

AS DnB NORD Banka

**Interim Condensed Consolidated and
Bank Financial Statements
for the 9 months period ended 30 September 2008**

AS DnB NORD Banka
Interim Condensed Consolidated and Bank Financial Statements
for the 9 months period ended 30 September 2008

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Registration number: LV 4000 302 4725

AS DnB NORD Banka (the Bank) is a joint-stock company incorporated in the Republic of Latvia. The Bank and its subsidiaries (the Group) are engaged in banking and financial services business. The Parent of the Bank is Bank DnB NORD A/S, registered in Denmark, and ultimate parent of the Bank is DnB NOR Bank ASA (Norway).

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Statement of Responsibility of the Management Board

The Management Board of AS DnB NORD Banka are responsible for the preparation of the interim condensed financial statements of the Group and the Bank.

The interim condensed financial statements are prepared in accordance with the source documents and present fairly the financial position of the Group and the Bank as at 30 September 2008 and the results of their operations and cash flows for the period ended 30 September 2008.

The interim condensed financial statements are prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as adopted in European Union (EU) on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgements and estimates have been made by the Management Board in the preparation of the interim condensed financial statements.

The Management Board of AS DnB NORD Banka are responsible for the maintenance of proper accounting records, the safeguarding of the Group's and the Bank's assets and the prevention and detection of fraud and other irregularities. They are also responsible for operating the Bank in compliance with the Law on Credit Institutions, regulations of the Bank of Latvia, Financial and Capital Market Commission and other legislation of the Republic of Latvia applicable for credit institutions.

				
Andris Ozolins	Gundars Andzans	Rudolf Kargeš	Ivars Kapitovics	Björn Poetsch
Chairman of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board

Riga,
18 December 2008

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Management report on financial results as at 30.09.2008

The report comprises financial results of DnB NORD Group consisting of AS DnB NORD Banka with its subsidiaries - leasing company SIA DnB NORD Līzings, asset management company IPAS DnB NORD Fondi, and SIA Skanstes 12 for the first nine months of 2008.

DnB NORD Group over the first nine months of the year has continued stable and sustainable development in line with the existing macroeconomic situation bearing in mind its aim to attain the position of one of the top universal banks in Latvia. The profit of DnB NORD Group as of 30th September 2008 amounted to LVL 10.4 million.

The assets of DnB NORD Group over Q3 2008 grew by 6.2% as compared to the beginning of the year and amounted to LVL 2,185.9 million.

Deposits of DnB NORD Group over the first nine months of 2008 grew by 20%, up to the mark of LVL 410 million. Taking into consideration the existing macroeconomic trends the lending policy of the Group was based on prudent risk principles and the Group's loan portfolio increased by 6.6% as compared to the beginning of year, and amounted to LVL 1,902.3 million.

Owing to its prudent risk policy the risk position of the bank has maintained its stability and should be regarded positively as compared to average ratios of Latvian banking sector.

The subsidiaries of DnB NORD Banka – leasing company DnB NORD Līzings and asset management company IPAS DnB NORD Fondi during the accounting period demonstrated successful development as well.

Within the framework of DnB NORD Group management optimization process on 31st January all business activities of AS DnB NORD Banka in Estonia, i.e. the Bank's branch AS DnB NORD Banka Eesti filiaāl and subsidiary AS DnB NORD Līzings Leasing Company were assigned to the Estonian branch of AS DnB NORD Banka holding company Bank DnB NORD A/S (Denmark) - Bank DnB NORD A/S Eesti filiaāl.


Sven Merlyn
Chairman of the
Supervisory Council


Andris Ozolins
Chairman of the
Management Board

Rīga,
18 December 2008

INDEPENDENT AUDITORS' REPORT

To the shareholders of AS DnB Nord Banka

Report on the Financial Statements

We have audited the interim condensed consolidated financial statements of AS DnB Nord Banka and its subsidiaries (hereinafter – the Group) and the accompanying interim condensed financial statements of AS DnB Nord Banka (hereinafter - the Bank), which are set out on pages 6 through 24 and which comprise the balance sheet as at 30 September 2008, the statements of income, changes in equity and cash flows for the nine month period ended 30 September 2008, and explanatory notes.

Management's Responsibility for the Financial Statements

The Bank's management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

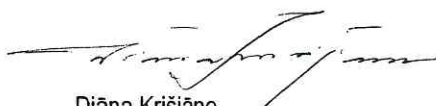
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim condensed financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim condensed financial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

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

Opinion

In our opinion, the interim condensed financial statements of the Group and the Bank have been prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the EU.

SIA Ernst & Young Baltic
Licence No. 17



Diāna Krišjāne
Chairperson of the board
Latvian Sworn Auditor
Certificate No. 124

Rīga, 18 December 2008

AS DnB NORD Banka
Interim Condensed Consolidated and Bank Financial Statements
for the 9 months period ended 30 September 2008

