

JSC Investment Management Company
"GE Money Asset Management"

*2010 Financial Statements prepared in accordance
with International Financial Reporting Standards
and Auditors' Report*

**INVESTMENT MANAGEMENT COMPANY "GE MONEY ASSET MANAGEMENT"
FINANCIAL STATEMENTS FOR 2010**

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**INVESTMENT MANAGEMENT COMPANY "GE MONEY ASSET MANAGEMENT"
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INFORMATION ON THE COMPANY

Name	GE Money Asset Management
Legal status	Investment management company
License number and date of registration	Nr. 06.03.07.231/248 23 January 2004 8 October 2004 7 May 2008
Number, place and date of registration	No 40003652353 Riga, 6 November 2003
Address	13. Janvāra iela 3, Riga, LV -1050 Latvia
Shareholder	AS GE Money Bank (100%)
Reporting year	1 January 2010 – 31 December 2010
Prior reporting year	1 January 2009 – 31 December 2009
Auditors and their address	KPMG Baltics SIA Vesetas iela 7 Riga LV-1013 License No 55

**INVESTMENT MANAGEMENT COMPANY "GE MONEY ASSET MANAGEMENT"
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MANAGEMENT REPORT

Investment management company "GE Money Asset Management" (Company) was established on 6 November 2003. The Company legal address: 13. Janvāra iela 3, Rīga, LV -1050, Latvia. Unified registration number in the Latvian Company Register: 40003652353. On 23 January 2004, the Company received license No No 06.03.07.231/248 for providing investment management services issued by Financial and Capital Market Commission (FCMC).

The sole shareholder of the Company is "AS "GE MONEY BANK". The registered and paid-up share capital amounts to LVL 150 000.

During the reporting period the Company managed the following investment portfolios:

Type of portfolio	Date of registration	31.12.2010 LVL	31.12.2009 LVL
Investment plans of state funded pension scheme funds			
GE Money pension plan „Džezs”	18.04.2006	7 442 264	8 560 924
GE Money pension plan „Blūzs”	18.04.2006	6 541 164	7 693 596
Investment funds			
GE Money Eastern Europe Balanced fund	13.01.2006	806 884	710 881
GE Money Eastern Europe Equity fund	15.04.2005	363 526	285 309
GE Money European Bond fund	21.01.2005	816 257	798 191
Pension plan			
Pension plan "Rumba"	13.05.2005	419 212	376 605
Pension plan "Tvists"	05.05.2006	100 126	88 381
Client portfolios			
Financial instrument portfolios of private individuals		-	-
Financial instrument portfolios of corporations		-	-
Total		16 489 433	18 513 887

Total assets under management by the Company during the year decreased by 10.93% and at the year end represented LVL 16 489 thousand. Out of these, 12.05% represented investment funds, 84.8% investment plans, 3.15% private pension funds. The market share of the company in management of the 2nd pillar pension within a year reduced from 2.3% to 1.69%.

During the Reporting Period the Company followed the conservative contribution politics. Money was situated in bank term deposits only. The main risks in the Company's activity and its Board are stated in the financial statement notes.

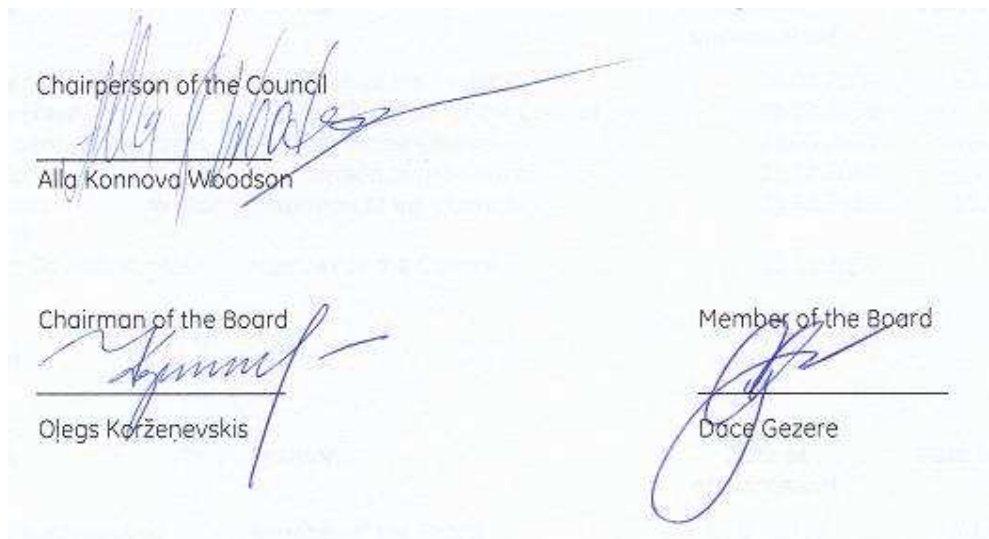
The total result of the Company's operations in the reporting period is a profit of LVL 161.8 thousand (2009: profit of LVL 140.4 thousand).

In Year 2011 the Company foresees Asset amount increase. The main new asset source is the second level of pension, from which we expect not only provision amount increase from the existing Clients, but also increase in amount of Clients. The main risks of our plans are connected with latvian pension system reform.

