



TRASTA KOMERCBANKA

**JSC "TRASTA KOMERCBANKA"
INTERIM CONDENSED FINANCIAL STATEMENTS
AND CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2009
AND INDEPENDENT AUDITOR'S REPORT**

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MANAGEMENT REPORT OF THE BANK (GROUP HOLDING COMPANY)

During the second quarter of 2009, a plummeting decline in Latvian economy continued: according to data of the Central Statistical Bureau of Latvia, national GDP dropped by 19.6% (during the first half of 2009 by 18.8%); at that, a decline in manufacture was 19.9%, in retail trade 28.0%, and in hotel and restaurant industry 35.0%. The majority of experts forecast an 18% decline of GDP in Latvia in 2009.

Direct results of rising unemployment (which reached 11.5% at the end of the first six months of 2009) and reduction of population's income is a decrease of internal consumer spending and a slowdown of inflation, which started in Latvia in May of 2008. In June of 2009, the level of inflation in the country was 3.4%; meanwhile, during the first half of the year it was on average 7% (in 2008 it was 15.4%). Based on this dynamics, experts forecast that Latvia may even face deflation during the second half of 2009.

Along with a slowdown of inflation, a current account deficit has also decreased, which during the first half of 2009 was even positive (for the first time since the third quarter of 1995) and amounted to 7.7% of GDP. However, this is connected with a sharp reduction in the volume of foreign trade (by 35.3%): export declined by 26.4% during the first half of 2009, and import by 40.5%.

Currently, the government of Latvia continues negotiations with IMF about issuance of the next portion of the loan to Latvia (in 2008, Latvia already received from IMF 590 million EUR; on February 25 and July 27 of 2009, it received from the European Commission 1.0 billion EUR and 1.2 billion EUR, respectively). These negotiations are taking place upon a condition that allowed state budget deficit does not exceed 10% of GDP (in 2010 – 8.5% of GDP). Recent data shows that the state budget deficit in the first half of 2009 amounted to 457.8 million LVL (6.8% of GDP).

Taking into account the economic situation in Latvia and the global lending and liquidity crisis, results of the Bank's activities during the first half of 2009 are considered satisfactory. The Bank has gained profit; it has considerably increased its provisions for loans (up to 8% of the total bank portfolio) and continued to grow in accordance with its Strategy. The results achieved during the first six months of 2009 show that the Bank manages to stay resilient and ensure that the economic situation both in the country and across the world does not have a material impact on its finances. Successful operations of the Bank are confirmed by the capital adequacy and liquidity indicators achieved during the reporting period, i.e. as of June 30, 2009, capital adequacy of the Bank was 16.19%, and liquidity – 46.24%. At the end of the first half of 2009, ROE of the Bank was 6.73%, and ROA was 1.04%.

As of June 30, 2009, assets of the Bank amounted to 198 million lats, which is by 19 million lower than the closing reading of 2008. The amount of deposits attracted during the first six months of 2009 was 138.8 million lats. As of June 30, 2009, the loan portfolio of the Bank was 108.4 million lats, and the amount of capital and reserves – 35.8 million lats. The Bank closed the first half of 2009 with the profit of 1.2 million lats.

The consolidation group of the Bank consists of three subsidiary companies: TKB Nekustamie Īpašumi, TKB Līzings, and Misto Banka. Loss of the group during six months of 2009 was 2.3 million LVL and the amount of assets as of the end of the reporting period reached 241.2 million LVL.

MANAGEMENT REPORT OF THE BANK (GROUP HOLDING COMPANY) (continued)

On March 30, 2009, a new customer service centre of the Bank was opened at 1 Palasta Street in Riga, and further on it will serve as a head office of the Bank. Substantial renovation was done in the building built in 1738 and a new Art Deco interior was created to ensure that every client of the Bank receives services of the highest quality. The building at 9 Miesnieku Street, which worked as a head office of the Bank until recently, has been transformed into Customer Business Development Centre designed for handling issues related to lending, leasing and financing of trading operations, and dealing with other financial solutions that are instrumental for business development. The legal address and telephone numbers of the Bank have not changed.

At the general meeting of shareholders that was held on March 31, 2009, the Inspection Committee of the Bank was elected in compliance with amended legislation and requirements of the law *On Financial Instruments Market* and the documentation required for organization of the work of the Inspection Committee was approved. These innovations were reflected in the amendments to the Articles of Association of the Bank that were approved by the Bank's shareholders and stated that the Inspection Committee of the Bank consisting of two people should be elected by a meeting of shareholders for three years. A new clause was added to the Articles of Association specifying that the Board of the Bank for five years is given the right to increase the share capital of the Bank up to 30%. During the meeting, the Board and the Council of the Bank were reelected without changes.

This report is available on the Bank's Internet page at www.tkb.lv.

This year, Trasta Komercbanka celebrates its 20th anniversary, which in itself is an indicator of the Bank's experience, solidity and successful operation in the Latvian and foreign financial markets. On behalf of the management of the Bank I would like to express our appreciation to clients, shareholders and employees of the Bank for their trust, support and for the accomplishments.

On behalf of the Bank's management:



Gundars Grieze
Chairman of the Board

Riga,
August 31, 2009

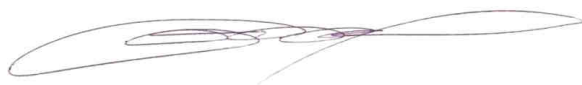
STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT'S OF THE BANK (GROUP HOLDING COMPANY)

Bank's management (Group's holding company) is responsible for preparation of consolidated financial statements and the separate financial statements, which fairly and truly present the Groups' and the Bank's financial standing as at the end of the financial period and the results of its activity and cash flow for that period, respectively, according International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union.

The management confirms that the consolidated financial statements and the separate financial statements set out on pages 8 to 28 for the period from 1 January 2009 to 30 June 2009 have been prepared consistently applying relevant accounting methods and the management's judgments and estimates in relation to preparation of these statements are reasonable and prudent. The management confirms that the applicable International Financial Reporting Standards have been used in the preparation of the financial statements and that these financial statements have been prepared based on a going concern concept basis. The Management Report on pages 3 to 4 presents an explicit account on the development of the Group and Bank's activities and performance results.

