



**AS “AKCIJU KOMERCBANKA  
“BALTIKUMS””**

**CONDENSED CONSOLIDATED AND BANK’S  
INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED  
30 JUNE 2010**

**AS “AKCIJU KOMERCBANKA “BALTIKUMS””**  
**Condensed Consolidated and Bank’s Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**CONTENTS**

---

	<b>Page</b>
Report of the Management	3 – 4
The Supervisory Council and Board of the Bank	5
Statement of the Management’s Responsibilities	6
Auditors’ Report	7 – 8
Condensed Consolidated and Bank’s Interim Financial Statements:	
Condensed Consolidated and Bank’s Interim Income Statement	9
Condensed Consolidated and Bank’s Interim Statement of Comprehensive Income	10
Condensed Consolidated and Bank’s Interim Statement of Financial Position	11-12
Condensed Consolidated Interim Statement of Changes in Equity	13
Condensed Bank’s Interim Statement of Changes in Equity	14
Condensed Consolidated and Bank’s Interim Statement of Cash Flows	15
Notes to the Consolidated and Bank’s Condensed Interim Financial Statements	16 – 36

**AS “AKCIJU KOMERCBANKA “BALTIKUMS””**  
**Condensed Consolidated and Bank’s Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**REPORT OF THE MANAGEMENT**

---

**Dear Shareholders, customers and partners,**

In the first half of 2010, AS “Akciju komercbanka “Baltikums”” (hereinafter – Baltikums Banka) continued its stable growth, which is proved by key financial indicators and improvement of its position in the chosen niches.

Conservative approach to risk management, persistency in the strategic objectives, and establishment of long-term relations with customers – these are the three pillars of success of the dynamically growing and modern Baltikums Banka.

On the tenth year of its operations, the bank successfully functions in Riga, Limassol, Kyiv, and Almaty, as well as has representation in Russia. Baltikums Banka and its foreign branches employ an international team of 180 professionals.

The audited profit of Baltikums Banka for the first half of the year amounted to LVL 0.71 million. As of 30 June this year, the Bank’s assets made up LVL 132.98 million. At the end of June, Baltikums Banka issued LVL 27.16 million in loans and in mortgage loans – just LVL 13 thousand. The amount of attracted deposits was LVL 107.05 million by the end of June.

The profit of Baltikums Banka group amounted to LVL 0.76 million in this first half of the year, whereas the assets reached LVL 135.43 million in this period.

Such results became possible thanks to the Bank’s well-thought-out and precise strategy and its professional team. Despite a decrease in the assets resulting from a drop in the bank customers’ turnover Baltikums Banka is one of the Latvian banks that continue operating with profit, the number of opened customer accounts keeps growing, efficiency of operations increases, funds are invested in information technologies and expansion of the bank’s international branch as competition drops during the crisis.

Baltikums Banka still maintains very high liquidity and balance structure indicators and the high capital adequacy significantly exceeds that required by supervisory authorities.

Currently, the Bank focuses on three basic trends of its operations: Private Banking, Corporate Banking and Wealth Management.

Under the concept “Relations that work”, Baltikums Banka set an objective to establish such relations with its customers that would allow most prompt and clear execution of the customers’ orders. In the first half of the year, Baltikums Banka updated the enhanced Internet Bank version that is one of the crucial elements in relations among the customer and the Bank. Having improved the design and functionality of the Internet Bank the Bank offered a solution that is more convenient, personified, and adjusted to needs of the customers.

This year, Baltikums Banka has successfully redeemed the third issue bonds. Earlier the Bank successfully redeemed its first and second issues, as well as the first issue of credit-linked notes in Latvia.

The investors who purchased the Bank’s bonds receive stable regular income from them. The bank’s bonds have stable business prospects in future improving the Bank’s competitive advantages in the chosen niches of Corporate Banking and Private Banking. The performance results achieved by Baltikums Banka shows that the Bank has been successfully implementing its potential in rendering its services to companies and wealthy individuals.

In the future, the Bank might consider more bond issues depending on the situation in the financial markets and customer demand for financing of promising projects.

**AS “AKCIJU KOMERCBANKA “BALTIKUMS””**

**Condensed Consolidated and Bank’s Interim Financial Statements  
for the six month period ended 30 June 2010**

German Commerzbank AG highly rated quality of commercial payments and transfers among financial institutions executed by Baltikums Banka and awarded it with the STP Award 2009 – Excellent Quality in the Delivery of Commercial Payments and Financial Institution Transfers. The award proves the professionalism of the Bank employees and quality of the banking technologies that ensure automatic execution of payments.

Baltikums Banka constantly improves its business model introducing latest technologies and methodology. However, our philosophy and business approach remain unchanged. Baltikums Banka is an independent private bank and a family business. The Bank has Latvian origin and its objective is to join leading independent private banks in the European Union by providing modern and sought after banking products, services and solutions aimed at facilitating business and at keeping and growing wealth of our customers.

Baltikums Banka is famous for its consequent approach to establishing and maintaining mutually beneficial relations with its customers. Paying close attention to research and new developments, we create products, services, and solutions that are sought after, first of all, because they are created in our customers’ interests and represent our response to the customers’ needs and desires. Baltikums Banka was established as a commercial bank and its entrepreneur’s spirit is close and familiar to customers: private entrepreneurs, high net worth individuals, and professional investors.

Besides, the Bank’s objective is not only provide its customers with professional and quality service but also to join forces in order to create environment for business, capital, assets, and risks management, to give our customers, in addition to financial benefits, more stability and confidence regarding their, their families’, and their partners’ future. Here we see our responsibility as private bankers.

Our values remain unchanged as before: independence and objective approach, security, responsibility, and comprehensive protection of our customer’s interests. We are grateful to all our customers for cooperation and trust in these complicated times and look forward to continuing our successful cooperation in the future.

---

Aleksandrs Peškova  
Chairman of the Council

---

Aldis Reims  
Chairman of the Board

30 August 2010

**AS "AKCIJU KOMERCBANKA "BALTIKUMS""**  
**Condensed Consolidated and Bank's Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**THE SUPERVISORY COUNCIL AND BOARD OF THE BANK**

---

**Council as of 30 June 2010**

<b>Name, surname</b>	<b>Position</b>	<b>Date of appointment</b>
Aleksandrs Peškova	Chairman of the Council	22 June 2001
Sergejs Peškova	Member of the Council	22 June 2001
	Deputy Chairman of the Council	25 July 2002
Oļegs Čepuļskis	Member of the Council	22 June 2001
Andrejs Kočetkova	Member of the Council	22 June 2001

There have been no changes in the Supervisory Council during the reporting period.

**Management Board as of 30 June 2009**

<b>Name, surname</b>	<b>Position</b>	<b>Date of appointment</b>
Aldis Reims	Member of the Board	20 August 2001
	Acting Chairman of the Board	1 July 2002
	Chairman of the Board	25 April 2003
Dmitrijs Latiševa	Member of the Board	1 July 2002
	Deputy Chairman of the Board	25 April 2003
Leonarda Višņevska	Member of the Board	25 April 2003
Tatjana Drobina	Member of the Board	30 April 2008
Aleksandrs Halturins	Member of the Board	30 April 2008

There have been no changes in the Board during the reporting period.

On behalf of the Bank's management,

---

Aleksandrs Peškova  
Chairman of the Council

---

Aldis Reims  
Chairman of the Board

30 August 2010

**AS “AKCIJU KOMERCBANKA “BALTIKUMS””**  
**Condensed Consolidated and Bank’s Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**STATEMENT OF THE MANAGEMENT’S RESPONSIBILITIES**

---

Riga

The management of the AS “Akciju Komercbanka “Baltikums”” (the Bank) is responsible for the preparation of the condensed consolidated interim financial statements of the Bank and its subsidiaries (the Group) as well as for the preparation of the condensed interim financial statements of the Bank. The consolidated and Bank financial statements are prepared in accordance with IAS 34 *Interim Financial Reporting* on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgments and estimates have been made by the management in the preparation of the financial statements.

The consolidated and Bank financial statements on pages 9 - 36 are prepared in accordance with the source documents and present the financial position of the Group as at 30 June 2010 and the results of its performance and cash flows for the six months period ended 30 June 2010.

The management of the Bank is responsible for the maintenance of a proper accounting system, safeguarding the Group’s assets, and the prevention and detection of fraud and other irregularities in the Group. The management is also responsible for operating the Bank in compliance with the Law on Credit Institutions, regulations of the Finance and Capital Markets Commission and other legislation of the Republic of Latvia applicable to credit institutions.

On behalf of the Bank’s management,

---

Aleksandrs Peškova  
*Chairman of the Council*

---

Aldis Reims  
*Chairman of the Board*

Riga, 30 August 2010

**AS "AKCIJU KOMERCBANKA "BALTIKUMS""**  
**Condensed Consolidated and Bank's Interim Financial Statements**  
**for the six month period ended 30 June 2010**

**AUDITORS' REPORT**



**KPMG Baltics SIA**  
Vesetas iela 7  
Riga LV 1013  
Latvia

Phone +371 670 380 00  
Fax +371 670 380 02  
Internet: [www.kpmg.lv](http://www.kpmg.lv)

## Independent Auditors' Report

To the shareholders of AS "Akciju Komercbanka "Baltikums""

We have audited the accompanying condensed interim financial information of AS "Akciju Komercbanka "Baltikums"" ("the Bank"), which comprises the condensed interim statement of financial position as at 30 June 2010, the condensed interim income statement, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows for the six month period then ended, and condensed notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 36. We have also audited the accompanying condensed interim consolidated financial information of AS "Akciju Komercbanka "Baltikums"" and its subsidiaries ("the Group"), which comprises the condensed consolidated interim statement of financial position as at 30 June 2010, the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim statement of cash flows for the six month period then ended, and condensed notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 36.