Interim Statement of Income
for the 9 months period ended 30 September 2008

	Notes	01.01.2008- 30.09.2008 Group LVL`000	Unaudited 01.01.2007- 30.09.2007 Group LVL`000	01.01.2008- 30.09.2008 Bank LVL`000	Unaudited 01.01.2007- 30.09.2007 Bank LVL`000
Interest income		97,456	73,242	87,998	66,971
Interest expenses		(64,511)	(45,253)	(56,588)	(40,258)
Net interest income		32,945	27,989	31,410	26,713
Fees and commission income		9,528	8,049	10,079	8,307
Fees and commission expenses		(3,914)	(3,349)	(3,742)	(3,113)
Net fees and commissions		5,614	4,700	6,337	5,194
Net gain from operations with foreign currency, trading securities and derivative financial instruments		2,613	3,209	2,547	3 147
Other operating income		5,378	5,367	721	749
Dividends		-	-	600	500
Operating income		46,550	41,265	41,615	36,303
Personnel expenses		(9,959)	(8,121)	(9,254)	(7,344)
Other administrative expenses		(10,741)	(8,165)	(10,123)	(7,498)
Depreciation		(5,440)	(4,873)	(1,604)	(1,242)
Other operating expenses		(315)	(359)	(205)	(209)
Net allowances for impairment loss	5	(8,020)	(2,976)	(7,405)	(2,976)
Profit before income tax		12,075	16,771	13,024	17,034
Corporate income tax		(2,206)	(2,549)	(2,159)	(2,412)
Profit for the period from continuing operations		9,869	14,222	10,865	14,622
Gain/(loss) after tax for the period from a discontinued operations	10	537	(391)	537	(93)
Profit for the period		10,406	14,613	11,402	14 715
Attributable to:					
Equity holders of the Bank		10,398	14,627	11,402	14,715
Minority interests		8	(14)	-	-

The financial statements on pages 6 to 24 have been approved by the Supervisory Council and the Management Board of the Bank and signed on their behalf by:

 <hr style="width: 100%;"/> Sven Herlyn Chairman of the Supervisory Council	 <hr style="width: 100%;"/> Andris Ozolins Chairman of the Management Board	 <hr style="width: 100%;"/> Rudolf Karges Member of the Management Board
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Riga,
 18 December 2008

The accompanying notes are an integral part of these financial statements.

AS DnB NORD Banka
Interim Condensed Consolidated and Bank Financial Statements
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Interim Statement of Financial Position as at 30 September 2008

Assets	Notes	30.09.2008 Group LVL`000	31.12.2007 Group LVL`000	30.09.2008 Bank LVL`000	31.12.2007 Bank LVL`000
Cash and balances with central banks		125,273	119,551	125,273	119,552
Due from other credit institutions (demand)		8,332	14,892	8,133	14,892
Financial assets held for trading		5,696	4,050	5,696	4,050
Financial assets at fair value through profit or loss		75,868	44,861	75,868	44,861
-- Debt securities and other fixed income securities	4	75,513	44,791	75,513	44,791
-- Investment funds	4	355	70	355	70
Financial assets available-for-sale		10	10	10	10
Loans and advances to customers		1,922,948	1,641,870	1,697,355	1,470,013
-- Due from other credit institutions (term)		20,616	26,062	20,616	26,062
-- Loans	3	1,902,332	1,615,808	1,676,739	1,443,951
Non-current assets and disposal groups classified as held for sale	10	-	187,854	-	130,054
Accrued income and deferred expenses		795	1,199	699	1,053
Fixed assets		28,694	32,454	7,053	7,523
Intangible assets		1,047	1,057	874	817
Investments in the share capital of related companies	10	-	-	535	710
Other assets		17,213	11,326	7,792	4,229
Total assets		2,185,876	2,059,124	1,929,288	1,797,764

The financial statements on pages 6 to 24 have been approved by the Supervisory Council and the Management Board of the Bank and signed on their behalf by:

 <hr style="width: 100%;"/> Sven Herlyn Chairman of the Supervisory Council	 <hr style="width: 100%;"/> Andris Ozolins Chairman of the Management Board	 <hr style="width: 100%;"/> Rudolf Karges Member of the Management Board
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Riga,
 18 December 2008

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AS DnB NORDBANKA
Interim Condensed Consolidated and Bank Financial Statements
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	Notes	30.09.2008	31.12.2007	30.09.2008	31.12.2007
Liabilities		Group	Group	Bank	Bank
		LVL`000	LVL`000	LVL`000	LVL`000
Liabilities to central bank		5,001	-	5,001	-
Liabilities on demand to credit institutions	6	45,149	37,929	45,149	37,929
Financial liabilities held for trading		8,585	3,255	8,585	3,255
Financial liabilities at amortised cost:		1,918,665	1,633,487	1,666,866	1,435,638
-- Due to credit institutions	6	1,498,920	1,290,031	1,246,932	1,088,529
-- Deposits	7	410,039	335,471	410,228	339,124
-- Other financial liabilities	7	9,706	7,985	9,706	7,985
Accrued expenses and deferred income		7,347	4,529	6,666	3,735
Income tax liabilities		457	1,675	106	1,372
Liabilities related to disposal groups classified as held for sale	10	-	188,420	-	130,302
Other liabilities		6,351	6,054	2,065	1,723
Subordinated loan		40,414	40,776	40,414	40,776
Total liabilities		2,031,969	1,916,125	1,774,852	1,654,730
Shareholders` equity					
Share capital		99,161	99,161	99,161	99,161
Share premium		48,994	48,994	48,994	48,994
Reserve capital		214	214	214	214
Revaluation reserve		133	133	133	133
Accumulated result		5,358	(5,542)	5,934	(5,468)
Total shareholders' equity attributable to the shareholders of the Bank		153,860	142,960	154,436	143,034
Minority interests		47	39	-	-
Total shareholders` equity		153,907	142,999	154,436	143,034
Total liabilities and shareholders` equity		2,185,876	2,059,124	1,929,288	1,797,764

The financial statements on pages 6 to 24 have been approved by the Supervisory Council and the Management Board of the Bank and signed on their behalf by:

		
Sven Herlyn Chairman of the Supervisory Council	Andris Ozolins Chairman of the Management Board	Rudolf Karges Member of the Management Board

Riga,
18 December 2008

The accompanying notes are an integral part of these financial statements.

