



TRASTA KOMERCBANKA

JSC "TRASTA KOMERCBANKA"
INTERIM CONDENSED FINANCIAL STATEMENTS
AND CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
(prepared in accordance with IAS 34 as adopted by European Union)
30 JUNE 2011
AND INDEPENDENT AUDITOR'S REPORT

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MANAGEMENT REPORT OF THE BANK (GROUP HOLDING COMPANY)

In the first half of 2011, the Bank continued to develop its services, providing active support to its customers in Latvia and abroad, with particular emphasis being put on the development of *Private Banking* service and support of Latvian entrepreneurs – exporters.

Continuing to expand its presence in new regions of the world, the Bank opened a representative office in the People's Republic of China, and became the first Eastern-European bank represented in Hong Kong. The Bank is planning to support business deals and partnership development in this promising region.

In the first half of 2011, the development of Bank's correspondent banking network provided an opportunity to offer its customers remittances in Chinese Yuan. The Bank's successful cooperation with its correspondent banks, and its clean reputation among foreign partners resulted once again in being granted the annual Deutsche Bank Award for excellent quality of international payments in the previous year.

At the beginning of the year, along with upgrading of services for its customers, the Bank launched a new design of MasterCard payment cards series, where modern technologies are combined with a special design of classic heraldry traditions and success symbolism. These payment cards provide Bank customers with many advantages, including convenient and expedient making of payments abroad, and a possibility to effectively manage finances from anywhere in the world.

In the first half of 2011, the number of Bank customers increased by 8 %. As of 30 June, Trasta komercbanka's assets amounted to LVL 230.8 million, which is by LVL 12 million more than the final figure of 2010. As at the end of the reporting period the amount of attracted deposits reached LVL 172.9 million, but the Bank's loan portfolio amounted to LVL 89.6 million. The Bank concluded the first half of 2011 with a profit of LVL 0.74 million.

On 30 June 2011, the Bank completed its capital increase through share issue. As a result of the share issue the Bank's capital increased by LVL 7.46 million and as of the end of the reporting period amounted to LVL 14.51 million. The Bank's capital and reserves as of 30 June 2011 amounted to LVL 37.19 million. The Bank's liquidity as at the end of the reporting period was 64.05%, but its capital adequacy - 19.06%.

The Bank's consolidation group consists of the subsidiary companies: "TKB *Nekustamie īpašumi*", "TKB *Līzings*", and also "Heckbert C7 Holdings", which is classified as held for sale, and its subsidiary „Ferrous Kereskedelmi KFT". In order to expand the area of its operation, the Bank's subsidiary "TKB *Līzings*" Ltd in the first half of the year worked intensively on establishment of a subsidiary company in Tajikistan, and finalized this work in July 2011.

The amount of Group's assets as at the end of the reporting period was LVL 228.9 million, which is by LVL 11.4 million more than the final figure of 2010. The first half of 2011 the Group ended with a profit of LVL 0,63 million.

This financial report was approved by the Board of the Bank on 29 August 2010 and it is freely available on the Bank's website at www.tkb.eu.

On behalf of the Bank's management:



Maris Fogelis
First vice-chairman of the Board

Riga,
August 29, 2011

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, 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 7 to 29 for the period from 1 January 2011 to 30 June 2011 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 page 3 presents an explicit account on the development of the Group and Bank's activities and performance results as well as of the principal risks and unpredictable circumstances.

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:



Maris Fogelis
First vice-chairman of the Board

Riga,
August 29, 2011

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 07.10.2010
Alfrēds Čepānis	Member of the Council	30.03.1999, reelected 07.10.2010
Igor Snisarevskyi	Member of the Council	07.10.2010

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 Trasta Komercbanka AS

Report on the Financial Statements

We have audited the interim condensed consolidated financial statements of Trasta Komercbanka AS and its subsidiaries (hereinafter – the Group) and the accompanying interim condensed financial statements of Trasta Komercbanka AS (hereinafter - the Bank), which are set out on pages 7 through 29 and which comprise the statements of financial position as at 30 June 2011, the statements of comprehensive income, changes in equity and cash flows for the six month period ended 30 June 2011, and explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of interim condensed financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these interim condensed financial statements based on our audit. 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.

Opinion

In our opinion, 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.

