
**Joint Stock Company
"NORVIK BANKA"**

Condensed Interim Consolidated and Bank Financial Statements
for the six month period ended 30 June 2008
(Unaudited)

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JSC "NORVIK BANKA"

REPORT OF THE CHAIRMAN OF THE SUPERVISORY COUNCIL AND THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear shareholders and clients!

We are pleased to present JSC "NORVIK BANKA" financial statements for the first half-year 2008 for your evaluation.

NORVIK BANKA is one of the oldest commercial banks in Latvia. It was established in 1992, and since that time the Bank has been successfully operating in the Latvian and international financial markets, offering its services to a wide range of clients.

For now, NORVIK BANKA has one of the largest networks of branches and client service centres, which covers all regions of Latvia. The network consists of 15 branches and 70 service centres.

NORVIK BANKA has four subsidiary companies - NORVIK Līzings LLC (leasing operations), NORVIK ieguldījumu pārvaldes sabiedrība JSC (services for pension capital savings), Norvik Technology LLC (IT services) and NORVIK Universal Credit Organisation, CJSC (credit organisation in Armenia).

In the first half-year of 2008, the number of NORVIK BANKA's clients has increased by 11%, exceeding 106.8 thousand.

The assets of NORVIK BANKA have increased more than by 22.4% as compared to the first half-year of 2007, exceeding LVL 551.9 mln. According to the statistics of Association of Latvian Commercial Banks, by the amount of assets NORVIK BANKA is ranked 12th among Latvian commercial banks.

The NORVIK BANKA's profit, excluding the profit of its subsidiary companies, for the first half-year of 2008 have increased by 28.1% as compared to the first half-year 2007, exceeding LVL 5.6 mln.

From April, 2008, NORVIK BANKA has been offering an investment deposit programme "Pasaules ekonomika" ("World economy"). The programme is adhered to the leading markets of the countries of the Europe, the USA, Japan and Hong Kong.

The Bank has expanded its range of banking products and services with the intention to meet customers' expectations.

In June the Bank issued new credit card "Indigo". The card has all advantages of VISA Classic and, besides that, it has several additional benefits - life insurance free of charge and special discount programme. As the innovation in Latvian market - the savings account linked directly to the card.

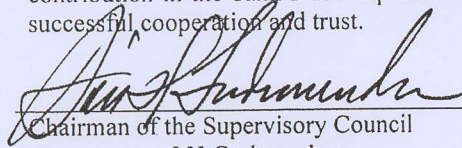
The Bank continued promotion of Latvian cultural and sports life by supporting several events. For the second time, NORVIK BANKA took a role of the general sponsor and supported a concert "Jāņi dzied", which was one of the most attended concerts during Midsummer feast in June 23. In the end of the May, with the support of NORVIK BANKA, Latvian yachtsman M.Keklja and his team participated in the international regatta "The Sails of the White Nights" in St.Peterburg, Russia.


The first half-year was also stable and successful for NORVIK BANKA subsidiaries.

The assets of NORVIK Ieguldījumu pārvaldes sabiedrība has increased by 8.7% as compared to the first half-year of 2007, exceeding LVL 520 824.

NORVIK Universal Credit Organisation also managed prosperous operations, during the first half year of 2008. The amount of its assets reached a number of USD 60.1 mln, which makes the organisation to be ranked 1st among Armenian non-bank credit institutions. The other subsidiaries also continued to work on sustaining its positions in Latvian and international market.

In conclusion, we would like to express our gratitude to employees and shareholders of the bank for their contribution in the bank's development and prosperity. We also thank our clients and partners for their successful cooperation and trust.


Chairman of the Supervisory Council
J.H.Gudmundsson


Chairman of the Management Board
A.Svirčenkovs

Riga, 28 August 2008

JSC "NORVIK BANKA"

SUPERVISORY COUNCIL AND MANAGEMENT BOARD

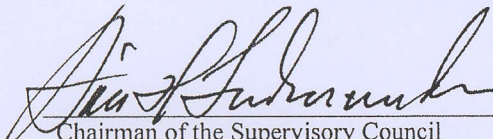
Supervisory Council as at 30 June 2008


Name	Position	Date of latest appointment
J.H. Gudmundsson	Chairman of the Supervisory Council	17/01/2006
B. Halldorsdottir	Deputy Chairwoman of the Supervisory Council	01/11/2006
H. Baldursson	Member of the Supervisory Council	17/01/2006
V. Keiša	Member of the Supervisory Council	01/04/2006
J. Svirčenkova	Member of the Supervisory Council	01/04/2006
B. Strupiša	Member of the Supervisory Council	29/03/2007

Management Board as at 30 June 2008

Name	Position	Date of latest appointment
A. Svirčenkovs	Chairman of the Management Board	01/04/2006
J. Šapurovs	Deputy Chairman of the Management Board	01/04/2006
S. Gusarovs	Member of the Management Board	01/04/2005
A. Upenieks	Member of the Management Board	01/12/2006
L. Saltuma	Member of the Management Board	10/12/2007

On behalf of the Supervisory Council and Management Board:


Chairman of the Supervisory Council
J.H.Gudmundsson


Chairman of the Management Board
A.Svirčenkovs

Riga, 28 August 2008

JSC "NORVIK BANKA"

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

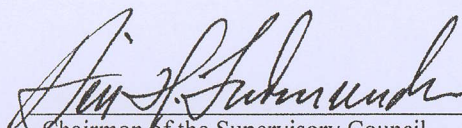
The Management of JSC "NORVIK BANKA" (the Bank) is responsible for preparing the Condensed Interim Consolidated and separate Financial Statements of the Bank and its subsidiaries (the Group).