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MANAGEMENT REPORT

No significant events have taken place since the year end to the date of these financial statements that would have a material impact on the Company's financial position at the year end.



Chairperson of the Council
Alla Konnova Woodson

Chairman of the Board
Oļegs Korženevskis

Member of the Board
Dace Gezere

14 March 2011

**INVESTMENT MANAGEMENT COMPANY "GE MONEY ASSET MANAGEMENT"
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BOARD AND COUNCIL OF THE COMPANY


Council


Name	Position	Date of appointment	Date of resigning
Richard Colin Gaskin	Chairman of the Council	06.03.2009	23.02.2010
Gyula Fater	Deputy Chairman of the Council	06.03.2009	
Alla Konnova Woodson	Member of the Council	25.05.2009	15.12.2010
Alla Konnova Woodson	Chairperson of the Council	15.12.2010	
Arkadiusz Wiktor Przybyl	Chairman of the Council	23.02.2010	15.12.2010
Galina Gavrich Ruotolo	Member of the Council	15.12.2010	

Board

Name	Position	Date of appointment	Date of resigning
Oļegs Koržņevskis	Member of the Board	01.04.2009	23.02.2010
Leonīds Rudermans	Chairman of the Board	01.04.2009	23.02.2010
Renārs Bulgakovs	Member of the Board	01.04.2009	23.02.2010
Oļegs Koržņevskis	Chairman of the Board	23.02.2010	
Jūlija Francmane	Member of the Board	23.02.2010	15.12.2010
Windy Oliver	Member of the Board	23.02.2010	16.08.2010
Vladislavs Mironovs	Member of the Board	08.09.2010	
Reinis Vība	Member of the Board	08.09.2010	
Dace Gezere	Member of the Board	15.12.2010	

Chairperson of the Council

Alla Konnova Woodson

Chairman of the Board

Oļegs Koržņevskis

Member of the Board

Dace Gezere

14 March 2011

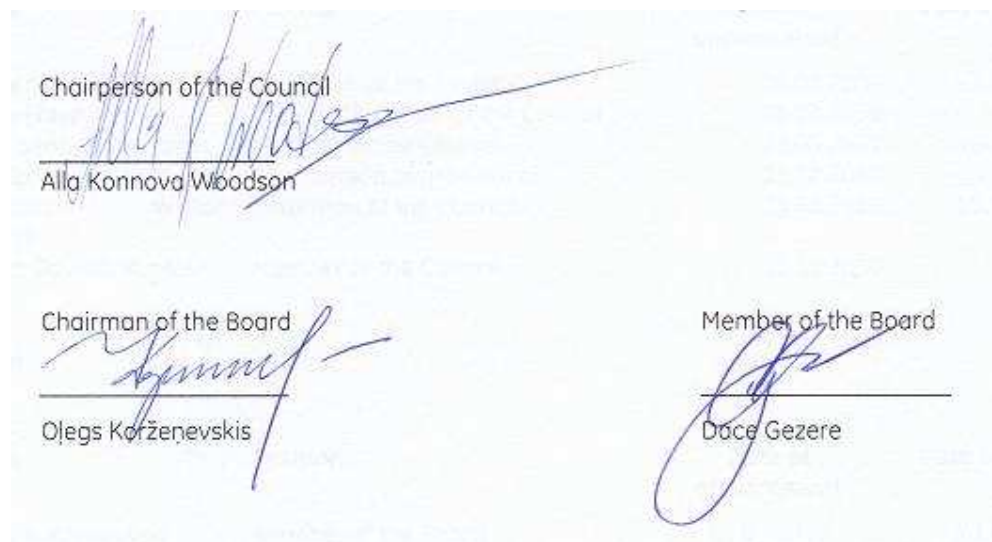
**INVESTMENT MANAGEMENT COMPANY "GE MONEY ASSET MANAGEMENT"
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STATEMENT OF RESPONSIBILITY OF THE BOARD OF THE INVESTMENT MANAGEMENT COMPANY

The management of JSC "GE Money Asset Management" Investment Management Company ("the Company") is responsible for the preparation of the Company's financial statements for each financial year, ensuring the fair presentation of the financial position as of the year end, and the profit and loss and cash flows for the year then ended.

While preparing the financial statements included on pages 10 to 29 for the year ended 31 December 2010, management has applied appropriate accounting principles that are based on prudent and reasonable judgments and estimates. In our opinion, all appropriate accounting principles have been consistently applied, including International Financial Reporting Standards as adopted by the European Union and the requirements of the Financial and Capital Market Commission.

The Company's management is responsible for maintaining proper accounting records and ensuring compliance of these financial statements with the regulations of the Financial and Capital Market Commission on annual reports of investment management companies. Management is responsible for maintaining measures necessary for safeguarding the Company's assets and prevention and detection of fraud and other illegal activities. Management's decisions and approach to the preparation of the financial reports were prudent and reasonable.



The image shows three handwritten signatures in blue ink on a light blue background. Each signature is written over a horizontal line. The first signature is for the Chairperson of the Council, Alla Konnova Woodson. The second signature is for the Chairman of the Board, Oļegs Korženevskis. The third signature is for a Member of the Board, Dace Gezere.