### *Management's Responsibility for the Financial Information*

Management is responsible for the preparation and fair presentation of this condensed consolidated and Bank interim financial information in accordance with IAS 34 *Interim Financial Reporting* and for such internal control as management determines is necessary to enable the preparation of condensed consolidated and Bank interim financial information that is free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on this condensed interim financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the condensed interim financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed interim financial information. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the condensed interim financial information, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the condensed interim financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the condensed interim financial information.

**AS "AKCIJU KOMERCBANKA "BALTIKUMS""**

**Condensed Consolidated and Bank's Interim Financial Statements for the six month period ended 30 June 2010**

---



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

*Opinion*

In our opinion, the condensed interim financial information of AS "Akciju Komercbanka "Baltikums"" as at and for the six month period ended 30 June 2010 is prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

In our opinion, the condensed consolidated interim financial information of AS "Akciju Komercbanka "Baltikums"" Group as at and for the six month period ended 30 June 2010 is prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

KPMG Baltics SIA Licence  
Nr. 55

Ondrej Fikrle  
Partner pp KPMG Baltics SIA  
Riga, Latvia  
30 August 2010

Inga Lipsane  
Sworn Auditor  
Certificate No 112

This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails.

AS "AKCIJU KOMERCBANKA "BALTIKUMS"")

Condensed Consolidated and Bank's Interim Financial Statements

for the six month period ended 30 June 2010

CONDENSED CONSOLIDATED AND BANK'S INTERIM INCOME STATEMENT

	Notes	6 month period ended		6 month period ended	
		30 June 2010		30 June 2009	
		Group LVL '000	Bank LVL '000	Group LVL '000	Bank LVL '000
Interest income		2 209	2 173	3 055	3 029
Interest expense		(281)	(266)	(600)	(561)
<b>Net interest income</b>	<b>7</b>	<b>1 928</b>	<b>1 907</b>	<b>2 455</b>	<b>2 468</b>
Fee and commission income		2 348	2 326	2 050	2 047
Fee and commission expense		(361)	(361)	(357)	(357)
<b>Net commission and fee income</b>	<b>8</b>	<b>1 987</b>	<b>1 965</b>	<b>1 693</b>	<b>1 690</b>
Net gain/(loss) on financial assets and liabilities carried at fair value through profit or loss		(909)	(909)	360	360
Net foreign exchange income		534	455	402	402
Other operating income		484	243	253	93
Share in profit of associates		123	-	238	-
<b>Operating income</b>		<b>4 147</b>	<b>3 661</b>	<b>5 401</b>	<b>5 013</b>
Administrative expenses		(3 115)	(2 694)	(2 789)	(2 684)
Other operating expenses		(141)	(129)	(76)	(58)
Impairment of financial assets, net	19	83	83	(718)	(1 223)
<b>Total operating expenses</b>		<b>(3 173)</b>	<b>(2 740)</b>	<b>(3 583)</b>	<b>(3 965)</b>
<b>Profit before income tax</b>		<b>974</b>	<b>921</b>	<b>1 818</b>	<b>1 048</b>
Corporate income tax	9	(212)	(212)	(147)	(147)
<b>Profit for the period</b>		<b>762</b>	<b>709</b>	<b>1 671</b>	<b>901</b>
<b>Attributable to:</b>					
<i>Equity holders of the Bank</i>		762	709	1 407	901
<i>Non-controlling interest</i>		-	-	264	-
<b>Profit for the period</b>		<b>762</b>	<b>709</b>	<b>1 671</b>	<b>901</b>

The accompanying notes on pages 16 to 36 are an integral part of the condensed consolidated and Bank interim financial statements.

The Council and Board of the Bank approve for issue to shareholders these condensed consolidated and Bank interim financial statements as presented on pages 9 - 36. The condensed consolidated and Bank interim financial statements are signed on behalf of the Council and Board of the Bank by:

\_\_\_\_\_  
Aleksandrs Peškova  
*Chairman of the Council*

\_\_\_\_\_  
Aldis Reims  
*Chairman of the Board*

30 August 2010

**AS “AKCIJU KOMERCBANKA “BALTIKUMS””**

**Condensed Consolidated and Bank’s Interim Financial Statements**

**for the six month period ended 30 June 2010**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

	Notes	6 month period ended 30 June 2010		6 month period ended 30 June 2009	
		Group LVL’000	Bank LVL’000	Group LVL’000	Bank LVL’000
<b>Profit for the period</b>		<b>762</b>	<b>709</b>	<b>1 671</b>	<b>901</b>
<b>Other comprehensive income for the period</b>		-	-	-	-
Revaluation of other assets	21	1 030	-	-	-
<b>Total other comprehensive income for the period</b>		<b>1 030</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>1 792</b>	<b>709</b>	<b>1 671</b>	<b>901</b>
<b>Attributable to:</b>					
<i>Equity holders of the Bank</i>		1 792	709	1 407	901
<i>Non-controlling interest</i>		-	-	264	-

The accompanying notes on pages 16 to 36 are an integral part of the condensed consolidated and Bank interim financial statements.

The Council and Board of the Bank approve for issue to shareholders these condensed consolidated and Bank interim financial statements as presented on pages 9 - 36. The condensed consolidated and Bank interim financial statements are signed on behalf of the Council and Board of the Bank by:

\_\_\_\_\_  
Aleksandrs Peškova  
*Chairman of the Council*

\_\_\_\_\_  
Aldis Reims  
*Chairman of the Board*

30 August 2010

AS "AKCIJU KOMERCBANKA "BALTIKUMS"

Condensed Consolidated and Bank's Interim Financial Statements

for the six month period ended 30 June 2010

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

Assets	Notes	30 June 2010		31 December 2009	
		Group LVL '000	Bank LVL '000	Group LVL '000	Bank LVL '000
Cash and balances with the Bank of Latvia	10	16 582	16 580	6 043	6 043
Deposits with credit institutions	12	37 573	37 562	33 112	33 102
<i>Demand deposits</i>		36 744	36 733	29 492	29 482
<i>Term deposits</i>		829	829	3 620	3 620
Financial assets at fair value through profit or loss		24 048	24 048	15 498	15 498
<i>Fixed income securities</i>	13	20 649	20 649	13 689	13 689
<i>Non-fixed income securities</i>	13	1 739	1 739	1 440	1 440
<i>Derivative financial instruments</i>	26	1 660	1 660	369	369
Available-for-sale financial assets	14	34	34	2 327	34
<i>Fixed income securities</i>		-	-	2 293	-
<i>Non-fixed income securities</i>		34	34	34	34
Loans and receivables	15	29 540	27 155	29 500	29 339
Financial assets held-to-maturity	16	11 933	11 933	12 530	12 530
Investments in subsidiaries	17	-	9 352	-	6 667
Investments in associates		4 244	2 820	4 265	2 820
Intangible assets		434	231	276	255
Property and equipment		1 740	1 586	1 610	1 604
Investment property	19	4 625	632	4 707	647
Non-current assets held for sale	20	486	-	1 772	1 406
Income tax receivable		7	-	867	892
Other assets	21	4 132	999	861	838
Prepayments and accrued income		47	47	40	40
<b>Total assets</b>		<b>135 425</b>	<b>132 979</b>	<b>113 408</b>	<b>111 715</b>

The accompanying notes on pages 16 to 36 are an integral part of the condensed consolidated and Bank interim financial statements.

The Council and Board of the Bank approve for issue to shareholders these condensed consolidated and Bank interim financial statements as presented on pages 9 - 36. The condensed consolidated and Bank interim financial statements are signed on behalf of the Council and Board of the Bank by:

\_\_\_\_\_  
Aleksandrs Peškovs  
Chairman of the Council

\_\_\_\_\_  
Aldis Reims  
Chairman of the Board

30 August 2010

AS "AKCIJU KOMERCBANKA "BALTIKUMS"")

Condensed Consolidated and Bank's Interim Financial Statements

for the six month period ended 30 June 2010

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

Liabilities and Equity	Notes	30 June 2010		31 December 2009	
		Group LVL '000	Bank LVL '000	Group LVL '000	Bank LVL '000
Due to credit institutions on demand		61	61	53	53
Derivatives	25	401	401	170	170
Financial liabilities carried at amortized cost		107 820	107 052	87 940	86 931
<i>Loans received from credit institutions</i>	22	937	-	1 127	-
<i>Customers' deposits</i>	23	106 883	107 052	82 423	82 541
<i>Notes payable</i>	24	-	-	4 390	4 390
Deferred income and accrued expenses		295	131	168	168
Provisions		153	148	130	126
Income tax liabilities		129	129	36	36
Other liabilities		445	150	582	33
<b>Total liabilities</b>		<b>109 304</b>	<b>108 072</b>	<b>89 079</b>	<b>87 517</b>
<b>Equity</b>					
Share capital		23 442	23 442	23 442	23 442
Reserves		17	17	17	17
Revaluation of other assets	21	1 030	-	-	-
Retained earnings		1 632	1 448	870	739
<b>Total equity attributable to equity holders of the Bank</b>		<b>26 121</b>	<b>24 907</b>	<b>24 329</b>	<b>24 198</b>
<b>Total liabilities and equity</b>		<b>135 425</b>	<b>132 979</b>	<b>113 408</b>	<b>111 715</b>
<b>Off-balance sheet liabilities</b>	28	<b>3 144</b>	<b>3 144</b>	<b>5 907</b>	<b>5 907</b>

The accompanying notes on pages 16 to 36 are an integral part of the condensed consolidated and Bank interim financial statements.

