(4,079)	(4,079)
<b>Balance as at 30 June 2011</b>	<b>52,413</b>	<b>52,486</b>



Allowances for impairment losses were made for the following assets:

	30.06.2011	30.06.2011	31.12.2010	31.12.2010
	Group	Bank	Group	Bank
Loans and receivables due from customers (Note 8)	52,413	52,413	55,401	55,401
Investments in subsidiaries	-	72	-	72
<b>Total</b>	<b>52,413</b>	<b>52,485</b>	<b>55,401</b>	<b>55,473</b>

#### 10. ASSETS HELD-FOR-SALE

Group's and Bank's Assets Held for Sale

	Land and buildings
<b>Book value as of 31.12.2009</b>	-
Reclassification from Investment property in 2010	2,925
Disposal	(361)
Impairment	(504)
<b>Book value as of 31.12.2010</b>	<b>2,060</b>
Repossession	1,778
Disposal	(573)
<b>Book value as of 30.06.2011</b>	<b>3,265</b>

During the six month period ended 30 June 2011 the Group and Bank assumed title of collateral amounting to EUR 1,778 thousand. This collateral is represented by land and buildings and has been classified under Assets Held-for-Sale.

At the end of 2010 the Management of the Bank developed the strategic plan and initiated an active program to start selling activities of repossessed properties.

#### 11. DEPOSITS DUE TO CREDIT INSTITUTIONS

Due to credit institutions are comprised as follows:

	30.06.2011	30.06.2011	31.12.2010	31.12.2010
	Group	Bank	Group	Bank
<b>Demand</b>				
Latvian credit institutions	166	166	132	132
<b>Total demand deposits</b>	<b>166</b>	<b>166</b>	<b>132</b>	<b>132</b>
<b>Term deposits</b>				
World Bank's transit funds	403	403	450	450
<b>Due to credit institutions total</b>	<b>403</b>	<b>403</b>	<b>450</b>	<b>450</b>
<b>Total</b>	<b>569</b>	<b>569</b>	<b>582</b>	<b>582</b>

## 12. DEPOSITS DUE TO NON-CREDIT INSTITUTIONS

Demand and term deposits are comprised as follows:

	30.06.2011	30.06.2011	31.12.2010	31.12.2010
	Group	Bank	Group	Bank
<b>Demand deposits</b>				
Central governments	125	125	60	60
Latvian municipalities	7,775	7,775	5,562	5,562
Financial services	4,613	5,019	6,467	6,823
State controlled companies	3,036	3,036	1,958	1,958
Corporate	23,099	23,099	23,937	23,937
Individuals	58,413	58,413	59,449	59,449
Other	802	802	944	944
<b>Total demand deposits</b>	<b>97,864</b>	<b>98,269</b>	<b>98,377</b>	<b>98,733</b>
<b>Term deposits</b>				
Local governments	1,436	1,436	1,702	1,702
Financial services	18,103	18,480	107,804	108,124
State controlled companies	103	103	101	101
Corporate	5,525	5,525	11,804	11,804
Individuals	34,167	34,167	37,806	37,806
Other	81	81	92	92
<b>Total term deposits</b>	<b>59,415</b>	<b>59,792</b>	<b>159,309</b>	<b>159,629</b>
<b>Total demand and term deposits</b>	<b>157,279</b>	<b>158,061</b>	<b>257,686</b>	<b>258,362</b>

As at 30 June 2011 the Group and Bank had no depositor, whose deposit balance exceeded 10% of deposits to customers (as at 31 December 2010: one). The gross value of this deposit as at 30 June 2011 EUR 0 thousand (as at 31 December 2010: EUR 69,999 thousand). This deposit has been received from a related party as a collateral for the loan issued to that related party.

## 13. DEBT SECURITIES

The total amount of the debt securities issued by the Bank as at 30 June 2011 consists of mortgage bonds in circulation for the total nominal value including accrued interest of EUR 5,031 thousand (as of 31 December 2010: EUR 5,028 thousand). The debt securities are quoted on the Riga Stock Exchange. No new emissions or repayment of debt securities have occurred during the first six months of 2011.

## 14. SUBORDINATED DEBT

As of 30 June 2011, the total nominal value including accrued interest of issued subordinated bonds was EUR 0 thousand (31 December 2010: EUR 3,216 thousand). Subordinated bonds were recognized at their amortized cost and matured on 10 January 2011. Subordinated bonds had a floating coupon interest rate at 6 months EUR RIGIBOR plus 2.00%. In January 2011 subordinated bonds were fully repaid.

