



TRASTA KOMERCBANKA

**JSC "TRASTA KOMERCBANKA"  
INTERIM CONDENSED FINANCIAL STATEMENTS  
AND CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2009  
(UNAUDITED)**

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

Despite the economic situation of Latvia, the Bank continued to develop according to its activities plan and development strategy. The volume of Bank's assets as of 31 December 2009 amounted to 267 million lats, which is by 50 million more as compared to the closing reading of 2008. By the end of the reporting period the amount of attracted deposits reached 221 million lats, having increased during the year by 61 million lats, but the Bank's loan portfolio was 99 million lats. The Bank ended 2009 with a loss of 1.97 million lats, which was a result of making provisions for loans. The Bank's operating income before provisions and taxes in 2009 amounted to 8.3 million lats.

The amount of Bank's equities and reserves as of 31 december 2009 was 32.6 million lats. The Bank's liquidity as of the end of the reporting period was 74.55%, capital adequacy - 16.55%. According to the assessment of the Financial and Capital Market Commission, The Bank's capital adequacy is 15.01%. In order to facilitate further development of the Bank, in December 2009, shareholders of the Bank decided to increase its share capital. According to the decision, taken at the extraordinary meeting of shareholders, the share capital of the Bank was increased by LVL 8 000 000, by issuing additionally 160 000 shares. After the increase the planned share capital will amount to LVL 14 337 100, which will consist of 286 742 shares.

The consolidation Group of the Bank consists of two subsidiary companies: "TKB Nekustamie īpašumi" and "TKB Līzings". The amount of Group's assets as of the end of the reporting period amounted to 265.9 million lats. As a result of making provisions for bad loans the Group ended the reporting year with loss in the amount of 3.7 million lats. Next year the Group is planning to continue its development according to the business activities plans and its strategy paying a special attention to the quality of assets and management of bad loans.

During the reporting period the Bank finalized the deal of disposing its direct and indirect holding in the commercial bank of Ukraine "Misto Bank". Besides, in the reporting period, the Bank purchased 100% stake of Cyprus Company "Heckbert C7 Holdings".

In 2009, the Bank continued to develop its services, focusing on the service quality and profound study of customers' needs. In March 2009, the 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 the Customer Business Development Centre designed for handling issues related to lending, leasing and financing of trade 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.

Developing its services in the field of *Private Banking*, the Bank, inter alia, has introduced a new facility for its customers – renting of individual safe-deposit box. A modern safe vault, which complies with all international safety requirements, has been opened in the Customer Service Centre of the Bank in Riga. It provides storage of property of Bank customers ensuring the highest level of safety and confidentiality.

In 2009, the Bank strengthened its positions in the Central Asian region and opened a representative office in Tajikistan. Thus, it became the first European bank which is represented in this country. Launching this representative office is an important step of the Bank towards its customers and an opportunity for entrepreneurs of Latvia to develop new terrain for business. Using the potential of economic development of Tajikistan and financial solutions offered by the Bank, entrepreneurs will have wide export and import potentialities in the country whose economy was previously closed for western businessmen.

Last year the Bank went on with developing of its technologies which allow access of the Bank customers to their accounts anywhere in the world with the highest safety degree. Amid such developments in 2009 was the introduction of SMS Info service owing to which the Bank customers received extra protection of their card data and a new medium to control their payment card accounts. Besides, the Bank's internet bank Trast.Net, which still preserves its position among the safest internet banks of Latvia, was improved by adding a range of convenient functions, including an opportunity for its customers to negotiate online with the Bank on individual conditions for a number of transactions. The development of technologies and compliance with the highest security standards will remain as one of priorities of the Bank in provision of services.

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

To comply with amendments of the legislation and requirements of the Law "On the Financial Instruments Market", shareholders of the Bank at the meeting held in March 2009, elected the Inspection Committee of the Bank and approved documentation related to organization of work of the Committee. In connection with this novelty shareholders of the Bank approved amendments to the Articles of Association of "TRASTA KOMERCBANKA", JSC and stated that the Inspection Committee in the composition of two members shall be elected by shareholders of the Bank for a period of three years. Besides, a new clause was added to the Bank's Articles of Association according to which the Bank Board has been given the right for a period of five years to increase Bank's share capital up to 30% of the share capital. The members of the Council and Board were re-elected without any changes.

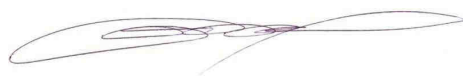
The management confirms that the consolidated financial statements and the separate financial statements set out on pages 7 to 27 for the period from 1 January 2009 to 31 December 2009 have been prepared consistently applying relevant accounting methods and the management's judgments and estimates in 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 on a going concern concept basis. The purpose of the statement is to present comprehensive information regarding financial standing of the Bank and the Group, performance results, and the Bank's activities-related risks.