The Council and Board of the Bank approve for issue to shareholders these condensed consolidated and Bank interim financial statements as presented on pages 9 - 36. The condensed consolidated and Bank interim financial statements are signed on behalf of the Council and Board of the Bank by:

\_\_\_\_\_  
Aleksandrs Peškova  
*Chairman of the Council*

\_\_\_\_\_  
Aldis Reims  
*Chairman of the Board*

30 August 2010

AS "AKCIJU KOMERCBANKA "BALTIKUMS"")

Condensed Consolidated and Bank's Interim Financial Statements

for the six month period ended 30 June 2010

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Reserve capital	Revaluation of other assets	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
	LVL`000	LVL`000	LVL`000	LVL`000	LVL`000	LVL`000	LVL`000
<b>Balance as at 1 January 2009</b>	<b>15 178</b>	<b>17</b>	<b>-</b>	<b>3 137</b>	<b>18 332</b>	<b>2 281</b>	<b>20 613</b>
Dividends paid	-	-	-	(840)	(840)	-	(840)
Total comprehensive income	-	-	-	1 407	1 407	264	1 671
<b>Balance as at 30 June 2009</b>	<b>15 178</b>	<b>17</b>	<b>-</b>	<b>3 704</b>	<b>18 899</b>	<b>2 545</b>	<b>21 444</b>
Dividends paid	-	-	-	(2 500)	(2 500)	-	(2 500)
Total comprehensive income	-	-	-	(334)	(334)	-	(334)
Effect of disposal of interest in subsidiary	-	-	-	-	-	(2 545)	(2 545)
Share capital increase	8 264	-	-	-	8 264	-	8 264
<b>Balance as at 1 January 2010</b>	<b>23 442</b>	<b>17</b>	<b>-</b>	<b>870</b>	<b>24 329</b>	<b>-</b>	<b>24 329</b>
Total comprehensive income	-	-	1 030	762	1 792	-	1 792
<b>Balance as at 30 June 2010</b>	<b>23 442</b>	<b>17</b>	<b>1 030</b>	<b>1 632</b>	<b>26 121</b>	<b>-</b>	<b>26 121</b>

The accompanying notes on pages 16 to 36 are an integral part of the condensed consolidated and Bank interim financial statements.

The Council and Board of the Bank approve for issue to shareholders these condensed consolidated and Bank interim financial statements as presented on pages 9 - 36. The condensed consolidated and Bank interim financial statements are signed on behalf of the Council and Board of the Bank by:

Aleksandrs Peškova  
Chairman of the Council

Aldis Reims  
Chairman of the Board

30 August 2010

**AS "AKCIJU KOMERCBANKA "BALTIKUMS"")**

**Condensed Consolidated and Bank's Interim Financial Statements**

**for the six month period ended 30 June 2010**

**CONDENSED BANK'S INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	<b>Share capital</b>	<b>Reserve capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>
<b>Balance as at 1 January 2009</b>	<b>15 178</b>	<b>17</b>	<b>3 441</b>	<b>18 636</b>
Dividends paid	-	-	(840)	<b>(840)</b>
Total comprehensive income	-	-	901	<b>901</b>
<b>Balance as at 30 June 2009</b>	<b>15 178</b>	<b>17</b>	<b>3 502</b>	<b>18 697</b>
Dividends paid	-	-	(2 500)	<b>(2 500)</b>
Total comprehensive income	-	-	(263)	<b>(263)</b>
Share capital increase	8 264	-	-	<b>8 264</b>
<b>Balance as at 1 January 2010</b>	<b>23 442</b>	<b>17</b>	<b>739</b>	<b>24 198</b>
Total comprehensive income	-	-	709	709
<b>Balance as at 30 June 2010</b>	<b>23 442</b>	<b>17</b>	<b>1 448</b>	<b>24 907</b>

The accompanying notes on pages 16 to 36 are an integral part of the condensed consolidated and Bank interim financial statements.

The Council and Board of the Bank approve for issue to shareholders these condensed consolidated and Bank interim financial statements as presented on pages 9 - 36. The condensed consolidated and Bank interim financial statements are signed on behalf of the Council and Board of the Bank by:

\_\_\_\_\_  
Aleksandrs Peškovs  
*Chairman of the Council*

\_\_\_\_\_  
Aldis Reims  
*Chairman of the Board*

30 August 2010

**AS “AKCIJU KOMERCBANKA “BALTIKUMS””**

**Condensed Consolidated and Bank’s Interim Financial Statements**

**for the six month period ended 30 June 2010**

**CONDENSED CONSOLIDATED AND BANK INTERIM STATEMENT OF CASH FLOWS**

	6 month period ended 30 June 2010		6 month period ended 30 June 2009	
	Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
<b>Cash flow from operating activities</b>				
Profit before income tax	974	921	1 818	1 048
Amortization and depreciation	193	124	185	115
Impairment/(release of impairment) of financial assets	(1 307)	(1 307)	718	1 223
Loss/(gain) on foreign exchange revaluation	(78)	16	59	59
Revaluation corrections of other assets and liabilities	(53)	-	(463)	(225)
<b>Increase/(decrease) in cash and cash equivalents before changes in assets and liabilities, as a result of ordinary operations</b>	<b>(271)</b>	<b>( 246)</b>	<b>2 317</b>	<b>2 220</b>
Decrease of loans and receivables	717	1 566	5 633	6 083
(Increase) / decrease in available-for-sale financial assets	2 293	-	(756)	(24)
Increase in financial assets at fair value through profit or loss	(7 904)	(7 904)	(3 157)	(3 157)
(Increase) of held-to-maturity financial assets	402	592	(1 147)	(1 076)
Increase of prepayments and accrued income	(7)	(7)	(1)	(1)
(Increase)/decrease of other assets	980	731	(447)	(470)
Increase/(decrease) in customers’ deposits	24 460	24 511	(4 340)	(4 329)
Increase in financial liabilities held for trading	231	231	128	128
Increase/(decrease) in other and current tax liabilities	(1 262)	138	820	509
Increase/(decrease) in deferred income and accrued expense	127	(37)	108	108
<b>Increase/(decrease) in cash and cash equivalents from operating activities before corporate income tax</b>	<b>19 766</b>	<b>19 575</b>	<b>(842)</b>	<b>(9)</b>
Corporate income tax paid	(118)	(118)	(1 198)	(1 191)
<b>Net cash and cash equivalents from/(used in) operating activities</b>	<b>19 648</b>	<b>19 457</b>	<b>(2 040)</b>	<b>(1 200)</b>
<b>Cash flow from investing activities</b>				
Acquisition of property and equipment and intangible assets	(219)	(68)	(75)	(70)
Proceeds from sale of property and equipment	1	1	-	-
Acquisition of subsidiaries and associates net of cash acquired	(11)	-	-	(25)
Sales/(acquisition) of non-current assets held for sale	(120)	-	826	-
<b>Net cash from/(used in) investing activities</b>	<b>(349)</b>	<b>(67)</b>	<b>751</b>	<b>(95)</b>
<b>Cash flow from financing activities</b>				
Proceeds from repurchase of notes	(4 390)	(4 390)	(5 876)	(5 876)
Dividends paid	-	-	(840)	(840)
<b>Net increase (decrease) of cash from financing activities</b>	<b>(4 390)</b>	<b>(4 390)</b>	<b>(6 716)</b>	<b>(6 716)</b>
<b>Net changes in cash and cash equivalents</b>	<b>14 909</b>	<b>15 000</b>	<b>(8 005)</b>	<b>(8 011)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>39 078</b>	<b>39 068</b>	<b>42 696</b>	<b>42 686</b>
Effects of exchange rates fluctuations on cash held	78	(16)	(59)	(59)
<b>Cash and cash equivalents at the end of reporting period</b>	<b>10 54 065</b>	<b>54 052</b>	<b>34 632</b>	<b>34 616</b>

The accompanying notes on pages 16 to 36 are an integral part of the condensed consolidated and Bank interim financial statements.