SIA Ernst & Young Baltic
Licence No. 17


Diāna Krišjāne
Chairperson of the board


Mārtiņš Valters
Latvian Certified Auditor
Certificate No. 185

Rīga, 30 August 2011

**INTERIM CONDENSED FINANCIAL STATEMENTS
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TRASTA KOMERCBANKA

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

In thousands of lats	Note	The Group		The Bank	
		2011 (6 months)	2010 (6 months)	2011 (6 months)	2010 (6 months)
Interest revenue		3 087	3 314	3 036	3 257
Interest expense		(1 766)	(1 999)	(1 775)	(2 006)
Net interest income		1 321	1 315	1 261	1 251
Loan impairment loss, net	3	(164)	(607)	(7)	(454)
Net interest income after allowance for impairment		1 157	708	1 254	797
Commission income		2 517	2 444	2 514	2 439
Commission expense		(471)	(537)	(471)	(537)
Net commission income		2 046	1 907	2 043	1 902
Dividends income		2	-	2	-
Net (losses)/gains from trading financial assets	4	(56)	191	(56)	191
Realised gains from available-for-sale financial assets		2	-	2	-
Net gains/(losses) from foreign currency trading and revaluation	4	2 109	(1 436)	2 112	(1 436)
Other income		45	35	35	36
Other non-interest income/(loss)		2 102	(1 210)	2 095	(1 209)
Salaries and benefits expenses		(2 422)	(2 405)	(2 347)	(2 338)
Administrative expenses		(1 390)	(1 044)	(1 467)	(1 060)
Depreciation		(397)	(362)	(393)	(358)
Other expenses		(150)	(109)	(133)	(89)
Other release of allowance, net		(75)	(48)	(74)	(48)
Other non-interest expense		(4 434)	(3 968)	(4 414)	(3 893)
Profit/(loss) before corporate income tax		871	(2 563)	978	(2 403)

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

In thousands of lats	Note	The Group		The Bank	
		2011 (6 months)	2010 (6 months)	2011 (6 months)	2010 (6 months)
Corporate income tax		(246)	(249)	(239)	(248)
Profit/(loss) for the period		625	(2 812)	739	(2 651)
Other comprehensive income:					
Available for sale financial asset revaluation (loss)/profit		(5)	10	(5)	10
Change in foreign currency translation reserve		1	-	-	-
Total comprehensive profit/(loss)		621	(2 802)	734	(2 641)
Profit/(loss) for the period, incl.:					
Attributable to equity holders of the Bank		625	(2 811)	739	(2 651)
Attributable to minority interest		-	(1)	-	-
Total comprehensive profit/(loss), incl.:		621	(2 802)	734	(2 641)
Attributable to equity holders of the Bank		621	(2 801)	734	(2 641)
Attributable to minority interest		-	(1)	-	-
Profit/(loss) per share (basic and diluted) attributable to equity holders of the Bank in lats		4.36	(21.00)	-	-

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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 2011	31 December 2010	30 June 2011	31 December 2010
ASSETS					
Cash and balances due from the Bank of Latvia		22 521	16 588	22 521	16 588
Due from credit institutions with a maturity of less than 3 months	5	57 058	62 359	57 058	62 359
<i>On demand</i>		43 599	53 147	43 599	53 147
<i>Other</i>		13 459	9 212	13 459	9 212
Held for trading financial assets		2 534	2 224	2 534	2 224
<i>Fixed income securities</i>		1 116	849	1 116	849
<i>Equity shares and other non-fixed income securities</i>		1 399	1 277	1 399	1 277
<i>Derivatives</i>		19	98	19	98
Available for sale financial assets		11 290	7 960	11 290	7 960
<i>Fixed income securities</i>		11 241	7 911	11 241	7 911
<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		10 322	665	10 322	665
Loans	6	88 179	92 119	89 647	93 771
Accrued income and deferred expenses		238	127	237	124
Long-term projects costs	7	4 969	2 405	4 969	2 405
Property and equipment	8	8 606	8 918	8 586	8 894
Intangible assets		359	360	359	360
Investments in share capital of subsidiary	9	-	-	702	52
Corporate income tax assets		2	20	-	-
Deferred tax assets		723	913	723	913
Other assets	10	8 230	8 925	7 982	8 621
Assets of disposal group classified as held for sale	11	13 830	13 831	13 848	13 848
TOTAL ASSETS		228 861	217 414	230 778	218 784

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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 2011	31 December 2010	30 June 2011	31 December 2010
LIABILITIES					
Due to credit institutions		5 208	2 416	5 208	2 416
<i>On demand</i>		5 108	2 389	5 108	2 389
<i>Term deposits with a maturity of more than 3 months</i>		100	27	100	27
Held for trading financial liabilities		3	4	3	4
<i>Derivatives</i>		3	4	3	4
Due to customers	12	172 565	174 928	172 954	174 929
<i>On demand</i>		115 567	117 714	115 956	117 715
<i>Term deposits</i>		56 998	57 214	56 998	57 214
Debt securities issued		2 809	2 809	3 513	3 513
Accrued expenses and deferred income		579	503	616	493
Corporate income tax liabilities		-	25	-	25
Other liabilities	13	5 619	3 746	5 607	3 735
Liabilities before subordinated liabilities		186 783	184 431	184 901	185 115
Subordinated liabilities	14	5 689	4 673	5 689	4 673
TOTAL LIABILITIES		192 472	189 104	193 590	189 788
EQUITY AND RESERVES					
Share capital	15	14 507	7 049	14 507	7 049
Share premium		111	111	111	111
Reserve capital and other reserves		3 804	3 804	3 804	3 804
Available for sale financial assets revaluation reserves		(11)	(6)	(11)	(6)
Foreign exchange translation reserve		1	-	-	-
Retained earnings		17 977	17 352	18 777	18 038
Equity and reserves attributable to shareholders of the Bank		36 389	28 310	37 188	28 996
Minority shareholder interest		-	-	-	-
Total equity and reserves		36 389	28 310	37 188	28 996
TOTAL LIABILITIES AND EQUITY AND RESERVES		228 861	217 414	230 778	218 784