The Bank's management is responsible for proper keeping of accounting records, for safeguarding of the Group's and the Bank's assets and for prevention of any fraudulent actions. They are also responsible for managing the Group and the Bank in compliance with the Credit Institution Law of the Republic of Latvia, regulatory enactments of the Bank of Latvia and the Financial and Capital Market Commission and other applicable laws and regulations of the Republic of Latvia

On behalf of management of the Bank:



Gundars Grieze
Chairman of the Board

Riga,
August 31, 2009

COMPOSITION OF THE BOARD AND COUNCIL OF THE BANK (GROUP HOLDING COMPANY)

Supervisory Council

Name, surname	Positions	Election date
Igors Buimisters	Chairman of the Council	24.03.2006, reelected 27.03.2009
Alfrēds Čepānis	Member of the Council	30.03.1999, reelected 27.03.2009
Charles E.G. Treherne	Member of the Council	16.03.2001, reelected 27.03.2009

During the current period no changes in the Supervisory Council occurred.

Management Board

Name, surname	Positions	Election date
Gundars Grieze	Chairman of the Board	28.06.1999, reelected 24.03.2009
Māris Fogelis	First vice-chairman of the Board	28.06.1999, reelected 24.03.2009
Viktors Ziemelis	Vice-chairman of the Board	28.03.2003, reelected 24.03.2009
Svetlana Krasovska	Member of the Board	24.10.1995, reelected 24.03.2009
Tatjana Konnova	Member of the Board	23.03.2006, reelected 24.03.2009

During the current period no changes in the Management Board occurred.


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INDEPENDENT AUDITORS' REPORT

To the shareholders of AS TRASTA KOMERCBANKA

Report on the Financial Statements

We have audited the interim condensed consolidated financial statements of AS TRASTA KOMERCBANKA and its subsidiaries (hereinafter – the Group) and the accompanying interim condensed financial statements of AS TRASTA KOMERCBANKA (hereinafter – the Bank), which are set out on pages 8 through 28 and which comprise the balance sheet as at 30 June 2009, the statements of income, changes in equity and cash flows for the six month period ended 30 June 2009, and explanatory notes.

Management's Responsibility for the Financial Statements

The Bank's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these interim condensed financial statements based on our audit. Except as discussed in the following paragraph "basis for qualified opinion", we conducted our audit, in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the condensed interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim condensed financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim condensed financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the interim condensed financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the interim condensed financial statements.

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

Basis for qualified opinion

As disclosed in Note 12 to the accompanying consolidated financial statements, the Group has agreed on sales of the investment in Misto bank. During the audit we were not able to obtain sufficient audit evidence whether these agreements will be executed based on agreed terms and therefore determine whether investment value is not impaired.

Qualified opinion

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to verify the recoverability of investment as discussed in the preceding paragraph, the interim condensed financial statements of the Group and the Bank have been prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the EU.

Without further qualifying our opinion, we draw attention to Note 3, which discusses the preparation of the financial statements on the going concern assumption basis in the light of the current market financial and economic uncertainties. The Group's and Bank's ability to continue its activities depends on the management's actions to maintain the level of liquid funds in line with business and regulatory requirements as further described in the accompanying financial statements.

 SIA Ernst & Young Baltic
 Licence No. 17

 Diāna Krišjāne
 Chairperson of the Board
 Latvian Sworn Auditor
 Certificate No. 124
 Rīga, 31 August 2009

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**STATEMENT OF COMPREHENSIVE INCOME AND CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

In thousands of lats	Note	The Group		The Bank	
		2009 (6 months)	2008 (6 months)	2009 (6 months)	2008 (6 months)
Interest revenue		5 429	7 953	5 460	7 843
Interest expense		(1 481)	(1 351)	(1 495)	(1 372)
Net interest income		3 948	6 602	3 965	6 471
Loan impairment charge, net	6	(4 813)	(310)	(4 638)	(209)
Net interest (loss)/income after allowance for impairment		(865)	6 292	(673)	6 262
Commission income		2 701	3 660	2 695	3 658
Commission expense		(585)	(692)	(585)	(694)
Net commission income		2 116	2 968	2 110	2 964
Dividends		-	2	-	2
Net gains and losses from trading financial assets	8	1 660	(572)	1 660	(572)
Realised gains and losses from available-for- sale financial assets		-	148	-	148
Net gain and losses from foreign currency	8	1 964	3 986	1 965	3 977
Other income		37	506	31	457
Other non-interest income		3 661	4 070	3 656	4 012
Salaries and benefits expenses		(2 437)	(2 947)	(2 387)	(2 896)
Administrative expenses	9	(1 080)	(1 740)	(1 100)	(1 758)
Tangible and intangible assets amortisation and depreciation		(306)	(249)	(304)	(248)
Other expenses		(59)	(58)	(57)	(50)
Other release of allowance		81	-	81	50
Other non-interest expense		(3 801)	(4 994)	(3 767)	(4 902)
Profit before corporate income tax		1 111	8 336	1 326	8 336

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STATEMENT OF COMPREHENSIVE INCOME AND CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (continued)

In thousands of lats	Note	The Group		The Bank	
		2009 (6 months)	2008 (6 months)	2009 (6 months)	2008 (6 months)
Corporate income tax		(122)	(1 499)	(113)	(1 478)
Profit for the period from continuing operations		989	6 837	1 213	6 858
Loss after tax from discontinued operations	12	(3 272)	-	-	-
Profit/(loss) for the period		(2 283)	6 837	1 213	6 858
<i>Attributable to equity holders of the Bank</i>		(660)	6 834	1 213	6 858
<i>Attributable to minority interest</i>		(1 623)	3	-	-
<i>Earnings per share (basic and diluted) in lats</i>		<i>7.80</i>	<i>53.92</i>	-	-
<i>Earnings per share (basic and diluted) in lats for continuing operations</i>		<i>(18.02)</i>	<i>53.92</i>	-	-
Other comprehensive income:					
Available for sale financial asset revaluation		31	(35)	31	(35)
Foreign currency translation reserve		(70)	-	-	-
Total comprehensive income		(2 322)	6 802	1 244	6 823
<i>Attributable to equity holders of the Bank</i>		(672)	6 799	1 244	6 823
<i>Attributable to minority interest</i>		(1 650)	3	-	-