Chairperson of the Council
Alla Konnova Woodson

Chairman of the Board
Oļegs Korženevskis

Member of the Board
Dace Gezere

14 March 2011

INVESTMENT MANAGEMENT COMPANY "GE MONEY ASSET MANAGEMENT"
FINANCIAL STATEMENTS FOR 2010



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Independent Auditors' Report

To the shareholders of JSC Investment Management Company „GE Money Asset Management”

Report on the Financial Statements

We have audited the accompanying financial statements of JSC Investment Management Company „GE Money Asset Management” (“the Company”), which comprise the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 29.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

INVESTMENT MANAGEMENT COMPANY "GE MONEY ASSET MANAGEMENT"
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Opinion

In our opinion, the financial statements of JSC Investment Management Company „GE Money Asset Management” give a true and fair view of the financial position of the Company as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

In addition, our responsibility is to assess whether the accounting information included in the Management Report, as set out on pages 4-5, the preparation of which is the responsibility of management, is consistent with the financial statements. Our work with respect to the Management Report was limited to the aforementioned scope and did not include a review of any information other than drawn from the financial statements of the Company. In our opinion, the management report is consistent with the financial statements

KPMG Baltics SIA
License No 55

Ondrej Fikrle

Ondrej Fikrle
Partner pp KPMG Baltics SIA
Riga, Latvia
14 March 2011

Armine Movsisjana

Armine Movsisjana
Sworn Auditor
Certificate No 178

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

**INVESTMENT MANAGEMENT COMPANY "GE MONEY ASSET MANAGEMENT"
FINANCIAL STATEMENTS FOR 2010**

STATEMENT OF FINANCIAL POSITION

	Note	31.12.2010 LVL	31.12.2009 LVL
ASSETS			
Cash and cash equivalents		166 293	33 384
<i>Due on demand</i>		166 293	33 384
Loans and receivables		225 000	225 000
<i>Term deposits</i>		225 000	225 000
Deferred expenses and accrued income	3	27 117	20 356
Other assets	4	19 941	-
TOTAL ASSETS		438 351	278 740
OFF BALANCE SHEET ITEMS			
Pension plan and investment fund assets	7	16 489 433	18 513 887
TOTAL OFF-BALANCE SHEET ITEMS		16 489 433	18 513 887

The accompanying notes on pages 15 to 29 form an integral part of these financial statements.

The financial statements were approved for issue and signed on behalf of the Company on 14 March 2011:

<p>Chairman of the Board</p>  <p>_____ Oļegs Korženevskis</p>	<p>Member of the Board</p>  <p>_____ Dace Gezere</p>
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**INVESTMENT MANAGEMENT COMPANY "GE MONEY ASSET MANAGEMENT"
FINANCIAL STATEMENTS FOR 2010**

STATEMENT OF FINANCIAL POSITION

	Note	31.12.2010 LVL	31.12.2009 LVL
LIABILITIES			
Accrued expenses	5	1 618	3 164
Provisions	6	3 162	3 780
Equity		433 571	271 796
<i>Share capital</i>	8	150 000	150 000
<i>Accumulated losses</i>		121 796	(18 580)
<i>Profit for the period</i>		161 775	140 376
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		<u>438 351</u>	<u>278 740</u>
OFF BALANCE SHEET ITEMS			
Pension plan and investment fund liabilities	9	26 591	26 284
Pension plan and investment fund net assets	10	16 462 842	18 487 603
TOTAL OFF-BALANCE SHEET ITEMS		<u>16 489 433</u>	<u>18 513 887</u>

The accompanying notes on pages 15 to 29 form an integral part of these financial statements.

The financial statements were approved for issue and signed on behalf of the Company on 14 March 2011:

<p>Chairman of the Board</p>  <p>_____ Olegs Korženevskis</p>	<p>Member of the Board</p>  <p>_____ Dace Gezere</p>
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**INVESTMENT MANAGEMENT COMPANY "GE MONEY ASSET MANAGEMENT"
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STATEMENT OF COMPREHENSIVE INCOME

	Note	2010 LVL	2009 LVL
Interest income	11	29 027	18 487
Commission fee and similar income	12	205 290	176 019
Commission fee and similar expenses	13	(2 500)	(2 500)
Net foreign exchange loss		141	(67)
Other operating income		19	116
Administrative expenses	14	(70 160)	(51 526)
Amortization and depreciation	2	-	(79)
Other operating expenses	15	(42)	(74)
Profit before income tax		161 775	140 376
Income tax	16	-	-
Profit for the period		161 775	140 376
Other comprehensive income		-	-
Total comprehensive income for the period		161 775	140 376

The accompanying notes on pages 15 to 29 form an integral part of these financial statements.

The financial statements were approved for issue and signed on behalf of the Company on 14 March 2011:

<p>Chairman of the Board</p>  <p>_____ Oļegs Koržņevskis</p>	<p>Member of the Board</p>  <p>_____ Dace Gezere</p>
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**INVESTMENT MANAGEMENT COMPANY "GE MONEY ASSET MANAGEMENT"
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STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Share capital	Accumulated losses	Total
	LVL	LVL	LVL
As at 31.12.2008	150 000	(18 580)	131 420
Profit for the period	-	140 376	140 376
As at 31.12.2009	<u>150 000</u>	<u>121 796</u>	<u>271 796</u>
Profit for the period	-	161 775	161 775
As at 31.12.2009	<u><u>150 000</u></u>	<u><u>283 571</u></u>	<u><u>433 571</u></u>

The accompanying notes on pages 15 to 29 form an integral part of these financial statements.