For the accounting period from 01 January 2009 to 31 December the Bank has prepared the financial statements which are being audited by "Ernst & Young Baltic", Ltd (Licence No.17). As on the date of publishing the financial statements the audit of the same has not been completed. These public quarterly financial statements have been prepared based on unaudited financial statements for this period.

This report is available on the Bank's Internet page at [www.tkb.eu](http://www.tkb.eu).

In 2009, the Bank celebrated its 20th anniversary, and this fact was yet another proof of 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 customers, 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,  
February 26, 2010

**MANAGEMENT OF THE BANK (GROUP HOLDING COMPANY)**

**(1) Shareholders of the Bank (Group Holding Company)**

**Paid up share capital**

The Bank's registered and paid up share capital Bank's registered and paid up share capital on 31 December, 2009 amounted to 6 337 thousand LVL (2008: 6 337 thousand LVL), consisting of 126 742 ordinary voting shares, with a nominal value of LVL 50. The total number of shareholders is 46, out of which 11 legal entities and 35 individuals.

**List of shareholders:**

Shareholder	Country	Shareholding 31 December 2009		Shareholding 31 December 2008	
		%	LVL'000	%	LVL'000
I.Buimisters	Latvia	37.10	2 351	37.10	2 351
S.Tarasenoks*	Latvia	14.15	896	14.15	896
SIA "C&R Invest"	Latvia	13.58	861	13.58	861
C.E.G. Treherne	Great Britain	9.18	582	9.18	582
GCK Holdings					
Netherlands B.V.	Netherlands	6.80	431	6.80	431
Rikam S.A.H.	Luxembourg	6.79	430	6.79	430
Figon Co Limited	Cyprus	3.16	201	3.16	201
Another shareholders		9.24	585	9.24	585

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

**MANAGEMENT OF THE BANK (GROUP HOLDING COMPANY)**

**(2) Supervisory Council**

<b>Name, surname</b>	<b>Positions</b>	<b>Election date</b>
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**

<b>Name, surname</b>	<b>Positions</b>	<b>Election date</b>
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.

**INTERIM CONDENSED FINANCIAL STATEMENTS  
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**STATEMENT OF COMPREHENSIVE INCOME AND CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

In thousands of lats	Note	The Group		The Bank	
		2009	2008	2009	2008
Interest revenue		9 363	15 822	9 410	15 582
Interest expense		(3 664)	(2 901)	(3 685)	(2 946)
<b>Net interest income</b>		<b>5 699</b>	<b>12 921</b>	<b>5 725</b>	<b>12 636</b>
Loan impairment losses, net		(12 098)	(3 320)	(11 446)	(3 243)
<b>Net interest (loss)/income after allowance for impairment</b>		<b>(6 399)</b>	<b>9 601</b>	<b>(5 721)</b>	<b>9 393</b>
Commission income		5 486	8 143	5 474	8 141
Commission expense		(1 308)	(1 415)	(1 308)	(1 415)
<b>Net commission income</b>		<b>4 178</b>	<b>6 728</b>	<b>4 166</b>	<b>6 726</b>
Dividends		9	16	9	16
Net gains / (losses) from held for trading financial assets	8	2 446	(4 653)	2 446	(4 653)
Realised (losses) /gains from available-for-sale financial assets		(4)	154	(4)	154
Foreign currency trade and revaluation profit	8	3 329	6 864	3 332	6 866
Other income		126	665	100	593
<b>Other non-interest income</b>		<b>5 906</b>	<b>3 046</b>	<b>5 883</b>	<b>2 976</b>
Personnel expenses		(4 331)	(5 617)	(4 230)	(5 505)
Administrative expenses	9	(2 519)	(3 265)	(2 560)	(3 282)
Depreciation		(692)	(525)	(686)	(521)
Other expenses		(203)	(150)	(198)	(133)
Other allowance for impairment, net		21	(56)	178	(160)
<b>Other non-interest expense</b>		<b>(7 724)</b>	<b>(9 613)</b>	<b>(7 496)</b>	<b>(9 601)</b>
<b>(Loss)/profit before corporate income tax</b>		<b>(4 039)</b>	<b>9 762</b>	<b>(3 168)</b>	<b>9 494</b>