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STATEMENT OF FINANCIAL POSITION AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of lats	Note	The Group		The Bank	
		30 June 2009	31 December 2008	30 June 2009	31 December 2008
ASSETS					
Cash and balances due from the Bank of Latvia		11 148	19 235	11 148	19 235
Due from credit institutions with a maturity of less than 3 months		42 860	47 562	46 351	47 562
<i>On demand</i>		32 759	37 946	32 759	37 946
<i>Other</i>		10 101	9 616	13 592	9 616
Held for trading financial assets		2 163	2 410	2 163	2 410
<i>Fixed income securities</i>		1 573	1 972	1 573	1 972
<i>Equity shares and other non-fixed income securities</i>		508	360	508	360
<i>Derivatives</i>		82	78	82	78
Available for sale financial assets		283	255	283	255
<i>Fixed income securities</i>		234	206	234	206
<i>Equity shares and other non-fixed income securities</i>		49	49	49	49
Due from credit institutions with a maturity of more than 3 months		952	8 755	952	8 755
Loans	6	107 612	118 033	108 374	118 731
Accrued income and deferred expenses		254	132	254	133
Long-term projects costs		2 286	2 282	2 286	2 282
Property and equipment	10	9 558	3 953	9 540	3 932
Intangible assets	10	256	222	256	222
Investments in share capital of subsidiary	11	-	-	52	52
Corporate income tax assets		885	671	881	668
Deferred corporate income tax assets		-	14	-	14
Other assets		2 275	1 856	2 535	1 659
Assets of disposal group classified as held for sale	12	60 628	73 536	12 894	11 225
TOTAL ASSETS		241 160	278 916	197 969	217 135

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STATEMENT OF FINANCIAL POSITION AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

In thousands of lats	Note	The Group		The Bank	
		30 June 2009	31 December 2008	30 June 2009	31 December 2008
LIABILITIES					
Due to credit institutions		1 280	10 562	1 280	10 562
<i>On demand</i>		1 230	10 512	1 230	10 512
<i>Term deposits with a maturity of more than 3 months</i>		50	50	50	50
Due to customers		138 794	159 595	138 794	159 599
<i>On demand</i>		97 773	131 311	97 773	131 315
<i>Term deposits</i>		41 021	28 284	41 021	28 284
Debt securities issued		2 809	2 814	3 513	3 520
Accrued expenses and deferred income		784	603	788	591
Provisions for contingent liabilities		14	54	130	209
Corporate income tax liabilities		-	20	-	5
Deferred corporate income tax liabilities		11	-	11	-
Other liabilities	7	12 184	2 962	12 569	2 928
Liabilities directly associated with the assets classified as held for sale	12	49 151	63 786	-	-
Liabilities before subordinated liabilities		205 027	240 396	157 085	177 414
Subordinated liabilities		5 091	5 172	5 091	5 172
TOTAL LIABILITIES		210 118	245 568	162 176	182 586

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STATEMENT OF FINANCIAL POSITION AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

In thousands of lats	<u>The Group</u>		<u>The Bank</u>	
	<u>30 June</u> <u>2009</u>	<u>31 December</u> <u>2008</u>	<u>30 June</u> <u>2009</u>	<u>31 December</u> <u>2008</u>
EQUITY AND RESERVES				
Share capital	6 337	6 337	6 337	6 337
Share premium	111	111	111	111
Reserve capital and other reserves	3 812	3 804	3 804	3 804
Available for sale financial assets revaluation reserves	(49)	(80)	(49)	(80)
Foreign exchange revaluation reserve	(3 455)	(3 412)	-	-
Retained earnings	22 934	23 594	25 590	24 377
Equity and reserves attributable to shareholders of the Bank	29 690	30 354	35 793	34 549
Minority shareholder interest	1 352	2 994	-	-
Total equity and reserves	31 042	33 348	35 793	34 549
TOTAL LIABILITIES AND EQUITY AND RESERVES	241 160	278 916	197 969	217 135

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**STATEMENTS OF CHANGES IN EQUITY AND RESERVES AND CONSOLIDATED STATEMENTS OF
CHANGES IN EQUITY**

(1) The Group

In thousands of lats	Share capital	Share premium	Reserve capital and other reserves	Available for sale financial asset revaluation reserves	Foreign exchange translation reserve	Retained earnings	Total	Minority shareholder interest	Total equity and reserves
BALANCE AS AT 31 DECEMBER 2007	6 337	111	3 804	17	-	21 102	31 371	12	31 383
Total comprehensive income	-	-	-	(35)	-	6 834	6 799	3	6 802
Purchase of subsidiary	-	-	-	-	-	-	-	5 560	5 560
Dividends paid	-	-	-	-	-	(3 800)	(3 800)	-	(3 800)
BALANCE AS AT 30 JUNE 2008	6 337	111	3 804	(18)	-	24 136	34 370	5 575	39 945

BALANCE AS AT 31 DECEMBER 2008	6 337	111	3 804	(80)	(3 412)	23 594	30 354	2 994	33 348
Total comprehensive income	-	-	-	31	(43)	(660)	(672)	(1 650)	(2 322)
Changes in rezerves	-	-	8	-	-	-	8	8	16
BALANCE AS AT 30 JUNE 2009	6 337	111	3 812	(49)	(3 455)	22 934	29 690	1 352	31 042

