



*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.

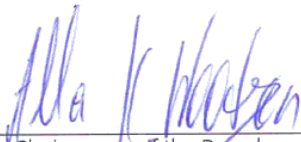
GE Capital strongly believes this transaction is positive news for the "GE Money Bank", and will position the Bank for future growth. This deal is in line with GE's overall strategy to reduce the size of its financial services balance sheet while remaining fully committed to a smaller more focused GE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

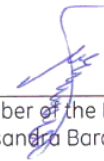
Sincerely,



Chairperson of the Board
Alla Konnova Woodson



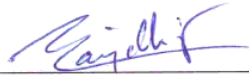
Member of the Board
Francisco Javier Lopez
Segura



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 | 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

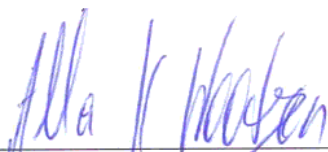
| Name | Position | Election date | Resignation date |
|-------------------------------|--------------------------|---------------|------------------|
| Alla Konnova Woodson | Chairperson of the Board | 28.12.2010. | |
| Francisco Javier Lopez Segura | Member of the Board | 05.02.2010. | |
| Aleksandra 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



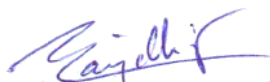
Member of the Board
Francisco Javier Lopez
Segura



Member of the Board
Aleksandra Baranova



Member of the Board
Jurita Brunava



Member of the Board
Franck Antoine Raymond
Marzilli

Riga, 25 August 2011



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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

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

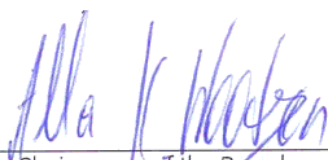
Inga Lipšāne
Sworn Auditor
Certificate No 112

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



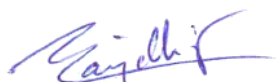
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Segura



Member of the Board
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Member of the Board
Jurita Brunava



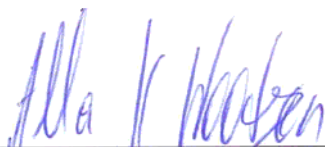
Member of the Board
Franck Antoine Raymond
Marzilli

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 |
| 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) |

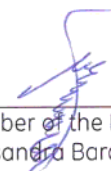
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Alla Konnova Woodson



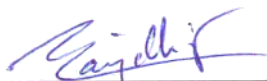
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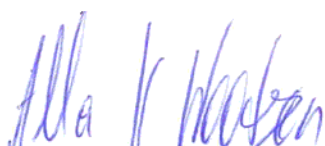
Member of the Board
Franck Antoine Raymond Marzilli


Riga, 25 August 2011

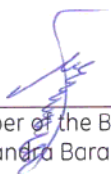
GROUP'S CONSOLIDATED AND BANK'S SEPARATE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION


| | 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 |

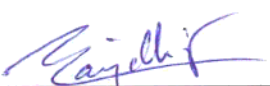
The accompanying notes on pages 17 to 29 form an integral part of these Group's consolidated and Bank's separate condensed interim financial statements.


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

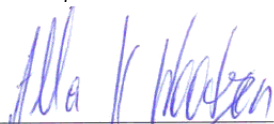
GROUP'S CONSOLIDATED AND BANK'S SEPARATE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

| | Notes | 30.06.2011 | 30.06.2011 | 31.12.2010 | 31.12.2010 |
|---|-------|----------------|----------------|----------------|----------------|
| | | Group | Bank | Group | Bank |
| 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



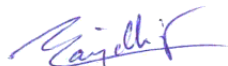
Member of the Board
Francisco Javier Lopez Segura



Member of the Board
Aleksandra Baranova



Member of the Board
Jurita Brunava



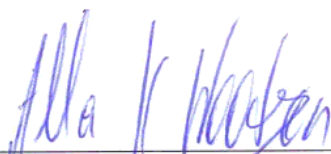
Member of the Board
Franck Antoine Raymond Marzilli

Riga, 25 August 2011

GROUP'S CONSOLIDATED 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 |

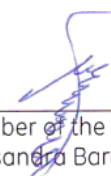
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Alla Konnova Woodson



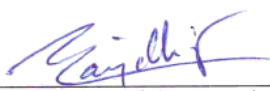
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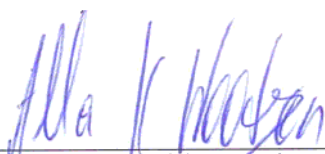
Member of the Board
Franck Antoine Raymond Marzilli

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 |
|----------------------------|---------------|---------------|--|---------------------------------|--------------|--------------------|---------------|
| 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 |

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



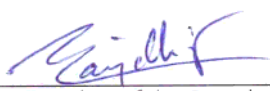
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Member of the Board
Franck Antoine Raymond Marzilli

Riga, 25 August 2011

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

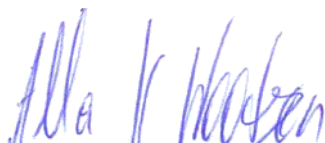
| | 6 months ended 30.06.2011 | 6 months ended 30.06.2011 | 6 months ended 30.06.2010 | 6 months ended 30.06.2010 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Cash flows from operations | Group | Bank | 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 |

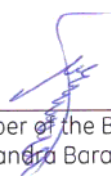
Cash and cash equivalents include the following:


| | 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 |

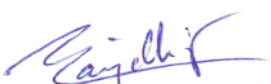
The accompanying notes on pages 17 to 29 form an integral part of these Group's consolidated and Bank's separate condensed interim financial statements.


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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