The Council and Board of the Bank approve for issue to shareholders these condensed consolidated and Bank interim financial statements as presented on pages 9 - 36. The condensed consolidated and Bank interim financial statements are signed on behalf of the Council and Board of the Bank by:

\_\_\_\_\_  
Aleksandrs Peškova  
Chairman of the Council

\_\_\_\_\_  
Aldis Reims  
Chairman of the Board

30 August 2010

**AS "AKCIJU KOMERCBANKA "BALTIKUMS""**  
**Condensed Consolidated and Bank's Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1 GENERAL INFORMATION**

JSC "Akciju komercbanka "Baltikums"" (the Bank) was established on 22 June 2001, when it was incorporated in the Republic of Latvia as a joint stock company. The address of the Bank is Maza Pils iela 13, Riga, LV 1050. The Bank is a commercial bank specializing in the financing of export and import operations, trade and shipping finance as well as investment management. The Bank operates in accordance with Latvian legislation and the license issued by the Bank of Latvia.

The immediate controlling party of the Bank is AS "Baltikums bankas grupa", which owns 100% of shares. AS "Baltikums bankas grupa" is owned in equal portions by four Latvian entities, which belong to 10 individuals.

The Bank is a majority shareholder in a number of subsidiaries located in Riga, Latvia, which comprise Baltikums Group (the Group). SIA "Baltikums Līzings" specializes in financial leasing and lending, IPS "Baltikums Asset Management" is an investment company, SIA "Konsalting Invest" is a property developer and SIA "Baltikums Direct" manages representative offices in Russia, Ukraine, Kazakhstan and in Azerbaijan. In 2010 the Bank assumed control over shares of three companies, which had defaulted on loan liabilities. The Bank also reclassified two companies from non-current assets held for sale to subsidiaries. The Board of „AS „Akciju komercbanka „Baltikums"" decided to start the Group's restructuring and to liquidate SIA „Baltikums Direct”.

Companies included in consolidation:

<b>Company</b>	<b>State of registration</b>	<b>Business activity</b>	<b>Share in equity as at 30.06.2010, %</b>	<b>Net assets of the subsidiary as at 30.06.2010, '000 LVL</b>	<b>Share in equity as at 31.12.2009, %</b>	<b>Net assets of the subsidiary as at 31.12.2009, '000 LVL</b>
AS IPS „Baltikums Asset Management”	Latvia	Financial services	100	123	100	114
SIA „Baltikums Līzings”	Latvia	Financial services	100	154	100	158
SIA „Baltikums Direct” (under liquidation)	Latvia	Intermediary services	100	1	100	1
SIA „Konsalting Invest”	Latvia	Financial services	100	5343	100	5290
“Saleno Trans Inc.”	Belize	Freight	100	649	-	
“Rostman Ltd.”	Belize	Freight	100	1 198	-	
“Firegold Express AG ”	Panama	Freight	100	(96)	-	
“Hartmile Projects S.A”	Panama	Freight	100	(4)	-	
„Benmar Maritime S.A.”	Panama	Freight	100	1 795	-	
SIA „CityCap Service”	Latvia	Development	100	404	100	404
SIA „Zapdvina Development”	Latvia	Development	100	685	100	688

**AS “AKCIJU KOMERCBANKA “BALTIKUMS””**  
**Condensed Consolidated and Bank’s Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

Investments associates (Bank and Group):

<b>Company</b>	<b>State of registration</b>	<b>Business activity</b>	<b>Share in equity as at 30.06.2010, %</b>	<b>Share in equity as at 31.12.2009, %</b>
ООО „Балтикумс Траст”, Kiev	Ukraine	Intermediary services	25	25
ООО „Балтикумс Траст”, Saint Petersburg	Russia	Intermediary services	25	25
ООО „Baltikums Trast”, Moscow	Russia	Intermediary services	25	25
AAS “Baltikums”, Latvia	Latvia	Insurance services	49	49

## **2 BASIS OF PREPARATION**

### **(a) Statement of Compliance**

These condensed consolidated and Bank’s interim financial statements are prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. These interim financial statements do not include all of the information required for a complete set of annual financial statements, and should be read in conjunction with the consolidated and Bank’s financial statements as at and for the year ended 31 December 2009.

These condensed consolidated and Bank’s interim financial statements were authorized for issue by the Board of Directors on 30 August 2010. The financial statements may be amended by shareholders.

The audited consolidated and Bank financial statements of the Bank and the Group as at and for the year ended 31 December 2009 are available at the Bank’s web site, [www.baltikums.eu](http://www.baltikums.eu).

### **(b) Functional and presentation currency**

These condensed consolidated and Bank’s interim financial statements are presented in thousands of lats (LVL 000`s), unless stated otherwise. The lat is the Group’s and the Bank’s functional currency.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, the accounting policies applied by the Group and Bank in these condensed consolidated and Bank interim financial statements are the same as those applied by the Group and Bank in its consolidated and Bank financial statements as at and for the year ended 31 December 2009.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

**AS “AKCIJU KOMERCBANKA “BALTIKUMS””**  
**Condensed Consolidated and Bank’s Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**New standards and interpretations**

*New standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2010, and which the Group and the Bank have applied:*

Revised IFRS 3 “Business Combinations”. The revised standard introduces a number of changes in the accounting for business combinations that impacts the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. The change in accounting policy has been applied prospectively.

Amended IAS 27 *Consolidated and Separate Financial Statements*. The change in accounting policy has been applied prospectively.

*The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial period beginning 1 January 2010, but are not currently relevant for the Group and Bank:*

- Amendments to IFRS 2 *Share-based Payment - Group Cash-settled Share-based Payment Transactions*
- Amendment to IAS 39, *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
- IFRIC 12 *Service Concession Agreements*
- IFRIC 15 *Agreements for the Construction of Real Estate*
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*
- IFRIC 17 *Distributions of Non-cash Assets to Owners*
- IFRIC 18 *Transfers of Assets from Customers*

*The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:*

- Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*. Provides relief to a first-time adopter from providing comparative information for the disclosures required by the amendments to IFRS 7 issued in March 2009 entitled *Improving Disclosures about Financial Instruments - Amendments to IFRS 7* and clarifies the relief provided in the transitional requirements of IFRS 7. The Amendment to IFRS 1 is not relevant to the Group’s and Bank’s financial statements as neither the Group nor the Bank are a first time adopter.
- Revised IAS 24 *Related Party Disclosure* (effective for annual periods beginning on or after 1 January 2011). The amendment exempts government-related entity from the disclosure requirements in relation to related party transactions and outstanding balances, including commitments, with (a) a government that has control, joint control or significant influence over the reporting entity; and (b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity. The revised Standard requires specific disclosures to be provided if a reporting entity takes advantage of this exemption. The revised Standard also amends the definition of a related party which resulted in new relations being included in the definition, such as, associates of the controlling shareholder and entities controlled, or jointly controlled, by key management personnel. Revised IAS 24 is not relevant to the Group’s and Bank’s financial statements as the Group and Bank are not government-related entities and the revised definition of a related party is not expected to result in new relations requiring disclosure in the financial statements.
- Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* (effective for annual period beginning on or after 1 February 2010). The amendment requires that rights, options or warrants to acquire a fixed number of the entity’s own equity instruments for a fixed amount of any currency, are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The amendments to IAS 32 are not relevant to the Group’s and Bank’s financial statements as the Group and Bank have not issued such instruments at any time in the past.
- Amendment to IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for annual periods beginning on or after 1 January 2011). The amendment of

IFRIC 14 addresses the accounting treatment for prepayments made when there is also a minimum funding requirements (MFR). Under the amendments, an entity is required to recognize certain prepayments as an asset on the basis that the entity has a future economic benefit from the prepayment in the form of reduced cash outflows in future years in which MFR payments would otherwise be required. The amendments to IFRIC 14 are not relevant to the Group’s and Bank’s financial statements as the Group and Bank do not have any defined benefit plans with minimum funding requirements.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010). The Interpretation clarifies that equity instruments issued to a creditor to extinguish all or part of a financial liability in a ‘debt for equity swap’ are consideration paid in accordance with IAS 39.41. The initial measurement of equity instruments issued to extinguish a financial liability is at the fair value of those equity instruments, unless that fair value cannot be reliably measured, in which case the equity instrument should be measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability (or part of the financial liability) extinguished and the initial measurement amount of equity instruments issued should be recognized in profit or loss. The Group and Bank did not issue equity to extinguish any financial liability during the current period. Therefore, the Interpretation will have no impact on the comparative amounts in the Group’s and Bank’s financial statements for the year ending 31 December 2010. After that, since the Interpretation can relate only to transactions that will occur in the future, it is not possible to determine in advance the effects the application of the Interpretation will have.

#### **4 RISK MANAGEMENT**

All aspects of the Bank’s and Group’s risk management objectives and policies are consistent with that disclosed in the consolidated and Bank financial statements as at and for the year ended 31 December 2009.

#### **5 CAPITAL MANAGEMENT**

The Financial and Capital Market Commission sets and monitors capital requirements for the Bank, the lead operating entity of the Group.

The Bank defines as capital those items defined by statutory regulation as capital. Under the current capital requirements set by the Financial and Capital Market Commission, banks must maintain a ratio of capital to risk weighted assets (“statutory capital ratio”) above the prescribed minimum level. As at 31 December 2009, this minimum level is 8%. The Bank was in compliance with the statutory capital ratio as at 30 June 2009, 31 December 2009 and 30 June 2010.