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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 revalu- ation reserves	Foreign exchange transala- tion reserve	Retained earnings	Total	Minority share- holder interest	Total equity and reserves
BALANCE AS AT 31 DECEMBER 2009	6 337	111	3 804	(21)	-	21 966	32 197	9	32 206
<i>Net loss for the period</i>	-	-	-	-	-	(2 811)	(2 811)	(1)	(2 812)
<i>Other comprehensive income</i>	-	-	-	10	-	-	10	-	10
Total comprehensive loss	-	-	-	10	-	(2 811)	(2 801)	(1)	(2 802)
Issue of share capital	699	-	-	-	-	-	699	-	699
BALANCE AS AT 30 JUNE 2010	7 036	111	3 804	(11)	-	19 155	30 095	8	30 103
BALANCE AS AT 31 DECEMBER 2010	7 049	111	3 804	(6)	-	17 352	28 310	-	28 310
<i>Net income for the period</i>	-	-	-	-	-	625	625	-	625
<i>Other comprehensive loss</i>	-	-	-	(5)	1	-	(4)	-	(4)
Total comprehensive income	-	-	-	(5)	1	625	621	-	621
Issue of share capital	7 458	-	-	-	-	-	7 458	-	7 458
BALANCE AS AT 30 JUNE 2011	14 507	111	3 804	(11)	1	17 977	36 389	-	36 389

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STATEMENTS OF CHANGES IN EQUITY AND RESERVES AND CONSOLIDATED STATEMENTS OF
CHANGES IN EQUITY (continued)

(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 2009	6 337	111	3 804	(21)	22 405	32 636
<i>Net loss for the period</i>	-	-	-	-	(2 651)	(2 651)
<i>Other comprehensive income</i>	-	-	-	10	-	10
Total comprehensive loss	-	-	-	10	(2 651)	(2 641)
Issue of share capital	699	-	-	-	-	699
BALANCE AS AT 30 JUNE 2010	7 036	111	3 804	(11)	19 754	30 694
BALANCE AS AT 31 DECEMBER 2010	7 049	111	3 804	(6)	18 038	28 996
<i>Net profit for the period</i>	-	-	-	-	739	739
<i>Other comprehensive loss</i>	-	-	-	(5)	-	(5)
Total comprehensive income	-	-	-	(5)	739	734
Issue of share capital	7 458	-	-	-	-	7 458
BALANCE AS AT 30 JUNE 2011	14 507	111	3 804	(11)	18 777	37 188

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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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</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/(loss) before corporate income tax	871	(2 563)	978	(2 403)
Amortisation and depreciation	397	362	393	358
(Decrease)/increase in allowance for impairment of debts	(891)	1 401	(1 048)	1 248
Increase in other provisions	70	48	69	48
Foreign currency revaluation (profit)/loss	(1 382)	2 562	(1 383)	2 562
Loss from revaluation of financial assets	99	22	99	22
Expenses/(income) adjustments	-	(50)	-	(67)
Loss on disposal of fixed and intangible assets	3	2	3	2
(Decrease)/increase in cash and cash equivalents from operating activities before changes in assets and liabilities	(833)	1 784	(889)	1 770
Increase of held for trading financial assets	(472)	(2 255)	(472)	(2 255)
(Increase)/decrease in due from credit institutions	(9 657)	937	(9 657)	937
Decrease/(increase) in loans	4 769	(7 362)	5 110	(7 444)
Increase in accrued income and deferred expense	(108)	(47)	(110)	(48)
Increase in other assets	(1 168)	(984)	(1 223)	(909)
Increase in due to credit institutions	73	-	73	-
Decrease in deposits	(2 363)	(54 256)	(1 975)	(54 256)
Increase/(decrease) in accrued expenses and deferred income	76	(26)	123	(17)
Increase in other liabilities	1 800	871	1 799	872
Decrease in cash and cash equivalents from operating activities before corporate income tax	(7 883)	(61 338)	(7 221)	(61 350)
Corporate income tax paid	(63)	(79)	(74)	(69)
Decrease in cash and cash equivalents from operating activities	(7 946)	(61 417)	(7 295)	(61 419)
Cash flows from investing activities				
Purchase of tangible and intangible fixed assets, net	(87)	(81)	(87)	(79)
Increase/(decrease) in available-for-sale financial assets	(3 335)	45	(3 335)	45
Purchase of investments in share capital of subsidiary	-	-	(650)	-
Cash flow of disposal group classified as available for sale	1	-	-	-
Cash outflow on long-term projects	(577)	(44)	(577)	(44)
Decrease in cash and cash equivalents from investing activities	(3 998)	(80)	(4 649)	(78)