The financial statements were approved for issue and signed on behalf of the Company on 14 March 2011:

Chairman of the Board  Oļegs Korženevskis	Member of the Board  Dace Gezere
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**INVESTMENT MANAGEMENT COMPANY "GE MONEY ASSET MANAGEMENT"
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STATEMENT OF CASH FLOWS

	2010	2009
	LVL	LVL
Cash flows from operating activities		
Income before corporate income tax	161 775	140 376
Adjustments for:		
Amortization and depreciation	-	79
Other provisions	(618)	770
Decrease in accrued expense	(1 546)	(91)
Increase in deferred expenses and accrued income	(6 761)	(6 553)
Other assets increase	(19 941)	-
Increase in cash and cash equivalents from operating activities	132 909	134 581
Cash flows from investing activities		
Decrease in long-term deposit placements	-	(225 000)
Decrease in cash and cash equivalents from operating activities	-	(225 000)
Increase/(decrease) in cash and cash equivalents	132 909	(90 419)
Cash and cash equivalents at the beginning of the year	33 384	123 803
Cash and cash equivalents at the end of the year	166 293	33 384

The accompanying notes on pages 15 to 29 form an integral part of these financial statements.

The financial statements were approved for issue and signed on behalf of the Company on 14 March 2011:

<p>Chairman of the Board</p>  <p>_____ Oļegs Korženevskis</p>	<p>Member of the Board</p>  <p>_____ Dace Gezere</p>
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**INVESTMENT MANAGEMENT COMPANY "GE MONEY ASSET MANAGEMENT"
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NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting principles

General information

Investment management company "GE Money Asset Management" (the "Company") was registered on 6 November 2003. The Company obtained a license for the management of state funded pension scheme funds (3 March 2006) and a license for providing investment management services (23 January 2004).

The Company is wholly-owned by AS GE Money Bank (the "Shareholder Bank").

The majority of the Company's funding is from, and credit exposures are to, this Shareholder Bank. Related party transactions are detailed in Note 17.

Legislation regulating the activities of the Company

The activities of the Company are regulated by the Investment Management Company Law, Commercial Law and other normative acts. The activities of the Company are regulated by the Bank of Latvia and the Financial and Capital Market Commission of the Republic of Latvia ("FCMC").

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, interpretations of IFRS, and regulations of the Financial and Capital Market Commission, effective as at the reporting date.

The financial statements were authorized for issue by the Board of Directors on 14 March, 2011. The financial statements may be amended by the shareholders.

Basis of measurement

The Company's financial statements have been prepared on the historical cost basis.

These financial statements have been presented in the functional currency of the Company, the Latvian Lat, ("LVL"), unless stated otherwise.

The financial statements have been prepared using accounting principles consistent to those used in the prior year, except as described in the following paragraph.

Changes in accounting policies

New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Bank:

- Revised IFRS 3 revised, 'Business combinations' (effective for annual periods beginning on or after 1 July 2009)
- Revised IAS 27 revised, 'Consolidated and separate financial statements' (effective for annual periods beginning on or after 1 July 2009).
- IFRIC 17, 'Distribution of non-cash assets to owners' (effective for annual periods beginning on or after 1 November 2009).
- IFRIC 18, 'Transfers of assets from customers' (effective for annual periods beginning on or after 1 July 2009).
- IFRIC 9, 'Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement', effective 1 July 2009.
- IFRIC 16, 'Hedges of a net investment in a foreign operation' effective 1 July 2009.
- IAS 1 (amendment), 'Presentation of financial statements'.
- IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010.
- IFRS 2 (amendments), 'Group cash-settled share-based payment transactions' effective 1 January 2010.
- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'

INVESTMENT MANAGEMENT COMPANY "GE MONEY ASSET MANAGEMENT" FINANCIAL STATEMENTS FOR 2010

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these financial statements:

- Revised IAS 24 '*Related Party Disclosure*' (effective for annual periods beginning on or after 1 January 2011).
- 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).
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective for annual periods beginning on or after 1 July 2010).
- Amendment to IAS 32 '*Financial Instruments: Presentation – Classification of Rights Issues*' (effective for annual periods beginning on or after 1 February 2010)

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Results of these estimates and assumptions form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Key estimates include useful lives of intangible assets.

Fund management

The Company manages and administers assets held in unit trusts and other investment vehicles on behalf of investors. The financial statements of these entities are not included in these financial statements as the Company does not exercise control over these entities.

Income and expense recognition

All significant income and expense categories, including interest income and expenses, are recognized on an accrual basis.

Interest income and expenses are recognized in the profit and loss statement based on the actual (effective) interest rate on the asset/liability.

Accrued discounts and premiums on financial instruments at fair value through profit or loss are recognised in gains less losses from financial instruments at fair value through profit or loss, respectively.

Loan organization fees and other fees that are considered to be integral to the overall profitability of a loan, together with the related direct costs, are deferred and amortized to the interest income over the estimated life of the financial instrument using the effective interest rate method.

Other fees, commissions and other income and expense items are recognised when the corresponding service has been provided.