The Condensed Interim Consolidated and Bank Financial Statements are prepared in accordance with source documents and present fairly the financial position of the Group as of 30 June 2008 and the results of its operations and cash flows for the six month period ended 30 June 2008, as well as the financial position of the Bank as of 30 June 2008 and the results of its operations and cash flows for the six month period ended 30 June 2008.


The management confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the Condensed Interim Consolidated and Bank Financial Statements on pages 6 to 21 for the six month period ended 30 June 2008. The management also confirms that applicable International Financial Reporting Standards have been followed and that the Condensed Interim Consolidated and Bank Financial Statements have been prepared on a going concern basis.

JSC "NORVIK BANKA" management is also responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Group and of the Bank and to prevent and detect fraud and other irregularities. They are also responsible for operating the Bank in compliance with the Law on Credit Institutions, the Regulations of the Financial and Capital Markets Commission (FCMC) and other legislation of the Republic of Latvia.

On behalf of the Supervisory Council and Management Board:



Chairman of the Supervisory Council
J.H.Gudmundsson



Chairman of the Management Board
A.Svirčenkovs

Riga, 28 August 2008

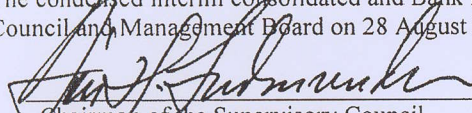
JSC "NORVIK BANKA"


CONDENSED INTERIM CONSOLIDATED AND BANK INCOME STATEMENT FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2008

	Note	6 months ended 30.06.2008		6 months ended 30.06.2007	
		Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
Interest and similar revenue		23 625	22 179	13 976	13 440
Interest and similar expense		(10 625)	(10 648)	(6 603)	(6 610)
Net interest income		13 000	11 531	7 373	6 830
Fee and commission revenue		4 305	4 053	3 101	3 026
Fee and commission expense		(824)	(793)	(597)	(595)
Net fee and commission income		3 481	3 260	2 504	2 431
Dividend income		1	1		-
Net income from financial instruments	3	3 660	3 658	1 817	1 813
Other operating income		564	579	1 607	1 636
Other operating expense		(280)	(268)	(174)	(147)
Operating income		20 426	18 761	13 127	12 563
Administrative expenses		(9 122)	(8 575)	(7 143)	(6 938)
Depreciation and amortization		(572)	(542)	(478)	(470)
Impairment losses on financial investments	8	(3 210)	(3 234)	(229)	(220)
Impairment losses from non-financial assets	11	(35)	(35)	-	-
Operating expenses		(12 939)	(12 386)	(7 850)	(7 628)
Net operating profit before tax		7 487	6 375	5 277	4 935
Income tax		(997)	(759)	(628)	(550)
Profit for the period		6 490	5 616	4 649	4 385
Attributable to:					
Equity holders of the parent		6 488		4 652	
Minority interest		2		(3)	
Basic and Diluted Earnings per share (LVL)		0.16		0.21	

The accompanying notes on pages 12 to 21 form an integral part of these condensed interim consolidated and Bank financial statements.

The condensed interim consolidated and Bank financial statements on pages 6 to 21 were approved by the Supervisory Council and Management Board on 28 August 2008.


Chairman of the Supervisory Council
J.H. Gudmundsson

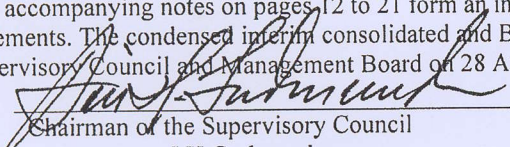

Chairman of the Management Board
A. Svirčenkovs


JSC "NORVIK BANKA"