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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	2008	2009	2008
Corporate income tax		368	(2 397)	389	(2 365)
<b>(Loss)/profit for the period from continuing operations</b>		<b>(3 671)</b>	<b>7 365</b>	<b>(2 779)</b>	<b>7 129</b>
(Loss)/profit after tax from discontinued operations	12	(80)	(2 129)	807	-
<b>(Loss) /profit for the period</b>		<b>(3 751)</b>	<b>5 236</b>	<b>(1 972)</b>	<b>7 129</b>
<i>Attributable to equity holders of the Bank</i>		(1 628)	6 292	(1 972)	7 129
<i>Attributable to minority interest</i>		(2 123)	(1 056)	-	-
<b>(Loss)/earning per share (basic and diluted) in lats</b>		<b>(12.84)</b>	<b>49.64</b>	-	-
<b>(Loss)/earnings per share (basic and diluted) in lats for continuing operations</b>		<b>(28.96)</b>	<b>58.11</b>	-	-
Other comprehensive income:					
(Profit)/loss from available for sale financial asset revaluation		59	(97)	59	(97)
Foreign currency translation reserve		3 412	(3 412)	-	-
<b>Total comprehensive (loss)/income</b>		<b>(280)</b>	<b>1 727</b>	<b>(1 913)</b>	<b>7 032</b>
<i>Attributable to equity holders of the Bank</i>		1 843	2 783	(1 913)	7 032
<i>Attributable to minority interest</i>		(2 123)	(1 056)	-	-

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**STATEMENT OF FINANCIAL STANDING AND CONSOLIDATED STATEMENT OF FINANCIAL STANDING**

In thousands of lats	Note	The Group		The Bank	
		2009	2008	2009	2008
<b>ASSETS</b>					
Cash and balances due from the Bank of Latvia		11 961	19 235	11 961	19 235
Due from credit institutions with a maturity of less than 3 months		121 124	47 562	121 124	47 562
<i>On demand</i>		94 120	37 946	94 120	37 946
<i>Other</i>		27 004	9 616	27 004	9 616
Held for trading financial assets		1 952	2 410	1 952	2 410
<i>Fixed income securities</i>		978	1 972	978	1 972
<i>Equity shares and other non-fixed income securities</i>		917	360	917	360
<i>Derivatives</i>		57	78	57	78
Available for sale financial assets		2 153	255	2 153	255
<i>Fixed income securities</i>		2 104	206	2 104	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		379	8 755	379	8 755
Loans	6	98 023	118 033	99 212	118 731
Accrued income and deferred expenses		235	132	233	133
Long-term projects costs		2 318	2 282	2 318	2 282
Property and equipment	10	9 321	3 953	9 295	3 932
Intangible assets	10	272	222	272	222
Investments in share capital of subsidiary	11	-	-	52	52
Corporate income tax assets		896	671	881	668
Deferred tax assets		569	14	569	14
Other assets		2 880	1 856	2 802	1 659
Assets of disposal group classified as held for sale	12	13 866	73 536	13 848	11 225
<b>TOTAL ASSETS</b>		<b>265 949</b>	<b>278 916</b>	<b>267 051</b>	<b>217 135</b>

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**STATEMENT OF FINANCIAL STANDING AND CONSOLIDATED STATEMENT OF FINANCIAL  
STANDING (continued)**

In thousands of lats	Note	The Group		The Bank	
		2009	2008	2009	2008
<b>LIABILITIES</b>					
Due to credit institutions		2 143	10 562	2 143	10 562
<i>On demand</i>		2 118	10 512	2 118	10 512
<i>Term deposits with a maturity of more than 3 months</i>		25	50	25	50
Due to customers		221 061	159 595	221 061	159 599
<i>On demand</i>		109 076	131 311	109 076	131 315
<i>Term deposits</i>		111 985	28 284	111 985	28 284
Debt securities issued		2 811	2 814	3 514	3 520
Accrued expenses and deferred income		595	603	586	591
Provisions for contingent liabilities		-	54	-	209
Corporate income tax liabilities		-	20	-	5
Other liabilities	7	2 950	2 962	2 945	2 928
Liabilities directly associated with the assets classified as held for sale	12	17	63 786	-	-
<b>Liabilities before subordinated liabilities</b>		<b>229 577</b>	<b>240 396</b>	<b>230 249</b>	<b>177 414</b>
Subordinated liabilities		4 166	5 172	4 166	5 172
<b>TOTAL LIABILITIES</b>		<b>233 743</b>	<b>245 568</b>	<b>234 415</b>	<b>182 586</b>

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**STATEMENT OF FINANCIAL STANDING AND CONSOLIDATED STATEMENT OF FINANCIAL STANDING (continued)**