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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>2011</u> <u>(6 months)</u>	<u>2010</u> <u>(6 months)</u>	<u>2011</u> <u>(6 months)</u>	<u>2010</u> <u>(6 months)</u>
Cash flows from financing activities				
Subordinated liabilities issue	1 146	35	1 146	35
Repayment of subordinated liabilities	-	(111)	-	(111)
Issue of share capital	7 458	699	7 458	699
Increase in cash and cash equivalents from financing activities	8 604	623	8 604	623
Decrease in cash and cash equivalents	(3 340)	(60 874)	(3 340)	(60 874)
Cash and cash equivalents at the beginning of the period	76 558	130 320	76 558	130 320
Foreign currency revaluation profit/(loss)	1 253	(2 313)	1 253	(2 313)
Cash and cash equivalents at the end of the period	74 471	67 133	74 471	67 133

Cash and cash equivalents are calculated as follows

In thousands of lats	<u>The Group</u>		<u>The Bank</u>	
	<u>2011</u> <u>(6 months)</u>	<u>2010</u> <u>(6 months)</u>	<u>2011</u> <u>(6 months)</u>	<u>2010</u> <u>(6 months)</u>
Due from credit institutions with a maturity of less than 3 months	57 058	51 234	57 058	51 234
Cash and balances due from the Bank of Latvia and other Central Banks	22 521	17 247	22 521	17 247
Due to credit institutions with a maturity of less than 3 months	(5 108)	(1 348)	(5 108)	(1 348)
CASH AND CASH EQUIVALENTS	74 471	67 133	74 471	67 133

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>2011</u> <u>(6 months)</u>	<u>2010</u> <u>(6 months)</u>	<u>2011</u> <u>(6 months)</u>	<u>2010</u> <u>(6 months)</u>
Interest income received during the reporting period	2 403	3 390	2 364	3 352
Interest expenses paid during the reporting period	(1 697)	(1 970)	(1 706)	(1 977)
Dividends paid during the reporting period	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

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.

During the reporting period the Bank has closed its representative office in Canada and has opened a new representative office in Hongkong. Thus, as of the end of the period, the Bank had five representative offices outside Latvia, i.e. in Kazakhstan, Tadjikistan, Ukraine, Belarus and Honkong. 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 Liepaja and Daugavpils. Their functions incorporate provision of financial services to customers of the Bank.

Bank consolidation group is formed by subsidiaries *TKB Nekustamie ipasumi*, *TKB Lizings*, and *Heckbert C7 Holdings*, the latter of which classified as held for sale, and its subsidiary *Ferrous Kereskedelmi KFT*. Services provided by *TKB LIZINGS, Ltd.* and *TKB NEKUSTAMIE IPASUMI, Ltd.* expand the range of Bank's services. *TKB LIZINGS, Ltd.* has two registered representative offices operating abroad, i.e. in Russia and Azerbaijan. *Lizings Tadjikistana, Ltd.* has been registered as a subsidiary company in Tajikistan in early July 2011. A description of *Heckbert C7 Holdings* and *Ferrous Kereskedelmi KFT* is provided in Note 11 of this Financial Report.

This financial statements were approved by the Board of the Bank on 29 August 2011.

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 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. The consolidation was based on control over the subsidiaries arising from the majority of voting rights in the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

2 ACCOUNTING AND ASSESSMENT PRINCIPLES (continued)

(3) Adoption of new and/or changed IFRSs and IFRIC interpretations

The Group has adopted the following new and amended IFRS and IFRIC, which has no significant impact on the financial statements:

- *IAS 24 Related Party Disclosures (Revised);*
- *IAS 32 Classification on Rights Issues (Amended);*
- *IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended);*
- *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments;*
- *Improvements to IFRSs (May 2010).*

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

- *In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording;*
- *IFRS 3 Business Combinations;*
- *IFRS 7 Financial Instruments. Disclosures* This improvement gives clarifications of disclosures required by IFRS 7 and emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments;
- *IAS 1 Presentation of Financial Statements;*
- *IAS 27 Consolidated and Separate Financial Statements;*
- *IAS 34 Interim Financial Reporting.* This improvement requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements;
- *IFRIC 13 Customer Loyalty Programmes.*

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

2 ACCOUNTING AND ASSESSMENT PRINCIPLES (continued)

(4) Foreign currency exchange rates

	<u>30.06.2011</u>	<u>31.12.2010</u>	<u>30.06.2010</u>
LVL 1 = EUR	1.423	1.423	1.423
USD	2.045	1.869	1.745
GBP	1.279	1.214	1.156
RUB	57.471	56.818	54.348

3 LOAN IMPAIRMENT LOSS, NET

In thousand of lats	<u>The Group</u>		<u>The Bank</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>(6 months)</u>	<u>(6 months)</u>	<u>(6 months)</u>	<u>(6 months)</u>
Balance as at 1 January	17 374	17 076	16 323	16 240
<i>incl. for due from credit institutions</i>	-	1 479	-	1 479
<i>incl. for loans</i>	17 374	15 597	16 323	14 761
Additional <i>individual</i> allowance	1 141	1 903	974	1 746
Change in <i>collective</i> allowance	33	24	33	24
Release of <i>individual</i> allowances	(1 010)	(1 320)	(1 000)	(1 316)
Interest on loans, which are recognized as impaired	(637)	-	(637)	-
Effect of changes in currency exchange rates	(418)	794	(418)	794
Balance as at 30 June	16 483	18 477	15 275	17 488
<i>incl. for due from credit institutions</i>	-	597	-	597
<i>incl. for loans</i>	16 483	17 880	15 275	16 891

During the reporting period the Group's loans were reclassified to individual loans with the accumulation amount of LVL 549 thousand.

