



**TRASTA KOMERCBANKA**

**PUBLIC QUARTERLY FINANCIAL STATEMENT  
OF JSC TRASTA KOMERCBANKA  
FOR THE PERIOD ENDING  
30 JUNE 2008**

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**GENERAL INFORMATION**

JSC TRASTA KOMERCBANKA is a joint-stock company that is registered with the Commercial register of the Republic of Latvia under identification No 40003029667 and that operates in accordance with legislation of the Republic of Latvia and credit institution licence No 8 issued by the Bank of Latvia. The legal address of the Bank is 9 Miesnieku Street, Riga, Latvia, LV-1050. The Bank provides a full range of financial services. The priority of the Bank's activity is provision of exclusive bank services to individuals and legal entities.

The Bank has five representative offices outside Latvia, i.e. in Canada, Bulgaria, Kazakhstan, Ukraine and Belarus whose task is to represent the Bank's interests in respective countries and to maintain relationships with the Bank's customers and provide them with necessary information. The Bank has three branches, i.e. two in Latvia and one in Cyprus; their functions include provision of financial services to the Bank's customers.

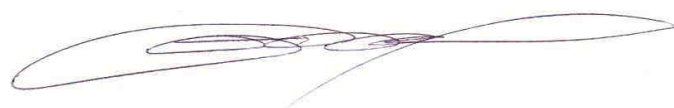
The Bank has established two Latvian subsidiary companies, i.e. *TKB LĪZINGS*, Ltd. and *TKB NEKUSTAMIE ĪPAŠUMI*, Ltd. whose services expand the range of services offered by the Bank. On April, 2008, the Bank has acquired 9,0055% of the shares of Ukrainian commercial bank Misto Bank (registration code 20966466). Similarly, the Bank has acquired 100% of the shares of the subsidiary company with foreign investments „Rolvenden Standart” (code of the unified register of Ukrainian enterprises and organisations 31069036), which assets contain 41,2945% of the shares of Misto Bank.

This public quarterly financial statement has been prepared in accordance with the regulations on preparation of banks' public quarterly financial statements approved by the Financial and Capital Market Commission. The purpose of the statement is to provide comprehensive information regarding financial standing of the Bank and the Group, results of operations, and risks related to the Bank's activity.

The monetary unit used in the statement is the monetary unit of the Republic of Latvia – **lat**. All amounts in the financial statement are indicated in **thousands of lats**.

For the accounting period from 1 January 2008 to 30 June 2008 the Bank has prepared interim shortened financial statements, the audit of which is performed by LLC “Ernst & Young Baltic” (License No. 17). On the date of the statement publication the audit was incomplete. This public quarterly statement is prepared on the basis of unaudited financial statements covering this period.

This financial statement is available at the Bank's legal address and in all branches, and it is placed on the home page of the Bank in the Internet at [www.tkb.lv](http://www.tkb.lv).



Gundars Grieze  
Chairman of the Board

Riga,  
28 August 2008

## COMPOSITION OF THE CONSOLIDATED GROUP

No	Name of commercial company	Registration place code , registration address	Type of activity of commercial company *	Share in the fixed capital (%)	Voting share in commercial company (%)	Grounds for inclusion in the Group**
1	TKB lizings, Ltd., reg. No 40003591059	7 Palasta, Riga, LV	LEA	100	100	SC
2	TKB nekustamie ipašumi, Ltd., reg. No 40003723143	7 Palasta, Riga, LV	AC	75	75	SC
3	DP „Rolvenden Standart” reg.No.31069036	53 Generala Petrova, Apt. 69, Odessa, UA	AFI	100	100	MS
4	Misto Bank LTD reg. No.20966466	11 Fontanskaja doroga, Odessa, UA	BNK	9	9	MS

\* - BNK – bank, EMI - electronic money institution, IC – insurance company, RI – reinsurer, IMC – insurance management company, IBC – investment brokerage company, IMC – investment management company, PF – pension fund, LEA – leasing company, AFI – another financial institution, AC - auxiliary company, FMC – financial management company.

\*\* - SC – subsidiary company, SCSC – subsidiary company of the subsidiary company, JVC – joint-venture company, PC – parent company, SCPC – subsidiary company of the parent company.