CONDENSED INTERIM CONSOLIDATED AND BANK BALANCE SHEET AND OFF-BALANCE-SHEET ITEMS AS OF 30 JUNE 2008

	Note	30.06.2008		31.12.2007	
		Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
Assets					
Cash and balance with the central bank		33 730	33 729	42 157	42 157
Loans and receivables to banks	4	109 521	109 140	189 087	188 919
Trading financial assets	5	26 283	26 283	37 900	37 900
Financial assets designated at fair value through profit or loss	6	2 162	2 162	1 454	1 454
Derivatives financial instruments		5 714	5 714	5 339	5 339
Loans and receivables to customers	7	355 478	352 344	324 462	321 434
Available-for-sale financial assets	9	10 634	10 634	9 238	9 238
Investment in subsidiaries	10	-	3 574	-	3 115
Goodwill		266		266	-
Intangible assets		701	568	653	600
Investment property	11	4 189	4 189	4 224	4 224
Tangible assets	12	2 804	2 480	2 775	2 665
Other assets		1 414	1 108	1 193	1 085
Total assets		552 896	551 925	618 748	618 130
Liabilities					
Due to the central bank and other banks	13	98 211	98 211	92 306	92 306
Derivatives financial instruments		7 933	7 933	4 974	4 974
Customer deposits		370 692	371 682	447 376	447 842
Subordinated debt		8 734	8 734	8 502	8 502
Debt securities in issue	14	2 871	2 871	5 870	5 870
Current tax liabilities		-	-	579	415
Deferred tax liabilities		585	516	478	446
Other liabilities		2 432	1 995	3 148	2 954
Total liabilities		491 458	491 942	563 233	563 309
Equity attributable to equity holders of the Bank					
Share capital	15	40 500	40 500	40 500	40 500
Reserves		7	7	7	7
Revaluation reserve of available-for-sale financial assets		(912)	(912)	(458)	(458)
Revaluation reserve of foreign currency		(107)	-	6	-
Retained earning		15 437	14 772	9 220	9 387
Profit for the period		6 488	5 616	6 217	5 385
Total equity attributable to equity holders of the Bank		61 413	59 983	55 492	54 821
Minority interest		25	-	23	-
Total equity		61 438	59 983	55 515	54 821
Total liabilities and equity		552 896	551 925	618 748	618 130
Commitments and contingencies					
Contingent liabilities		2 650	3 672	4 087	4 680
Commitments		33 774	36 568	41 498	41 905
Total commitments and contingencies		36 424	40 240	45 585	46 585

The accompanying notes on pages 12 to 21 form an integral part of these condensed interim consolidated and Bank financial statements. The condensed interim consolidated and Bank financial statements on pages 6 to 21 were approved by the Supervisory Council and Management Board on 28 August 2008.


Chairman of the Supervisory Council
J.H.Gudmundsson


Chairman of the Management Board
A.Svirčenkovs

JSC "NORVIK BANKA"

CONDENSED INTERIM CONSOLIDATED AND BANK STATEMENT OF CHANGES IN EQUITY FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2008

Group	Attributable to shareholders of the Bank						Total Groups' equity LVL'000
	Share capital LVL'000	Reserve LVL'000	Retained earning LVL'000	Revaluation reserve LVL'000	Total LVL'000	Minority interest LVL'000	
As at 31 December 2006	22 500	7	9 220	(56)	31 671	15	31 686
Revaluation of available- for-sale financial assets	-	-	-	(16)	(16)	-	(16)
Revaluation reserve of foreign Currency*	-	-	-	48	48	-	48
Profit for the 6 month period	-	-	4 652	-	4 652	(3)	4 649
Total income and expense for the 6 month period	-	-	4 652	32	4 684	(3)	4 681
Increase of share capital	8 000	-	-	-	8 000	10	8 010
As at 30 June 2007	30 500	7	13 872	(24)	44 355	22	44 377
As at 31 December 2007	40 500	7	15 437	(452)	55 492	23	55 515
Revaluation of available- for-sale financial assets	-	-	-	(454)	(454)	-	(454)
Revaluation reserve of foreign Currency*	-	-	-	(113)	(113)	-	(113)
Profit for the 6 month period	-	-	6 488	-	6 488	2	6 490
Total income and expense for the 6 month period	-	-	6 488	(567)	5 921	2	5 923
Increase of share capital	-	-	-	-	-	-	-
As at 30 June 2008	40 500	7	21 925	(1 019)	61 413	25	61 438

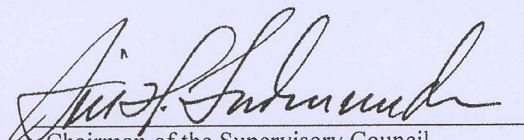
*Revaluation reserve on consolidation of the subsidiary JSC "NORVIK Universal credit Organization" (Armenia)


JSC "NORVIK BANKA"

CONDENSED INTERIM CONSOLIDATED AND BANK STATEMENT OF CHANGES IN EQUITY FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2008

Bank	Share capital LVL'000	Capital reserve LVL'000	Retained earning LVL'000	Revaluation reserve LVL'000	Total LVL'000
As at 31 December 2006	22 500	7	9 387	(48)	31 846
Revaluation of available-for-sale Financial assets	-	-	-	(16)	(16)
Profit for the 6 month period	-	-	4 385	-	4 385
Total income and expense for the 6 month period	-	-	4 385	(16)	4 369
Increase of share capital	8 000	-	-	-	8 000
As at 30 June 2007	<u>30 500</u>	<u>7</u>	<u>13 772</u>	<u>(64)</u>	<u>44 215</u>
As at 31 December 2007	40 500	7	14 772	(458)	54 821
Revaluation of available-for-sale Financial assets	-	-	-	(454)	(454)
Profit for the 6 month period	-	-	5 616	-	5 616
Total income and expense for the 6 month period	-	-	5 616	(454)	5 162
Increase of share capital	-	-	-	-	-
As at 30 June 2008	<u>40 500</u>	<u>7</u>	<u>20 388</u>	<u>(912)</u>	<u>59 983</u>