As the Company does not apply hedge accounting, changes to the fair value of derivative financial instruments are recognized in the profit and loss statement. Changes to the fair value of derivative financial instruments held for trading are recognized under trading results.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate set by Bank of Latvia at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at

INVESTMENT MANAGEMENT COMPANY "GE MONEY ASSET MANAGEMENT"
FINANCIAL STATEMENTS FOR 2010

the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies are translated to LVL on the reporting date at the following exchange rates:

	31.12.2010.	31.12.2009.
EUR	0.7028	0.7028
USD	0.5350	0.4890

Intangible assets

Intangible assets are disclosed at acquisition cost net of accumulated amortization. Intangible assets are amortized over a 5 year period.

Amortization rates, residual values and useful lives are reviewed at each reporting date.

Financial Instruments

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Subsequent measurement is as noted below. Financial instruments are classified into the following categories.

- **Financial assets carried at fair value through profit or loss**

In this category, the Company classifies held for trading securities which are initially recognized at fair value and subsequently re-measured at fair value based on available market prices as well as derivatives. All related realized and unrealized profits and losses are included in net trading income.

- **Available-for-sale financial assets**

Available-for-sale financial assets are initially recognized at fair value including directly attributable transactions costs and subsequently carried at fair value based on market prices. When equity securities are not traded in active markets, the Company uses alternative methods to determine fair value (for example, prices of similar investments).

Those available-for-sale financial assets that do not have a quoted market price and whose fair value cannot be reliably measured by other models mentioned above, are measured at cost, less allowance for impairment, when appropriate.

Fair value changes on available-for-sale investments are recognized directly in equity, through other comprehensive income, except for impairment losses and foreign exchange gains and losses until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in equity is recognized in statement of comprehensive income.

- **Held-to-maturity investments**

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturities and the Company has positive intent and ability to hold them to maturity.

Held-to-maturity investments are measured at amortized cost less allowance for impairment, if any. Interest earned on held to maturity securities are reported as interest income.

INVESTMENT MANAGEMENT COMPANY "GE MONEY ASSET MANAGEMENT" FINANCIAL STATEMENTS FOR 2010

• **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that:

- the Company intends to sell immediately or in the near term;
- the Company upon initial recognition designates as at fair value through profit or loss;
- the Company upon initial recognition designates as available- for-sale; or
- the Company may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are measured at amortised costs less allowance for impairment, if any. Interest earned on held to maturity securities is reported as interest income.

Derivatives

In the normal course of business, the Company might be a party to foreign currency swap contracts. Profits or losses resulting from changes in exchange rate subsequent to the date of the transaction are recognized in the statement of comprehensive income as a profit or loss from revaluation of foreign currencies.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial asset have expired or where the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished – that is, when the obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Provisions

A provision is recognised in the statement of financial position when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation that can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Funds under trust management

Funds managed by the Company on behalf of its customers, funds and other institutions are not regarded as assets of the Company, and, therefore, are not included in its balance sheet. Risks and benefits associated with these assets are borne by the clients of the Company. For detailed information refer to notes 7, 9 and 10.

Fair value of financial assets and liabilities

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arm's length basis or based on discounted future cash flow method.

Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition and that event has an impact on the estimated future cash flows that can be reliably estimated.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

INVESTMENT MANAGEMENT COMPANY "GE MONEY ASSET MANAGEMENT" FINANCIAL STATEMENTS FOR 2010

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics.

If there is objective evidence that an impairment loss on loans and receivables and held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and estimated present value of future cash flows. For the measurement of collective impairment the Company assumes that all contractual cash flows will be received and recognizes impairment loss based on historical loss experience which is adjusted on the basis of currently available data.

The carrying amount of the asset is reduced through the use of an allowance and the increase/decrease in the amount of the impairment loss is recognized in the statement of profit and loss.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

In respect of assets, other than goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and high liquidity assets with a maturity of less than 3 months used by the Company for covering short term liabilities.

Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Risk management

Risk management is the cornerstone of the Company's business activity and a key element within its planning process. Through the developed system for the identification, supervision and management of its main financial risks the Company ensures that it has the functional capability to manage the risk in new and existing businesses, and that business plans are consistent with the risk appetite. The Company's risk management system is reviewed on a regular basis to take into account market conditions and the Company's business strategy and in order to set appropriate risk limits and controls. The Board has the overall responsibility for the establishing and supervision of the Company's risk management framework.

The risk appetite is the level of risk the Company chooses to take to reach its strategic objectives, acknowledging a range of possible outcomes, as business plans are implemented. The Company's risk management framework, combines a top-down view of its capacity to take risk, with a bottom-up view of the business risk profile requested and recommended by each business area. The objectives of the risk appetite framework are:

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- to protect the Company's performance;
- to improve management control and coordination of risk-taking across businesses; and,
- to enable unused risk capacity to be identified and thus profitable opportunities to be highlighted.

Risk elements and policy framework

The Company identifies certain risk factors that it faces in the ordinary course of operations. In order to implement and maintain an appropriate risk management framework, the Company has developed and implemented a set of policies.

Credit risk

All transactions of the Company are connected with credit risk. The Company accepts and limits the risk by defining reasonable limits and elaborating an internal control system for their supervision.

Market risk

The profitability and long term objectives of the Company could be adversely affected by worsening economic conditions in the country. Such factors as interest rates, inflation, the availability and cost of credit, the liquidity of the markets could significantly affect the economic activity and the Company's participants. Foreign currency risk is considered a separate risk and is managed separately.

