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**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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CONTENTS

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	<b>Page</b>
Report of the Chairman of the Supervisory Council and the Chairman of the Management Board	3
Supervisory Council and Management Board	4
Statement of Management's Responsibility	5
Condensed Interim Consolidated and Bank Financial Statements	
Condensed Interim Consolidated and Bank Income Statement	6
Condensed Interim Consolidated and Bank Balance Sheet and Off-balance Sheet Items	7
Condensed Interim Consolidated and Bank Statement of Changes in Equity	8-9
Condensed Interim Consolidated and Bank Cash Flow Statement	10 - 11
Notes to the Condensed Interim Consolidated and Bank Financial Statements	12 - 21

**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 EUR 785.3 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 EUR 8.0 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.

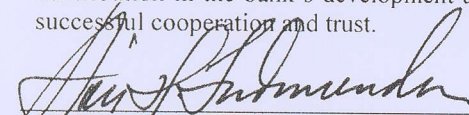
The Bank continued promotion of Latvian cultural and sports life by supporting several events. For the second time, NORVIK BANKA took a role of the general sponsor and supported a concert "Jāņi dzied", which was one of the most attended concerts during Midsummer feast in June 23. In the end of the May, 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 EUR 741 066.

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.Svirčēnkovs

Riga, 28 August 2008

**JSC "NORVIK BANKA"**

**SUPERVISORY COUNCIL AND MANAGEMENT BOARD**

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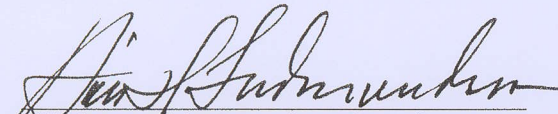
**Supervisory Council as at 30 June 2008**


<b>Name</b>	<b>Position</b>	<b>Date of latest appointment</b>
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**

<b>Name</b>	<b>Position</b>	<b>Date of latest appointment</b>
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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

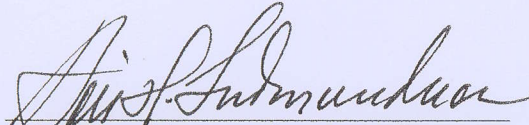
The Management of JSC "NORVIK BANKA" (the Bank) is responsible for preparing the Condensed Interim Consolidated and separate Financial Statements of the Bank and its subsidiaries (the Group).


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

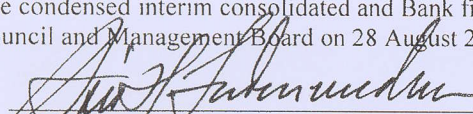
Riga, 28 August 2008


## 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 EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Interest and similar revenue		33 615	31 558	19 886	19 123
Interest and similar expense		( 15 118)	( 15 151)	( 9 395)	( 9 405)
<b>Net interest income</b>		<b>18 497</b>	<b>16 407</b>	<b>10 491</b>	<b>9 718</b>
Fee and commission revenue		6 125	5 767	4 412	4 306
Fee and commission expense		( 1 172)	( 1 128)	( 849)	( 847)
<b>Net fee and commission income</b>		<b>4 953</b>	<b>4 639</b>	<b>3 563</b>	<b>3 459</b>
<b>Dividend income</b>		<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Net income from financial instruments</b>	3	<b>5 208</b>	<b>5 205</b>	<b>2 585</b>	<b>2 579</b>
Other operating income		803	824	2 287	2 328
Other operating expense		( 398)	( 381)	( 248)	( 209)
<b>Operating income</b>		<b>29 064</b>	<b>26 695</b>	<b>18 678</b>	<b>17 875</b>
Administrative expenses		( 12 979)	( 12 201)	( 10 164)	( 9 872)
Depreciation and amortization		( 814)	( 771)	( 680)	( 668)
Impairment losses on financial investments	8	( 4 568)	( 4 602)	( 326)	( 313)
Impairment losses from non-financial assets	11	( 50)	( 50)	-	-
<b>Operating expenses</b>		<b>( 18 411)</b>	<b>( 17 624)</b>	<b>( 11 170)</b>	<b>( 10 853)</b>
<b>Net operating profit before tax</b>		<b>10 653</b>	<b>9 071</b>	<b>7 508</b>	<b>7 022</b>
Income tax		( 1 418)	( 1 080)	( 893)	( 783)
<b>Profit for the period</b>		<b>9 235</b>	<b>7 991</b>	<b>6 615</b>	<b>6 239</b>
<b>Attributable to:</b>					
Equity holders of the parent		9 232		6 619	
Minority interest		3		( 4)	
<b>Basic and Diluted Earnings per share (EUR)</b>		<b>0.23</b>		<b>0.30</b>	