(2) The Bank

In thousands of lats	Share capital	Share premium	Reserve capital and other reserves	Available for sale financial asset revaluation reserves	Retained earnings	Total equity and reserves
BALANCE AS AT 31 DECEMBER 2007	6 337	111	3 804	17	21 048	31 317
Total comprehensive income	-	-	-	(35)	6 858	6 823
Dividends paid	-	-	-	-	(3 800)	(3 800)
BALANCE AS AT 30 JUNE 2008	6 337	111	3 804	(18)	24 106	34 340
BALANCE AS AT 31 DECEMBER 2008	6 337	111	3 804	(80)	24 377	34 549
Total comprehensive income	-	-	-	31	1 213	1 244
BALANCE AS AT 30 JUNE 2009	6 337	111	3 804	(49)	25 590	35 793

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STATEMENTS OF CASH FLOWS AND CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands of lats	<u>The Group</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>(6 months)</u>	<u>(6 months)</u>	<u>(6 months)</u>	<u>(6 months)</u>
Cash flow as a result of operating activity:				
Profit before corporate income tax	1 111	8 333	1 326	8 336
(Loss) before tax for the period from discontinued operations	(3 272)	-	-	-
Amortisation and depreciation	306	249	304	248
Increase in allowance for impairment of debts	4 801	241	4 666	138
Decrease in other provisions	(40)	-	(79)	-
Foreign currency revaluation loss/(profit)	359	(68)	359	(68)
(Gain) from revaluation of trading financial assets	(1 488)	(78)	(1 488)	(78)
Gain on disposal of fixed and intangible assets	3	-	3	-
Increase in cash and cash equivalents from operating activities before changes in assets and liabilities	1 780	8 677	5 091	8 576
Purchase of held for trading financial assets	-	(750)	-	(750)
Sales of held for trading financial assets	1 811	-	1 811	-
Sales of available-for-sale financial assets	-	(80)	-	(80)
Decrease in due from credit institutions	7 803	4 095	7 803	4 095
Decrease/(increase) in loans	1 524	(34 656)	1 595	(34 546)
(Increase)/decrease in accrued income and deferred expense	(122)	32	(121)	27
Decrease in other assets	(549)	(452)	(1 006)	(474)
Increase in due to credit institutions	-	81	-	81
Decrease in deposits	(20 801)	(16 437)	(20 805)	(16 431)
Increase in accrued expenses and deferred income	181	494	197	511
Increase in other liabilities	7 967	984	8 384	998
	(406)	(38 012)	2 949	(37 993)
Corporate income tax paid	(331)	(2 393)	(306)	(2 358)
Increase/(decrease) in cash and cash equivalents from operating activities	(737)	(40 405)	2 643	(40 351)
Cash flows from investing activities				
Purchase of fixed and intangible fixed assets	(548)	(840)	(549)	(841)
Purchase of net assets of disposal group classified as held for sale	-	(12 898)	(1 669)	(11 225)
Net cash flows of disposal group classified as available for sale	(1 781)	-	-	-
Cash outflow on long-term projects	(4)	-	(4)	-
Decrease in cash and cash equivalents from investing activities	(2 333)	(13 738)	(2 222)	(12 066)

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**STATEMENTS OF CASH FLOWS AND CONSOLIDATED STATEMENTS OF CASH FLOWS
(continued)**

In thousands of lats	<u>The Group</u>		<u>The Bank</u>	
	<u>2009</u> <u>(6 months)</u>	<u>2008</u> <u>(6 months)</u>	<u>2009</u> <u>(6 months)</u>	<u>2008</u> <u>(6 months)</u>
Cash flows from financing activities				
Repayment of subordinated liabilities	(109)	-	(109)	-
Dividends paid	-	(3 800)	-	(3 800)
Decrease in cash and cash equivalents from financing activities	(109)	(3 800)	(109)	(3 800)
Increase/(decrease) in cash and cash equivalents	(3 179)	(57 943)	312	(56 217)
Cash and cash equivalents at the beginning of the period	56 285	163 475	56 285	163 475
Foreign currency revaluation (loss)/profit	(328)	68	(328)	68
Cash and cash equivalents at the end of the period	52 778	105 600	56 269	107 326

Cash and cash equivalents are calculated as follows

In thousands of lats	<u>The Group</u>		<u>The Bank</u>	
	<u>2009</u> <u>(6 months)</u>	<u>2008</u> <u>(6 months)</u>	<u>2009</u> <u>(6 months)</u>	<u>2008</u> <u>(6 months)</u>
Due from credit institutions with a maturity of less than 3 months	42 860	97 338	46 351	94 556
Cash and balances due from the Bank of Latvia and other Central Banks	11 148	22 794	11 148	19 166
Due to credit institutions with a maturity of less than 3 months	(1 230)	(14 532)	(1 230)	(6 396)
CASH AND CASH EQUIVALENTS	52 778	105 600	56 269	107 326

Reflection of the received and (paid) sums of interest income/(expense) and dividends is provided below:

In thousands of lats	<u>The Group</u>		<u>The Bank</u>	
	<u>2009</u> <u>(6 months)</u>	<u>2008</u> <u>(6 months)</u>	<u>2009</u> <u>(6 months)</u>	<u>2008</u> <u>(6 months)</u>
Interest income received during the reporting period	5 024	7 956	4 967	7 812
Interest expenses paid during the reporting period	(1 347)	(1 347)	(1 362)	(1 347)
Dividends paid during the reporting period	-	(3 800)	-	(3 800)

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1 GENERAL INFORMATION

JSC "Trasta Komercbanka" (hereinafter – the Bank) has been registered as a joint stock company, in the Latvian Register of Companies with the identification No. LV40003029667, and operates under the legislation of the Republic of Latvia and Credit institution license No.8 issued by the Bank of Latvia. The head office of the Bank is located in Miesnieku street 9, Riga, Latvia, LV-1050. The Bank provides full scope of banking services, however, the priority of the Bank is exclusive banking services for private individuals and companies.

By the end of the period the Bank had four representative offices outside Latvia, i.e. in Canada, Kazakhstan, Ukraine and Belarus. Their mission is to represent interests of the Bank in the respective countries, maintain relations with the Bank customers and provide them with necessary information. The Bank has a foreign branch in Cyprus and two branches in Latvia – in Liepāja and Daugavpils. Their functions incorporate provision of financial services to customers of the Bank.