AS DnB NORD Banka
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Interim Condensed Consolidated Statement of Changes in Equity
for the 9 months period ended 30 September 2008

	Attributable to equity holders				Accumul ated result	Minority interest	Total
	Share capital	Share premium	Reserve capital	Revaluation reserve			
	LVL`000	LVL`000	LVL`000	LVL`000	LVL`000	LVL`000	LVL`000
At 31 December 2006	56,961	48,994	214	133	(24,767)	38	81,573
Increase of share capital	42,169	-	-	-	-	-	42,169
Minority share of IPAS DnB NORD Fondi on the date of aquisition	-	-	-	-	-	17	17
Cash flow hedge impact	-	-	-	-	33	-	33
Profit for the period	-	-	-	-	14,236	14	14,250
At 30 September 2007	99,130	48,994	214	133	(10,498)	69	138,042
At 31 December 2007	99,161	48,994	214	133	(5,542)	39	142,999
Retained loss decrease after DnB NORD Liising shares sale	-	-	-	-	493	-	493
Cash flow hedge impact	-	-	-	-	9	-	9
Profit for the period	-	-	-	-	10,398	8	10,406
At 30 September 2008	99,161	48,994	214	133	5,358	47	153,907

Interim Condensed Bank's Statement of Changes in Equity
for the 9 months period ended 30 September 2008

	Share capital	Share premium	Reserve capital	Revaluation reserve	Accumulated result	Total
	LVL`000	LVL`000	LVL`000	LVL`000	LVL`000	LVL`000
At 31 December 2006	56,961	48,994	214	133	(25,054)	81,248
Increase of share capital	42,169	-	-	-	-	42,169
Profit for the period	-	-	-	-	14,622	14,622
At 30 September 2007	99,130	48,994	214	133	(10,432)	138,039
At 31 December 2007	99,161	8,994	214	133	(5,468)	143,034
Profit for the period	-	-	-	-	11,402	11,402
At 30 September 2008	99,161	48,994	214	133	5,934	154,436

The accompanying notes are an integral part of these financial statements.

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Interim Statement of Cash Flows for the 9 months period ended 30 September 2008

	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	Group	Group	Bank	Bank
	LVL'000	LVL'000	LVL'000	LVL'000
Cash flows from operating activities				
Profit before income tax and dividends	12,612	16,771	13,561	17,034
Depreciation and amortization of intangible and fixed assets	5,440	4,873	758	1,243
Increase/(decrease) in provisions for doubtful debts and off-balance sheet liabilities	6,246	2,650	5,631	2,650
Profit/(loss) from revaluation of securities, derivatives and loans	270	(55)	270	(55)
(Profit)/loss from sale of fixed and intangible assets	(498)	(605)	(498)	(498)
Dividends received	-	-	(600)	(500)
(Profit)/loss from foreign currency revaluation	106	(5)	106	(5)
Cash flow from operating activities before changes in assets and liabilities	24,176	23,629	19,228	19,869
(Increase)/decrease in loans and advances to customers	(124,526)	(428,129)	(125,749)	(337,751)
(Increase)/decrease in claims on credit institutions	(5,906)	(13)	(5,707)	(13)
(Increase)/decrease in financial assets held for trading	(526)	(459)	(526)	(459)
(Increase)/decrease in financial assets at fair value through profit and loss	(31,810)	(1,005)	(31,810)	(1,005)
(Increase)/decrease in accrued income and deferred expenses	492	40	440	143
(Increase)/decrease in other assets	(4,036)	(10,622)	(3,547)	(2,673)
Increase/(decrease) in liabilities to central bank	5,001	-	5,001	-
Increase/(decrease) in liabilities to credit institutions	27,326	452,647	33,858	351,121
Increase/(decrease) in clients deposits	68,950	7,568	65,486	7,214
Increase/(decrease) in financial liabilities held for trading	5,330	1,344	5,330	1,344
Increase/(decrease) in financial liabilities at fair value through profit and loss	-	(21,413)	-	(21,413)
Increase/(decrease) in accrued expenses and deferred income	2,454	2,111	2,838	1,643
Increase/(decrease) in other liabilities	978	(145)	1,850	(1,437)
Changes in cash and cash equivalents as a result of operating activities	(56,273)	1,924	(52,536)	(3,286)
Corporate income tax paid	(3,425)	(1,454)	(3,425)	(1,454)
Increase/decrease in cash and cash equivalents as a result of operating activities	(35,522)	24,099	(36,733)	15,129
Cash flows from investing activities				
(Acquisition) of fixed assets and intangible assets	(4,295)	(14,698)	(1,257)	(2,612)
Sale of fixed assets and intangible assets	3,684	4,071	1,584	526
(Acquisition) of participation in share capital of subsidiary and Business Unit	-	-	-	(53)
Sale of participation in share capital of subsidiary and Business Unit	502	-	175	-
Increase/decrease in cash and cash equivalents as a result of investment activities	(109)	(10,627)	502	(2,139)
Cash flows from financing activities				
Increase of share capital	-	42,187	-	42,169
Subordinated liabilities attracted/(interest paid)	(362)	4,742	(362)	4,742
Dividends (paid)/received	-	-	600	500
Increase/decrease in cash and cash equivalents as a result of financing activities	(362)	46,929	238	47,411
Net increase/decrease in cash and cash equivalents	(35,993)	60,401	(35,993)	60,401
Cash and cash equivalents at the beginning of the year	138,823	115,241	138,823	115,241
(Profit)/loss of foreign currency revaluation	(106)	5	(106)	5
Cash and cash equivalents at the end of the year	102,724	175,647	102,724	175,647

The accompanying notes are an integral part of these financial statements.

AS DnB NORD Banka
Interim Condensed Consolidated and Bank Financial Statements
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Interim Statement of Cash Flows for the 9 months period ended 30 September 2008
(continued)

	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	Group	Group	Bank	Bank
	LVL'000	LVL'000	LVL'000	LVL'000
Cash flow from interest received	95,139	68,475	85,807	62,349
Cash flow from interest paid	60,198	37,328	53,269	32,368

The accompanying notes are an integral part of these financial statements.