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

4 NET PROFIT/(LOSS) FROM FINANCIAL ASSETS HELD FOR TRADING AND FOREIGN CURRENCY TRADING

Changes in profit/loss from foreign currency are related to decrease in the volume of trade transactions and changes in currency rates, as well as loss on the exchange rate difference resulting from the Bank's investment described in Note 11 and recorded in U.S. dollars. According to IFRS, this investment is recorded at the acquisition date, the amount of exchange rate and balance in terms of LVL does not change. Given that the Bank intends to sell this investment and to receive income in U.S. dollars, the Bank has valued this investment in U.S. dollars, including it the calculation of open foreign exchange position. To minimize the possible currency fluctuation risk, this item is covered by various financial commitments in U.S. dollars. The Bank is not using hedge accounting for these transactions. Given changes in the U.S. dollar rate during the reporting period, the Bank has recognized revaluation gain in the amount of 1 289 thousand LVL (2010: 2 354 thousand LVL loss) on these liabilities.

5 DUE FROM CREDIT INSTITUTIONS WITH A MATURITY OF LESS THAN 3 MONTHS

In thousand of lats	<u>The Group</u>		<u>The Bank</u>	
	<u>30 June</u> <u>2011</u>	<u>31 December</u> <u>2010</u>	<u>30 June</u> <u>2011</u>	<u>31 December</u> <u>2010</u>
Due from credit institutions registered in the Republic of Latvia	10 213	6 488	10 213	6 488
Due from credit institutions registered in the foreign countries	46 845	55 871	46 845	55 871
	57 058	62 359	57 058	62 359

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In thousand of lats	<u>The Group</u>		<u>The Bank</u>	
	<u>30 June</u> <u>2011</u>	<u>31 December</u> <u>2010</u>	<u>30 June</u> <u>2011</u>	<u>31 December</u> <u>2010</u>
6 LOANS				
Private non-financial corporations	84 881	88 386	80 841	84 150
Households	18 127	19 556	17 838	19 311
Related companies	-	-	4 763	5 132
Financial institutions	38	14	38	14
Employees	1 616	1 537	1 442	1 487
Total gross loans	104 662	109 493	104 922	110 094
Impairment allowances, <i>individually assessed</i>	(16 171)	(16 543)	(14 963)	(15 492)
Impairment allowances, <i>collectively assessed</i>	(312)	(831)	(312)	(831)
	88 179	92 119	89 647	93 771
Loans by types of loans may be specified as follows:				
Mortgage loans	39 065	41 347	39 065	41 231
Commercial loans	24 783	27 147	29 546	32 279
Industrial loans	10 445	12 273	10 445	12 273
Finance lease	4 269	4 305	-	-
Overdrafts	5 040	4 379	5 040	4 379
Reverse REPO	616	-	616	-
Consumer loans	492	433	258	323
Factoring	332	247	332	247
Secured by deposit	395	432	395	432
Payment card loans	417	335	417	335
Other	18 808	18 595	18 808	18 595
	104 662	109 493	104 922	110 094
<i>Loans which serve as collateral for debt securities issued by the Bank</i>	3 812	3 880	3 812	3 880

¹ Mortgage loans secured by pledge (mortgage) of real estate registered in the Republic of Latvia are disclosed together with loans which serve as collateral for debt securities issued by the Bank. The fair value of this real estate by the end of the reporting period was 5 127 thousand lats (unaudited), respectively by the end of 2010 – 5 145 thousand lats.

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

7 LONG-TERM PROJECTS COSTS

The facilities referred to in this Note include pieces of land purchased for the construction and sale of apartment houses, their building costs, and other investments in similar facilities. During the reporting period reclassification out of Other assets to Long-term Project costs in amount of 2 178 thousand lats was made. As of the end of the reporting period, the total amount of such investments has grown to 4 969 thousand lats (2010: 2 405 thousand LVL).

