



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

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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 LVL 4,641 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 LVL 91,065 thousand. Portfolio amount decreased mainly as a result of repayment of issued loans. Total amount of reserves on June 30th, 2011 was LVL 36,836 thousand. Net loan portfolio amount on June 30th, 2011 was LVL 54,229 thousand.

The Bank's total assets in the first half of the year comprised LVL 129,961 thousand, deposit portfolio - LVL 111,086 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.

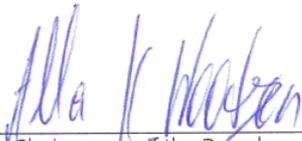
GE Capital strongly believes this transaction is positive news for the "GE Money Bank", and will position the Bank for future growth. This deal is in line with GE's overall strategy to reduce the size of its financial services balance sheet while remaining fully committed to a smaller more focused GE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

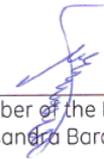
Sincerely,



Chairperson of the Board
Alla Konnova Woodson



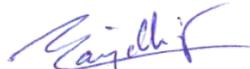
Member of the Board
Francisco Javier Lopez
Segura



Member of the Board
Aleksandra Baranova



Member of the Board
Jufita 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

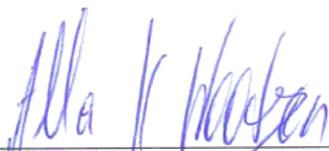
Name	Position	Election date	Resignation date
Alla Konnova Woodson	Chairperson of the Board	28.12.2010.	
Francisco Javier Lopez Segura	Member of the Board	05.02.2010.	
Aleksandra Baranova	Member of the Board	02.07.2010.	
Franck Antoine	Member of the Board	02.07.2010.	
Raymond Marzilli			
Jurita Brunava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



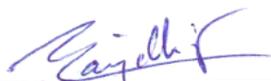
Member of the Board
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Segura



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
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Rīga LV 1013
Latvia

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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

A handwritten signature in blue ink, appearing to read 'Ondrej Fikrle'.

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

A handwritten signature in blue ink, appearing to read 'Inga Lipšāne'.

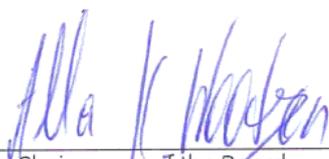
Inga Lipšāne
Sworn Auditor
Certificate No 112

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	2,830	2,830	5,526	5,526
Interest expense	2	(2,615)	(2,628)	(5,640)	(5,658)
Net interest income		215	202	(114)	(132)
Commissions and fee income	3	1,089	995	1,204	1,096
Commissions and fee expense	3	(392)	(390)	(400)	(399)
Net commission income		697	605	804	697
Net profit from financial instruments at fair value through profit and loss		17	17	23	23
Gain from foreign exchange	4	222	222	1,108	1,108
Other operating income		1,219	1,219	1,141	1,141
Net operating income		2,370	2,265	2,962	2,837
Administrative expenses		(6,147)	(6,105)	(7,006)	(6,962)
Other operating expenses		(34)	(34)	(2)	(2)
Net impairment allowance expense	9	(767)	(767)	(7,268)	(7,268)
Loss before corporate income tax		(4,578)	(4,641)	(11,314)	(11,395)
Corporate income tax	17	-	-	-	-
Loss for the period		(4,578)	(4,641)	(11,314)	(11,395)

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



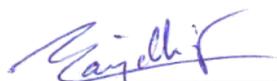
Member of the Board
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Segura



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Aleksandra Baranova



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Jurita Brunava



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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
Loss for the period		(4,578)	(4,641)	(11,314)	(11,395)
Other comprehensive income					
Increase in fair value of available-for-sale financial assets		129	129	934	934
Other comprehensive income for the period		129	129	934	934
Total comprehensive income for the period		(4,449)	(4,512)	(10,380)	(10,461)

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.