The Bank’s risk based capital adequacy ratio as at 30 June 2010 was 18.66% (as at 31 December 2009: 20%; as at 30 June 2009: 16.44%).

## **6 USE OF ESTIMATES AND JUDGMENTS**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated and Bank’s interim financial statements, the significant judgements made by management in applying the Bank’s and Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2009. These are:

- Allowances for credit losses;
- Valuation of financial instruments;
- Impairment of financial instruments (other than loans);
- Impairment of non-current assets held for sale;
- Impairment of goodwill;
- Valuation of repossessed collateral;
- Fair value of assets and liabilities at acquisition;
- Determination of non-current assets held for sale, and fair value thereof for IFRS3 (applicable to Group only).

AS "AKCIJU KOMERCBANKA "BALTIKUMS""  
 Condensed Consolidated and Bank's Interim Financial Statements  
 for the six month period ended 30 June 2010  
 NOTES TO THE FINANCIAL STATEMENTS

7 NET INTEREST INCOME

	6 month period ended 30 June 2010		6 month period ended 30 June 2009	
	Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
<b><i>Interest income</i></b>				
Interest income from assets carried at amortized cost:	1 036	1 012	1 629	1 609
<i>Deposits with credit institutions</i>	82	82	402	402
<i>Loans and receivables</i>	954	930	1 227	1 207
Interest income from available-for-sale financial assets	12	-	6	-
Interest income from financial assets and liabilities carried at fair value through profit or loss	547	547	514	514
Interest income from held-to-maturity securities	614	614	906	906
<b><i>Total interest income</i></b>	<b>2 209</b>	<b>2 173</b>	<b>3 055</b>	<b>3 029</b>
<b><i>Interest expense</i></b>				
Interest expense on liabilities carried at amortized cost:	(185)	(170)	(518)	(479)
<i>Due to credit institutions</i>	(15)	-	(40)	(1)
<i>Customers deposits</i>	(156)	(156)	(216)	(216)
<i>Notes payable</i>	(14)	(14)	(262)	(262)
Other interest expenses	(96)	(96)	(82)	(82)
<b><i>Total interest expense</i></b>	<b>(281)</b>	<b>(266)</b>	<b>(600)</b>	<b>(561)</b>
<b><i>Net interest income</i></b>	<b>1 928</b>	<b>1 907</b>	<b>2 455</b>	<b>2 468</b>

AS "AKCIJU KOMERCBANKA "BALTIKUMS"  
 Condensed Consolidated and Bank's Interim Financial Statements  
 for the six month period ended 30 June 2010  
 NOTES TO THE FINANCIAL STATEMENTS

8 NET COMMISSION AND FEE INCOME

	6 month period ended 30 June 2010		6 month period ended 30 June 2009	
	Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
<i>Commission and fee income</i>				
Payment transactions	1 869	1 871	1 667	1 667
Corporate banking fee income	95	95	103	102
Securities transactions	54	54	31	31
Trust operations	68	68	23	23
Account servicing	136	136	147	147
Management of investment funds and plans	24	-	2	-
Other	102	102	77	77
<b>Total commission and fee income</b>	<b>2 348</b>	<b>2 326</b>	<b>2 050</b>	<b>2 047</b>
<i>Commission and fee expense</i>				
Correspondent accounts	(291)	(291)	(283)	(283)
Cash transactions and payment card transaction	(34)	(34)	(30)	(30)
Customer acquisition and distribution of fund shares	(3)	(3)	(17)	(17)
Securities transactions	(33)	(33)	(27)	(27)
<b>Total commission and fee expense</b>	<b>(361)</b>	<b>(361)</b>	<b>(357)</b>	<b>(357)</b>
<b>Net commission and fee income</b>	<b>1 987</b>	<b>1 965</b>	<b>1 693</b>	<b>1 690</b>

9 INCOME TAX EXPENSE

	6 month period ended 30 June 2010		6 month period ended 30 June 2009	
	Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
Calculated amount of corporate income tax	212	212	111	111
Deferred tax	-	-	36	36
<b>Income tax expense</b>	<b>212</b>	<b>212</b>	<b>147</b>	<b>147</b>

**AS “AKCIJU KOMERCBANKA “BALTIKUMS””**  
**Condensed Consolidated and Bank’s Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**NOTES TO THE FINANCIAL STATEMENTS**

The table below shows the reconciliation between the current tax expense and the theoretically calculated tax amount using the basic tax rate, which was 15% in 2010 and 2009.

	<b>6 month period ended 30 June 2010</b>		<b>6 month period ended 30 June 2009</b>	
	<b>Group LVL’000</b>	<b>Bank LVL’000</b>	<b>Group LVL’000</b>	<b>Bank LVL’000</b>
Profit before tax	974	921	1 818	1 048
Theoretically calculated tax at rate 15%	146	138	273	157
Not recognized deferred tax asset	-	-	40	40
Non-deductible expenses and exempt income, net	66	74	(166)	(50)
<b>Income tax expense</b>	<b>212</b>	<b>212</b>	<b>147</b>	<b>147</b>

**10 CASH AND BALANCES WITH THE BANK OF LATVIA**

	<b>30 June 2010</b>		<b>31 December 2009</b>	
	<b>Group LVL’000</b>	<b>Bank LVL’000</b>	<b>Group LVL’000</b>	<b>Bank LVL’000</b>
Cash	474	472	608	608
Due from the Bank of Latvia	16 108	16 108	5 435	5 435
<b>Total cash and balances with the Bank of Latvia</b>	<b>16 582</b>	<b>16 580</b>	<b>6 043</b>	<b>6 043</b>

**11 CASH AND CASH EQUIVALENTS**

	<b>30 June 2010</b>		<b>30 June 2009</b>	
	<b>Group LVL’000</b>	<b>Bank LVL’000</b>	<b>Group LVL’000</b>	<b>Bank LVL’000</b>
Cash and balances with the Bank of Latvia	16 582	16 580	6 389	6 388
Due from credit institutions on demand and within 3 months	37 544	37 533	29 182	29 167
Due to credit institutions on demand and within 3 months	(61)	(61)	(939)	(939)
<b>Total cash and cash equivalents</b>	<b>54 065</b>	<b>54 052</b>	<b>34 632</b>	<b>34 616</b>

**AS “AKCIJU KOMERCBANKA “BALTIKUMS””**  
**Condensed Consolidated and Bank’s Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**NOTES TO THE FINANCIAL STATEMENTS**

**12 DEPOSITS WITH CREDIT INSTITUTIONS**

	30 June 2010		31 December 2009	
	Group LVL '000	Bank LVL '000	Group LVL '000	Bank LVL '000
<b>Demand deposits with credit institutions</b>				
Credit institutions registered in Latvia	1 135	1 124	367	357
Credit institutions registered in OECD countries	27 808	27 808	19 648	19 648
Credit institutions of other countries	7 801	7 801	9 477	9 477
<b>Total demand deposits with credit institutions</b>	<b>36 744</b>	<b>36 733</b>	<b>29 492</b>	<b>29 482</b>
<b>Term deposits with credit institutions</b>	<b>829</b>	<b>829</b>	<b>3 620</b>	<b>3 620</b>
<b>Total deposits with credit institutions</b>	<b>37 573</b>	<b>37 562</b>	<b>33 112</b>	<b>33 102</b>

On 30 June 2010, the Bank had outstanding claims against 4 credit institutions and other financial institutions (31 December 2009: 3) whose balances exceeded 10% of total claims against credit institutions. The total value of the above balances as at 30 June 2010 was LVL 24,996 thousand (31 December 2009: LVL 21,715 thousand).

**13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	30 June 2010		31 December 2009	
	Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
<b>Fixed income securities</b>				
Latvian government bonds	-	-	1 625	1 625
Eurobonds issued by Latvian credit institutions	903	903	-	-
Securities of foreign countries	2 234	2 234	-	-
Eurobonds issued by companies and credit institutions of OECD countries	-	-	585	585
Eurobonds issued by companies and credit institutions of non-OECD countries	17 512	17 512	11 479	11 479
<b>Total fixed income securities at fair value through profit or loss</b>	<b>20 649</b>	<b>20 649</b>	<b>13 689</b>	<b>13 689</b>
<b>Investments in non-fixed income securities</b>				
Investment fund certificates	1 739	1 739	1 440	1 440
<b>Total non-fixed income securities at fair value through profit or loss</b>	<b>1 739</b>	<b>1 739</b>	<b>1 440</b>	<b>1 440</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>22 388</b>	<b>22 388</b>	<b>15 129</b>	<b>15 129</b>

AS "AKCIJU KOMERCBANKA "BALTIKUMS"  
 Condensed Consolidated and Bank's Interim Financial Statements  
 for the six month period ended 30 June 2010  
 NOTES TO THE FINANCIAL STATEMENTS

14 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2010		31 December 2009	
	Group LVL '000	Bank LVL '000	Group LVL '000	Bank LVL '000
<b>Fixed income securities</b>				
Debt securities issued by financial institutions	-	-	2 293	-
<b>Investments in non-fixed income securities</b>				
SWIFT shares	34	34	34	34
<b>Total financial assets available-for-sale</b>	<b>34</b>	<b>34</b>	<b>2 327</b>	<b>34</b>