The Bank has established two subsidiaries, SIA TKB LĪZINGS and SIA TKB NEKUSTAMIE ĪPAŠUMI, thus broadening the range of services offered by the Bank. As of the end of the reporting period, the Bank had direct and indirect holdings in the Ukrainian bank Misto Banka. Detailed information on this acquisition is provided in Note 8.

This financial statements were approved by the Board of the Bank on 31 August 2009.

2 ACCOUNTING AND ASSESSMENT PRINCIPLES

(1) General principles

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 as adopted by European Union and do not include a complete set of financial statements as required by IAS 1 „*Presentation of Financial Statements*”. Therefore, these interim condensed financial statements should be analysed together with the Group’s and Bank’s financial statements for the previous reporting year.

The Group has adopted the following new and amended IFRS interpretations as of 1 January 2009:

- Amendment to IFRS 2 „Share-based payment”,
- IFRS 8 „Operating Segments”,
- IAS 1 (Revised) „Presentation of Financial Statements”,
- Amendment to IAS 23 „Borrowing costs”,
- Amendment to IFRS 7 „Financial Instruments: Disclosures”.

Adoption of these revised standards and interpretations did not have any material effect on the financial performance or position of the Group. The key changes related to presentation as a result of revised IAS 1, where principle effects are:

This standard separates owner and non-owner changes in equity requiring all owner changes in equity to be presented in a statement of changes in equity, and all non-owner changes either in one statement of comprehensive income or in two separate statements, which are an income statement and a statement of comprehensive income. The previous standard required components of comprehensive income to be presented in the statement of changes in equity. The revised standard also requires that the income tax effect of each component of comprehensive income to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

2 ACCOUNTING AND ASSESSMENT PRINCIPLES (continued)

In addition, it requires entities to present a comparative statement of financial position as at the beginning of the earliest comparative period when the entity has applied an accounting policy retrospectively, makes a retrospective restatement, or reclassifies items in the financial statements. The Group has elected to present comprehensive income in one statements of comprehensive income.

The monetary unit used in the financial statements is **the lat (LVL)**, the monetary unit of the Republic of Latvia. All amounts in the financial statements are reported in **thousands of Lats (LVL 000's)**.

The Bank maintains its accounts based on appropriate accounting methods and policies which have been applied on a consistent basis. Since the end of the previous reporting year, no other changes in accounting policies have been made.

(2) Consolidation principles

The Bank has consolidated its subsidiaries in the consolidated financial statements according to International Accounting Standard 27. Information on the Bank's subsidiaries is disclosed in Note 11. The consolidation was based on control over the subsidiaries arising from the majority of voting rights in the subsidiaries.

(3) Foreign currency exchange rates

		<u>30.06.2009</u>	<u>31.12.2008</u>	<u>30.06.2008</u>
LVL 1 =	EUR	1.423	1.423	1.423
	USD	1.996	2.020	2.237
	GBP	1.211	1.374	1.126
	RUB	62.112	58.479	52.632
	UAH	15.314	15.244	10.235

3 GOING CONCERN

The global crisis factors described in the Management Report may exert direct influence on the development of banking sector and the stability at large, including the development of the Bank. In 2009, the core task for ensuring of ongoing development is to maintain a sufficient level of capital and liquid assets.

The main Bank's source of attracted resources consists of deposits from private persons and companies, whose share in the total volume of all attracted deposits is 85.58%. Thereby the deposit attraction policy of the Bank is to be aimed at maintaining of a steady deposit volume.

These consolidated Group's and separate Bank's financial statements have been prepared consistently applying the International Accounting Standard 34 as adopted by the European Union based on a going concern basis. The validity of this assumption is dependant upon the Group's and Bank's ability to maintain sufficient amount of deposits and liquidity under the current economic environment in Latvia. It can not be excluded that the existence of these uncertainties may cast doubt on the ability of the Group to continue to operate on going concern basis for foreseeable future.

The Bank has made assessment of the cash flow scenarios for 2009 and has determined the measures to be taken to improve the liquidity. The planned amount of Bank's capital will have to ensure an optimal ratio between the risk and maintaining of profitability. On the grounds of the mentioned above, the decisions taken are aimed at continuation of activities of the Group and the Bank in 2009 and onwards.

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**4 INTERNAL CONTROL SYSTEM OF LAUNDERING OF THE PROCEEDS FROM CRIME
AND PREVENTION OF TERRORISM FINANCING**

During the first six months of 2009, we continued to improve the documents of the internal control system, the work that was launched in 2008, to ensure that said documents comply with *Law on Prevention of Money Laundering and Terrorism Financing* and *Normative Regulations on In-Depth Customer Investigation* published by FCMC. As of now, all internal control system documents, which regulate handling by the Bank of any issues concerning anti-money laundering and prevention of terrorism financing, have been updated.

Since 2007, the Bank develops and approves a plan of measures for each calendar year designed to improve the internal control system overseeing anti-money laundering and prevention of terrorism financing. According to this plan, the Bank takes steps to improve its activities in the sphere of anti-money laundering and prevention of terrorism financing.

Within the plan for this year, the most important measure is introduction of a new automated customer monitoring system that will considerably improve the efficacy of the supervision of customers' activities.

5 RISK CONTROL AND MANAGEMENT

In order to manage risks and meet the performance standards for Bank activities - capital adequacy, liquidity, foreign currency positions and risk control and administration of Bank transactions - the Bank has approved its Risk Management Policy and other policies, including its Capital Adequacy Assessment Policy, Liquidity Management Policy, Foreign Currency Risk Management Policy, Country Risk Management Policy, Lending Policy, Trading Portfolio Policy and other policies approved by the Council and the Board of the Bank. These policies have been developed in accordance with the Strategic Plan of the Bank, and they are regularly updated based on the development of the market and Bank core activities.

These policies set the principles according to which the Bank defines:

- ✓ General guidelines applied by the Bank in its operations in order to minimise all kinds of risks which may result in losses;
- ✓ Classification of risk transactions and other risks to which the Bank is exposed in its operating activities;
- ✓ General day-to-day control and administration of the Bank's risk exposures.