8 TANGIBLE ASSETS

The major part of Bank's fixed assets consists of the principal office building and land parcel located at 9 Miesnieku Street, Riga. During the reporting period the Bank has not made any significant acquisition of fixed assets

9 INVESTMENTS IN SHARE CAPITAL OF SUBSIDIARY

The Bank has the following participation in the share capital of its subsidiary:

Group companies: registration number and address	Type of activity	30 June 2011 Investment and participation				31 December 2010 Investment and participation			
		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
Ltd TKB Leasing, reg. No 40003591059, Latvia, Riga, Miesnieku 9	Leasing and crediting operations	5 985	700	100	700	5 639	50	100	50
SIA TKB Nekustāmie īpašumi, reg.Nr. 40003723143, Latvija, Riga, Miesnieku 9	Real estate transactions	3	2	100	2	4	2	75	2
		5 988	702	-	702	5 643	52	-	52

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

	30.06.2011	31.12.2010
Assets	5 988	5 643
Liabilities	(6 050)	(6 234)
Net assets	(62)	(591)

Gross income from operating activities	141	303
Loss for the period	(117)	(215)

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

10 OTHER ASSETS

The other assets mostly consist of balances in brokerage companies and real property that served as collateral of issued loans and that came into the possession of Bank. Bank's balances in brokerage companies at the end of the reporting period comprised 2 736 thousands of lats (2010: 2 520 thousand lats), and which secure Bank's and customers' operations with securities. The real property is planned to be sold. At the end of the reporting period the value of such real property amounted to LVL 1 270 thousand (2010: 1 205 thousand lats).

11 ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE DISCONTINUED OPERATIONS

In June 2011 the Bank has signed agreement for sales of 100% of the share capital of Cyprus Company „Heckbert C7 Holdings” (which the Bank has transferred for trust management), which owns 100% of the share capital of the company “Ferrous Kereskedelmi KFT” (Hungary), which is the owner of 25.085% of the share capital of the Ukrainian gas company “Dewon” for amount of 28,4 million USD. The proceeds from the sales has been transferred to an escrow account in Ukrainian hrievnas, however, given that the purchaser is based in Ukraine according to local legislation they need to obtain permit from National Bank of Ukraine for purchase of the investment and transfer to the proceeds in USD. Given that as of date of preparation of these financial statements the deal has yet not been finalized and sales has not been concluded outside of the Group, the Bank continues to recognize this investmet in its balance sheet.

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

ASSETS/LIABILITIES	<u>30.06.2011</u>	<u>31.12.2010</u>
Investments in share capital of subsidiary	13 848	13 848
Other assets	1	1
Other liabilities	(19)	(18)
Net assets directly associated with disposal group	13 830	13 831

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

12 DUE TO CUSTOMERS

In thousand of lats	<u>The Group</u>		<u>The Bank</u>	
	<u>30 June</u>	<u>31 December</u>	<u>30 June</u>	<u>31 December</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Private non-financial corporations	123 512	132 501	123 512	132 501
Households	45 133	39 406	45 133	39 406
Non-profit institutions serving households	310	207	310	207
Financial institutions	2 484	2 788	2 873	2 789
Local government	1 126	26	1 126	26
	172 565	174 928	172 954	174 929

13 OTHER LIABILITIES

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

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 2 958 thousand lats (2010: 953 thousand lats). After clarification they are credited to customer accounts.

The unpaid dividends of previous periods during the reporting period amounted to 1 767 thousand lats (2010: 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 594 thousand lats (2010: 825 thousand lats).

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

14 SUBORDINATED LIABILITIES

As of 30 June 2011 the balance of subordinated non-convertible liabilities was 5 689 thousand lats (2010: 4 673 thousand lats) deposited with maturities in 2013, 2014, 2015 and 2016.

List of subordinated liabilities, which exceed 10% from the total subordinated liabilities (according to maturity) as of 30 June 2011:

<u>Name</u>	<u>Currency of contract</u>	<u>Principal 000'LVL</u>	<u>Accrued interest 000'LVL</u>	<u>Date of conclusion</u>	<u>Maturity</u>	<u>Interest %</u>
TUAREG HOLDINGS S.A.	USD	1 378	28	31.07.2008.	31.07.2015.	12
TUAREG HOLDINGS S.A.	EUR	470	10	31.07.2008.	31.07.2015.	12
Other	USD, EUR	3 785	18	2008., 2009., 2010., 2011.	2013., 2014., 2015., 2016	4,75; 5; 7; 7,2; 9; 10
TOTAL		5 633	56			

List of subordinated liabilities, which exceed 10% from the total subordinated liabilities (according to maturity) as of 31 December 2010:

<u>Name</u>	<u>Currency of contract</u>	<u>Principal 000'LVL</u>	<u>Accrued interest 000'LVL</u>	<u>Date of conclusion</u>	<u>Maturity</u>	<u>Interest %</u>
TUAREG HOLDINGS S.A.	USD	1 507	31	31.07.2008.	31.07.2015.	12
TUAREG HOLDINGS S.A.	EUR	470	10	31.07.2008.	31.07.2015.	12
Other	USD, EUR	2 642	13	2008., 2009., 2010.	2013., 2014., 2015.	7; 7,2; 9; 10
TOTAL		4 619	54			

Subordinated liabilities (subordinated capital) consist of cash assets, borrowed by the Bank for the period which is not shorter than five years. Conditions that allow demanding pre-term repayment of a loan are regulated in accordance with the regulations for calculating of capital requirements that foresee the right of lenders to demand repayment of a loan before its maturity only in case of a borrower's liquidation. In case of a borrower's liquidation the subordination regulations of subordinated liabilities (loan) determine that the lender's claims are satisfied only after claims of all other borrower's creditors are satisfied, but before satisfying the claims of shareholders of the borrower. Basic provisions for all other subordinated liabilities correspond to the afore-mentioned.