AS DnB NORD Banka
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Notes to the Financial Statements

Note 1 Information on the Bank

AS DnB NORD Banka was established as Riga Commercial Bank on 26 June 1989. On 6 September 1991 it was incorporated in the Republic of Latvia as a joint stock company. The parent of the Bank is Bank DnB NORD A/S (Denmark) and the ultimate parent of the Bank is DnB NOR ASA (Norway).

The Bank offers a wide range of financial services to enterprises and individuals.

Note 2 Accounting policies

These interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2007, except that the Group has adopted those new/ revised standards mandatory for financial years beginning on or after 1 January 2008, is set out below.

Adoption of new and/or revised IFRSs

The Group has adopted the following new and amended IFRSs during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position, nor on the disclosures in the Group's financial statements:

- IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions* (effective for annual periods beginning on or after 1 March 2007). The interpretation provides guidance on classification of transactions as equity-settled or as cash-settled and also gives guidance on how to account for share-based payment arrangements that involve two or more entities within the same group in the individual financial statements of each group entity.
- IFRIC 14 *IAS 19 – The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for annual periods beginning on or after 1 January 2008). This interpretation specifies the conditions for recognising a net asset for a defined benefit pension plan.
- IFRIC 12 *Service Concession Agreements* (effective for annual periods beginning on or after 1 January 2008). The interpretation addresses how service concession operators should apply existing International Financial Reporting Standards (IFRSs) to account for the obligations they undertake and rights they receive in service concession arrangements.

The Group has not applied the following IFRSs and IFRIC Interpretations that have been issued but are not yet effective:

- *IFRS 8 Operating Segments* (effective for annual periods beginning on or after 1 January 2009). The standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. IFRS 8 supersedes IAS 14 Segment Reporting.
- *IAS 1 Presentation of Financial Statements – Revised* (effective for annual periods beginning on or after 1 January 2009 once adopted by EU). IAS 1 has been revised to enhance the usefulness of the information presented in the financial statements. Revision includes number of changes, including introduction of a new terminology, revised presentation of equity transactions and introduction of a new statement of comprehensive income as well as amended requirements related to the presentation of the financial statements in a case of their retrospective restatement.
- *IAS 23 Borrowing Costs – Revised* (effective for annual periods beginning on or 1 January 2009 once adopted by EU). The revised standard eliminates the option of expensing all borrowing costs and requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. In accordance with the transitional requirements of the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalized on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

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Interim Condensed Consolidated and Bank Financial Statements
for the 9 months period ended 30 September 2008

Notes to the Financial Statements (continued)

Note 2 Accounting policies (continued)

- IAS 27 *Consolidated and Separate Financial Statements – Revised* (effective for annual periods beginning on or 1 January 2009 once adopted by EU). Revised standard requires that changes in ownership interest in a subsidiary are accounted for as equity transactions. Also, accounting for losses incurred by the subsidiary was changed: such losses will be allocated between the controlling and non-controlling interests even if the losses exceed the non-controlling equity investment in the subsidiary. On a loss of control of a subsidiary, any retained interest will be remeasured to fair value and will impact the gain or loss recognized on disposal. In addition, revised standard provides more guidance as to when multiple arrangements should be accounted for as a single transaction. These most significant changes introduced by the revised standard will be applied prospectively, except for the multiple arrangements that have been accounted for as a single transaction – these arrangements require retrospective assessment.
- IFRS 3 *Business Combinations – Revised* (effective for annual periods beginning on or 1 January 2009 once adopted by EU). The scope of IFRS 3 has been revised to include combinations of mutual entities and combinations without consideration (dual listed shares). Also a number of changes are introduced in accounting for business combinations that will impact the amount of goodwill recognized, the results in the period when the acquisition occurs, and future revenues reported. In accordance with the transitional requirements of the Standard, the Group will adopt this as a prospective change. Accordingly, assets and liabilities arising from business combinations prior to the date of application of the revised standard will not be restated.
- IFRIC 13 *Customer Loyalty Programmes* (effective for annual periods beginning on or after 1 July 2008 once adopted by EU). This interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credit and deferred over the period that the award credit is fulfilled.
- Amendment to IFRS 2 *Share-based Payment* (effective for annual periods beginning on or after 1 January 2009 once adopted by EU). The amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.
- Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* (effective for annual periods beginning on or after 1 January 2009 once adopted by EU). The amendments to IAS 32 require entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: puttable financial instruments and instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation. Additional disclosures are required about the instruments affected by the amendments.

The Group expects that the adoption of the pronouncements listed above will not have a significant impact on the Group's financial statements in the period of initial application, except for IAS 1 *Presentation of Financial Statements – Revised*.

IAS 1 Presentation of Financial Statements – Revised

This standard sets out new requirements on the presentation of the statement of changes in equity and introduces a new statement of comprehensive income that combines all items of income and expense recognized in profit or loss together with "other comprehensive income" and requires a separate disclosure of all items reclassified from other comprehensive income to profit and loss as well as disclosure of the income tax relating to each component of other comprehensive income. Also, requirements related to the presentation of the financial statements in a case of their retrospective restatement are amended and new terminology, replacing "balance sheet" with "statement of financial position" and "cash flow statement" with "statement of cash flows", although the titles are not obligatory, is introduced.

These interim condensed financial statements should be read in conjunction with the 2007 full annual financial statement.

These interim condensed financial statements were approved on 18 December 2008.