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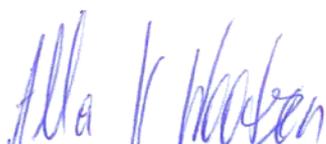
Member of the Board
Franck Antoine Raymond Marzilli

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	33,194	33,194	17,132	17,132
Financial instruments at fair value through profit or loss	6	2,150	2,150	2,030	2,030
<i>Shares and other non-fixed income securities</i>		1,639	1,639	1,689	1,689
<i>Derivatives</i>		511	511	341	341
Loans and receivables due from credit institutions	7	26,573	26,573	71,677	71,677
Loans and receivables due from customers	8-9	54,229	54,229	104,409	104,409
Available-for-sale financial assets	6	4,391	4,391	4,184	4,184
<i>Fixed-income securities</i>		4,391	4,391	4,184	4,184
Held-to-maturity financial assets	6	1,915	1,915	1,959	1,959
Investments in subsidiaries		-	269	-	249
Intangible assets		231	231	247	247
Property and equipment		3,839	3,839	4,237	4,237
Deferred expense and accrued income		430	401	375	348
Current tax assets		-	-	169	169
Non Current Assets Held-for-sale	10	2,295	2,295	1,448	1,448
Other assets		503	474	779	756
Total assets		129,750	129,961	208,646	208,845

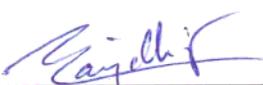
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Riga, 25 August 2011

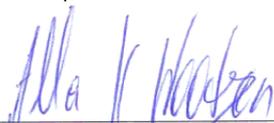
GROUP'S CONSOLIDATED AND BANK'S SEPARATE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	30.06.2011	30.06.2011	31.12.2010	31.12.2010
		Group	Bank	Group	Bank
LIABILITIES					
Financial instruments at fair value through profit and loss		3	3	1,145	1,145
<i>Derivatives</i>		3	3	1,145	1,145
Financial liabilities at amortized cost		114,472	115,022	187,306	187,781
<i>Deposits due to credit institutions</i>	11	400	400	409	409
<i>Deposits due to non-credit institutions</i>	12	110,536	111,086	181,103	181,578
<i>Debt securities</i>	13	3,536	3,536	3,534	3,534
<i>Subordinated debt</i>	14	-	-	2,260	2,260
Deferred income and accrued expense		930	923	1,091	1,085
Other liabilities		267	265	577	574
Total liabilities		115,672	116,213	190,119	190,585
Capital and reserves					
<i>Share capital</i>		25,601	25,601	25,601	25,601
<i>Share premium</i>		37,272	37,272	37,272	37,272
<i>Reserve capital</i>		2,815	2,815	2,815	2,815
<i>Property and equipment revaluation reserve</i>		216	216	216	216
<i>Available-for-sale financial asset revaluation reserve</i>		(114)	(114)	(243)	(243)
<i>Accumulated losses of previous years</i>		(47,134)	(47,401)	(27,767)	(27,879)
<i>Loss for the period</i>		(4,578)	(4,641)	(19,367)	(19,522)
Total equity		14,078	13,748	18,527	18,260
Total liabilities and equity		129,750	129,961	208,646	208,845

COMMITMENTS AND CONTINGENCIES

Guarantees	15	805	805	1,064	1,064
Other commitments	15	1,398	1,398	1,616	1,616

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



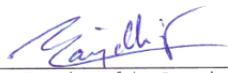
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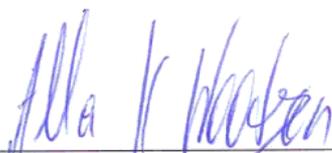
Member of the Board
Franck Antoine Raymond Marzilli

Riga, 25 August 2011

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
31.12.2009	23,101	29,772	(1,783)	235	2,815	(27,767)	26,373
Total comprehensive income	-	-	934	-	-	(11,314)	(10,380)
30.06.2010	23,101	29,772	(849)	235	2,815	(39,081)	15,993
Increase of share capital	2,500	7,500	-	-	-	-	10,000
Total comprehensive income	-	-	606	(19)	-	(8,053)	(7,466)
31.12.2010	25,601	37,272	(243)	216	2,815	(47,134)	18,527
Total comprehensive income	-	-	129	-	-	(4,578)	(4,449)
30.06.2011	25,601	37,272	(114)	216	2,815	(51,712)	14,078

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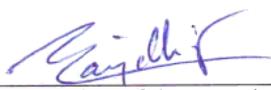
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Jurita Brunava