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Chairman of the Supervisory Council
J.H.Gudmundsson


Chairman of the Management Board
A.Svirčenkovs

JSC "NORVIK BANKA"

CONDENSED INTERIM CONSOLIDATED AND BANK CASH FLOW STATEMENT FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2008

	6 months ended 30.06.2008		6 months ended 30.06.2007	
	Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
Cash flow from operations				
Profit before corporate income tax	7 487	6 375	5 277	4 935
Depreciation of intangible and tangible fixed assets and write off	829	800	987	980
Increase in provisions for impairment losses on financial investments	3 246	3 270	375	366
(Profit)/loss from foreign exchange revaluation	11 407	11 408	(2 100)	(2 104)
Revaluation reserve of foreign currency	(113)	-	48	-
Non-realised (profit)/loss from investment property	35	35	(1 374)	(1 374)
Operating cash flow before changes in operating assets and liabilities	22 891	21 888	3 213	2 803
Decrease/(increase) in loans and receivables to banks	797	797	(3 413)	(3 391)
Decrease/(increase) in trading financial assets	11 617	11 617	(35 299)	(35 299)
(Increase) in financial assets at fair value through profit or loss	(708)	(708)	(1 423)	(1 423)
Decrease/(increase) in derivatives financial assets	(375)	(375)	(2 414)	(2 414)
Decrease/(increase) in loans and receivables to customers	(34 256)	(34 173)	(83 920)	(83 610)
Decrease/(increase) in available-for-sale financial assets	(1 850)	(1 850)	(4 185)	(4 185)
Decrease/(increase) in other assets	(164)	20	(114)	(61)
Increase/(decrease) in due to banks	5 905	5 905	77 349	77 349
Increase/(decrease) in customer deposits	(76 684)	(76 160)	26 640	27 062
Increase/(decrease) in derivatives financial liabilities	2 959	2 959	948	948
Increase/(decrease) in other liabilities	(1 295)	(1 382)	(530)	(541)
Cash used in operating activities	(71 163)	(71 462)	(23 148)	(22 762)
Corporate income tax (paid)	(953)	(731)	(414)	(407)
Net cash used in operating activities	(72 116)	(72 193)	(23 562)	(23 169)
Cash flow from investing activities				
Acquisition of intangible and tangible assets	(906)	(583)	(1 329)	(1 289)
Acquisition of subsidiary	10	(459)	-	(429)
Other cash received/(paid) as a result of investment activity	-	-	(4)	(4)
Net cash (used in)/investing activities	(906)	(1 042)	(1 333)	(1 722)
Cash flow from financing activities				
Increase in share capital	-	-	8 010	8 000
Increase in subordinated debt	232	232	-	-
Repayment of subordinated debt	-	-	(1)	(1)
Issue of debt securities	2 208	2 208	28 807	28 807
Maturity of debt securities	(5 207)	(5 207)	-	-
Net cash provided by/(used in) financing activities	(2 767)	(2 767)	36 816	36 806
Net increase/(decrease) in cash and cash equivalents	(75 789)	(76 002)	11 921	11 915
Cash and cash equivalents at the beginning of the period	219 790	219 622	54 375	54 180
Profit/(loss) from foreign exchange revaluation	(11 407)	(11 408)	2 100	2 104
Cash and cash equivalents at the end of the period	16 132 594	132 212	68 396	68 199

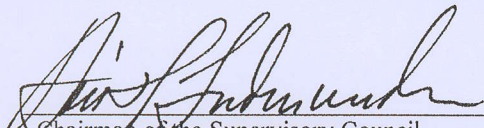
JSC "NORVIK BANKA"

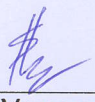
CONDENSED INTERIM CONSOLIDATED AND BANK CASH FLOW STATEMENT FOR THE SIX
MONTH PERIOD ENDED 30 JUNE 2008

Operational cash flows from interest and dividends

	6 months ended 30.06.2008		6 months ended 30.06.2007	
	Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
Interest paid	9 264	9 287	5 040	5 044
Interest received	20 644	19 198	12 619	12 188
Dividend received	1	1	-	-

The accompanying notes on pages 12 to 21 form an integral part of these condensed interim consolidated and Bank financial statements. The condensed interim consolidated and Bank financial statements on pages 6 to 21 were approved by the Supervisory Council and Management Board on 28 August 2008.