The Bank may repay such loan on its own initiative before the maturity if after such loan repayment its own equity complies with the regulation provisions and the FCMC has no objections thereof.

The concluded agreements do not foresee possibility to change subordinated liabilities into investments in equity, or other possible liabilities.

The above mentioned amount of subordinated liabilities is included in excess capital for the purposes of calculation of the capital adequacy ratio.

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

15 SHARE CAPITAL

On 25 March 2011 Bank shareholders' meeting approved provisions on increasing the share capital by 10 million LVL, by emitting an extra 200 000 ordinary shares with the nominal value of 50 LVL each. As of the end of the reporting period, shareholders had subscribed for 149 164 shares and had paid up as many as 7 458 thousand LVL. These shares were to be paid up by the deadline of 1 July 2011.

As of 30 June 2011, the Bank's registered capital amounted to 7 049 thousand LVL, consisting of 140 972 ordinary voting shares with the nominal value of 50 LVL, while the paid-up capital amounted to 14 507 thousand LVL (2010: 7 049 thousand LVL), consisting of 290 136 ordinary voting shares with the nominal value of 50 LVL. The total number of shareholders is 47, of which 10 are legal entities and 37 are individuals.

List of shareholders:

Shareholder	Country	Shareholding 30 June 2011		Shareholding 31 December 2010	
		%	LVL'000	%	LVL'000
I.Buimisters	Latvia	43.21	6 269	37.63	2 653
SIA "C&R Invest"	Latvia	14.59	2 117	13.70	966
C.E.G. Treherne	Great Britain	9.31	1 351	9.31	656
GCK Holdings		7.40	1 074	6.95	490
Netherlands B.V.	Netherlands				
Rikam S.A.H.	Luxembourg	7.29	1 058	6.85	483
S.Tarasenoks*	Latvia	6.18	896	12.72	896
Figon Co Limited	Cyprus	3.4	493	3.19	225

* Since Sergejs Tarasenoks passed away, his shares are included in the succession mass.

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16 SEGMENT ANALYSIS

The analysis of segments of the Group and Bank includes only one segment since the Group / Bank considers its operation as a whole and does not break it down into separate segments. 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
	2011	2010	2011	2010
Cash	22 521	16 588	22 521	16 588
Balance from credit institutions	67 315	63 004	67 315	63 004
Loans and receivables	103 726	108 439	104 041	109 085
Other state fixed income securities	12 235	8 736	12 235	8 736
Shares and other investments	1 448	1 326	15 998	15 225
Fixed assets and intangible assets	8 965	9 278	8 945	9 254
Other assets	29 532	27 735	15 364	13 502
Total assets	245 742	235 106	246 419	235 394
Balances due to banks	5 207	2 416	5 207	2 416
Deposits	171 975	174 399	172 364	174 400
Issued bonds	2 802	2 803	3 505	3 506
Other liabilities	7 016	5 016	7 014	4 969
Impairment and accrued liabilities	16 720	17 542	15 508	16 488
Equity	42 022	32 930	42 821	33 615
Total equity and liabilities	245 742	235 106	246 419	235 394
Total assets per internal reporting	245 742	235 106	246 419	235 394
Reconciling items:				
<i>Impairment¹</i>	(16 720)	(17 542)	(15 508)	(16 488)
<i>Other reconciling items²</i>	(161)	(150)	(133)	(122)
Total assets per IFRS statements	228 861	217 414	230 778	218 784
Total liabilities per internal reporting	203 720	202 176	203 598	201 779
Reconciling items:				
<i>Impairment¹</i>	(16 720)	(17 542)	(15 508)	(16 488)
<i>Subordinated liabilities³</i>	5 633	4 620	5 633	4 620
<i>Other reconciling items²</i>	(161)	(150)	(133)	(123)
Total liabilities per IFRS statements	192 472	189 104	193 590	189 788

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 the subordinated liabilities are classified as equity.

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16 SEGMENT ANALYSIS (continued)

(2) Profit and loss statement

In thousand of lats	<u>The Group</u>		<u>The Bank</u>	
	<u>2011</u> <u>(6 months)</u>	<u>2010</u> <u>(6 months)</u>	<u>2011</u> <u>(6 months)</u>	<u>2010</u> <u>(6 months)</u>
Interest revenue	2 448	3 314	2 397	3 257
Commission revenue	2 519	2 444	2 516	2 439
Profit from trading	2 057	(1 245)	2 060	(1 245)
Impairment	1 842	2 186	1 832	2 182
Other income	45	35	35	37
Total revenues	8 911	6 734	8 840	6 670
Interest expenses	1 766	1 999	1 775	2 006
Commission expenses	471	537	471	537
Administration expenses ¹	4 230	3 837	4 215	3 783
Tax expenses	246	249	239	248
Impairment	1 444	2 841	1 276	2 684
Other expenses	129	83	125	63
Total expenses	8 286	9 546	8 101	9 321
Profit	625	(2 812)	739	(2 651)
Total revenues per internal reporting	4 967	5 758	4 913	5 696
Reconciling item, net ²	637	-	637	-
Total revenues per IFRS statements	5 604	5 758	5 550	5 696