The main purpose of the Bank's Risk Management Policy is to describe and determine the set of measures which would help the Bank to minimise any probability of incurring losses in situations where the funds deposited by the Bank or the funds that are due to the Bank are not fully paid in a timely fashion, or where the Bank incurs losses of another kind.

The Bank's Risk Management Policy is implemented by the Council, the Board, the Asset-Liability Assessment Committee (hereinafter – ALCO), the Loan Committee and the Loan Assessment Committee of the Bank, as well as by the respective structural units of the Bank engaged in risk transaction control.

The Risk Control and Management Policy of the Group has not differ materially from the Bank's policies. An extended comparison of these policies is to be made until the end of the reporting year.

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In thousand of lats	<u>The Group</u>		<u>The Bank</u>	
	<u>30 June</u> <u>2009</u>	<u>31 December</u> <u>2008</u>	<u>30 June</u> <u>2009</u>	<u>31 December</u> <u>2008</u>
6 LOANS				
Private enterprises	94 204	96 476	89 389	91 914
Private persons	21 435	23 412	21 033	23 013
Related companies	-	-	5 848	5 695
Financial institutions	52	1 322	52	1 322
Employees	1 685	1 786	1 496	1 565
Total gross loans	117 376	122 996	117 818	123 509
Impairment allowances, <i>individually assessed</i>	(9 366)	(4 497)	(9 046)	(4 312)
Impairment allowances, <i>collectively assessed</i>	(398)	(466)	(398)	(466)
	107 612	118 033	108 374	118 731
Loans by types of loans may be specified as follows:				
Commercial loans	32 445	38 050	38 293	43 744
Mortgage loans	49 873	47 591	49 668	47 424
Industrial loans	12 809	13 591	12 809	13 591
Consumer loans	305	320	152	147
Finance lease	5 048	4 841	-	-
Overdrafts	1 018	1 076	1 018	1 076
Bills of Exchange	-	1 284	-	1 284
Reverse REPO	17	75	17	75
Factoring	423	818	423	818
Credit cards	174	151	174	151
Security deposits	405	327	405	327
Other	14 859	14 872	14 859	14 872
	117 376	122 996	117 818	123 509

Movements in impairment allowances during the reporting period :

	<u>The Group</u>		<u>The Bank</u>	
	<u>2009</u> <u>(6 months)</u>	<u>2008</u> <u>(6 months)</u>	<u>2009</u> <u>(6 months)</u>	<u>2008</u> <u>(6 months)</u>
Balance as at 1 January	4 963	1 576	4 778	1 472
Additional <i>individual</i> allowance	4 955	346	4 802	247
Change in <i>collective</i> allowance	(68)	-	(68)	-
Release of <i>individual</i> allowances	(114)	(40)	(96)	(47)
Effect of changes in currency exchange rates	28	(62)	28	(62)
Balance as at 30 June	9 764	1 820	9 444	1 610

Significant increases in impairment are due to overall worsening economic and financial situation, as a result the borrowers are not able to repay the issued loans.

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7 OTHER LIABILITIES

Other liabilities include suspense accounts, unpaid dividends and money in transit.

Suspense accounts (cleared after the period) represent payments received by the Bank where the beneficiary is not clearly identified. In the reporting period this amount was 4 900 thousand lats (2008: 376 thousand lats). After clarification they are credited to customer accounts.

Unpaid dividends of previous periods mostly consist of payments to the estate of S. Tarasenoks also. In the reporting period this amount was 1 767 thousand lats (2008: 1 767 thousand lats).

The funds, transferred to other correspondent accounts of the Bank, whose crediting has not been confirmed by the correspondent bank yet, are disclosed as money in transit. In the reporting period this amount was 4 805 thousand lats (2008:247 thousand lats).

8 PROFIT AND LOSS FROM FINANCIAL ASSETS HELD FOR TRADING AND FOREIGN CURRENCY TRADING AND REVALUATION GAIN

Changes in profit/loss from the financial instruments held for trading are mainly associated with fair value changes of these securities, whereof profit of 415 thousand lats in the reporting period (2008: loss of 734 thousand lats) is related to equity securities and profit of 1 245 thousand lats in the reporting period (2008: profit of 162 thousand lats) is related to debt securities.

Changes in profit/loss from foreign currency are associated with the decrease in volume of trade transactions.

9 ADMINISTRATIVE EXPENSES

Changes in administrative expenses are associated with the measures taken by the Bank for enhancement of its efficiency, incl. reduction of rental, expenses for professional and other services.

10 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

In the reporting period, the Bank purchased a head office building that is situated at 9 Miesnieku Street, Riga. The real estate purchase price amounted to 5.4 million Latvian lats. Pursuant to the Rental Agreement, the Bank has been using this building for its economic activity since 1995. There are no other major purchases or disposals of property and equipment and intangible assets.

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11 INVESTMENTS IN SHARE CAPITAL OF SUBSIDIARY

<u>Group companies: name, registration number and address</u>	<u>Type of activity</u>	<u>30.06.2009</u>				<u>31.12.2008</u>			
		<u>Investment and participation share</u>				<u>Investment and participation share</u>			
		Total book value of assets	Cost	Fixed capital portion (%)	Cost less impair- ment	Total book value of assets	Cost	Fixed capital portion (%)	Cost less impair- ment
SIA "TKB Līzings", reg.No.40003591059, Latvia, Riga, Palasta 7	Līzings un kreditēšanas operācijas	6 257	50	100	50	6 075	50	100	50
SIA "TKB Nekustamie īpašumi", reg. No. 40003723143, Latvia, Riga, Palasta 7	Operācijas ar nekustamo īpašumu	58	2	75	2	58	2	75	2
		6 315	52	-	52	6 133	52	-	52

The below data reflects consolidated information on subsidiaries and associated companies:

	<u>30.06.2009</u>	<u>31.12.2008</u>
Assets	6 315	6 133
Liabilities	(6 224)	(5 961)
Net assets	91	172
Profit for the period	(81)	107

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

12 DISCONTINUED OPERATIONS

In April 2008, the Bank acquired 9.0055% shares of Misto Bank, a Ukrainian commercial bank (registration number 20966466). Besides, the Bank acquired 100% of the shares in the subsidiary company with foreign investment *Rolvenden Standart* (Ukrainian Enterprise and Organization Register unified registration number 31069036), which holds 41,2945% of Misto Bank shares. The control over the investment was obtained on 27 June 2008, when the changes in Supervisory board of Misto Bank were approved by National Bank of Ukraine, where two out of three representatives are from the Bank.