## MANAGEMENT OF THE BANK BANKAS (PARENT COMPANY OF THE GROUP)

## (1) Shareholders of the Bank (parent company of the group)

## Paid fixed capital

The Bank's registered and paid fixed capital as of 30 June 2008 is 6,337,000 lats (on 30 June 2007: 5,537,000 lats), which consists of 126,742 ordinary shares with voting power, with par value of 50 lats. The total number of shareholders is 44, out of which 11 are legal entities and 33 individuals.

## List of shareholders:

Shareholder	Country	Shares on 30 June 2008		Shares on 30 June 2007	
		%	LVL'000	%	LVL'000
I.Buimisters	Latvia	37.10	2,351	32.98	1,826
S.Tarasenoks*	Latvia	14.15	896	16.19	896
SIA "C&R Invest"	Latvia	13.58	861	15.55	681
GCK Holdings					
Netherlands B.V.	Netherlands	6.80	431	7.78	431
C.E.G. Treherne	Great Britain	9.18	582	7.77	430
Rikam S.A.H.	Luxembourg	6.79	430	7.77	430
Figon Co Limited	Cyprus	3.16	201	3.62	201
Other shareholders		9.24	585	8.34	462

\* Due to demise of Sergey Tarasenok, the shares of Sergey Tarasenok are included in the succession mass. According to the ruling of Riga Custody Court of 11/05/2005, file No. 1-6/849 the sworn attorney Mara Bekere (personal ID number 061176010302) has been appointed as the custodian for the succession mass of the deceased Sergey Tarasenok which consists of 17,929 shares of JSC TRASTA KOMERCBANKA.

## MANAGEMENT OF THE BANK (PARENT COMPANY OF THE GROUP) (continued)

## (2) Council and Board of the Bank (parent company of the group)

**Council**

<b>Name, surname</b>	<b>Title</b>	<b>Date of election</b>
Igors Buimisters	Chairman of the Council	24.03.2006, repeatedly - 19.05.2006.
Alfrēds Čepānis	Member of the Council	30.03.1999, recurrently - 19.05.2006.
Charles E.G. Treherne	Member of the Council	16.03.2001, recurrently - 19.05.2006.

During the accounting period no changes in the composition of the Council occurred.

**Board**

<b>Name, surname</b>	<b>Title</b>	<b>Date of election</b>
Gundars Grieze	Chairperson of the Board	28.06.1999, recurrently -23.03.2006.
Māris Fogelis	First Deputy Chairman of the Board	28.06.1999, recurrently 23.03.2006.
Viktors Ziemelis	Deputy Chairman of the Board	28.03.2003, recurrently 23.03.2006.
Svetlana Krasovska	Member of the Board	24.10.1995, recurrently 23.03.2006.
Tatjana Konnova	Member of the Board	23.03.2006.

During the accounting period no changes in the composition of the Board occurred

MANAGEMENT OF THE BANK (PARENT COMPANY OF THE GROUP) (continued)

(3) Structure of the Bank (parent company of the group)