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Notes to the Financial Statements (continued)

Note 2 Accounting policies (continued)

Restatement

The Bank had disposed its investment in one of the subsidiary and branch both operating in Estonia, which classified as discontinued operations and represented separate geographical segment of operations. As a result the comparative figures for 31 December 2007 had been restated as following:

	31/12/2007 (comparative) figures, Group			31/12/2007 (comparative) figures, Bank		
	As reported	Restate- ments	Restated	As reported	Restate- ments	Restated
Balance sheet						
Assets						
Cash and balances with central banks	134,374	(14,823)	119,551	134,374	(14,821)	119,552
Due from other credit institutions (demand)	16,758	(1,866)	14,892	16,758	(1,866)	14,892
Loans	1,810,535	(168,665)	1,641,870	1,583,103	(113,090)	1,470,013
Accrued income and deferred expenses	1,286	(87)	1,199	1,140	(87)	1,053
Fixed assets	32,943	(489)	32,454	7,625	(102)	7,523
Intangible assets	1,129	(72)	1,057	889	(72)	817
Other assets	13,178	(1,852)	11,326	4,244	(16)	4,229
Non-current assets and disposal groups classified as held for sale	-	187,854	-	-	130,054	-
Total	2,010,203	-	1,822,349	1,748,133	-	1,618,079
Liabilities						
Financial liabilities at amortised cost	1,820,805	(187,318)	1,633,487	1,565,804	(130,166)	1,435,638
Accrued expenses and deferred income	4,761	(232)	4,529	3,828	(93)	3,735
Other liabilities	6,924	(870)	6,054	1,766	(43)	1,723
Liabilities related to disposal groups classified as held for sale	-	188,420	-	-	130,302	-
Total	1,832,490	-	1,644,070	1,571,398	-	1,441,096
Income statement						
Net interest income	38,211	354	37,857	35,454	1,049	34,405
Net commission income	5,792	141	5,649	7,333	160	7,173
Total	19,193	(453)	19,646	19,586	(248)	19,834

The changes in the figures did not affect the net profit for the reporting period.

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Notes to the Financial Statements (continued)

Note 2 Accounting policies (continued)

Hedge accounting principles

In order to manage particular risks arising from changes in interest rates the Group uses derivative instruments and applies hedge accounting for transactions meeting the specified criteria.

At inception of the hedge relationship, a formal documentation is prepared of the relationship between the hedged item and the hedging instrument, including the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship.

Further, at the inception of the hedge relationship, a formal assessment is undertaken to ensure that the hedge relationship is expected to be highly effective. A hedge is considered to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to offset in a range of 80% to 125%.

For the purposes of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability; and (b) cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to hedges (fair value and cash flow hedges), which meet the conditions for hedge accounting, any gain or loss from re-measuring the hedging instrument to fair value is recognised immediately in the statement of income except for the fair value change in relation to the effective part of a cash flow hedge, which is recognised directly in equity. For fair value hedges the hedged item is adjusted for fair value changes relating to the risk being hedged and the difference is recognised in the statement of income. Where the adjustment relates to a hedged interest-bearing financial instrument and the hedge instrument is terminated or designated, the adjustment is amortised to the statement of income on a systematic basis using effective interest rate so that it is fully amortised by its maturity date.

Dollar-offset method is used to calculate the retrospective and prospective effectiveness of the hedging relationships.

For derivatives, which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value are taken directly to the statement of income for the period.

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

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Notes to the Financial Statements (continued)

Note 3 Loans and advances to customers

(a) Analysis of loans by original maturity

	30.09.2008 Group LVL'000	31.12.2007 Group LVL'000	30.09.2008 Bank LVL'000	31.12.2007 Bank LVL'000
Less than a year	249,255	239,784	198,197	179,747
More than a year	1,664,052	1,384,073	1,489,470	1,268,969
	1,913,307	1,623,857	1,687,667	1,448,716
Less: provisions for loan impairment losses	(16,672)	(10,434)	(16,056)	(10,434)
Accrued income	6,820	6,280	6,251	5,841
Less: provisions for unpaid interest	(1,123)	(172)	(1,123)	(172)
Total	1,902,332	1,619,531	1,676,739	1,443,951

(b) Analysis of loans by client type

	30.09.2008 Group LVL'000	31.12.2007 Group LVL'000	30.09.2008 Bank LVL'000	31.12.2007 Bank LVL'000
Individuals	969,258	861,267	928,544	830,805
Private companies	886,571	723,208	703,965	578,496
Management/employees	27,332	11,833	26,323	10,941
Local government	15,638	13,256	15,497	13,067
Public companies	14,467	14,293	8,725	8,906
Finance institutions	41	-	4,613	6,501
	1,913,307	1,623,857	1,687,667	1,448,716
Less: provisions for loan impairment losses	(16,672)	(10,434)	(16,056)	(10,434)
Accrued income	6,820	6,280	6,251	5,841
Less: provisions for unpaid interest	(1,123)	(172)	(1,123)	(172)
Total	1,902,332	1,619,531	1,676,739	1,443,951

(c) Analysis of loans by industry

	30.09.2008 Group LVL'000	31.12.2007 Group LVL'000	30.09.2008 Bank LVL'000	31.12.2007 Bank LVL'000
Individuals	976,105	855,285	935,391	824,824
Management of real estate	251,772	228,144	253,180	223,536
Manufacturing	169,127	117,853	97,362	75,967
Trade	164,459	143,511	140,470	122,908
Other	131,029	113,486	98,041	88,123
Transport	91,554	64,680	60,734	36,124
Construction	39,764	32,589	21,558	16,342
Agriculture	28,801	16,130	21,244	9,605
Management/employees	13,349	11,839	12,340	10,947
Non-profit and religious organizations	1,039	704	1,039	704
Total loans to residents	1,866,999	1,584,221	1,641,359	1,409,080
Loans issued to non-residents	46,308	39,636	46,308	39,636
	1,913,307	1,623,857	1,687,667	1,448,716
Less: provisions for loan impairment losses	(16,672)	(10,434)	(16,056)	(10,434)
Accrued income	6,820	6,280	6,251	5,841
Less: provisions for unpaid interest	(1,123)	(172)	(1,123)	(172)
Total	1,902,332	1,619,531	1,676,739	1,443,951