Taking into account the crisis situation in the world, at the end of the year 2008 the Bank decided to sell the investment into the subsidiary. Consequently, the Group classified the investment into the subsidiary according to requirement of the International Financial Reporting Standard 5 reclassifying this investment into the category "assets held for sale". To implement this plan, the Bank has signed agreements on sale of investments whose total purchase price amounts to approximately 29 million U.S. dollars.

The assets and liabilities of this subsidiary are disclosed in the Group's consolidated financial statements separated from other Group's assets and liabilities as assets of disposal group classified as held for sale.

Presented below is the information about the assets and liabilities of disposal group classified as held for sale, and also results of its activity:

Goodwill	UAH	LVL
Goodwill as of 30.06.2008	57 298	5 598
Goodwill as of 30.06.2009	57 298	3 742
Changes in goodwill (foreign exchange translation reserve)	-	1 856

Given that the Bank has concluded investment sale agreements which will result in the ability of the Bank and the Group to recover the entire investment amount, the impairment of goodwill is not necessary.

	<u>30.06.2009</u>
Net interest income	377
Allowance for impairment of debts, net	(3 068)
Net fee and commission income	(1 316)
Other non-interest income	1 401
Other non-interest expense	(976)
Loss before taxation	(3 582)
Corporate income tax	310
Loss after tax for the period from discontinued operations	(3 272)

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12 DISCONTINUED OPERATIONS (continued)

ASSETS	30.06.2009	31.12.2008
Cash and balances due from credit institutions with a maturity of less than 3 months	1 360	4 421
Held for trading financial assets	975	2 591
Due from credit institutions with a maturity of more than 3 months	1 258	1 768
Loans	46 619	54 192
Tangible and intangible assets	6 369	6 579
Other assets	305	226
Assets of disposal group classified as available for sale financial assets	56 886	69 777
Goodwill	3 742	3 759
Total assets of disposal group classified as available for sale financial assets	60 628	73 536
LIABILITIES		
Due to credit institutions	14 739	13 179
Due to customers	34 103	50 187
Other liabilities	309	420
Liabilities directly associated with the assets classified as available for sale	49 151	63 786
Net assets directly associated with disposal group	11 477	9 750
Classification of loan balance by customer groups:		
	30.06.2009	31.12.2008
Loans to companies	35 157	39 388
Loans to individuals	18 560	19 204
Loans to employees	145	224
	53 862	58 816
Individual impairment allowance for loans	(7 243)	(4 624)
	(46 619)	54 192
Classification of impairment for loans by customer groups:		
Private companies	5 655	3 111
Private individuals	1 588	1 513
	7 243	4 624
Impairment allowance as of 1 January/ 1 July	4 624	2 884
Additional allowance	2 663	2 010
Effect of the foreign exchange	(44)	(270)
Impairment allowance as of 30 June/31 December	7 243	4 624

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13 SEGMENT ANALYSIS

The following analysis of segments is based on the Group's and the Bank's internal reports.

(1) Balance

In thousand of lats	The Group		The Bank	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
Cash	11 148	19 235	11 148	19 235
Balance from credit institutions	47 207	56 270	47 207	56 270
Loans and receivables	116 184	122 325	116 659	122 844
Other state fixed income securities	1 760	2 086	1 760	2 086
Shares and other investments	557	408	13 503	11 685
Fixed assets and intangible assets	15 842	12 056	12 082	6 437
Other assets	70 390	92 819	5 282	3 700
Total assets	263 088	305 199	207 641	222 257
Balances due to banks	1 281	10 562	1 281	10 562
Deposits	138 485	159 441	138 485	159 445
Issued bonds	2 802	2 802	3 505	3 504
Other liabilities	74 702	83 265	14 119	4 120
Impairment and accrued liabilities	9 764	5 020	9 444	4 991
Equity	36 054	44 109	40 807	39 635
Total equity and liabilities	263 088	305 199	207 641	222 257
Total assets per internal reporting	263 088	305 199	207 641	222 257
Reconciling items:				
<i>Impairment</i> ¹	(9 764)	(4 963)	(9 444)	(4 778)
<i>Other reconciling items</i> ²	(12 164)	(21 320)	(228)	(344)
Total assets per IFRS statements	241 160	278 916	197 969	217 135
Total liabilities per internal reporting	227 034	261 090	166 834	182 622
Reconciling items:				
<i>Impairment</i> ¹	(9 764)	(4 963)	(9 444)	(4 778)
<i>Subordinated liabilities</i> ³	5 013	5 086	5 013	5 086
<i>Other reconciling items</i> ²	(12 165)	(15 645)	(227)	(344)
Total liabilities per IFRS statements	210 118	245 568	162 176	182 586

¹ For internal reporting purposes impairment is shown as a liability and not netted with related assets.

² Other reconciling items mostly represent cut-off and classification required by IFRS.

³ For internal reporting purposes subordinated liabilities are classified as equity.

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13 SEGMENT ANALYSIS (continued)

The following analysis of segments is based on the Group's and the Bank's internal reports.