Member of the Board
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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
31.12.2009	23,101	29,772	(1,783)	235	2,815	(27,879)	26,261
Total comprehensive income	-	-	934	-	-	(11,395)	(10,461)
30.06.2010	23,101	29,772	(849)	235	2,815	(39,274)	15,800
Increase of share capital	2,500	7,500	-	-	-	-	10,000
Total comprehensive income	-	-	606	(19)	-	(8,127)	(7,540)
31.12.2010	25,601	37,272	(243)	216	2,815	(47,401)	18,260
Total comprehensive income	-	-	129	-	-	(4,641)	(4,512)
30.06.2011	25,601	37,272	(114)	216	2,815	(52,042)	13,748

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Riga, 25 August 2011

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

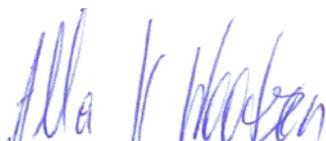
	6 months ended 30.06.2011	6 months ended 30.06.2011	6 months ended 30.06.2010	6 months ended 30.06.2010
Cash flows from operations	Group	Bank	Group	Bank
Loss before corporate income tax	(4,578)	(4,641)	(11,314)	(11,395)
Depreciation, amortization and write-off of intangible assets and property and equipment	554	554	849	849
Increase of impairment allowance	767	767	7,268	7,268
Result from revaluation of foreign currencies	(9)	(9)	(18)	(18)
Decrease in cash and cash equivalents before changes in assets and liabilities	(3,266)	(3,329)	(3,215)	(3,296)
Increase in loans and receivables due from credit institutions	(625)	(625)	(92)	(92)
Decrease in loans and receivables due from customers	48,455	48,455	12,536	12,536
Increase in available-for-sale financial assets	-	-	(78)	(78)
(Increase)/ decrease in held for trading financial assets	(120)	(120)	1,288	1,288
(Increase)/ decrease in deferred expense and accrued income	(133)	(131)	219	221
Decrease in other assets	600	606	1,018	1,038
(Increase)/ decrease in due to credit institutions	37	37	(378)	(378)
Decrease in deposits	(70,567)	(70,492)	(18,444)	(18,387)
(Increase)/ decrease in held for trading financial liabilities	(1,142)	(1,142)	1,004	1,004
(Increase)/ decrease in deferred income and accrued expenses	(161)	(162)	154	155
Decrease in other liabilities	(308)	(307)	(75)	(74)
Net cash used in operating activities	(27,230)	(27,210)	(6,063)	(6,063)

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	(140)	(140)	(390)	(390)
Increase of investments in subsidiaries	-	(20)	-	-
Net cash used in investing activities	(140)	(160)	(390)	(390)
Cash flows from financing activities				
Subordinated liabilities repaid	(2,260)	(2,260)	-	-
Net cash used in financing activities	(2,260)	(2,260)	-	-
Net decrease in cash and cash equivalents	(29,630)	(29,630)	(6,453)	(6,453)
Opening balance of cash and cash equivalents	86,642	86,642	85,003	85,003
Results from exchange rate differences	9	9	18	18
Closing balance of cash and its equivalents	57,021	57,021	78,568	78,568

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	33,194	33,194	18,410	18,410
Due from credit institutions including term deposits due in less than three months	23,874	23,874	60,250	60,250
Due to credit institutions including term deposits due in less than three months	(47)	(47)	(92)	(92)
Total	57,021	57,021	78,568	78,568

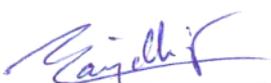
The accompanying notes on pages 17 to 29 form an integral part of these Group's consolidated and Bank's separate condensed interim financial statements.


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 (LVL 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	2,579	2,579	5,301	5,301
Interest income from loans and receivables due from credit institutions	127	127	101	101
Interest income from fixed income securities	124	124	124	124
Total	2,830	2,830	5,526	5,526

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	2,505	2,518	5,534	5,552
<i>Interest expenses on deposits</i>	2,457	2,470	5,144	5,162
<i>Interest expenses on deposits of credit institutions</i>	4	4	229	229
<i>Interest expenses on debt securities</i>	42	42	34	34
<i>Interest expenses on subordinated debt</i>	2	2	127	127
Deposit guarantee fund	93	93	106	106
Financial Stability duty	17	17	-	-
Total	2,615	2,628	5,640	5,658