The Company manages market risk by first identifying different risk factors (market risk due to changes in interest rates risk, market risk connected to the quality, credit risk or performance of underlying asset, like shares, credit-linked notes, mortgage bonds, etc.). The Company's market risk is assessed through appropriate analysis of market and financial instruments. Diversification of the Company's assets among markets of different countries mitigates market risk to a certain extent.

Foreign currency risk

Foreign currency (FC) risk is the risk of potential loss, which arises from the revaluation of the Company's open currency position (the difference between assets, liabilities and off-balance items) in each of the foreign currencies when there is a movement in foreign currency exchange rate against the reporting currency.

The Company manages foreign currency risk by restricting investments in currencies other than the reporting currency or by using appropriate derivatives.

Operational risk

Operational risk is the possibility to experience losses from inadequate or unsuccessful internal processes, performance of people and systems, or under the influence of external circumstances. Either potential or confirmed operational risks are identified and assessed in order to:

- Ensure that the full range of significant operational risks is encompassed within the risk management process of the Company;
- Develop controls to mitigate these risks regarding their frequency and their impact;
- Improve risk transparency and promote common understanding of risks and controls within the organization.

Interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. In order to reduce interest rate risk, the Company carefully assesses its investment activities.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to satisfy timely legally enforceable claims without substantial losses, as well as it will not be able to overcome unplanned changes in resources of the Company and/or market conditions, due to insufficient volume of liquid assets at its disposal.

Capital management

The Financial and Capital Market Commission sets and monitors capital requirements for the Company.

The Company defines as capital those items defined by statutory regulation as capital. Under the current capital requirements set by Financial and Capital Market Commission investment management companies have to

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maintain a ratio of capital to risk weighted assets ("statutory capital ratio") above the prescribed minimum level. As at 31 December 2010, this minimum level is 8%. The Bank was in compliance with the statutory capital ratio during the years ended 31 December 2010 and 31 December 2009.

Foreign currency sensitivity analysis

A 10 percent weakening of the Lat against the following currencies would have increased (decreased) comprehensive income profit or loss by the amounts shown below. A 10 percent strengthening of the Lat would have had an opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant. There is no additional effect on other comprehensive income. Analysis for 2009 is prepared on the same basis.

	31.12.2010	31.12.2009
	LVL	LVL
USD	79	70
EUR	112	108

Interest rate risk sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) statement of comprehensive income during the next 1 year period by the amounts shown below. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant. There is no additional effect on other comprehensive income. Analysis for 2009 is prepared on the same basis.

	100 bps increase	100 bps decrease
	LVL	LVL
31.12.2010	372	(372)
31.12.2009	106	(105)

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2. Intangible assets

LVL	Software
Historical cost	
Balance 31 December 2008	3 236
Acquisitions	-
Balance 31 December 2009	3 236
Acquisitions	-
Balance 31 December 2010	3 236
 Accumulated depreciation	
Balance 31 December 2008	3 157
Calculated for the reporting year	79
Balance 31 December 2009	3 236
Calculated for the reporting year	-
Balance 31 December 2010	3 236
 Balance value	
Balance 31 December 2008	79
Balance 31 December 2009	-
Balance 31 December 2010	-

3. Deferred expenses and accrued income

	31.12.2010	31.12.2009
	LVL	LVL
Commission fee for investment plan asset management	13 892	15 873
Accrued interest on deposits	9 674	1 447
Commission fee for investment fund asset management	1 706	1 492
Commission fee for pension fund asset management	1 325	1 419
Next period expenses	520	125
Total	27 117	20 356

4. Other assets

	31.12.2010	31.12.2009
	LVL	LVL
Advance payment of CIT	19 941	-
Total	19 941	-

5. Deferred income and accrued expenses

	31.12.2010	31.12.2009
	LVL	LVL
FCCM financing duty	1 352	1 636
Other professional services	-	1 491
Dealings with suppliers and service providers	266	4
Dealings with staff	-	33
Total	1 618	3 164

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6. Provisions

	31.12.2010	31.12.2009
	LVL	LVL
Provision for unused vacations	3 162	3 780
Total	3 162	3 780

7. Off-balance-sheet items

As at 31 December 2010 the Company has not issued any guarantees or pledged assets.

Off-balance sheet items consist of Company managed investment portfolios.

	31.12.2010	31.12.2009
	LVL	LVL
GE Money pension plan „Džezs”	7 442 264	8 560 924
GE Money pension plan „Blūzs”	6 541 164	7 693 596
GE Money Eastern Europe Balanced fund	806 884	710 882
GE Money Eastern Europe Equity fund	363 526	285 308
GE Money European Bond fund	816 257	798 191
Pension plan “Rumba”	419 212	376 605
Pension plan “Twists”	100 126	88 381
Total	16 489 433	18 513 887

8. Share capital

Authorized share capital of IPS GE Money Asset Management as at 31 December 2010 amounts to LVL 150,000 (2009: LVL 150,000), and is fully paid.

The nominal value of one share is LVL 1. Each share entitles its holder to one vote at the shareholder’s meeting, receipt of dividends when declared and to a share of residual assets.