Chairman of the Supervisory Council
J.H.Gudmundsson


Chairman of the Management Board
A.Svirčenkovs

JSC "NORVIK BANKA"

NOTES TO THE CONDENSED INTERIM CONSOLIDATED AND BANK FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2008

1. GENERAL INFORMATION

JSC "NORVIK BANKA" ("the Bank") is a joint stock company incorporated in the Republic of Latvia, acting in accordance with Latvian legislation and Licence No. 30 issued by the Bank of Latvia on 27 April 1992.

The legal address of JSC "NORVIK BANKA" is E. Birznieka-Upīša street 21, Riga LV-1011, Latvia.

The Bank has a central office, 15 branches and 70 accounting groups. The main banking activities are local and international money transfers, issuance of loans, securities operations and foreign currency transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying condensed interim financial statements are presented in the national currency of Latvia, in thousands of lats ('LVL').

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "EU") issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and the regulations of the Latvian Financial and Capital Market Commission (FCMC).

These condensed interim financial statements are prepared in accordance with IAS 34 *Interim Financial Reporting*. The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's and Bank's annual financial statements for the year ended 31 December 2007.

Basis of Consolidation

The consolidated financial statements include all subsidiaries, which are those companies in which the Group directly or indirectly has an interest of more than half of the voting rights or otherwise has power to exercise control over operations. Control is achieved where the company has the power to govern the financial and operating policies of another enterprise so as to obtain benefits from its activities. The subsidiaries are consolidated from the date on which effective control is acquired by the Group and are no longer consolidated from the date of disposal.

In the separate financial statements the Bank has recognized investments in the subsidiary in accordance with the cost method. The separate financial statements of the Bank and its subsidiary are consolidated line by line by combining items of assets, liabilities, off-balance sheets, income and expenses. Intragroup balances of the Bank and its subsidiary as well as intragroup transactions, including income and expenses, are eliminated.

Foreign currency translation

The foreign currency exchange rates for the principal currencies that were used as of the end of the period are as follows:

	30 June 2008	31 December 2007	30 June 2007
EUR	0.702804	0.702804	0.702804
USD	0.447000	0.484000	0.522000

NOTES TO THE CONDENSED INTERIM CONSOLIDATED AND BANK FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2008

3. NET INCOME FROM FINANCIAL INSTRUMENTS

	6 months ended 30.06.2008		6 months ended 30.06.2007	
	Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
Profit/(loss) from trading financial assets, net	<u>790</u>	<u>790</u>	<u>(311)</u>	<u>(311)</u>
<i>Bonds and other fixed income securities</i>	<i>809</i>	<i>809</i>	<i>(379)</i>	<i>(379)</i>
Net trading profit/(loss)	(319)	(319)	339	339
Fair value adjustment	1 128	1 128	(718)	(718)
<i>Shares and other non-fixed income securities</i>	<i>(19)</i>	<i>(19)</i>	<i>68</i>	<i>68</i>
Net trading profit/(loss)	(36)	(36)	53	53
Fair value adjustment	17	17	15	15
Profit/(loss) from financial assets designated at FV through PL, net	<u>5</u>	<u>5</u>	<u>25</u>	<u>25</u>
Fair value adjustment	5	5	25	25
Profit/(loss) from financial liabilities designated at FV through PL, net	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>
Net trading profit/(loss)	-	-	(1)	(1)
Profit/(loss) from derivative instruments and foreign exchanges trading, net	<u>14 272</u>	<u>14 271</u>	<u>4 204</u>	<u>4 204</u>
Net trading profit/(loss)	16 551	16 550	3 014	3 014
Fair value adjustment	(2 279)	(2 279)	1 190	1 190
Profit/(loss) from revaluation of open position, net	<u>(11 407)</u>	<u>(11 408)</u>	<u>(2 100)</u>	<u>(2 104)</u>
Net income from financial instruments	<u>3 660</u>	<u>3 658</u>	<u>1 817</u>	<u>1 813</u>

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4. LOANS AND RECEIVABLES TO BANKS

	Group 30.06.2008 LVL'000	Bank 30.06.2008 LVL'000	Group 31.12.2007 LVL'000	Bank 31.12.2007 LVL'000
Demand placements with:	98 178	97 797	40 485	40 380
other countries banks	21 049	20 668	23 762	23 658
OECD countries banks	73 315	73 315	16 697	16 697
the Republic of Latvia Banks	3 814	3 814	26	25
Loans and receivables to:	11 343	11 343	148 602	148 539
other countries banks	8 850	8 850	12 548	12 548
OECD countries banks	254	254	135 019	135 019
the Republic of Latvia Banks	2 239	2 239	1 035	972
Total	109 521	109 140	189 087	188 919

5. TRADING FINANCIAL ASSETS

	Group 30.06.2008 LVL'000	Bank 30.06.2008 LVL'000	Group 31.12.2007 LVL'000	Bank 31.12.2007 LVL'000
Trading bonds and other fixed income securities	26 175	26 175	37 030	37 030
Other country bonds	25 297	25 297	36 077	36 077
OECD country bonds	878	878	953	953
Trading shares and other non-fixed income securities	108	108	870	870
Other country shares	108	108	870	870
Total	26 283	26 283	37 900	37 900

Securities pledged under repurchase agreements with other banks are trading portfolio bonds with a market value, as at 30 June 2008, of LVL'000 13 549 (as at 30 June 2007: LVL'000 21 782). The repurchase agreements are with open date of maturity and these deals can be terminated upon two-days prior notice.

6. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group 30.06.2008 LVL'000	Bank 30.06.2008 LVL'000	Group 31.12.2007 LVL'000	Bank 31.12.2007 LVL'000
Fund participations	2 162	2 162	1 454	1 454
Latvian funds	2 162	2 162	1 454	1 454

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7. LOANS AND RECEIVABLES TO CUSTOMERS

	Group	Bank	Group	Bank
	30.06.2008	30.06.2008	31.12.2007	31.12.2007
	LVL'000	LVL'000	LVL'000	LVL'000
Net loans to:	350 814	347 680	320 318	317 290
Private companies	260 659	267 843	230 830	237 711
Individuals	94 210	83 853	90 703	80 698
Allowance for impairment losses (Note 8)	(4 055)	(4 016)	(1 215)	(1 119)
Receivables to:	4 664	4 664	4 144	4 144
Finance companies	4 664	4 664	4 144	4 144
Total net loans and receivables to customers	355 478	352 344	324 462	321 434
	Group	Bank	Group	Bank
	30.06.2008	30.06.2008	31.12.2007	31.12.2007
	LVL'000	LVL'000	LVL'000	LVL'000
Geographical segmentation of loans and receivables				
Net loans to:	350 814	347 680	320 318	317 290
Residents of Latvia	215 494	215 888	202 595	202 595
Residents of the other countries	130 207	126 640	109 763	106 639
Residents of OECD countries	9 168	9 168	9 175	9 175
Allowance for impairment losses (Note 8)	(4 055)	(4 016)	(1 215)	(1 119)
Receivables to:	4 664	4 664	4 144	4 144
Residents of OECD countries	4 661	4 661	4 139	4 139
Residents of other countries	-	-	3	3
Residents of Latvia	3	3	2	2
Total net loans and receivables to customers	355 478	352 344	324 462	321 434
Analysis of loans by type				
Industrial loans	90 860	90 860	91 613	91 613
Commercial loans	84 548	87 778	63 822	71 418
Mortgage loans	70 690	71 510	65 367	60 078
Reverse repo transactions	42 572	42 572	39 814	39 814
Consumer loans	40 875	36 341	40 161	34 826
Credit cards balances	10 262	10 262	8 956	8 956
Factoring loans	731	731	1 864	1 864
Finance leases	7 148	4 498	4 788	4 788
Other	3 128	3 128	3 933	3 933
Net loans to customers	350 814	347 680	320 318	317 290

The Group has received securities at fair value LVL'000 51 616 (at 30 June 2007: LVL'000 48 389) as collateral for reverse repo deals and the Group is permitted to sell or repledge them. As at 30 June 2008 received securities have been repledged at fair value LVL'000 24 876 (at 30 June 2007 received securities have not been sold or repledged).

8. IMPAIRMENT LOSSES ON FINANCIAL INVESTMENTS

The total impairment allowance for Group's loans and receivables to customers is LVL'000 4 062 (at 31 December 2007: LVL'000 1 215) of which LVL'000 3 457 (at 31 December 2007: LVL'000 855) represents

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allowance for impaired loans that have been made by using an individual valuation approach and the remaining amount of LVL'000 598 (at 31 December 2007: LVL'000 360) represents allowances that have been made for loan portfolios as groups of financial assets..

The following table presents an analysis of the change in allowance account for impairment. The Group attributes the allowance for impairment losses completely to the loans to customers.

Group	At 31 December 2007 LVL'000	Increase in allowance for loans LVL'000	Written off loans LVL'000	Released from allowance LVL'000	Foreign exchange LVL'000	At 30 June 2008 LVL'000
Industrial loans	32	34	-	-	-	66
Commercial loans	36	422	-	(34)	(2)	422
Consumer loans	737	2 259	(100)	(94)	(3)	2 799
Credit cards	364	546	(293)	(64)	-	553
Finance leasing	30	-	-	-	-	30
Factoring	-	15	-	-	-	15
Mortgage loans	16	170	-	(15)	(1)	170
Total provisions for loans	1 215	3 446	(393)	(207)	(6)	4 055
Other provisions	-	7	-	-	-	7
Total	1 215	3 453	(393)	(207)	(6)	4 062

Group	30.06.2008 LVL'000	30.06.2007 LVL'000
Result from allowance for impairment losses	(3 210)	(229)
Increase in allowance	(3 453)	(408)
Released from allowance (loans)	207	33
Released from allowance (other)		21
Recovery of previously written-off assets	36	125

The total impairment allowance for Bank's loans and receivables to customers is LVL'000 4 023 (at 31 December 2007: LVL'000 1 119) of which LVL'000 3 457 (at 31 December 2007: LVL'000 855) represents the individually impaired loans and the remaining amount of LVL'000 559 (at 31 December 2007: LVL'000 264) represents the portfolio allowance.