In thousands of lats	<u>The Group</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>EQUITY AND RESERVES</b>				
Share capital	6 337	6 337	6 337	6 337
Share premium	111	111	111	111
Reserve capital and other reserves	3 804	3 804	3 804	3 804
Revaluation reserves	(21)	(80)	(21)	(80)
Foreign exchange revaluation reserve	-	(3 412)	-	-
Retained earnings	21 966	23 594	22 405	24 377
<b>Equity and reserves attributable to shareholders of the Bank</b>	<b>32 197</b>	<b>30 354</b>	<b>32 636</b>	<b>34 549</b>
Minority shareholder interest	9	2 994	-	-
<b>Total equity and reserves</b>	<b>32 206</b>	<b>33 348</b>	<b>32 636</b>	<b>34 549</b>
<b>TOTAL LIABILITIES AND EQUITY AND RESERVES</b>	<b>265 949</b>	<b>278 916</b>	<b>267 051</b>	<b>217 135</b>

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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
<b>BALANCE AS AT 31 DECEMBER 2007</b>	6 337	111	3 804	17	-	21 102	31 371	12	31 383
Total comprehensive income	-	-	-	(97)	(3412)	6 292	2 783	(1 056)	1 727
Purchase of subsidiary	-	-	-	-	-	-	-	4 038	4 038
Dividends paid	-	-	-	-	-	(3 800)	(3 800)	-	(3 800)
<b>BALANCE AS AT 31 DECEMBER 2008</b>	6 337	111	3 804	(80)	(3412)	23 594	30 354	2 994	33 348
Total comprehensive loss for the reporting year	-	-	-	59	3 412	(1 628)	1 843	(2 123)	(280)
Sale of subsidiary	-	-	-	-	-	-	-	(862)	(862)
	-	-	-	-	-	-	-	-	-
<b>BALANCE AS AT 31 DECEMBER 2009</b>	6 337	111	3 804	(21)	-	21 966	32 197	9	32 206

**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
<b>BALANCE AS AT 31 DECEMBER 2007</b>	6 337	111	3 804	17	21 048	31 317
Total comprehensive income	-	-	-	(97)	7 129	7 032
Dividends paid	-	-	-	-	(3 800)	(3 800)
<b>BALANCE AS AT 31 DECEMBER 2008</b>	6 337	111	3 804	(80)	24 377	34 549
Total comprehensive income	-	-	-	59	(1 972)	(1 913)
<b>BALANCE AS AT 31 DECEMBER 2009</b>	6 337	111	3 804	(21)	22 405	32 636

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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>
<b>Cash flow as a result of operating activity:</b>				
(Loss)/ profit before corporate income tax	(4 039)	9 762	(3 168)	9 494
(Loss)/profit before tax for the period from discontinued operations	(80)	(2 129)	807	-
Amortisation and depreciation	692	525	686	521
Increase in allowance for impairment of debts	12 113	3 387	11 462	3 306
Decrease in other provisions	(16)	-	(174)	-
Revaluation of changes of investments in share capital of subsidiaries and associated companies	-	-	-	(50)
Foreign currency revaluation (profit)/loss	(1 479)	1 279	(1 479)	1 277
Financial assets revaluation (profit)/loss	(2 428)	3 276	(2 428)	3 276
Expenses/(income) adjustments	(115)	-	(115)	-
Gain on disposal of fixed and intangible assets	9	-	9	-
<b>Increase in cash and cash equivalents from operating activities before changes in assets and liabilities</b>	<b>4 657</b>	<b>16 100</b>	<b>5 600</b>	<b>17 284</b>
Decrease in held for trading financial assets	2 856	2 565	2 856	2 565
Decrease in due from credit institutions	6 250	(2 323)	6 250	(2 323)
Decrease/(increase) in loans	5 070	(29 859)	5 230	(29 747)
(Increase)/decrease in accrued income and deferred expense	(104)	136	(101)	124
Decrease in other assets	(789)	1 269	(905)	1 378
Increase (decrease) in due to credit institutions	(25)	1	(25)	1
Increase/(decrease) in deposits	61 466	(73 056)	61 462	(73 098)
Decrease in accrued expenses and deferred income	(8)	(108)	(5)	(107)
Increase/(decrease) in other liabilities	68	(153)	94	1
	<b>79 441</b>	<b>(85 428)</b>	<b>80 456</b>	<b>(83 382)</b>
Corporate income tax paid	(432)	(3 817)	(384)	(3 783)
<b>Increase/(decrease) in cash and cash equivalents from operating activities</b>	<b>79 009</b>	<b>(89 245)</b>	<b>80 072</b>	<b>(87 165)</b>
<b>Cash flows from investing activities</b>				
Purchase of fixed and intangible fixed assets	(1 646)	(2 347)	(1 635)	(2 328)
(Increase)/decrease in available-for-sale financial assets	(1 839)	5 905	(1 839)	5 905
Purchase of net assets of disposal group classified as held for sale	(14 447)	(12 898)	(13 848)	(11 225)
Sale of net assets of disposal group classified as available for sale	12 898	3 774	11 225	-
Cash outflow on long-term projects	(36)	(65)	(36)	(65)
<b>Decrease in cash and cash equivalents from investing activities</b>	<b>(5 070)</b>	<b>(5 631)</b>	<b>(6 133)</b>	<b>(7 713)</b>