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Notes to the Financial Statements (continued)

Note 3 Loans and advances to customers (continued)

(d) Analysis of loans by products

	30.09.2008 Group LVL'000	31.12.2007 Group LVL'000	30.09.2008 Bank LVL'000	31.12.2007 Bank LVL'000
Mortgage loans	1,123,513	978,507	1,123,513	978,507
Commercial loans	447,684	374,593	456,532	387,287
Financial leasing	183,488	164,998	58	164
Credit lines	80,215	59,897	80,215	59,897
Factoring	51,058	23,001	-	-
Express loans	20,019	18,366	20,019	18,366
Overdrafts	7,330	4,495	7,330	4,495
	1,913,307	1,623,857	1,687,667	1,448,716
Less: provisions for loan impairment losses	(16,672)	(10,434)	(16,056)	(10,434)
Accrued income	6,820	6,280	6,251	5,841
Less: provisions for unpaid interest	(1,123)	(172)	(1,123)	(172)
Total	1,902,332	1,619,531	1,676,739	1,443,951

(e) Analysis of loans by currency structure

	30.09.2008 Group LVL'000	31.12.2007 Group LVL'000	30.09.2008 Bank LVL'000	31.12.2007 Bank LVL'000
Loans in EUR	1,732,225	1,493,889	1,533,322	1,320,091
Loans in USD	80,737	60,881	80,058	58,276
Loans in Lats	69,128	69,087	73,679	70,349
Loans in DKK	30,609	-	-	-
Loans in CHF	608	-	608	-
Loans in EEK	-	-	-	-
	1,913,307	1,623,857	1,687,667	1,448,716
Less: provisions for loan impairment losses	(16,672)	(10,434)	(16,056)	(10,434)
Accrued income	6,820	6,280	6,251	5,841
Less: provisions for unpaid interest	(1,123)	(172)	(1,123)	(172)
Total	1,902,332	1,619,531	1,676,739	1,443,951

Loan portfolio includes loans secured by the Republic of Latvia Government guarantees of Ls 2 440 thousand.

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Notes to the Financial Statements (continued)

Note 4 Financial assets at fair value through profit or loss and investment securities

Financial assets at fair value through profit or loss	30.09.2008	31.12.2007	30.09.2008	31.12.2007	Ratings
	Group LVL`000	Group LVL`000	Bank LVL`000	Bank LVL`000	
Debt securities					
Latvian government securities	24,009	6,551	24,009	6,551	A2
NORD/LB Hannover EUR bonds (Germany)	23,602	-	23,602	-	Aa2
BANK AUSTRIA CREDITANSTALT AG (Austria)	7,001	7,101	7,001	7,101	Aa2
Hypo Real Estate International EUR bonds (Germany)	6,530	6,970	6,530	6,970	A1
BBVA Senior Financial S.A. Unipersonal EUR bonds (Spain)	4,236	4,233	4,236	4,233	Aa1
F VAN LANSCHOT VANKIERS NV (The Netherlands)	3,535	7,053	3,535	7,053	A
Bradford and Bingley PLC (UK)	2,817	2,794	2,817	2,794	Baa3
SPAREBANKEN MIDT-NORGE ASA	2,429	2,437	2,429	2,437	Aa3
Latvijas Hipoteku un Zemes banka Mortgage Bonds	1,354	1,332	1,354	1,332	A1
RCI Banque (France)	-	6,320	-	6,320	
Total debt securities	75,513	44,791	75,513	44,791	
Investment funds					
DNB NORD mērķa fonds	355	70	355	70	
Total investment funds	355	70	355	70	
Total	75,868	44,861	75,868	44,861	

Note 5 Provisions for impairment losses on loans and other assets

Bank provisions for impairment losses and other assets	Loans	Unpaid interest	Off-balance sheet liabilities	Total
	LVL`000	LVL`000	LVL`000	LVL`000
31 December 2006	8,500	79	-	8,579
Fully provided for and written off	(352)	-	-	(352)
Charge to income statement:				
- individual loans and assets	2,918	68	877	3,863
- homogenous groups of loans	505	-	-	505
Released during the year	(1,298)	-	-	(1,298)
31 September 2007	10,273	147	877	11,297
31 December 2007	10,442	172	877	11,491
Fully provided for and written off	(748)	-	-	(748)
Charge to income statement:				
- individual loans and assets	9,425	951	167	10,543
- homogenous groups of loans	(2,000)	-	-	(2,000)
Released during the year	(1,063)	-	-	(1,063)
30 September 2008	16,056	1,123	1,044	18,223

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Notes to the Financial Statements (continued)

Note 5 Provisions for impairment losses on loans and other assets (continued)

Group provisions for impairment losses and other assets	Loans LVL`000	Unpaid interest LVL`000	Off-balance sheet liabilities LVL`000	Total LVL`000
31 December 2006	8,500	79	-	8,579
Fully provided for and written off	(352)	-	-	(352)
Charge to income statement:				
- individual loans and assets	2,918	68	877	3,863
- homogenous groups of loans	505	-	-	505
Released during the year	(1,298)	-	-	(1,298)
31 September 2007	10,273	147	877	11,297
31 December 2007	10,442	172	877	11,491
Fully provided for and written off	(748)	-	-	(748)
Charge to income statement:				
- individual loans and assets	10,041	951	167	11,159
- homogenous groups of loans	(2,000)	-	-	(2,000)
Released during the year	(1,063)	-	-	(1,063)
30 September 2008	16,672	1,123	1,044	18,839

Income statement item "Release of previously established allowances" also includes recovered loans and other assets that were written-off in previous periods in amount of LVL 85 thousand (in 9 months 2007: 90 thousand). Decrease in provisions in the amount of LVL 10 thousand was charged to profit/ loss account in 9 months 2008 as a result of foreign exchange rate differences.