15 LOANS AND RECEIVABLES

(a) Loans and receivables

	30 June 2010		31 December 2009	
	Group LVL '000	Bank LVL '000	Group LVL '000	Bank LVL '000
Financial institutions	1 834	1 902	128	360
Corporates	28 335	25 945	29 964	29 738
Individuals	968	694	1 666	1 288
<b>Total loans and receivables</b>	<b>31 137</b>	<b>28 541</b>	<b>31 758</b>	<b>31 386</b>
Impairment allowance	(1 597)	(1 386)	(2 258)	(2 047)
<b>Net loans and receivables</b>	<b>29 540</b>	<b>27 155</b>	<b>29 500</b>	<b>29 339</b>

(b) Analysis of loans by type

	30 June 2010		31 December 2009	
	Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
<b>Loan portfolio</b>				
Corporate loans	10 397	10 694	11 216	11 101
Industrial loans	13 323	12 387	13 037	13 038
Payment cards loans	108	108	99	99
Mortgage loans	1 696	13	272	14
Other loans	564	290	994	994
<b>Total Loan portfolio</b>	<b>26 088</b>	<b>23 492</b>	<b>25 618</b>	<b>25 246</b>
<b>Securities loans</b>				
Reverse repo	5 049	5 049	6 140	6 140
<b>Total securities loans</b>	<b>5 049</b>	<b>5 049</b>	<b>6 140</b>	<b>6 140</b>
<b>Total loans and receivables</b>	<b>31 137</b>	<b>28 541</b>	<b>31 758</b>	<b>31 386</b>
Impairment allowance	(1 597)	(1 386)	(2 258)	(2 047)
<b>Net loans and receivables</b>	<b>29 540</b>	<b>27 155</b>	<b>29 500</b>	<b>29 339</b>

**AS “AKCIJU KOMERCBANKA “BALTIKUMS””**  
**Condensed Consolidated and Bank’s Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**NOTES TO THE FINANCIAL STATEMENTS**

**(c) Geographical segmentation of the loans**

	30 June 2010		31 December 2009	
	Group LVL’000	Bank LVL’000	Group LVL’000	Bank LVL’000
Loans to residents of Latvia	7 330	7 121	6 966	6 689
Loans to residents of OECD countries	6 276	3 420	5 346	5 251
Loans to residents of non-OECD countries	17 531	18 000	19 446	19 446
<b>Total loans and receivables</b>	<b>31 137</b>	<b>28 541</b>	<b>31 758</b>	<b>31 386</b>
Impairment allowance	(1 597)	(1 386)	(2 258)	(2 047)
<b>Net loans and receivables</b>	<b>29 540</b>	<b>27 155</b>	<b>29 500</b>	<b>29 339</b>

The average interest rate on the loan portfolio is 6.40% (2009: 8.56%). The average interest rate on repo transactions is 3.28% (2009: 2.95%).

**(d) Significant credit exposures**

As at 30 June 2010 the Bank had one borrower or groups of related borrowers (2009: none), whose loan balances exceeded 10% of loans and receivables. As at 30 June 2010 this borrower’s loan balances were LVL 4 425 thousand.

According to regulatory requirements, the Bank is not allowed to have a credit exposure to one client or group of related clients of more than 25% of Bank’s equity. As at 30 June 2010 and 31 December 2009 the Bank was in compliance with this requirement.

**(e) Ageing structure of loan portfolio**

Bank	Total LVL’000	Of which not past due on the reporting date	Of which past due by the following terms				Net carrying value of overdue loans
			Less than 30 days	31 - 90 days	91 - 180 days	More than 180 days	
<b>Value as at 30 June 2010</b>							
Net book value	27 155	24 622	4	-	311	2 218	2 533
Impaired loans	2 528	-	-	-	310	2 218	2 528
<b>Value as at 31 December 2009</b>							
Net book value	29 339	24 307	6	690	1 652	2 684	5 032
Impaired loans	4 814	86	-	392	1 652	2 684	4 728

The classification for the Group is not significantly different from that of the Bank disclosed above.

**(f) Impaired loans**

	30 June 2010		31 December 2009	
	Group LVL’000	Bank LVL’000	Group LVL’000	Bank LVL’000
Impaired loans gross	4 125	3 914	7 072	6 861
Impairment allowance	(1 597)	(1 386)	(2 258)	(2 047)
<b>Net loans and receivables</b>	<b>2 528</b>	<b>2 528</b>	<b>4 814</b>	<b>4 814</b>

AS "AKCIJU KOMERCBANKA "BALTIKUMS"  
**Condensed Consolidated and Bank's Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**NOTES TO THE FINANCIAL STATEMENTS**

**(g) Movements in the impairment allowance**

Movements in the impairment allowance were as follows:

	30 June 2010		31 December 2009	
	Group LVL '000	Bank LVL '000	Group LVL '000	Bank LVL '000
<b>Impairment allowance</b>				
Balance at the beginning of the period	2 258	2 047	400	375
Charge for the period, net	164	164	1 896	1710
Reversal of impairment loss	-	-	(5)	(5)
Loans written off	(848)	(848)	-	-
Effect of foreign currency translation	23	23	(33)	(33)
<b>Balance at the end of period</b>	<b>(1 597)</b>	<b>1 386</b>	<b>2 258</b>	<b>2 047</b>

**(h) Industry analysis of the loan portfolio (Bank)**

	30 June 2010 '000 LVL	31 December 2009 '000 LVL
Water transport	14 464	14 179
Financial services	5 049	6 140
Wholesale	182	437
Real estate	400	420
Other services	7 060	8 163
<b>Net loans and receivables</b>	<b>27 155</b>	<b>29 339</b>

**(h) Analysis of collateral for loans by type of collateral (Bank)**

	30 June 2010		31 December 2009	
	Net loans LVL'000	Share in loan portfolio %	Net loans LVL'000	Share in loan portfolio %
Commercial buildings	4 422	16	4 213	14
Commercial assets pledge	179	1	4 267	15
Commercial assets: water transport	14 464	53	13 452	46
Traded securities	5 049	19	6 140	21
Other	3 041	11	1 267	4
<b>Net loans and receivables</b>	<b>27 155</b>	<b>100</b>	<b>29 339</b>	<b>100</b>

The amounts shown in the table above refer to the carrying value of the respective loans, and do not necessarily represent the fair value of the collateral.

**(j) Restructured loans**

LVL'000	30 June 2010 LVL'000	31 December 2009 LVL'000
Reduced interest rate	-	3 357
Extended repayment period	3 367	2 350
Other	1 897	-
<b>Total restructured loans</b>	<b>5 264</b>	<b>5 707</b>

AS "AKCIJU KOMERCBANKA "BALTIKUMS""  
**Condensed Consolidated and Bank's Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**NOTES TO THE FINANCIAL STATEMENTS**

**16 FINANCIAL ASSETS HELD TO MATURITY**

	30 June 2010		31 December 2009	
	Group LVL '000	Bank LVL '000	Group LVL '000	Bank LVL '000
<b>Debt securities and other fixed income securities</b>				
Eurobonds issued by Latvian credit institutions	902	902	914	914
Eurobonds issued by companies and credit institutions of other countries	11 394	11 394	12 624	12 624
<b>Total debt securities</b>	<b>12 296</b>	<b>12 296</b>	<b>13 538</b>	<b>13 538</b>
Impairment allowance	(363)	(363)	(1 008)	(1 008)
<b>Debt securities, net</b>	<b>11 933</b>	<b>11 933</b>	<b>12 530</b>	<b>12 530</b>

**Movements in the impairment allowance of financial assets held to maturity**

	30 June 2010 '000 LVL	31 December 2009 '000 LVL
Balance at the beginning of the period	1 008	38
Net change for the period	(247)	988
Securities value write-down	(438)	-
Currency exchange rate differences	40	(18)
<b>Balance at the end of the period</b>	<b>363</b>	<b>1 008</b>

**17 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES**

*(a) Investments in subsidiaries (Bank)*

Company	Share in equity	Cost, 30 June 2010 LVL '000	Cost, 31 December 2009 LVL '000
SIA „Baltikums Līzings”	100%	345	345
Impairment allowance		(186)	(186)
AS IPS „Baltikums Asset Management”	100%	136	136
SIA „Baltikums Direct” (liquidation)	100%	7	7
SIA „Konsalting Invest”	100%	5 295	5 295
SIA „Zapdvina Development”	100%	690	690
SIA „CityCap Service”	100%	380	380
“Saleno Trans Inc.”	100%	646	-
“Rostman Ltd.”	100%	1 083	-
„Benmar Maritime S.A.”	100%	956	-
		<b>9 352</b>	<b>6 667</b>

AS “AKCIJU KOMERCBANKA “BALTIKUMS””  
**Condensed Consolidated and Bank’s Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**NOTES TO THE FINANCIAL STATEMENTS**

*Investments in subsidiaries (Group)*

Company	Share in equity	Cost, 30 June 2010 LVL '000	Cost, 31 December 2009 LVL '000
“Firegold Express AG ”	100%	5	-
“Hartmile Projects S.A”	100%	5	-
		<u>10</u>	<u>-</u>

*(b) Summary of acquisitions and disposals of subsidiaries during the year 2010*

Acquisitions in year 2010:	Shareholding acquired	Net assets at the date of the deal LVL '000	Repossession offset LVL '000	Goodwill LVL '000
“Saleno Trans Inc.”	100%	413	464	51
“Rostman Ltd.”	100%	1 027	942	(85)
“Firegold Express AG ”	100%	(96)	5	101
“Hartmile Projects S.A”	100%	(17)	5	22
„Benmar Maritime S.A.”	100%	948	956	8

During 2010 the Bank reclassified its shareholdings in “Saleno Trans Inc” and “Rostman Ltd “, from non-current assets held for sale to investments in subsidiaries. The Bank’s management has reviewed the recoverable amount of the asset at reclassification date and believes that the recoverable amount of assets does not differ significantly from the carrying amounts of LVL 413 thousand and LVL 1,027 thousand, respectively.