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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>2008</u>	<u>2009</u>	<u>2008</u>
<b>Cash flows from financing activities</b>				
Repayment of syndicated loan	-	(11 162)	-	(11 162)
(Repayment)/attraction of subordinated liabilities	(916)	3 927	(916)	3 927
Dividends paid	-	(3 800)	-	(3 800)
<b>Decrease in cash and cash equivalents from financing activities</b>	<b>(916)</b>	<b>(11 035)</b>	<b>(916)</b>	<b>(11 035)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>73 023</b>	<b>(105 911)</b>	<b>73 023</b>	<b>(105 913)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>56 285</b>	<b>163 475</b>	<b>56 285</b>	<b>163 475</b>
<b>Foreign currency revaluation profit/(loss)</b>	<b>1 012</b>	<b>(1 279)</b>	<b>1 012</b>	<b>(1 277)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>130 320</b>	<b>56 285</b>	<b>130 320</b>	<b>56 285</b>

Cash and cash equivalents are calculated as follows

In thousands of lats	<u>The Group</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Due from credit institutions with a maturity of less than 3 months	120 477	47 562	120 477	47 562
Cash and balances due from the Bank of Latvia and other Central Banks	11 961	19 235	11 961	19 235
Due to credit institutions with a maturity of less than 3 months	(2 118)	(10 512)	(2 118)	(10 512)
<b>CASH AND CASH EQUIVALENTS</b>	<b>130 320</b>	<b>56 285</b>	<b>130 320</b>	<b>56 285</b>

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>2008</u>	<u>2009</u>	<u>2008</u>
Interest income received during the reporting period	8 711	15 382	8 759	15 221
Interest expenses paid during the reporting period	(3 538)	(2 867)	(3 561)	(2 910)
Dividends paid during the reporting period	-	(3 800)	-	(3 800)

**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.

By the end of the period the Bank had five representative offices outside Latvia, i.e. in Canada, Kazakhstan, Tajikistan, 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 Liepaja 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 finalized the sale of its direct and indirect holdings in the Ukrainian commercial bank "Misto Banka". Besides, as of the end of the reporting period the Bank purchased 100% stake of Cyprus company "Heckbert C7 Holdings".

These financial statements were approved by the Board of the Bank on 26 February 2010.

**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>31.12.2009</u>	<u>31.12.2008</u>
LVL 1 =	EUR	1.423	1.423
	USD	2.045	2.020
	GBP	1.277	1.374
	RUB	60.976	58.479
	UAH	16.393	15.244

3 GOING CONCERN

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 94.30%. 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.

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

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

In 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.

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

In thousand of lats	The Group		The Bank	
	2009	2008	2009	2008
<b>6 LOANS</b>				
Private enterprises	91 688	96 476	87 212	91 914
Private persons	20 086	23 412	19 793	23 013
Related companies	-	-	5 336	5 695
Financial institutions	64	1 322	64	1 322
Employees	1 782	1 786	1 568	1 565
<b>Total gross loans</b>	<b>113 620</b>	<b>122 996</b>	<b>113 973</b>	<b>123 509</b>
Impairment allowances, <i>individually assessed</i>	(14 922)	(4 497)	(14 086)	(4 312)
Impairment allowances, <i>collectively assessed</i>	(675)	(466)	(675)	(466)
	<b>98 023</b>	<b>118 033</b>	<b>99 212</b>	<b>118 731</b>
<b>Loans by types of loans may be specified as follows:</b>				
Commercial loans	29 977	38 050	35 313	43 744
Mortgage loans	47 076	47 591	46 887	47 424
Industrial loans	11 469	13 591	11 469	13 591
Consumer loans	311	320	199	147
Finance lease	4 682	4 841	-	-
Overdrafts	1 959	1 076	1 959	1 076
Bills of Exchange	-	1 284	-	1 284
Reverse REPO	1 182	75	1 182	75
Factoring	417	818	417	818
Credit cards	317	151	317	151
Security deposits	395	327	395	327
Other	15 835	14 872	15 835	14 872
	<b>113 620</b>	<b>122 996</b>	<b>113 973</b>	<b>123 509</b>