¹ The Bank's administration expenses include depreciation charge in the amount of 393 thousand lats (2010: 358 thousand lats). The Group's administration expenses accordingly include depreciation charge in the amount of 397 thousand lats (2010: 362 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) The Group's income analysis by the place of customers' residence

In thousand of lats	<u>2011</u> <u>(6 months)</u>		<u>2010</u> <u>(6 months)</u>	
	<u>Latvian residents</u>	<u>Latvian non-residents</u>	<u>Latvian residents</u>	<u>Latvian non-residents</u>
Interest income ²	1 068	1 380	1 221	2 093
Commission income	126	2 393	157	2 287
Total income	1 194	3 773	1 378	4 380

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16 SEGMENT ANALYSIS (continued)

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

In thousand of lats	2011 (6 months)		2010 (6 months)	
	Latvian residents	Latvian non-residents	Latvian residents	Latvian non-residents
Interest income ²	1 024	1 373	1 172	2 085
Commission income	124	2 392	152	2 287
Total income	1 148	3 765	1 324	4 372

17 OFF-BALANCE SHEET ITEMS

Off-balance liabilities

In thousand of lats	The Group		The Bank	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Contingent liabilities	6 054	6 128	6 054	6 423
<i>including guarantees</i>	314	138	314	433
<i>including rent commitments</i>	5 740	5 990	5 740	5 990
Commitments to customers	13 438	6 544	14 888	8 625
<i>including unused credit limits</i>	8 554	6 415	10 004	8 496
<i>including letters of credit</i>	-	35	-	35
<i>including other liabilities ¹</i>	4 884	94	4 884	94
	19 492	12 672	20 942	15 048

¹ Other liabilities include Bank's liabilities for the acquisition of fixed assets and securities as well as future costs related to long-term projects.

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

Related parties are defined as shareholders of the Group and 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 audit manager and members, inspector of the Bank 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 Group and 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 mostly conducted on normal business terms.

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

In thousand lats	30.06.2011				31.12.2010			
	Share-holders	Other related parties ¹	Council and board	Total	Share-holders	Other related parties ¹	Council and board	Total
Assets								
Loans	292	3 937	355	4 584	141	2 502	434	3 077
<i>Allowance for loans</i>	(7)	(5)	(17)	(29)	(3)	(2)	(14)	(19)
Loans, net	285	3 932	338	4 555	138	2 500	420	3 058
Liabilities								
Deposits	14	1 307	217	1 538	7	1 139	144	1 290
Non-balance items								
Unused credit lines	15	9	20	44	39	8	35	82
Comprehensive income report								
	30.06.2011				30.06.2010			
Interest income	2	16	10	28	5	51	4	60
Commissions income	4	7	3	14	3	12	1	16
Interest expense	-	(4)	(2)	(6)	-	(5)	(3)	(8)
Reserve (expense)/decreasing income, net	(4)	(3)	(3)	(10)	12	960	(1)	971
Other expenses	(4)	(12)	(30)	(46)	(7)	(10)	(15)	(32)

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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18 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	<u>30.06.2011</u>					<u>31.12.2010</u>				
	Shareholders	Subsidiary companies	Other related persons ¹	Council and Board	Total	Shareholders	Subsidiary companies	Other related	Council and Board	Total
Assets										
Credits	142	4 763	3 937	349	9 191	117	5 132	2 502	424	8 175
<i>Reserves for unsecured credits</i>	(7)	-	(5)	(17)	(29)	(3)	-	(2)	(14)	(19)
Credits, net	135	4 763	3 932	332	9 162	114	5 132	2 500	410	8 156
Liabilities										
Deposits	14	389	1 307	217	1 927	7	1	1 139	144	1 291
Non-balance items										
Unused credit limits	15	1 450	9	20	1 494	39	2 081	8	35	2 163
Comprehensive income report										
	<u>30.06.2011</u>					<u>30.06.2010</u>				
Interest income	-	82	16	10	108	3	85	50	3	141
Commissions income	4	1	7	3	15	3	1	12	1	17
Interest expenditure	-	(9)	(4)	(2)	(15)	-	-	(5)	(3)	(8)
Reserve (expense)/decreasing income, net	(4)	-	(3)	(3)	(10)	12	-	960	(1)	971
Other expenses	(4)	(114)	(12)	(30)	(160)	(7)	(39)	(10)	(15)	(71)

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

19 EVENTS AFTER BALANCE SHEET DATE

During the period from the last day of the reporting period until the publication date of these financial statements the Bank registered with the Commercial Register amendments to the Articles of Association. Consequently, the Bank's subscribed share capital is registered in the amount of 14 507 thousand lats. There have not been any subsequent events that could materially affect these financial statements.

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