Note 6 Due to other credit institutions

	30.09.2008 Group LVL`000	31.12.2007 Group LVL`000	30.09.2008 Bank LVL`000	31.12.2007 Bank LVL`000
Demand deposits				
Republic of Latvia credit institutions	4,100	33,696	4,100	33,696
OECD credit institutions	40,469	309	40,469	309
Non-OECD credit institutions	580	3,924	580	3,924
Total demand deposits	45,149	37,929	45,149	37,929
Term deposits				
Republic of Latvia credit institutions	29,526	3,381	29,526	3,381
OECD credit institutions	1,445,077	1,280,068	1,194,190	1,074,941
Non-OECD credit institutions	14,809	8,039	14,809	8,039
	1,489,412	1,291,488	1,238,525	1,086,361
Accrued interest	9,508	10,091	8,407	9,985
Total term deposits	1,498,920	1,301,579	1,246,932	1,096,346
Total deposits	1,544,069	1,339,508	1,292,081	1,134,275

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Notes to the Financial Statements (continued)

Note 7 Due to customers

(a) Analysis of deposits by maturity and client type

	30.09.2008	31.12.2007	30.09.2008	31.12.2007
	Group	Group	Bank	Bank
	LVL`000	LVL`000	LVL`000	LVL`000
Demand deposits				
Private companies	63,236	56,935	63,246	60,588
Individuals	60,040	64,442	60,040	64,442
State institutions	10,125	3,781	10,125	3,781
Funds in transit	9,705	7,985	9,706	7,985
Non-residents non-OECD	7,612	11,770	7,612	11,770
Non-residents OECD	5,366	4,056	5,366	4,056
Total demand deposits	156,084	148,969	156,095	152,622
Term deposit accounts				
Individuals	132,129	105,986	132,129	105,986
Private companies	70,296	54,376	70,475	54,376
State institutions	43,230	14,984	43,230	14,984
Non-residents non-OECD	11,058	7,801	11,058	7,801
Non-residents OECD	4,599	9,472	4,599	9,472
Total term deposits	261,312	192,619	261,491	192,619
Accrued interest	2,348	1,867	2,348	1,867
Total deposits and transit funds	419,745	343,455	419,934	347,108

Note 8 Off-balance sheet items

	30.09.2008	31.12.2007	30.09.2008	31.12.2007
	Group	Group	Bank	Bank
	LVL`000	LVL`000	LVL`000	LVL`000
Memorandum items				
Contingent liabilities				
<i>guarantees</i>	29,899	29,724	250,790	288,244
Commitments				
<i>Loan issuing commitments</i>	159,319	157,280	159,319	157,280
<i>other liabilities</i>	8,208	2,706	8,208	2,706
<i>letters of credit</i>	15,259	16,879	15,259	16,879

Note 9 Related party transactions

Related parties are defined as shareholders who have significant influence over the Group, members of the Council and Management Board, key Management personnel, their close relatives and companies in which they have a controlling interest as well as associated companies of the Group. For the purpose of this disclosure, the shareholders and their companies, as well as the key management of the Group's companies/ Bank (excluding the shareholders) and their related companies are stated in one line, accordingly.

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Notes to the Financial Statements (continued)

Note 9 Related party transactions (continued)

Due from related parties

	30.09.2008 Group LVL'000	31.12.2007 Group LVL'000	30.09.2008 Bank LVL'000	31.12.2007 Bank LVL'000
Due from parent companies:				
DnB NOR Bank ASA	4,005	2,087	4,005	2,087
Bank DnB NORD A/S	1,033	178	1,033	178
Due from subsidiaries:				
DnB NORD Līzings SIA	-	-	4,572	6,501
AS DnB NORD Liising	-	-	-	3,723
SIA Skanstes 12	-	-	4,277	2,469
Due from other related parties:				
AB DnB NORD Bankas	129	267	129	267
DnB NORD Polska	1	5	1	5
Bank DnB NORD A/S Eesti filiaal	6,415	-	6,415	-
Balances due from related parties	11,583	2,537	20,432	15,230

Due to related parties

	30.09.2008 Group LVL'000	31.12.2007 Group LVL'000	30.09.2008 Bank LVL'000	31.12.2007 Bank LVL'000
Due to parent companies:				
DnB NOR Bank ASA	630,778	947,747	630,778	742,627
Bank DnB NORD A/S	53,291	74,923	53,291	21,503
Due to subsidiaries:				
DnB NORD Līzings SIA	-	-	9	-
IPAS DnB NORD Fondi	-	-	179	-
SIA Skanstes 12	-	-	-	2,489
Due to other related parties:				
AB DnB NORD Bankas	9,786	11,933	9,786	11,933
DnB NORD Polska	44	-	44	-
Bank DnB NORD A/S Eesti filiaal	5,977	-	5,977	-
Balances due to related parties	699,876	1,034,603	700,064	778,552

The Group's and Bank's income/expenses from transactions with related parties are analysed as follows:

	30.09.2008 Group LVL'000	31.12.2007 Group LVL'000	30.09.2008 Bank LVL'000	31.12.2007 Bank LVL'000
Interest received for money market deposits/ loans	4,052	5,132	1,378	1,005
Income received from derivatives	16,217	3,374	16,217	3,374
Derivative revaluation result	648	307	648	307
Commission received	230	76	1,834	1,295
Income from AS DnB NORD Liising shares sale and from Business Unit AS DnB NORD Banka Eesti filiaal shares sale	537	-	537	-
Other income	-	-	15	2
Interest paid on money market deposits/loans	(26,395)	(17,285)	(26,405)	(17,290)
Expenses from derivatives	(13,808)	(3,325)	(13,808)	(3,325)
Interest paid on subordinated loan	(832)	(698)	(832)	(698)
Commission paid	(21)	(16)	(21)	(16)
Other expenses	(1,521)	(846)	(1,521)	(847)
(20,893)	(13,281)	(21,958)	(16,193)	