**Movements in impairment allowances during the reporting period :**

	The Group		The Bank	
	2009	2008	2009	2008
<b>Balance as at 1 January</b>	<b>4 963</b>	<b>1 576</b>	<b>4 778</b>	<b>1 472</b>
Additional <i>individual</i> allowance	10 819	2 957	10 139	2 840
Change in <i>collective</i> allowance	209	466	209	466
Release of <i>individual</i> allowances	(410)	(103)	(381)	(63)
Effect of changes in currency exchange rates	16	67	16	63
<b>Balance as at 31 December</b>	<b>15 597</b>	<b>4 963</b>	<b>14 761</b>	<b>4 778</b>

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. According to the assessment of the Financial and Capital Market Commission, the Bank needs to make additional provisions in the amounts of 3 357 thousand lats.

**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

**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 191 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 204 thousand lats (2008:253 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 850 thousand lats in the reporting period (2008: loss of 1 681 thousand lats) is related to equity securities and profit of 1 556 thousand lats in the reporting period (2008: loss of 1 709 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.

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

11 INVESTMENTS IN SHARE CAPITAL OF SUBSIDIARY

<u>Group companies: name, registration number and address</u>	<u>Type of activity</u>	<u>2009</u>				<u>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, Miesnieku 9	Līzings un kreditēšanas operācijas	5 778	50	100	50	6 075	50	100	50
SIA "TKB Nekustamie īpašumi", reg. No. 40003723143, Latvia, Riga, Miesnieku 9	Operācijas ar nekustamo īpašumu	43	2	75	2	58	2	75	2
		<b>5 821</b>	<b>52</b>	<b>-</b>	<b>52</b>	<b>6 133</b>	<b>52</b>	<b>-</b>	<b>52</b>

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

	<u>2009</u>	<u>2008</u>
Assets	5 821	6 133
Liabilities	(6 197)	(5 961)
<b>Net assets</b>	<b>(376)</b>	<b>172</b>
(Loss)/profit for the period	(548)	107

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

12 DISCONTINUED OPERATIONS

(1) Disposed assets

Taking into account the crisis situation in the world, at the end of the year 2008 the Group decided to dispose the investment into the subsidiary – commercial bank of Ukraine “Misto Bank” (registration code 20966466). By the end of the reporting period the Bank finalized the sale of its direct and indirect holding in the Ukrainian commercial bank “Misto Bank”.

Presented below is the information about performance results of the disposed asset until the date of disposal:

PROFIT – LOSS STATEMENT	30.09.2009	31.12.2008
Net interest income	1 407	1 805
Allowance for impairment of debts, net	(4 719)	(3 850)
Net fee and commission income	305	318
Other non-interest income	4 213	993
Other non-interest expense	(1 587)	(1 692)
<b>Loss before taxation</b>	<b>(381)</b>	<b>(2 426)</b>
Corporate income tax	301	297
<b>Loss after tax for the period from discontinued operations</b>	<b>(80)</b>	<b>(2 129)</b>
ASSETS	30.09.2009	31.12.2008
Cash and balances due from credit institutions with a maturity of less than 3 months	-	4 421
Held for trading financial assets	-	2 591
Due from credit institutions with a maturity of more than 3 months	-	1 768
Loans	-	54 192
Tangible and intangible assets	-	6 579
Other assets	-	226
<b>Assets of disposal group classified as available for sale financial assets</b>	<b>-</b>	<b>69 777</b>
Goodwill	-	3 759
<b>Total assets of disposal group classified as available for sale financial assets</b>	<b>-</b>	<b>73 536</b>
LIABILITIES		
Due to credit institutions	-	13 179
Due to customers	-	50 187
Other liabilities	-	420
<b>Liabilities directly associated with the assets classified as available for sale</b>	<b>-</b>	<b>63 786</b>
<b>Net assets directly associated with disposal group</b>	<b>-</b>	<b>9 750</b>

12 DISCONTINUED OPERATIONS (continued)

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

2) Purchase of Disposal Group Assets

At the end of the reporting period the Bank purchased 100% stake of Cyprus company "Heckbert C7 Holdings", which according to the requirement of International Financial Reporting Standard 5 is classified as "held for sale financial assets".