During 2010 the Bank repossessed shares pledged as collateral for loans issued to “Benmar Maritime S.A”. The Bank’s management has reviewed the recoverable amount of the asset at the reclassification date and believes that the recoverable amount of the asset does not differ significantly from the carrying amount of LVL 956 thousand.

	Book value before acquisition					Recognized value on acquisition
	“Saleno Trans Inc.”	“Rostman Ltd.”	“Firegold Express AG”	“Hartmile Projects S.A”	„Benmar Maritime S.A.”	LVL'000
	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000
Non-current assets	-	1 029	211	-	950	<b>2 190</b>
Loans and receivables	609	64	-	150	8	<b>831</b>
Current assets	67	261	59	9	5	<b>401</b>
Non-current liabilities	(142)	(141)	(276)	(132)	-	<b>(691)</b>
Current liabilities	(121)	(186)	(90)	(44)	(15)	<b>(456)</b>
<b>Net identifiable assets</b>	<b>413</b>	<b>1 027</b>	<b>(96)</b>	<b>(17)</b>	<b>948</b>	<b>2 275</b>
Goodwill on acquisition	51	-	101	22	8	<b>182</b>
Negative goodwill	-	(85)	-	-	-	<b>(85)</b>
Reclassified	<b>464</b>	<b>942</b>	<b>5</b>	<b>5</b>	<b>956</b>	<b>2 372</b>

AS "AKCIJU KOMERCBANKA "BALTIKUMS"  
 Condensed Consolidated and Bank's Interim Financial Statements  
 for the six month period ended 30 June 2010  
 NOTES TO THE FINANCIAL STATEMENTS

**18 IMPAIRMENT OF ASSETS**

*(a) Impairment of assets (Bank)*

	6 month period ended 30 June 2010	6 month period ended 30 June 2009	Year that ended 31 December 2009
	LVL '000	LVL '000	LVL '000
<b>Total allowance as at the beginning of the period</b>	<b>3 241</b>	<b>413</b>	<b>413</b>
Increase in loan loss allowance	164	313	1 710
Increase/(decrease) in securities' loss allowance	(247)	910	988
Increase in investment in subsidiary loss allowances	-	-	186
Release of previously established allowance	-	-	(5)
<b>Change for the period</b>	<b>(83)</b>	<b>1 223</b>	<b>2 879</b>
Assets written off during the period	(1 285)	-	-
Change in impairment allowance due to currency fluctuations	62	(4)	(51)
<b>Total allowance as at the end of the period</b>	<b>1 935</b>	<b>1 632</b>	<b>3 241</b>

*(b) Impairment of assets (Group)*

	6 month period ended 30 June 2010	6 month period ended 30 June 2009	Year that ended 31 December 2009
	LVL '000	LVL '000	LVL '000
<b>Total allowance as at the beginning of the period</b>	<b>3 266</b>	<b>943</b>	<b>943</b>
Increase in loan loss allowance	164	313	1 896
Increase/(decrease) in securities' loss allowance	(247)	910	988
Impairment of non-current assets held for sale	-	-	-
Release of impairment of non-current assets held for sale after sales of assets ( of which attributable to the Group)	-	(505)	(258)
Release of previously established allowance	-	-	(5)
<b>Change for the period</b>	<b>(83)</b>	<b>718</b>	<b>2 621</b>
Assets written off during the period	(1 285)	-	-
Release of impairment of non-current assets held for sale after sales of assets (of which attributable to the non- controlling interest)	-	-	(247)
Change in allowance due to currency fluctuations	62	(4)	(51)
<b>Total allowance as at the end of period</b>	<b>1 960</b>	<b>1 657</b>	<b>3 266</b>

**AS "AKCIJU KOMERCBANKA "BALTIKUMS""**  
**Condensed Consolidated and Bank's Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**NOTES TO THE FINANCIAL STATEMENTS**

**19 INVESTMENT PROPERTY**

The investment property of the Group consists of the following items:

	<b>30 June 2010</b>		<b>31 December 2009</b>	
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>
Land and building on 12 Ūdens street, Riga	3 124	239	3 196	244
Land and building on 28 Raiņa street, Daugavpils	252	252	260	260
Premises in Tallinn, Estonia	99	99	102	102
Land on 5 Akācījas street, Daugavpils	708	-	708	-
Land on Mūkupurva, Riga	400	-	400	-
Advance for land in Liepāja	-	-	41	41
Land in Liepāja	42	42	-	-
	<b>4 625</b>	<b>632</b>	<b>4 707</b>	<b>647</b>

  

	<b>Group</b>	<b>Bank</b>
	<b>LVL'000</b>	<b>LVL'000</b>
<b>31 December 2009</b>	<b>4 707</b>	<b>647</b>
Acquisition of land in Liepāja	42	42
Advances for acquisition of land written off	(41)	(41)
Depreciation of buildings	(83)	(16)
	<b>4 625</b>	<b>632</b>

**20 NON-CURRENT ASSETS HELD FOR SALE**

	<b>30 June 2010</b>		<b>31 December 2009</b>	
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
	<b>LVL '000</b>	<b>LVL '000</b>	<b>LVL '000</b>	<b>LVL '000</b>
<b>Non-current assets held for sale, net</b>	<b>486</b>	<b>-</b>	<b>1 772</b>	<b>1 406</b>

Non-current assets held for sale are carried at the lower of the carrying amount or fair value less costs to sell, and include unlisted real estate investments and licensed mass media companies' shares. There is no active market for such an investment and there have been no recent transactions to provide the basis for fair value. In addition, the discounted cash flow method would result in a wide range of fair values as there is no certainty regarding the future cash flows in this industry. During the reporting period, the Bank assumed control over 100% of the shares of two shipping companies, which were pledged as collateral for issued loans. Book value of these companies was LVL 1 406 thousand and the management believes that their fair value as at reclassification date 31 March 2010 did not differ from their book value.

Changes in non-current assets held for sale during the period:

	<b>Group</b>	<b>Bank</b>
	<b>LVL'000</b>	<b>LVL'000</b>
<b>31 December 2009</b>	<b>1 772</b>	<b>1 406</b>
Reclassified to investments in subsidiaries (Note 17)	(1 406)	(1 406)
Participation of the increase in the share capital of Kamaly Development	120	-
<b>30 June 2010</b>	<b>486</b>	<b>-</b>

AS "AKCIJU KOMERCBANKA "BALTIKUMS"  
 Condensed Consolidated and Bank's Interim Financial Statements  
 for the six month period ended 30 June 2010  
 NOTES TO THE FINANCIAL STATEMENTS

**21 OTHER ASSETS**

	30 June 2010		31 December 2009	
	Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
Reposessed collateral – vessels	3 000	-	-	-
Cash with brokers for securities settlement	101	101	38	38
VAT receivable	60	60	179	179
Taxes receivable (social, payroll and others)	578	572	-	-
Receivables from SPOT deals	47	47	143	143
Receivables from securities transactions	93	93	309	309
Other receivables	253	126	192	169
<b>Total other assets</b>	<b>4 132</b>	<b>999</b>	<b>861</b>	<b>838</b>

Addition of vessels occurred by reposessing of shares of companies, which were pledged as collateral for loans issued by the Bank. For details, please refer to Note 17. Market value of reposessed vessels was appraised by independent appraiser on 9 June 2010. As a result, revaluation in amount of LVL 1 030 thousand was recognized.

**22 LOANS RECEIVED FROM CREDIT INSTITUTIONS**

	30 June 2010		31 December 2009	
	Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
Credit institutions registered in Latvia	937	-	1 127	-
	<b>937</b>	<b>-</b>	<b>1 127</b>	<b>-</b>

The annual interest rate on commitments to credit institutions registered in Latvia (SEB) in 2010 was a 6-month EURIBOR + 1.75% (2009: 6 month EURIBOR + 1.75%).

**23 FINANCIAL LIABILITIES CARRIED AT AMORTIZED COST: CUSTOMERS' DEPOSITS**

	30 June 2010		31 December 2009	
	Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
<b>Current accounts:</b>				
Financial institutions	2 700	2 706	957	961
Corporate	80 086	80 126	60 420	60 433
Individuals	3 347	3 347	5 972	5 972
	<b>86 133</b>	<b>86 179</b>	<b>67 349</b>	<b>67 366</b>
<b>Term deposits:</b>				
Financial institutions	684	684	346	447
Corporate	16 890	17 013	12 679	12 679
Individuals	3 176	3 176	2 049	2 049
	<b>20 750</b>	<b>20 873</b>	<b>15 074</b>	<b>15 175</b>
<b>Deposits total</b>	<b>106 883</b>	<b>107 052</b>	<b>82 423</b>	<b>82 541</b>

As of 30 June 2010, the Bank maintained customer deposit balances of LVL 398 thousand (31 December 2009: LVL 427 thousand) which were blocked by the Bank as collateral for loans and off-balance sheet credit instruments granted by the Bank.