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Notes to the Financial Statements (continued)

Note 9 Related party transactions (continued)

The Group's and Bank's income/expenses from transactions with parent companies DnB NORD ASA (Norway) and Bank DnB NORD A/S (Denmark) are analysed as follows:

	30.09.2008 Group LVL'000	31.12.2007 Group LVL'000	30.09.2008 Bank LVL'000	31.12.2007 Bank LVL'000
Interest received for money market deposits/loans	3,870	5,132	41	132
Income received from derivatives	16,217	3,365	16,217	3,365
Derivative revaluation result	723	144	723	144
Commission received	36	3	36	3
Income from AS DnB NORD Liising shares sale and from Business Unit AS DnB NORD Banka Eesti filiaal shares sale	537	-	537	-
Interest paid on money market deposits/loans	(25,922)	(17,151)	(25,922)	(17,151)
Expenses from derivatives	(13,798)	(3,315)	(13,798)	(3,315)
Interest paid on subordinated loan	(832)	(698)	(832)	(698)
Commission paid	(21)	(16)	(21)	(16)
Other expenses	(1,518)	(847)	(1,518)	(847)
	(20,708)	(13,383)	(24,537)	(18,383)

Note 10 Discontinued operations

Within the framework of DnB NORD Group management optimization process on 31st January all business activities of AS DnB NORD Banka in Estonia, i.e. the Bank's branch AS DnB NORD Banka Eesti filiaal and subsidiary AS DnB NORD Liising Leasing Company were assigned to the Estonian branch of AS DnB NORD Banka holding company Bank DnB NORD A/S (Denmark) - Bank DnB NORD A/S Eesti filiaal. Investment in AS DnB NORD Liising Leasing Company had a cost of 175 thousand lats shown under caption Investments in the share capital of related companies. Bank's branch in Estonia was part of the Bank's operations, therefore it had no direct cost recognised in the balance sheet.

	01.01.2008- 30.09.2008 AS DnB NORD Banka Eesti filiaal LVL'000	01.01.2007- 30.09.2007 AS DnB NORD Banka Eesti filiaal LVL'000	01.01.2008- 30.09.2008 AS DnB NORD Banka Liising LVL'000	01.01.2007- 30.09.2007 AS DnB NORD Banka Liising LVL'000
Interest income	-	3,559	-	560
Interest expenses	-	(2,854)	-	(397)
Net interest income	-	705	-	163
Fees and commission income	-	149	-	214
Fees and commission expenses	-	(25)	-	(91)
Net fees and commissions	-	124	-	123
Net gain from operations with foreign currency, trading securities and derivative financial instruments	-	47	-	(8)
Other operating income	-	3	-	0
Operating income	-	878	-	278
Administrative expenses	-	(891)	-	(552)
Depreciation	-	(19)	-	(24)
Other operating expenses	-	(5)	-	(1)
Net allowances for impairment loss	-	(47)	-	-
Loss before tax from a discontinued operations	-	(84)	-	(298)
Corporate income tax	-	(9)	-	0
Loss for the period from a discontinued operations	-	(93)	-	(298)
Gain on disposal of the discontinued operation	209	-	328	-
Gain/ (loss) after tax for the period from a discontinued operations	209	(93)	328	(298)

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Notes to the Financial Statements (continued)

Note 10 Discontinued operations (continued)

	Group	Bank
	31.12.2007	31.12.2007
	LVL`000	LVL`000
Assets		
Cash and balances with central banks	14,823	14,821
Due from other credit institutions (demand)	1,866	1,866
Loans and advances to customers	168,665	113,090
-- <i>Loans</i>	168,865	113,090
Accrued income and deferred expenses	87	87
Fixed assets	489	102
Intangible assets	72	72
Other assets	1,852	16
Total assets	187,854	130,054
Liabilities		
Financial liabilities at amortised cost:	187,318	130,166
-- <i>Due to credit institutions</i>	181,698	124,546
-- <i>Deposits</i>	5,618	5,618
-- <i>Other financial liabilities</i>	2	2
Accrued expenses and deferred income	232	93
Other liabilities	870	43
Total liabilities	188,420	130,302
Shareholders` equity		
Accumulated result	(741)	(248)
Total shareholders` equity	(741)	(248)
Total liabilities and shareholders` equity	187,679	130,054

Figures for the Bank include data on Bank's branch, while for the Group it also includes data on the disposed subsidiary. Both of investments were sold before 30 September 2008, therefore the assets and liabilities classified as part of a disposal group held for sale are no longer included in the balance sheet.

Note 11 Hedge accounting

The Bank has engaged in interest rate swap transactions, whereby swapped certain part of the fixed coupon payments to EURIBOR. The interest rate swap agreements are being used to maintain certain level of the Bank's debt, corresponding to the debt issues of EUR 100 million and EUR 200 million, at floating rates, thus effectively working as fair value hedges. The details of the respective hedging relationships are as follows:

Hedged item	Gains/ (losses) on the hedged item attributable to the hedged risk		Gains/ (losses) on the hedging instrument	
	LVL 000's		LVL 000's	
	2007	2006	2007	2006
EUR 100 million notes	923	(537)	998	(561)
EUR 200 million notes	(1,438)	(1,098)	(1,461)	(1,226)
Total	(515)	(1,635)	(463)	(1,787)

AS DnB NORD Banka
Interim Condensed Consolidated and Bank Financial Statements
for the 9 months period ended 30 September 2008
Notes to the Financial Statements (continued)

Note 12 Subsequent events