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	429	335	529	421
Commissions from payment cards	444	444	424	424
Commissions for settlement of utilities payments	86	86	113	113
Commissions from cash withdrawal	85	85	109	109
Commissions from guarantees	-	-	8	8
Other	45	45	21	21
Total	1,089	995	1,204	1,096

Expenses are as follows:

	30.06.2011	30.06.2011	30.06.2010	30.06.2010
	Group	Bank	Group	Bank
Operations with payment cards	344	344	325	325
Services of correspondent banks	33	33	55	55
Other	15	13	20	19
Total	392	390	400	399

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	231	231	1,126	1,126
Foreign currency revaluation result	(9)	(9)	(18)	(18)
Total	222	222	1,108	1,108

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	8,534	8,534	8,488	8,488
Correspondent account in the Bank of Latvia	24,660	24,660	8,644	8,644
Total	33,194	33,194	17,132	17,132

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	2,150	2,150	2,030	2,030
<i>Shares and other non-fixed income securities</i>	1,639	1,639	1,689	1,689
<i>Derivatives</i>	511	511	341	341
Available-for-sale financial assets	4,391	4,391	4,184	4,184
Held-to-maturity financial assets	1,915	1,915	1,959	1,959
	8,456	8,456	8,173	8,173

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
Demand deposits				
Credit institutions of OECD countries	15,708	15,708	36,135	36,135
Latvian credit institutions	8,731	8,731	21,100	21,100
Credit institutions non-OECD countries	127	127	12,368	12,368
Total	24,566	24,566	69,603	69,603
Term deposits				
Credit institutions of OECD countries	2,007	2,007	2,074	2,074
Total term deposits	2,007	2,007	2,074	2,074
Total deposits	26,573	26,573	71,677	71,677

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 LVL 21,555 thousand and LVL 46,229 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	89	89	96	96
Corporate	54,008	54,008	102,913	102,913
Individuals	33,104	33,104	36,142	36,142
State controlled companies and municipalities	3,864	3,864	4,194	4,194
Gross loans	91,065	91,065	143,345	143,345
<i>Allowances for loan losses (Note 9)</i>	<i>(36,836)</i>	<i>(36,836)</i>	<i>(38,936)</i>	<i>(38,936)</i>
Total	54,229	54,229	104,409	104,409

Loans issued by type:

	30.06.2011	30.06.2011	31.12.2010	31.12.2010
	Group	Bank	Group	Bank
Mortgage loans	30,466	30,466	33,306	33,306
Commercial loans	11,310	11,310	52,834	52,834
Industrial loans	43,703	43,703	50,156	50,156
Finance lease	3,073	3,073	3,906	3,906
Consumer loans	537	537	632	632
Credit cards	1,157	1,157	1,189	1,189
Other	819	819	1,322	1,322
Gross loans	91,065	91,065	143,345	143,345
<i>Allowances for loan losses (Note 9)</i>	<i>(36,836)</i>	<i>(36,836)</i>	<i>(38,936)</i>	<i>(38,936)</i>
Total	54,229	54,229	104,409	104,409

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	930	930	1,150	1,150
1-5 years	1,941	1,941	2,509	2,509
above 5 years	202	202	247	247
Total	3,073	3,073	3,906	3,906

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	3,128	3,128	4,031	4,031
Unearned finance income	(55)	(55)	(125)	(125)
Net investment in finance lease	3,073	3,073	3,906	3,906

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	90,970	143,252	(36,824)	(38,911)	54,146	104,341
OECD countries	88	6	(7)	(5)	81	1
Non OECD countries	7	87	(5)	(20)	2	67
Total	91,065	143,345	(36,836)	(38,936)	54,229	104,409

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	16,235	16,235	17,515	17,515
Trade	6,796	6,796	8,202	8,202
Real estate, renting and other business activities	6,406	6,406	9,960	9,960
Agriculture, forestry and fishing	5,658	5,658	8,463	8,463
Transport, storage and communications	4,768	4,768	5,778	5,778
Other community, social and personal service activities	4,488	4,488	4,510	4,510
Construction	2,683	2,683	2,980	2,980
Electricity, gas and water supply	3,068	3,068	3,339	3,339
Hotels and restaurants	3,754	3,754	4,173	4,173
Financial services	2,419	2,419	40,166	40,166
Mining and quarrying	634	634	988	988
Other	1,052	1,052	1,129	1,129
Total	57,961	57,961	107,203	107,203
Loans to individuals	33,104	33,104	36,142	36,142
Gross loans	91,065	91,065	143,345	143,345
<i>Allowances for loan losses (Note 9)</i>	<i>(36,836)</i>	<i>(36,836)</i>	<i>(38,936)</i>	<i>(38,936)</i>
Total	54,229	54,229	104,409	104,409