(2) Profit and loss statement

In thousand of lats	The Group		The Bank	
	2009 (6 months)	2008 (6 months)	2009 (6 months)	2008 (6 months)
Interest revenue	5 395	7 902	5 426	7 803
Commission revenue	2 701	3 711	2 695	3 698
Profit from trading	3 624	3 564	3 625	3 554
Impairment	272	125	294	127
Other income ³	7 400	517	25	520
Total revenues	19 392	15 819	12 065	15 702
Interest expenses	1 481	1 351	1 495	1 372
Commission expenses	585	692	585	694
Administration expenses ¹	3 825	5 190	3 793	5 157
Tax expenses	122	1 338	113	1 317
Impairment	4 964	355	4 811	256
Other expenses ³	10 698	56	55	48
Total expenses	21 675	8 982	10 852	8 844
Profit	(2 283)	6 837	1 213	6 858
Total revenues per internal reporting	8 096	11 613	8 121	11 501
Reconciling item ²	34	-	34	-
Total revenues per IFRS statements	8 130	11 613	8 155	11 501

¹ The Bank's administration expenses include depreciation charge in the amount of 304 thousand lats (2008: 248 thousand lats). The Group's administration expenses accordingly include depreciation charge in the amount of 306 thousand lats (2008: 249 thousand lats).

² Reconciling item is mainly due to cut-off, as well as nominal interest rate accounting used for internal reporting purposes in contrast to effective interest rate accounting used for IFRS compliant financial statements.

³ Other income and other expenses in 6 month period ending 30 June 2009 includes income and expenses of discontinued operations of Misto bank in amount of 1 401 thousand lats and 976 thousand lats respectively.

(3) The Group's income analysis by the place of customers' residence

In thousand of lats	2009 (6 months)		2008 (6 months)	
	Latvian residents	Latvian non-residents	Latvian residents	Latvian non-residents
Interest income	2 147	3 282	3 591	4 362
Commission income	153	2 548	158	3 502
Total income	2 300	5 830	3 749	7 864

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13 SEGMENT ANALYSIS (continued)

(4) The Bank's income analysis by the place of customers' residence

In thousand of lats	2009 (6 months)		2008 (6 months)	
	Latvian residents	Latvian non-residents	Latvian residents	Latvian non-residents
Interest income	2 083	3 377	3 493	4 350
Commission income	147	2 548	157	3 501
Total income	2 230	5 925	3 650	7 851

14 OFF-BALANCE SHEET ITEMS

Off-balance liabilities

In thousand of lats	The Group		The Bank	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Contingent liabilities	6 935	7 356	7 322	7 742
<i>including guarantees</i>		409	260	796
<i>including rent commitments</i>		6 526	7 096	6 526
Commitments to customers	960	3 589	1 327	3 723
<i>including unused credit limits</i>		857	2 949	1 224
<i>including letters of credit</i>		28	121	28
<i>including other liabilities</i> ¹		75	519	75
Total off-balance sheet liabilities	7 895	10 945	8 649	11 465
Provisions for off-balance sheet liabilities	(14)	(54)	(130)	(209)
	7 881	10 891	8 519	11 256

¹ Other liabilities are disclosed as the Bank's future liabilities for acquisition of fixed assets.

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15 THE GROUP'S AND BANK'S TRANSACTIONS WITH RELATED PARTIES

Related parties are defined as shareholders of the Bank who have a significant influence in the Bank, as well as their spouses, parents and children, the Bank's subsidiaries, chairpersons and members of the council and management board, internal service manager and members and other employees of the Bank, who are authorized to perform planning, management and control activities on behalf of the Bank, or are in charge of these activities, as well as their spouses, parents, children and companies in which the above-mentioned persons have a controlling interest.

The Bank has offered standard services to related parties, such as the settlement of accounts, the purchase and sale of securities, securities management on behalf of clients, and brokerage etc. These transactions are conducted on normal business terms.

(1) Amount of the Group transactions with related persons is presented below

In thousand lats	<u>30.06.2009</u>				<u>31.12.2008</u>			
	Share-holders	Other related parties ¹	Council and board	Total	Share-holders	Other related parties ¹	Council and board	Total
Assets								
Loans	579	1 135	138	1 852	628	1 012	151	1 791
<i>Allowance for loans</i>	-	(53)	-	(53)	-	(35)	-	(35)
Loans, net	579	1 082	138	1 799	628	977	151	1 756
Liabilities								
Deposits	11	460	204	675	40	436	258	734
Non-balance items								
Unused credit lines	49	11	16	76	10	11	16	37
Profit and loss statement								
	<u>30.06.2009</u>				<u>30.06.2008</u>			
Interest income	15	23	4	42	24	28	6	58
Commissions income	-	18	1	19	1	3	2	6
Interest expense	-	(7)	(6)	(13)	(6)	(3)	(7)	(16)
Other expenses	(9)	(23)	(20)	(52)	(8)	(33)	(24)	(65)

¹ Other related parties are spouses, children of the shareholders and council and board members and companies in which they have a controlling interest.

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NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

15 THE GROUP'S AND BANK'S TRANSACTIONS WITH RELATED PARTIES (continued)

(2) Amount of the Bank transactions with related persons is presented below

In thousand of lats	30.06.2009					31.12.2008				
	Shareholders	Subsidiary companies	Other related persons ¹	Council and Board	Total	Shareholders	Subsidiary companies	Other related	Council and Board	Total
Assets										
Credits	452	9 339	901	101	10 793	488	5 695	940	106	7 229
<i>Reserves for unsecured credits</i>	-	-	(53)	-	(53)	-	-	(35)	-	(35)
Credits, net	452	9 339	848	101	10 740	488	5 695	905	106	7 194
Liabilities										
Deposits	11	3	252	204	470	40	5	436	258	739
Non-balance items										
Unused credit limits	49	367	11	16	443	10	134	11	16	171
Profit and loss statement										
	30.06.2009					30.06.2008				
Interest income	11	229	21	3	264	24	113	26	3	166
Commissions income	-	-	18	1	19	1	3	3	2	9
Interest expenditure	-	-	-	(7)	(7)	(6)	(1)	(3)	(7)	(17)
Reserve decreasing income, net	-	-	(19)	-	(19)	-	5	-	-	5
Other expenses	(9)	(63)	(23)	(20)	(115)	(8)	(62)	(33)	(24)	(127)

¹ Other related parties are spouses, children of the shareholders and council and board members and companies in which they have a controlling interest.

16 EVENTS AFTER BALANCE SHEET DATE

During the period from the last day of the reporting period until the publication date of these financial statements there have not been any subsequent events that could materially affect these statements or notes thereto.

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