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:

<b>ASSETS</b>	<b>2009</b>
Investments in the share capital of related and associated companies	13 848
Other assets	17
<b>Assets of disposal group classified as available for sale assets</b>	<b>13 865</b>
Goodwill	1
<b>Total assets of disposal group classified as available for sale assets</b>	<b>13 866</b>
<b>LIABILITIES</b>	
Other liabilities	17
<b>Liabilities directly associated with the assets classified as available for sale</b>	<b>17</b>
<b>Net assets directly associated with disposal group</b>	<b>13 849</b>

**INTERIM CONDENSED FINANCIAL STATEMENTS  
AND CONSOLIDATED CONDENSED  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2009**

TRASTA KOMERCBANKA

TKB

**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

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	
	2009	2008	2009	2008
Cash	11 961	19 235	11 961	19 235
Balance from credit institutions	122 920	56 270	122 920	56 270
Loans and receivables	112 226	122 325	112 595	122 844
Other state fixed income securities	3 066	2 086	3 066	2 086
Shares and other investments	966	408	14 866	11 685
Fixed assets and intangible assets	9 594	12 056	9 567	6 437
Other assets	22 500	92 819	8 512	3 700
<b>Total assets</b>	<b>283 233</b>	<b>305 199</b>	<b>283 487</b>	<b>222 257</b>
Balances due to banks	2 143	10 562	2 143	10 562
Deposits	220 731	159 441	220 731	159 445
Issued bonds	2 806	2 802	3 509	3 504
Other liabilities	4 120	83 265	4 080	4 120
Impairment and accrued liabilities	17 113	5 020	16 276	4 991
Equity	36 320	44 109	36 748	39 635
<b>Total equity and liabilities</b>	<b>283 233</b>	<b>305 199</b>	<b>283 487</b>	<b>222 257</b>
<b>Total assets per internal reporting</b>	<b>283 233</b>	<b>305 199</b>	<b>283 487</b>	<b>222 257</b>
Reconciling items:				
<i>Impairment<sup>1</sup></i>	(17 113)	(4 963)	(16 276)	(4 778)
<i>Other reconciling items<sup>2</sup></i>	(171)	(21 320)	(160)	(344)
<b>Total assets per IFRS statements</b>	<b>265 949</b>	<b>278 916</b>	<b>267 051</b>	<b>217 135</b>
<b>Total liabilities per internal reporting</b>	<b>246 913</b>	<b>261 090</b>	<b>246 739</b>	<b>182 622</b>
Reconciling items:				
<i>Impairment<sup>1</sup></i>	(17 113)	(4 963)	(16 276)	(4 778)
<i>Subordinated liabilities<sup>3</sup></i>	4 112	5 086	4 112	5 086
<i>Other reconciling items<sup>2</sup></i>	(169)	(15 645)	(160)	(344)
<b>Total liabilities per IFRS statements</b>	<b>233 743</b>	<b>245 568</b>	<b>234 415</b>	<b>182 586</b>

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

<sup>2</sup> Other reconciling items mostly represent cut-off and classification required by IFRS.

<sup>3</sup> For internal reporting purposes subordinated liabilities are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

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	2008	2009	2008
Interest revenue	9 354	15 738	9 401	15 536
Commission revenue	5 495	8 227	5 483	8 187
Profit from trading	5 780	2 381	5 783	2 383
Impairment	467	103	594	63
Other income	591	675	565	655
<b>Total revenues</b>	<b>21 687</b>	<b>27 124</b>	<b>21 826</b>	<b>26 824</b>
Interest expenses	3 695	2 901	3 717	2 946
Commission expenses	1 308	1 415	1 308	1 415
Administration expenses <sup>1</sup>	7 601	9 425	7 534	9 326
Tax expenses	(368)	2 397	(389)	2 365
Impairment	13 010	3 480	12 328	3 517
Other expenses	112	141	107	126
<b>Total expenses</b>	<b>25 358</b>	<b>19 759</b>	<b>24 605</b>	<b>19 695</b>
<b>(Loss)/profit</b>	<b>(3 671)</b>	<b>7 365</b>	<b>(2 779)</b>	<b>7 129</b>
<b>Total revenues per internal reporting</b>	<b>14 849</b>	<b>23 965</b>	<b>14 884</b>	<b>23 723</b>
Reconciling item <sup>2</sup>	-	-	-	-
<b>Total revenues per IFRS statements</b>	<b>14 849</b>	<b>23 965</b>	<b>14 884</b>	<b>23 723</b>

<sup>1</sup> The Bank's administration expenses include depreciation charge in the amount of 686 thousand lats (2008: 521 thousand lats). The Group's administration expenses accordingly include depreciation charge in the amount of 692 thousand lats (2008: 525 thousand lats).