## 15. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies are follows:

	30.06.2011	30.06.2011	31.12.2010	31.12.2010
	Group	Bank	Group	Bank
Issued guarantees	1,145	1,145	1,514	1,514
<b>Total issued guarantees</b>	<b>1,145</b>	<b>1,145</b>	<b>1,514</b>	<b>1,514</b>
<b>Other commitments</b>				
Unused credit lines	1,989	1,989	2,299	2,299
<b>Total other commitments</b>	<b>1,989</b>	<b>1,989</b>	<b>2,299</b>	<b>2,299</b>
<b>Total commitments and contingencies</b>	<b>3,134</b>	<b>3,134</b>	<b>3,813</b>	<b>3,813</b>

### *Commitments to extend credit, from guarantees and letters of credit*

Guarantees and standby letters of credit, which represent irrevocable assurances that the Group and Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans and issued guarantees or letters of credit. Unused guarantees limits are being included in commitments and contingencies when the Bank signs it off and issues to the Client. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

Guarantees, irrevocable letters of credit and undrawn loan commitments are subject to similar credit risk monitoring and credit policies as utilized in the issuance of loans. The management of the Group and the Bank believes the market risk associated with guarantees, irrevocable letters of credit and undrawn loans commitments to be minimal.

## 16. RELATED PARTY TRANSACTIONS

The Group's loans with the related parties are as follows:

Related party (30.06.2011)	Loans	Total risk transactions (excluding impairment)	Risk transactions to shareholders' equity (excluding impairment) %
Corporates	1	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>
Related party (31.12.2010)	Loans	Total risk transactions (excluding impairment)	Risk transactions to shareholders' equity (excluding impairment) %
Corporates	57,144	0	0
<b>Total</b>	<b>57,144</b>	<b>0</b>	<b>0</b>

Bank's loans with the related parties are as follows:

<b>Related party (30.06.2011)</b>	<b>Loans</b>	<b>Total risk transactions (excluding impairment)</b>	<b>Risk transactions to shareholders' equity (excluding impairment) %</b>
Corporates	1	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>

<b>Related party (31.12.2010)</b>	<b>Loans</b>	<b>Total risk transactions (excluding impairment)</b>	<b>Risk transactions to shareholders' equity (excluding impairment) %</b>
Corporates	57,144	0	0
<b>Total</b>	<b>57,144</b>	<b>0</b>	<b>0</b>

Bank's related party deposits are as follows:

	<b>30.06.2011</b>	<b>31.12.2010</b>
<b>Deposits</b>	1,152	83,084
<b>Total</b>	<b>1,152</b>	<b>83,084</b>

Group's and Bank's derivative balances with related parties are as follows:

<b>Derivatives</b>	<b>30.06.2011</b>	<b>31.12.2010</b>
Derivative assets	727	485
Derivative liabilities	4	1,629

Transactions with the related parties:

	<b>30.06.2011</b>	<b>30.06.2011</b>	<b>30.06.2010</b>	<b>30.06.2010</b>
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
Interest income	1,796	1,796	5,081	5,081
Interest expense	(2,050)	(2,069)	(2,200)	(2,225)
Commissions fee income and other operation income	164	164	139	139
Net gain on foreign exchange	284	284	1,557	1,557
Administrative expenses	(1,182)	(1,182)	(478)	(478)
Remuneration to the Council and Management Board	(101)	(101)	(13)	(13)

## 17. TAX EXPENSE

	30.06.2011	30.06.2011	30.06.2010	30.06.2010
	Group	Bank	Group	Bank
Loss before tax	(6,514)	(6,603)	(16,098)	(16,213)
Expected tax charge/(benefit), applying current tax rate of 15%	(977)	(990)	(2,415)	(2,432)
Tax effect of non-deductible expenses/exempt income	21	21	71	71
Increase in unrecognized deferred tax asset from tax losses carried forward	956	969	2,344	2,361
<b>Income tax charge / (benefit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 18. SEGMENT REPORTING

Group's and Company's revenues generated from the loans issued and other assets are as follows:

	Mortgage		Commercial		Consumer		Others		Total	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010	30.06.2011	30.06.2010	30.06.2011	30.06.2010	30.06.2011	30.06.2010
Revenues	553	522	2,575	6,182	598	781	3,791	5,169	7,517	12,655
<b>Total</b>	<b>553</b>	<b>522</b>	<b>2,575</b>	<b>6,182</b>	<b>598</b>	<b>781</b>	<b>3,791</b>	<b>5,169</b>	<b>7,517</b>	<b>12,655</b>

However, the only operating segment of the Group, whose operating results are regularly reviewed by the Group's and the Bank's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, is the Bank as a whole. Any other level of detail does not meet any of the quantitative thresholds defined by IFRS as adopted by the EU.

## 19. OTHER SIGNIFICANT INFORMATION

On 28 June 2011 GE Capital announced an agreement to sell GE Money Bank Latvia to OTKRITIE Financial Corporation JSC. The deal is subject to regulatory approval and other closing conditions, and is expected to be completed in the next few months. The impacted entities are SIA Finstar Baltic Investments and its subsidiaries.

## 20. SUBSEQUENT EVENTS

There were no any significant events after reporting date, which could impact the results of Financial Statements as of 30 June 2011.

\* \* \* \* \*