Loans by classification and groups:

	30.06.2011	30.06.2011	31.12.2010	31.12.2010
	Group	Bank	Group	Bank
Loans assessed on individual basis	65,367	65,367	114,834	114,834
<i>Standard</i>	18,619	18,619	63,768	63,768
<i>Watch-list</i>	5,509	5,509	6,322	6,322
<i>Substandard</i>	9,929	9,929	14,724	14,724
<i>Doubtful</i>	29,682	29,682	28,645	28,645
<i>Bad</i>	1,628	1,628	1,375	1,375
Allowances	(30,953)	(30,953)	(32,339)	(32,339)
Net loans assessed on individual basis	34,414	34,414	82,495	82,495
Gross loans assessed collectively	25,698	25,698	28,511	28,511
Allowances	(5,883)	(5,883)	(6,597)	(6,597)
Net loans assessed collectively	19,815	19,815	21,914	21,914
Net loans, Total	54,229	54,229	104,409	104,409

Loan quality by delinquency periods:

	30.06.2011	30.06.2011	31.12.2010	31.12.2010
	Group	Bank	Group	Bank
Loans with no impairment allowance	1,294	1,294	41,142	41,142
Loans without delinquency	1,074	1,074	40,758	40,758
Delinquent loans	220	220	384	384
<i>Delinquent up to 30 days</i>	118	118	151	151
<i>Delinquent 30-60 days</i>	1	1	42	42
<i>Delinquent 60-90 days</i>	94	94	86	86
<i>Delinquent over 90 days</i>	7	7	105	105
Loans with an impairment allowance	89,771	89,771	102,203	102,203
Loans without delinquency	32,815	32,815	41,693	41,693
Delinquent loans	56,956	56,956	60,510	60,510
<i>Delinquent up to 30 days</i>	5,455	5,455	4,500	4,500
<i>Delinquent 30-60 days</i>	529	529	1,418	1,418
<i>Delinquent 60-90 days</i>	992	992	809	809
<i>Delinquent over 90 days</i>	49,980	49,980	53,783	53,783
Loans, total	91,065	91,065	143,345	143,345
Impairment allowance (Note 9)	(36,836)	(36,836)	(38,936)	(38,936)
Net loans, total	54,229	54,229	104,409	104,409

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:

LVL'000	30.06.2011	% of loan portfolio	31.12.2010	% of loan portfolio
Commercial buildings	33,104	36	36,608	26
Commercial assets pledge	11,692	13	13,722	10
Land mortgage	12,336	14	13,960	9
Mortgage on residential properties	22,944	25	26,460	18
Guarantee	2,154	2	2,281	2
Deposit	-	-	40,161	28
Other (non-secured)	8,835	10	10,153	7
Gross loans	91,065	100	143,345	100
<i>Allowances for loan losses (Note 9)</i>	<i>(36,836)</i>	-	<i>(38,936)</i>	-
Total	54,229	-	104,409	-

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 LVL 0 thousand (as at 31 December 2010: LVL 40,161 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 LVL 18,577 thousand (as at 31 December 2010: LVL 35,075 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
Balance as at 31 December 2009	33,547	33,598
Impairment allowance increase	9,136	9,136
Impairment allowance decrease	(1,868)	(1,868)
Net impairment allowance expense	7,268	7,268
Decrease of allowance as a result of loan and receivable write-off	(1,325)	(1,325)
Balance as at 30 June 2010	39,490	39,541
Balance as at 31 December 2010	38,936	38,987
Impairment allowance increase	3,675	3,675
Impairment allowance decrease	(2,908)	(2,908)
Net impairment allowance expense	767	767
Decrease of allowance as a result of loan and receivable write-off	(2,867)	(2,867)
Balance as at 30 June 2011	36,836	36,887