JSC Trasta komercbanka

<p><b>Head Office</b> 9 Miesnieku Street, Riga, LV – 1050, Latvia tel.: 7027711, fax: 7027700, e-mail: <a href="mailto:info@tkb.lv">info@tkb.lv</a></p>	<p><b>Cyprus branch</b> <i>Head of the Branch</i> Constantinos Constantinou 26 Vyronos Avenue, 1096, Nicosia, Cyprus telephone +357 22676766, +357 22677797, e-mail: <a href="mailto:info@tkb.com.cy">info@tkb.com.cy</a></p>
<p><b>Internal Audit Division</b> <i>Head of Division</i> Olga Lomaša</p>	<p><b>Liepaja Branch</b> <i>Head of the Branch</i> Guntis Brūders 10 Kursu Street, Liepaja, LV-3401, Latvia telephone 6 3483917, Fax 6 3483918, e-mail: <a href="mailto:liepaja@tkb.lv">liepaja@tkb.lv</a></p>
<p><b>Financial Market Department</b> <i>Head of Department</i> Marina Krutiļina</p>	<p><b>Daugavpils Branch</b> <i>Head of the Branch</i> - Marija Rimvide Mickevica Lacplesa iela 10, Daugavpils, LV-5401, Latvia telephones 6 5457961, Fax: 6 5457966, e-mail: <a href="mailto:daugavpils@tkb.lv">daugavpils@tkb.lv</a></p>
<p><b>Securities Market and Bank Investments Department</b> <i>Head of Department</i> Sergejs Popovs</p>	<p><b>Representative Office in Ukraine</b> <i>Head of Representative Office</i> Aleksandrs Bikovecs Kiev, 43/11 Moskovskaja Street, 2<sup>nd</sup> floor telephone +380 44 4963402, e-mail: <a href="mailto:ukraine@tkb.lv">ukraine@tkb.lv</a></p>
<p><b>Lending Department</b> <i>Head of Department</i> Tatjana Konnova</p>	<p><b>Representative Office in Kazakhstan</b> <i>Head of Representative Office</i> Tatjana Coja Alma-Ata, 68-74 Abaja ave., office 425 telephone +7 327 2502554, Fax: +7 327 2502559, e-mail: <a href="mailto:kazakstan@tkb.lv">kazakstan@tkb.lv</a></p>
<p><b>Customer Department</b> <i>Head of Department</i> – Diāna Mickēviča</p>	<p><b>Representative Office in Canada</b> <i>Head of Representative Office</i> Aleksejs Redņevs 2 St.Clair Avenue East, Suite 800, Toronto, Ontario, M4T 2T5 telephone +1 (416) 644 4941, Fakss: +1 (416) 644 4946, e-mail: <a href="mailto:canada@tkb.lv">canada@tkb.lv</a></p>
<p><b>Bank Operation Accounting and Statistics Department</b> <i>Head of Department</i> – Chief Accountant Svetlana Krasovska</p>	<p><b>Representative Office in Belarus</b> <i>Head of Representative Office</i> Marija Okuloviča Minsk, 15 Storožhevskaja Street (Hotel "Belarus"), office 305 telephone +375 17 2344333, Tel./fax: +375 17 2097305, e-mail: <a href="mailto:belarus@tkb.lv">belarus@tkb.lv</a></p>
<p><b>Correspondent Relations and Payments Department</b> <i>Head of Management</i> Natalja Nikolajenko</p>	<p><b>Representative Office in Bulgaria</b> <i>Head of Representative Office</i> Nikolay Kanariev 41, Sturma Street, office 2, Nesebar, 8230, Bulgaria tel.+359(0) 554 4 65 10, +359 (0)554 4 65 11, +359 888 25 44 60 Fax: +359 (0) 554 4 65 12, e-pasts: <a href="mailto:bulgaria@tkb.lv">bulgaria@tkb.lv</a></p>
<p><b>Administrative Department</b> <i>Head of Department</i> Māris Jaunozols</p>	<p><b>Risk Analysis and Control Department</b> <i>Head of Department- Deputy Chief Accountant</i> Tatjana Palcina</p>
<p><b>Information System Department</b> <i>Head of Department (deputy)</i> Gundars Grieze</p>	<p><b>AML Compliance Division</b> <i>Head of Division</i> Vija Arsenjeva</p>

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MANAGEMENT OF THE BANK (PARENT COMPANY OF THE GROUP) (continued)

**(4) Strategy and Objectives of the Bank (parent company of the group)**

We are an international private bank for chosen clientele whom we provide with exclusive and high-quality financial services using newest technologies.

Taking into consideration possible external disturbances (swing in oil prices, religious problems, etc.) and internal disturbances (inflation, drop of real estate prices, etc.) the Bank chooses conservative development strategy that does not pursue maximum profit, which in its turn requires risky investments, thus the Bank achieves its main purpose, retains shareholders equity and annually receives profit.

The Bank is an international bank providing services to its customers thorough a network of its international branches.

**Objectives of the Bank:**

- ✓ To retain shareholders equity
- ✓ To secure return on equity (ROE) not less than 25% every year.
- ✓ To offer professional and quality service to every customer.
- ✓ To keep track of technological innovations and implement those into customer service. To secure 100% of Trastnet functioning at all times. To focus on speed and simplicity as main objectives in development of the information technology.

**Values of the Bank:**

- ✓ The Bank considers its personnel to be the main resource for achieving the Bank's mission. The Bank provides for professional growth of its personnel and takes care of its employees.
- ✓ The Bank's reputation is in the focus of its attention. The Bank closely follows requirements of legislation regarding prevention of legalization of illegally acquired proceeds, the Bank does not cooperate with the customers and does not perform transactions that cause doubts as far as the said requirements are considered.
- ✓ Conservative approach is at the basis of the Bank's development concept.
- ✓ The Bank does not provide services to high-risk customers who do not have their business history and respective recommendations.
- ✓ Information technologies are at the forefront of the customer service.