**AS “AKCIJU KOMERCBANKA “BALTIKUMS””**  
**Condensed Consolidated and Bank’s Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**NOTES TO THE FINANCIAL STATEMENTS**

The average term deposits rate was 1.56% during 6 month period of 2010 (2.13% in 2009). The average demand deposits rate was 0.10% during 6 month period of 2010 (0.16% in 2009).

As at 30 June 2010 the Bank had one customer/ customer group and as at 31 December 2009 the Bank had no customers/customer groups with deposits exceeding 10% of the total customer deposits. As at 30 June 2010 the balance of these deposits were LVL 13 300 thousand.

**24 FINANCIAL LIABILITIES CARRIED AT AMORTIZED COST: NOTES PAYABLE**

In February 2007 the Bank carried out the third issue of bonds. The size of the issue was EUR 10 million (LVL 7 028 thousand) with a floating coupon rate of 3 month EURIBOR + 3.0%. The Bank repaid the bonds at maturity – on 2 February 2010.

	30 June 2010		31 December 2009	
	Group LVL '000	Bank LVL '000	Group LVL '000	Bank LVL '000
Notes payable	-	-	4 392	4 392
Non-amortized commission on issue	-	-	(2)	(2)
	<u>-</u>	<u>-</u>	<u>4 390</u>	<u>4 390</u>

**25 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES**

	Bank and Group 30 June 2010 '000 LVL		Bank and Group 31 December 2009 '000 LVL	
	Carrying value	Notional value	Carrying value	Notional value
<b>Assets</b>				
Forward contracts	1 660	17 531	369	24 953
<b>Total derivative financial assets</b>	<b>1 660</b>	<b>17 531</b>	<b>369</b>	<b>24 953</b>
<b>Liabilities</b>				
Forward contracts	401	16 272	170	24 754
<b>Total derivative liabilities</b>	<b>401</b>	<b>16 272</b>	<b>170</b>	<b>24 754</b>

As at 30 June 2010 the Bank had 53 foreign exchange forward contracts outstanding (31 December 2009: 21 contracts). Maturities of derivatives vary from 6 July 2010 to 5 May 2011.

**AS "AKCIJU KOMERCBANKA "BALTIKUMS""**  
**Condensed Consolidated and Bank's Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**NOTES TO THE FINANCIAL STATEMENTS**

**26 TRANSACTIONS WITH RELATED PARTIES**

Loans, deposits and other claims and liabilities to related parties include the following:

	<b>30 June 2010</b>		<b>31 December 2009</b>	
	<b>Group</b> <b>LVL '000</b>	<b>Bank</b> <b>LVL '000</b>	<b>Group</b> <b>LVL '000</b>	<b>Bank</b> <b>LVL '000</b>
Loans to customers	1 850	2 392	816	1 048
Credit lines	223	364	2 438	2 590
<b>Total loans and other claims</b>	<b>2 073</b>	<b>2 756</b>	<b>3 254</b>	<b>3 638</b>
Term and demand deposits	4 094	4 280	1 822	1 940
<b>Total deposits and other liabilities</b>	<b>4 094</b>	<b>4 280</b>	<b>1 822</b>	<b>1 940</b>

  

	<b>6 month period ended</b> <b>30 June 2010</b>		<b>6 month period ended</b> <b>30 June 2009</b>	
	<b>Group</b> <b>Interest rate %</b>	<b>Bank</b> <b>Interest rate %</b>	<b>Group</b> <b>Interest rate %</b>	<b>Bank</b> <b>Interest rate %</b>
Loans to customers	5.81	5.81	7.84	7.84
Term and demand deposits	0.38	0.38	0.61	0.61

The Council and Board remuneration in six months of year 2010 was LVL 106 thousand (6 months of 2009: LVL 184 thousand).

	<b>6 month period ended</b> <b>30 June 2010</b>		<b>6 month period ended</b> <b>30 June 2009</b>	
	<b>Group</b> <b>LVL '000</b>	<b>Bank</b> <b>LVL '000</b>	<b>Group</b> <b>LVL '000</b>	<b>Bank</b> <b>LVL '000</b>
<b>Income from related party transactions</b>				
Commission income	17	17	16	16
Interest income	57	60	9	23
Dividends	186	186	-	-
<b>Expenses from related party transactions</b>				
Interest expenses	16	30	55	55
Other	5	26	5	36

**AS “AKCIJU KOMERCBANKA “BALTIKUMS””**  
**Condensed Consolidated and Bank’s Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**NOTES TO THE FINANCIAL STATEMENTS**

**27 ASSETS UNDER MANAGEMENT**

	<b>30 June 2010</b>		<b>31 December 2009</b>	
	<b>Group LVL’000</b>	<b>Bank LVL’000</b>	<b>Group LVL’000</b>	<b>Bank LVL’000</b>
<b>Assets under management</b>				
Demand deposits with credit institutions registered in Latvia	11 311	11 311	5	5
Loans			1 370	1 370
Non-fixed income securities	619	619	192	192
Fixed income securities	3 637	3 637	803	803
Fixed income securities pledged under repurchase transactions	3 518	3 518	3 178	3 178
Other assets	2 009	2 009	204	204
	<b>21 094</b>	<b>21 094</b>	<b>5 752</b>	<b>5 752</b>
<b>Liabilities under management</b>				
Trust liabilities, non-residents	19 274	19 274	504	504
Trust liabilities, residents	1 820	1 820	5 248	5 248
	<b>21 094</b>	<b>21 094</b>	<b>5 752</b>	<b>5 752</b>

As of 30 June 2010 assets under management include transactions with related parties of the Bank. As at 30 June 2010 the Group managed related party assets in amount of LVL 1,125 thousand (2009: nil).

**28 CONTINGENT LIABILITIES AND COMMITMENTS**

At any time the Bank has outstanding commitments to extend credit. These commitments take the form of approved loans, credit card limits and overdraft facilities.

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years.

The contractual amounts of commitments are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognized at the balance sheet date if counterparties failed to completely perform as contracted.

	<b>30 June 2010</b>		<b>31 December 2009</b>	
	<b>Group LVL’000</b>	<b>Bank LVL’000</b>	<b>Group LVL’000</b>	<b>Bank LVL’000</b>
Unutilized loan facilities	2 616	2 616	5 535	5 535
Unutilized credit card facilities	433	433	339	339
Letters of credit	-	-	29	29
Guarantees	95	95	4	4
	<b>3 144</b>	<b>3 144</b>	<b>5 907</b>	<b>5 907</b>

Total contractual and above amounts of commitments to extend loans may not be equal to the cash flow required in the future as such commitments may expire before they are used.

**AS “AKCIJU KOMERCBANKA “BALTIKUMS””**  
**Condensed Consolidated and Bank’s Interim Financial Statements**  
**for the six month period ended 30 June 2010**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**29 CAPITAL ADEQUACY CALCULATION (BANK)**

	<b>30 June 2010</b>	<b>31 December 2009</b>
	<b>’000 LVL</b>	<b>’000 LVL</b>
<b>Tier 1 capital</b>		
<b>Share capital</b>	23 442	23 442
Reserve capital	17	17
Retained earnings for the previous periods	739	101
Profit for the year	709	638
Goodwill	(231)	(255)
Other deductions	(649)	(1 226)
<b>Total Tier 1 capital</b>	<b>24 027</b>	<b>22 717</b>
<b>Tier 2 capital</b>	-	-
<b>Reduction of Tier 1 and Tier 2 capital</b>	(2 820)	(2 820)
<b>Shareholders’ equity</b>	<b>21 207</b>	<b>19 897</b>
<b>Risk weighted value</b>		
Bank’s portfolio	62 725	66 525
Trading portfolio	32 275	21 025
Operational risk	14 663	10 738
<b>Total risk weighted assets</b>	<b>109 663</b>	<b>98 288</b>
<b>Total capital as percentage of risk weighted assets (total capital ratio)</b>	<b>19%</b>	<b>20%</b>
<b>Total Tier 1 capital, as percentage of risk weighted assets (Tier 1 capital ratio)</b>	<b>19%</b>	<b>20%</b>

**30 SUBSEQUENT EVENTS**

On 17 August, AS Baltikums Bankas Grupa, the Bank’s shareholder, made a decision to reduce the Bank’s share capital from LVL 23,442,200 to LVL 19,118,200.

The decision on the reduction of share capital is connected with restructuring of the parent group and its regulatory compliance.

After reducing the share capital, the Bank’s capital adequacy ratio will be 14.74% (the minimum rate set by the Financial and Capital Market Commission is 8%, and before reduction it was 18.80%), and the liquidity ratio will be 67.68% (FCMC requirement is 30%, before reduction it was 67.68%).