<sup>2</sup> 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	2009		2008	
	Latvian residents	Latvian non-residents	Latvian residents	Latvian non-residents
Interest income	3 796	5 567	7 230	8 592
Commission income	326	5 160	290	7 853
<b>Total income</b>	<b>4 122</b>	<b>10 727</b>	<b>7 520</b>	<b>16 445</b>

NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

13 SEGMENT ANALYSIS (continued)

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

In thousand of lats	2009		2008	
	Latvian residents	Latvian non-residents	Latvian residents	Latvian non-residents
Interest income	3 675	5 735	7 041	8 541
Commission income	315	5 159	287	7 854
<b>Total income</b>	<b>3 990</b>	<b>10 894</b>	<b>7 328</b>	<b>16 395</b>

14 OFF-BALANCE SHEET ITEMS

Off-balance liabilities

In thousand of lats	The Group		The Bank	
	2009	2008	2009	2008
Contingent liabilities	6 759	7 356	7 145	7 742
<i>including guarantees</i>		436	822	646
<i>including rent commitments</i>		6 323	6 323	7 096
Commitments to customers	2 543	3 589	4 436	3 723
<i>including unused credit limits</i>		2 417	4 310	3 083
<i>including letters of credit</i>		83	83	121
<i>including other liabilities</i> <sup>1</sup>		43	43	519
<b>Total off-balance sheet liabilities</b>	<b>9 302</b>	<b>10 945</b>	<b>11 581</b>	<b>11 465</b>
Provisions for off-balance sheet liabilities	-	(54)	-	(209)
	<b>9 302</b>	<b>10 891</b>	<b>11 581</b>	<b>11 256</b>

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

**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

**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	2009				2008			
	Share-holders	Other related parties <sup>1</sup>	Council and board	Total	Share-holders	Other related parties <sup>1</sup>	Council and board	Total
<b>Assets</b>								
Loans	659	4 195	133	<b>4 987</b>	628	1 012	151	<b>1 791</b>
<i>Allowance for loans-</i>	<i>(12)</i>	<i>(1 022)</i>	<i>(2)</i>	<b><i>(1 036)</i></b>	-	<i>(35)</i>	-	<b><i>(35)</i></b>
Loans, net	647	3 173	131	<b>3 951</b>	628	977	151	<b>1 756</b>
<b>Liabilities</b>								
Deposits	9	1 143	204	<b>1 356</b>	40	436	258	<b>734</b>
<b>Non-balance items</b>								
Unused credit lines	22	7	22	<b>51</b>	10	11	16	<b>37</b>
<b>Profit and loss statement</b>								
	2009				2008			
Interest income	27	105	8	<b>140</b>	48	66	11	<b>125</b>
Commissions income	3	24	2	<b>29</b>	1	13	3	<b>17</b>
Interest expense	-	(12)	(11)	<b>(23)</b>	(6)	(8)	(10)	<b>(24)</b>
Reserve (expenses)/ decreasing income, net	(12)	(987)	(2)	<b>(1 001)</b>	-	-	-	<b>-</b>
Other expenses	(16)	(54)	(41)	<b>(11)</b>	(15)	(54)	(57)	<b>(126)</b>

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

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	2009					2008				
	Shareholders	Subsidiary companies	Other related persons <sup>1</sup>	Council and Board	Total	Shareholders	Subsidiary companies	Other related persons <sup>1</sup>	Council and Board	Total
<b>Assets</b>										
Credits	546	5 336	4 139	108	10 129	488	5 695	940	106	7 229
<i>Reserves for unsecured credits</i>	(12)	-	(1 022)	(2)	(1 036)	-	-	(35)	-	(35)
Credits, neto	534	5 336	3 117	106	9 093	488	5 695	905	106	7 194
<b>Liabilities</b>										
Deposits	9	7	1 143	204	1 363	40	5	436	258	739
<b>Non-balance items</b>										
Unused credit limits	22	1 892	7	22	1 943	10	134	11	16	171
<b>Profit and loss statement</b>										
<b>2009</b>										
Interest income	19	410	101	6	536	44	219	62	7	332
Commissions income	3	1	24	2	30	1	1	13	3	18
Interest expenditure	-	(21)	(12)	(11)	(44)	(6)	(1)	(8)	(10)	(25)
Reserve (expenses)/ decreasing income, net	(12)	39	(987)	(2)	(962)	-	5	-	-	5
Other expenses	(16)	(128)	(54)	(41)	(239)	(15)	(142)	(54)	(57)	(268)
<b>2008</b>										

<sup>1</sup> 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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