Bank	At 31 December 2007 LVL'000	Increase in allowance for loans LVL'000	Written off loans LVL'000	Released from allowance LVL'000	At 30 June 2008 LVL'000
Industrial loans	32	34	-	-	66
Commercial loans	4	422	-	(4)	422
Consumer loans	689	2 235	(73)	(91)	2 760
Credit cards	364	546	(293)	(64)	553
Finance leasing	30	-	-	-	30
Factoring	-	15	-	-	15
Mortgage loans	-	170	-	-	170
Total provisions for loans	1 119	3 422	(366)	(159)	4 016
Other provisions	-	7	-	-	7
Total	1 119	3 429	(366)	(159)	4 023

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Bank	30.06.2008	30.06.2007
	LVL'000	LVL'000
Result from allowance for impairment losses	(3 234)	(220)
Increase in allowance	(3 429)	(399)
Released from allowance (loans)	159	33
Released from allowance (other)	-	21
Recovery of previously written-off assets	36	125

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 30.06.2008 LVL'000	Bank 30.06. 2008 LVL'000	Group 31.12.2007 LVL'000	Bank 31.12.2007 LVL'000
Bonds and other fixed income securities	944	944	971	971
Latvian bonds	498	498	488	488
Other country bonds	446	446	483	483
Shares and other non-fixed income securities	9 690	9 690	8 267	8 267
EU country funds	9 690	9 690	8 267	8 267
Total	10 634	10 634	9 238	9 238

10. INVESTMENT IN SUBSIDIARY

As at 30 June 2008 the Bank had the following investment in the subsidiaries:

Company	Country and address of registration	Business profile	Share capital LVL'000	Bank's investments LVL'000	Bank's share capital %	Total equity value LVL'000	Goodwi LVL'000
JSC "NORVIK Ieguldījumu pārvaldes sabiedrība"	Latvia, Riga, E.Birznieka- Upīša str. 21	Finance	755	830	94.95	493	266
JSC "NORVIK" Universal Credit Organization	Armenia, Yerevan, Khanjyan str. 41	Finance	1 936	1 944	100.00	3 779	-
"NORVIK Līzings" Ltd.	Latvia, Riga, E.Birznieka- Upīša str. 21	Finance	700	700	100.00	474	-
"NORVIK TECHNOLOGY" Ltd.	Latvia, Riga, E.Birznieka- Upīša str. 21	IT technologies	100	100	100.00	77	-
				3 574			

In February 2008, the Bank established a 100% owned subsidiary - "NORVIK TECHNOLOGY" Ltd - in Latvia. The principal activity of the "NORVIK TECHNOLOGY" Ltd is development of IT technologies for the Bank and other companies.

11. INVESTMENT PROPERTY

The following table presents the movement in the Bank's investment property for the period ended 30 June 2008:

LVL'000	Building
As at 31 December 2007	4 224
Impairment losses	(35)
As at 30 June 2008	4 189

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Investment property is stated at fair value, which has been determined based on valuation performed by CJSC "Independent consulting group 2K Audit – Business consultation" (ЗАО «Независимая Консалтинговая Группа «2К Аудит – Деловые консультации») an industry specialist in valuing these types of investment properties, at 30 June 2008. Net change in fair value of investment property is recognized in the income statement in "Impairment losses from non-financial assets".

All investment property generated rental income during 2008. The property rental income earned by the Bank from its investment property, all of which is leased out to a related company under an operating lease agreement, amounted to LVL'000 204, at the same time the related property maintenance expenses was LVL'000 29.

12. TANGIBLE ASSETS

	Group	Bank	Group	Bank
	30.06.2008	30.06.2008	30.06.2007	30.06.2007
	LVL'000	LVL'000	LVL'000	LVL'000
Lands and buildings	801	801	1 082	1 082
Vehicles	472	230	272	221
Office equipment and other fixed assets	1 356	1 276	1 242	1 205
Prepayments for tangible fixed assets	60	58	130	127
Leasehold improvements	115	115	405	405
Net book value of tangible assets	2 804	2 480	3 131	3 040

During the six month period ended 30 June 2008 the Bank acquired tangible fixed assets for the amount of LVL'000 470. Tangible fixed assets were not disposed of.