Shareholder	Share capital, LVL	Number of shares	Holding, %	Paid-up share capital, LVL
AS “GE Money Bank” Reg. No 40003090171	150,000	150,000	100	150,000

9. Investment fund and pension plan liabilities

	31.12.2010	31.12.2009
	LVL	LVL
GE Money pension plan „Džezs”	11 425	11 664
GE Money pension plan „Blūzs”	7 511	8 020
GE Money Eastern Europe Balanced fund	1 804	1 347
GE Money Eastern Europe Equity fund	1 708	974
GE Money European Bond fund	1 230	1 166
Pension plan “Rumba”	2 297	2 388
Pension plan “Twists”	616	725
Total	26 591	26 284

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10. Investment fund and pension plans net assets

	31.12.2010	31.12.2009
	LVL	LVL
GE Money pension plan „Džezs”	7 430 839	8 549 260
GE Money pension plan „Blūzs”	6 533 653	7 685 576
GE Money Eastern Europe Balanced fund	805 080	709 535
GE Money Eastern Europe Equity fund	361 818	284 334
GE Money European Bond fund	815 027	797 025
Pension plan “Rumba”	416 915	374 217
Pension plan “Tvists”	99 510	87 656
Total	<u>16 462 842</u>	<u>18 487 603</u>

11. Interest income

	2010	2009
	LVL	LVL
Interest on term deposits	29 027	18 487
Total	<u>29 027</u>	<u>18 487</u>

12. Commission fee and similar income

	2010	2009
	LVL	LVL
Commission fee for investment plan asset management	178 920	152 741
Commission fee for investment fund management	19 895	16 992
Commission fee for pension fund asset management	6 475	5 920
Commission fee for asset management on behalf of legal entities	-	268
Commission fee for asset management on behalf of private individuals	-	98
Total	<u>205 290</u>	<u>176 019</u>

13. Commission fee and similar expenses

	2010	2009
	LVL	LVL
FCCM financing duty	2 500	2 500
Total	<u>2 500</u>	<u>2 500</u>

14. 14. Administrative expenses

	2010	2009
	LVL	LVL
Remuneration to staff	42 689	32 500
Social tax	11 045	8 663
Other staff related expenses	246	327
Vacation expenses	3 162	3 463
Advertisement	145	157
Printing services	828	976
Professional services	10 607	4 683
Other	1 438	757
Total	<u>70 160</u>	<u>51 526</u>

Remuneration to the members of the Council and the Board during 2010 amounted to LVL 33 517 (2009: LVL 22 831). The average number of staff in 2010 was three (2009: four).

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15. Other operating expenses

	2010	2009
	LVL	LVL
Loss on currency translation	42	74
Total	42	74

16. Income tax

Effective versus theoretical corporate income tax:

	2010	2009
	LVL	LVL
<i>Profit before taxation</i>	161 775	140 376
Theoretical corporate income tax, 15%	24 266	21 056
Tax effect of non-deductible expenses	558	18
Tax effect of loss transfer within group	(24 824)	(19 941)
Effect of deferred tax asset recoverability assessment	-	(1 133)
Corporate income tax for the reporting year	-	-

17. Related party transactions

(a) Control relationships

Related parties are defined as shareholders who have significant influence over the Company and its subsidiary, members of the Supervisory Board and Board of Management, and other related parties, i.e., key Management personnel, their close relatives and companies in which they have a controlling interest as well as associated companies.

During 2010 and 2009, all related party transactions were performed on an arm's length basis.

	31.12.2010	31.12.2009
	LVL	LVL
AS "GE Money Bank"		
Demand and term deposits	391 293	258 384
Accrued deposit interest	9 674	1 447
Interest on term deposits and account balances (balance)	29 027	18 487
Commission fee and similar expenses	(57)	(58)
Monitoring and provision of ancillary services	(900)	(86)
GE Money pension plan „Džezs“		
Accrued commission fee for investment plan asset management (balance)	8 523	9 692
Income for investment plan asset management	109 661	102 041
GE Money pension plan „Blūzs“		
Accrued commission fee for investment plan asset management (balance)	5 369	6 181
Income for investment plan asset management	69 259	50 700
GE Money European Bond fund		
Accrued commission fee for investment fund asset management (balance)	335	326
Income for investment fund asset management	4 051	3 936
GE Money Eastern Europe Balanced fund		
Accrued commission fee for investment fund asset management (balance)	792	699
Income for investment fund asset management	9 422	8 351

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GE Money Eastern Europe Equity fund

Accrued commission fee for investment fund asset management (balance)	579	467
Income for investment fund asset management	6 422	4 632
Income from issue of investment certificates from members	-	73

Pension plan "Rumba"

Accrued commission fee for pension plan asset management (balance)	1 119	1 132
Income for pension plan asset management	4 744	4 751

Pension plan "Twists"

Accrued commission fee for pension plan asset management (balance)	206	287
Income for pension plan asset management	1 731	1 169

AS "GE Money Bank" is the owner of fund certificates in investment funds managed by the Company amounting to LVL 1.99 (2009: LVL 1.79) million.

Funds managed by the Company have made investments in the securities issued by AS "GE Money Bank" amounting to LVL 131 (2009: LVL 139) thousand.