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)	36,836	36,836	38,936	38,936
Investments in subsidiaries	-	51	-	51
Total	36,836	36,887	38,936	38,987

10. ASSETS HELD-FOR-SALE

Group's and Bank's Assets Held for Sale

	Land and buildings
Book value as of 31.12.2009	-
Reclassification from Investment property in 2010	2,056
Disposal	(254)
Impairment	(354)
Book value as of 31.12.2010	1,448
Repossession	1,250
Disposal	(403)
Book value as of 30.06.2011	2,295

During the six month period ended 30 June 2011 the Group and Bank assumed title of collateral amounting to LVL 1,250 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
Demand				
Latvian credit institutions	117	117	93	93
Total demand deposits	117	117	93	93
Term deposits				
World Bank's transit funds	283	283	316	316
Due to credit institutions total	283	283	316	316
Total	400	400	409	409

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
Demand deposits				
Central governments	88	88	42	42
Latvian municipalities	5,464	5,464	3,909	3,909
Financial services	3,242	3,527	4,545	4,795
State controlled companies	2,134	2,134	1,376	1,376
Corporate	16,234	16,234	16,823	16,823
Individuals	41,053	41,053	41,781	41,781
Other	564	564	664	664
Total demand deposits	68,779	69,064	69,140	69,390
Term deposits				
Local governments	1,009	1,009	1,196	1,196
Financial services	12,723	12,988	75,765	75,990
State controlled companies	72	72	71	71
Corporate	3,883	3,883	8,296	8,296
Individuals	24,013	24,013	26,570	26,570
Other	57	57	65	65
Total term deposits	41,757	42,022	111,963	112,188
Total demand and term deposits	110,536	111,086	181,103	181,578

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 LVL 0 thousand (as at 31 December 2010: LVL 49,196 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 LVL 3,536 thousand (as of 31 December 2010: LVL 3,534 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 LVL 0 thousand (31 December 2010: LVL 2,260 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 LVL 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	805	805	1,064	1,064
Total issued guarantees	805	805	1,064	1,064
Other commitments				
Unused credit lines	1,398	1,398	1,616	1,616
Total other commitments	1,398	1,398	1,616	1,616
Total commitments and contingencies	2,203	2,203	2,680	2,680

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
Total	1	0	0
Related party (31.12.2010)	Loans	Total risk transactions (excluding impairment)	Risk transactions to shareholders' equity (excluding impairment) %
Corporates	40,161	0	0
Total	40,161	0	0

Bank'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
Total	1	0	0

Related party (31.12.2010)	Loans	Total risk transactions (excluding impairment)	Risk transactions to shareholders' equity (excluding impairment) %
Corporates	40,161	0	0
Total	40,161	0	0

Bank's related party deposits are as follows:

	30.06.2011	31.12.2010
Deposits	810	58,392
Total	810	58,392

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

Derivatives	30.06.2011	31.12.2010
Derivative assets	511	341
Derivative liabilities	3	1,145

Transactions with the related parties:

	30.06.2011	30.06.2011	30.06.2010	30.06.2010
	Group	Bank	Group	Bank
Interest income	1,262	1,262	3,571	3,571
Interest expense	(1,441)	(1,454)	(1,546)	(1,564)
Commissions fee income and other operation income	115	115	98	98
Net gain on foreign exchange	200	200	1,094	1,094
Administrative expenses	(760)	(760)	(327)	(327)
Remuneration to the Council and Management Board	(71)	(71)	(9)	(9)

17. TAX EXPENSE

	30.06.2011	30.06.2011	30.06.2010	30.06.2010
	Group	Bank	Group	Bank
Loss before tax	(4,578)	(4,641)	(11,314)	(11,395)
Expected tax charge/(benefit), applying current tax rate of 15%	(687)	(696)	(1,697)	(1,709)
Tax effect of non-deductible expenses/exempt income	15	15	50	50
Increase in unrecognized deferred tax asset from tax losses carried forward	672	681	1,647	1,659
Income tax charge / (benefit)	-	-	-	-

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	389	367	1,810	4,345	420	549	2,664	3,633	5,283	8,894
Total	389	367	1,810	4,345	420	549	2,664	3,633	5,283	8,894

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.

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