## RISK ANALYSIS

In order to ensure management of financial risks and comply with the requirements of normative documents regulating the indicators characterising the Bank's main activity – adequacy of capital, liquidity, foreign currency positions, as well as to monitor risks of the Bank's transactions, the Bank has approved relevant policies, including the Risk Management Policy, Liquidity Management Policy, Interest Rate Risk Management Policy, Foreign Currency Risk Management Policy, State Risk Management Policy, Lending Policy, Investment Policy and Trading Portfolio Policy. These policies are continuously updated and improved taking into account market tendencies and development of the Bank's main activity.

The Bank conforms with its both short-term and long-term liquidity requirements by observing FCMC Regulations on the Compliance with Liquidity Requirements for a credit institution. According to these requirements the Bank maintains liquid assets in the amount of not less than 30% of the total current liabilities. The actual Bank's liquidity index as of 30.06.2008 is 44.95% (30.06.2007: 72.28%).

The ratio of the Bank's equity and weighted value of assets and off-balance sheet liabilities, which is set at not lower than 8%, as of 30.06.2008 is 12.11% (30.06.2007: 14.98%).

In accordance with the relevant policies, the Bank performs control of currency risk on a regular basis in order to minimize Bank's possible losses due to fluctuations of currency exchange rate. As a result, the Bank secured meeting requirements of respective normative documents and its total open position in foreign currency 30.06.2008 was 8.27% (30.06.2007: 3.44%) of the Bank's equity. According to the law On Credit Institutions, the total foreign currency open position should not exceed 20% of a bank's equity.

In order to ensure compliance with the limits set in the State Risk Management Policy, the Bank performs daily and monthly monitoring of said limits. Limits for transaction partners and transaction types are determined after assessing state and transaction partners' risks.

Implementation of Investment Policy and Trading Portfolio Policy prescribes for weekly and daily evaluation of the assets respectively included therein. This helps the Bank to use short-term and mid-term investments in a more efficient manner.

The assessed fair value of financial instruments is set in accordance with the requirements included in SGS Chapter 32 "Financial Instruments: Disclosure and Presentation of Information". Fair value is defined as value for which it is possible to exchange assets in a transaction where well-informed, interested and financially independent parties are involved and a transaction is not a forced sale because of liquidation. All assets and liabilities in this report correspond to their fair value.

For the purpose of assessment of capital adequacy and according to its capital adequacy, maintenance strategy the Bank has defined that capital is an aggregate of elements of capital, reserves and liabilities which are freely available to the Bank to cover contingent, yet not identified, losses related to risks of ordinary activities. To assess capital adequacy the Bank applies the "First Pillar+" approach using as a basis regulatory minimum capital requirements.

Providing financial services to its customers the Bank is aware of the risk that it may be involved in the process of legalization of illegally acquired proceeds, therefore the Bank takes active measures to improve its control system in this respect.

The Bank has developed the internal control system regarding prevention of laundering of proceeds derived from criminal activity and financing of terrorism (hereinafter referred to as ICS) that is an aggregate of documents and measures, the purpose of which is to minimize the possibility of the Bank being involved in legalization of illegally acquired proceeds and financing of terrorism and to prevent losses related to rapid loss of trust.

**RISK ANALYSIS (continued)**

ICS of the Bank is developed taking into consideration regulatory enactments of the Republic of Latvia and best international practice. ICS defines the following aspects:

- ✓ procedure for identification of customers and actual beneficiaries,
- ✓ procedure for monitoring of customers' economic activities,
- ✓ principles according to which the Bank chooses its customers,
- ✓ occasions when the Bank does not start or terminates cooperation with a customer,
- ✓ procedure for determining customers' risk and for relevant supervision of transactions of this risk group,
- ✓ procedure for identification of unusual or suspicious financial transactions and submission of reports regarding such transactions.

Providing its services to a customer the Bank learns about the customer's business, carefully examines it and evaluates whether the Bank's services that the customer wants to use relevant and appropriate for the customer's business. The Bank also checks on a regular basis if the business primarily declared by the customer corresponds to the customer's account transactions. In order to identify unusual or suspicious financial transactions, the Bank regularly monitors customer's transactions pursuant to the procedure set at the Bank.

The Bank is aware of the fact that information about the origin of a customer's financial resources and enables the Bank to identify suspicious transactions, that is why the Bank works by the principle: "Know your customer".

The Bank holds the opinion that acceptable are only such customers' transactions, which are clearly understandable, which have logical or documentary economic substantiation and which do not cause suspicions as to their possible connection with laundering of proceeds derived from criminal activity and financing of terrorism.