18. Currency analysis

	Total	LVL	EUR	USD
Demand deposits with credit institutions	166 293	166 293	-	-
Loans and receivables	225 000	225 000	-	-
Accrued income	27 117	25 205	1 120	792
Other assets	19 941	19 941		
Accrued expenses	(1 618)	(1 618)	-	-
Provisions	(3 162)	(3 162)	-	-
Total at 31.12.2010, LVL	433 571	431 659	1 120	792
Total at 31.12.2009, LVL	271 796	270 017	1 081	698

19. Capital adequacy

	31.12.2010 LVL	31.12.2009 LVL
Paid-up share capital	150 000	150 000
Legal and other reserves	283 571	121 796
Losses carried forward from previous years	121 796	(18 580)
Current year audited profit	161 775	140 376
Intangible assets	-	-
Total Tier 1 capital	433 571	271 796
Total capital	433 571	271 796
Capital requirement	22 830	20 163
Capital adequacy ratio	152%	108%

The Company has complied with all externally imposed capital requirements during the years ended 31 December 2010 and 31 December 2009.

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20. Maturity analysis of assets and liabilities

31 December 2010, (LVL)

Position	Total	On demand	Within 1 month	From 1 to 3 months	From 1 to 5 years	No maturity
Cash and cash equivalents	166 293	166 293	-	-	-	-
Loans and receivables	225 000	-	-	-	225 000	-
Accrued income and deferred expenses	27 117	-	17 443	-	9 674	-
Other assets	19 941	-	-	-	19 941	-
Total assets	438 351	166 293	17 443	-	254 615	-
Deferred income and accrued expenses	(1 618)	-	(1 618)	-	-	-
Provisions	(3 162)	-	-	(3 162)	-	-
Capital and reserves	(433 571)	-	-	-	-	(433 571)
Total liabilities	(438 351)	-	(1 618)	(3 162)	-	(433 571)
Net position	-	166 293	15 825	(3 162)	254 615	(433 571)

31 December 2009, (LVL)

Position	Total	On demand	Within 1 month	From 1 to 3 months	From 1 to 5 years	No maturity
Cash and cash equivalents	33 384	33 384	-	-	-	-
Loans and receivables	225 000	-	-	-	225 000	-
Accrued income and deferred expenses	20 356	-	18 909	-	1 447	-
Total assets	278 740	33 384	18 909	-	226 447	-
Deferred income and accrued expenses	(3 164)	-	(1 673)	(1 491)	-	-
Provisions	(3 780)	-	-	(3 780)	-	-
Capital and reserves	(271 796)	-	-	-	-	(271 796)
Total liabilities	(278 740)	-	(1 673)	(5 271)	-	(271 796)
Net position	-	33 384	17 236	(5 271)	226 447	(271 796)

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21. Interest rate risk

31 December 2010, (LVL)

Position	Total	On demand	Within 1 month	Later than 1 year	Non-interest bearing
Demand deposits with credit institutions	166 293	166 293	-	-	-
Loans and receivables	225 000	-	-	225 000	-
Accrued income and deferred expenses	27 117	-	-	9 674	17 443
Other assets	19 941				19 941
Total assets	438 351	166 293	-	234 674	37 384
Deferred income and accrued expenses	(1 618)	-	-	-	(1 618)
Provisions	(3 162)	-	-	-	(3 162)
Capital and reserves	(433 571)	-	-	-	(433 571)
Total liabilities	(438 351)	-	-	-	(438 351)
Net position	-	166 293	-	234 674	(400 967)

31 December 2009, (LVL)

Position	Total	On demand	Within 1 month	Later than 1 year	Non-interest bearing
Demand deposits with credit institutions	33 384	33 384	-	-	-
Loans and receivables	225 000	-	-	225 000	-
Accrued income and deferred expenses	20 356	-	-	1 447	18 909
Total assets	278 740	33 384	-	226 447	18 909
Deferred income and accrued expenses	(3 164)	-	-	-	(3 164)
Provisions	(3 780)	-	-	-	(3 780)
Capital and reserves	(271 796)	-	-	-	(271 796)
Total liabilities	(278 740)	-	-	-	(278 740)
Net position	-	33 384	-	226 447	(259 831)

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22. Classification of assets and liabilities

31 December 2010 (LVL)

Position	Total	Financial assets/ liabilities at amortised cost	Non-financial assets/ liabilities
Demand deposits with credit institutions	166 293	166 293	-
Loans and receivables	225 000	225 000	-
Accrued income and deferred expenses	27 117	27 117	-
Other assets	19 941	-	19 941
Total assets	438 351	418 410	19 941
Deferred income and accrued expenses	(1 618)	(1 618)	-
Provisions	(3 162)	-	(3 162)
Capital and reserves	(433 571)	-	(433 571)
Total liabilities	(438 351)	(1 618)	(436 733)

31 December 2009 (LVL)

Position	Total	Financial assets/ liabilities at amortised cost	Non-financial assets/ liabilities
Demand deposits with credit institutions	33 384	33 384	-
Loans and receivables	225 000	225 000	-
Accrued income and deferred expenses	20 356	20 356	-
Total assets	278 740	278 740	-
Deferred income and accrued expenses	(3 164)	(3 164)	-
Provisions	(3 780)	-	(3 780)
Capital and reserves	(271 796)	-	(271 796)
Total liabilities	(278 740)	(3 164)	(275 576)

23. Fair value of financial assets and liabilities

The Management believes that there is no significant difference between carrying amount of financial assets (including term deposits with credit institutions) and liabilities and their fair value.

* * *