13. DUE TO THE CENTRAL BANK AND OTHER BANKS

	Group	Bank	Group	Bank
	30.06.2008	30.06. 2008	31.12.2007	31.12.2007
	LVL'000	LVL'000	LVL'000	LVL'000
Demand deposits:	1 715	1 715	4 848	4 848
Banks registered in Latvia	1 013	1 013	2 199	2 199
Banks registered in other countries	702	702	2 165	2 165
Banks registered in OECD countries	-	-	484	484
Term deposits:	68 228	68 228	87 458	87 458
Banks registered in OECD countries	60 697	60 697	80 763	80 763
Banks registered in Latvia	6 122	6 122	4 578	4 578
Banks registered in other countries	1 409	1 409	2 117	2 117
Financial liabilities as result of collateralised financial assets	28 268	28 268	-	-
Banks registered in OECD countries	28 268	28 268	-	-
Banks registered in Latvia	-	-	-	-
Total	98 211	98 211	92 306	92 306

As at 30 June 2008, the carrying amount of the trading debt securities that have been provided to banks as collateral for repo transactions was LVL'000 38 425. The amount of securities that belong to Bank was 13 549.

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14. DEBT SECURITIES IN ISSUE

	Nominal ISK'000	Effective interest rate (%)	Group 30.06.2008 LVL'000	Bank 30.06.2008 LVL'000
Corporate bills due 2008	120 000	16.09	643	643
Total	120 000	16.09	643	643

Corporate bills with a nominal value of ISK'000 120 000 mature on 19 September 2008.

15. SHARE CAPITAL

	30.06.2008		31.12.2007	
	Quantity'000	LVL'000	Quantity'000	LVL'000
Registered and paid -in share capital	40 500	40 500	40 500	40 500

As at 30 June 2008, all issued shares are fully paid.

As of 30 June 2008, the shareholders were as follows:

	Number of shares	% of total shares	Paid up share capital LVL'000
"Straumborg Ehf." (Iceland)	20 705 879	51.13	20 706
J. Šapurovs (Latvia)	8 007 091	19.77	8 007
A. Svirčenkovs (Latvia)	8 007 089	19.77	8 007
Other (individually less than 10%)	3 779 869	9.33	3 780
Total	40 499 928	100.00	40 500

16. CASH AND CASH EQUIVALENTS

	Group 30.06.2008 LVL'000	Bank 30.06.2008 LVL'000	Group 30.06.2007 LVL'000	Bank 30.06.2007 LVL'000
Cash and balances due on demand from the Bank of Latvia	33 730	33 729	36 268	36 256
Balances due from other banks within 3 months	98 864	98 483	32 128	31 943
Total	132 594	132 212	68 396	68 199

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17. RELATED PARTIES

Related parties are shareholders, which have decisive influence over the management policy of the Group, members of the Council and the Board, senior level executives, their immediate family members, and undertakings over which they have a controlling interest as well as associated companies of the Group.

All transactions with related parties are shown below:

Group	Average interest rate	Amount	Off-balance sheet items	30.06.2008 Total	31.12.2007 Total
	%	LVL'000	LVL'000	LVL'000	LVL'000
Assets		27 325	395	27 720	27 931
Loans and receivables, net		27 325	395	27 720	27 931
Related undertakings and Individuals	2.15	27 185	333	27 518	27 752
Council and Board	5.82	23	56	79	52
Other senior executives	8.75	117	6	123	127
Liabilities		10 782	-	10 782	16 884
Deposits		3 550		3 550	9 910
Related undertakings and Individuals	1.31	2 560		2 560	9 287
Council and Board	3.26	982		982	616
Other senior executives	-	8		8	7
Subordinated debt		7 232		7 232	6 974
Related undertakings and Individuals	9.05	5 389		5 389	5 131
Council and Board	8.19	1 843		1 843	1 843
Bank					
Assets		53 091	4 734	57 825	48 576
Loans and receivables, net		53 091	4 734	57 825	48 576
Related undertakings and Individuals	2.15	27 185	333	27 518	27 752
Subsidiaries	4.48	25 875	4 339	30 214	20 750
Council and Board	5.82	22	56	78	53
Other senior executives	5.62	9	6	15	21
Liabilities		11 713	-	11 713	17 322
Deposits		4 481	-	4 481	10 348
Related undertakings and Individuals	1.31	2 560	-	2 560	9 287
Subsidiaries	4.83	931	-	931	438
Council and Board	3.26	982	-	982	616
Other senior executives		8	-	8	7
Subordinated debt		7 232	-	7 232	6 974
Related undertakings and Individuals	9.05	5 389	-	5 389	5 131
Council and Board	8.19	1 843	-	1 843	1 843

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As at 30 June 2008, the amount of the Bank's exposure transactions with related parties is LVL'000 2 219 or 3.72% of the own funds. According to the Law on Credit Institutions of the Republic of Latvia the total amount of exposure transactions with persons that are associated with the Bank may not exceed 15% of the own funds of the Bank.

The following table presents income and expense resulting from the above-mentioned related parties transactions:

	<u>6 months ended 30.06.2008</u>		<u>6 months ended 30.06.2007</u>	
	Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
Interest income	250	345	247	410
Interest expense	<u>(81)</u>	<u>(86)</u>	<u>(15)</u>	<u>(160)</u>
Net interest income	<u>169</u>	<u>259</u>	<u>232</u>	<u>250</u>

18. SUBSEQUENT EVENTS