The Bank always applies the right to abstain from a transaction, which is specified in the LR law On Prevention of Laundering of Proceeds Derived from Criminal Activity, if there are justified suspicions about illegal origin of assets involved in the transaction.

The Operational Risk Management Policy of the Bank has been worked out in accordance with the strategic plans of the Bank and it is an integral part of this plan. The basic goal of the Operational Risk Management Policy of the Bank is to describe and determine an aggregate of means which would help to reduce to the utmost probability of the Bank to suffer losses due to operational risk events.

## BALANCE SHEETS

In thousands of lats

Position	Accounting period (non-audited)		Previous accounting year (audited)	
	Group	Bank	Group	Bank
Cash and balances due from central banks	22 794	19 166	17 993	17 993
Balances due from credit institutions	81 961	72 675	115 927	115 927
Financial assets held-for –trading	11 961	9 173	8 345	8 345
Financial assets available-for-sale	6 994	6 302	6 257	6 257
Loans and accounts receivable	188 549	126 698	91 561	92 290
Investments held-to-maturity	32 466	24 218	41 337	41 337
Accrued income and deferred expenses	447	230	268	257
Fixed assets	14 751	4 949	4 365	4 359
Intangible assets	7 754	210	205	205
Investments into fixed capital of affiliated or associated enterprises	-	11 227	-	2
Tax assets	170	169		
Other assets	3 969	3 604	3 242	3 155
<b>Total assets</b>	<b>371 816</b>	<b>278 621</b>	<b>289 500</b>	<b>290 127</b>
Balances due to credit institutions	12 907	5 616	4 850	4 850
Financial liabilities held-for-trading	2	2	2	2
Financial liabilities evaluated at depreciated purchase value	309 751	232 964	248 382	249 134
Accrued expenses and income of future periods	1 228	1 209	711	698
Provisions	30	9	-	-
Tax liabilities	859	30	779	766
Other liabilities	5 020	4 451	3 393	3 360
<b>Total liabilities</b>	<b>329 797</b>	<b>244 281</b>	<b>258 117</b>	<b>258 810</b>
Capital and reserves	34 370	34 340	31 371	31 317
Minority participation	7 649	-	12	-
<b>Total capital, reserves and liabilities</b>	<b>371 816</b>	<b>278 621</b>	<b>289 500</b>	<b>290 127</b>
Contingent liabilities	898	704	617	617
Off-balance sheet liabilities to customers	30 868	22 631	17 040	18 480
Assets in management	14 875	11 234	10 006	10 006

## PROFIT AND LOSS STATEMENT

In thousands of lats

Position	Accounting period (non-audited)		Corresponding period of the previous accounting year (non-audited)	
	Group	Bank	Group	Bank
Interest income	13 404	7 843	7 831	7 759
Interest expenses	(5 276)	(1 372)	(980)	(980)
Dividend income	2	2	15	15
Commission income	4 098	3 658	2 864	2 853
Commission expenses	(751)	(694)	(874)	(874)
Net realized profit/losses from financial assets available-for-sale	148	148	29	29
Net realized profit/losses from financial assets and financial liabilities held-for-trading	(568)	(572)	73	73
Profit/losses from currency trading and conversion	4 011	3 977	4 048	4 049
Other income	534	457	259	257
Other expenses	(60)	(50)	(42)	(40)
Administrative expenses	(6 286)	(4 654)	(4 023)	(3 995)
Depreciation	(439)	(248)	(227)	(226)
Result of provisioning for unreliable debts	(376)	(159)	(119)	(92)
<b>Profit/losses before taxes</b>	<b>8 441</b>	<b>8 336</b>	<b>8 854</b>	<b>8 828</b>
Income tax	(1 542)	(1 478)	(1 283)	(1 278)
Minority profit/losses	65	-	6	-
<b>Accounting period profit/losses</b>	<b>6 834</b>	<b>6 858</b>	<b>7 565</b>	<b>7 550</b>

PERFORMANCE INDICATORS

Position	Accounting period	In the corresponding period of the previous year of account
Return on equity (ROE) (%) <sup>1</sup>	42.25%	72,34%
Return on assets (ROA) (%) <sup>2</sup>	4.91%	4.93%

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<sup>1</sup> Ratio of profit/losses (after tax) against the Bank's average amount of capital and reserves.

<sup>2</sup> Ratio of profit/losses (after tax) against the Bank's average amount of assets.