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

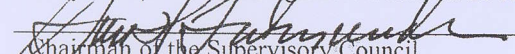
  
Chairman of the Management Board  
A. Svirčenkova

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 EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
<b>Assets</b>					
Cash and balance with the central bank		47 994	47 992	59 984	59 984
Loans and receivables to banks	4	155 834	155 292	269 047	268 808
Trading financial assets	5	37 397	37 397	53 927	53 927
Financial assets designated at fair value through profit or loss	6	3 076	3 076	2 069	2 069
Derivatives financial instruments		8 130	8 130	7 597	7 597
Loans and receivables to customers	7	505 800	501 340	461 668	457 359
Available-for-sale financial assets	9	15 131	15 131	13 144	13 144
Investment in subsidiaries	10	-	5 085	-	4 432
Goodwill		379	-	379	-
Intangible assets		997	808	929	854
Investment property	11	5 960	5 960	6 010	6 010
Tangible assets	12	3 990	3 529	3 948	3 792
Other assets		2 012	1 578	1 697	1 544
<b>Total assets</b>		<b>786 700</b>	<b>785 318</b>	<b>880 399</b>	<b>879 520</b>
<b>Liabilities</b>					
Due to the central bank and other banks	13	139 742	139 742	131 340	131 340
Derivatives financial instruments		11 288	11 288	7 077	7 077
Customer deposits		527 447	528 856	636 559	637 222
Subordinated debt		12 427	12 427	12 097	12 097
Debt securities in issue	14	4 085	4 085	8 352	8 352
Current tax liabilities		-	-	824	591
Deferred tax liabilities		832	734	680	635
Other liabilities		3 461	2 838	4 479	4 203
<b>Total liabilities</b>		<b>699 282</b>	<b>699 970</b>	<b>801 408</b>	<b>801 517</b>
<b>Equity attributable to equity holders of the Bank</b>					
Share capital	15	57 626	57 626	57 626	57 626
Reserves		10	10	10	10
Revaluation reserve of available-for-sale financial assets		( 1 298)	( 1 298)	( 651)	( 651)
Revaluation reserve of foreign currency		( 152)	-	9	-
Retained earning		21 965	21 019	13 119	13 356
Profit for the period		9 232	7 991	8 846	7 662
<b>Total equity attributable to equity holders of the Bank</b>		<b>87 383</b>	<b>85 348</b>	<b>78 959</b>	<b>78 003</b>
<b>Minority interest</b>		<b>35</b>	<b>-</b>	<b>32</b>	<b>-</b>
<b>Total equity</b>		<b>87 418</b>	<b>85 348</b>	<b>78 991</b>	<b>78 003</b>
<b>Total liabilities and equity</b>		<b>786 700</b>	<b>785 318</b>	<b>880 399</b>	<b>879 520</b>
<b>Commitments and contingencies</b>					
Contingent liabilities		3 771	5 225	5 815	6 659
Commitments		48 056	52 031	59 047	59 625
<b>Total commitments and contingencies</b>		<b>51 827</b>	<b>57 256</b>	<b>64 862</b>	<b>66 284</b>

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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 STATEMENT OF CHANGES IN EQUITY FOR  
THE SIX MONTH PERIOD ENDED 30 JUNE 2008

Group	Attributable to shareholders of the Bank						
	Share capital	Reserve	Retained earning	Revaluation reserve	Total	Minority interest	Total Groups' equity
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
As at 31 December 2006	32 015	10	13 119	(80)	45 064	21	45 085
Revaluation of available-for-sale financial assets	-	-	-	(23)	( 23)	-	(23)
Revaluation reserve of foreign Currency*	-	-	-	69	69	-	69
Profit for the 6 month period	-	-	6 619	-	6 619	(4)	6 615
Total income and expense for the 6 month period	-	-	6 619	46	6 665	(4)	6 661
Increase of share capital	11 383	-	-	-	11 383	14	11 397
As at 30 June 2007	43 398	10	19 738	(34)	63 112	31	63 143
As at 31 December 2007	57 626	10	21 965	( 642)	78 959	32	78 991
Revaluation of available-for-sale financial assets	-	-	-	( 647)	( 647)	-	( 647)
Revaluation reserve of foreign Currency*	-	-	-	( 161)	( 161)	-	( 161)
Profit for the 6 month period	-	-	9 232	-	9 232	3	9 235
Total income and expense for the 6 month period	-	-	9 232	(808)	8 424	3	8 427
Increase of share capital	-	-	-	-	-	-	-
As at 30 June 2008	57 626	10	31 197	(1 450)	87 383	35	87 418

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

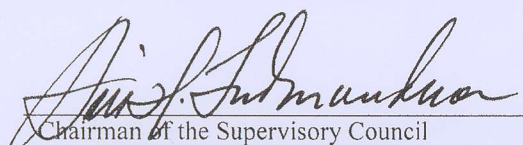



JSC "NORVIK BANKA"

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

Bank	Share capital EUR'000	Capital reserve EUR'000	Retained earning EUR'000	Revaluation reserve EUR'000	Total EUR'000
As at 31 December 2006	32 015	10	13 356	(69)	45 312
Revaluation of available-for-sale Financial assets	-	-	-	(23)	(23)
Profit for the 6 month period	-	-	6 239	-	6 239
Total income and expense for the 6 month period	-	-	6 239	(23)	6 216
Increase of share capital					
As at 30 June 2007	<u>11 383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11 383</u>
As at 31 December 2007	57 626	10	21 018	(651)	78 003
Revaluation of available-for-sale Financial assets	-	-	-	(646)	(646)
Profit for the 6 month period	-	-	7 991	-	7 991
Total income and expense for the 6 month period	-	-	7 991	(646)	7 345
Increase of share capital	-	-	-	-	-
As at 30 June 2008	<u>57 626</u>	<u>10</u>	<u>29 009</u>	<u>(1 297)</u>	<u>85 348</u>

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 CASH FLOW STATEMENT FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2008

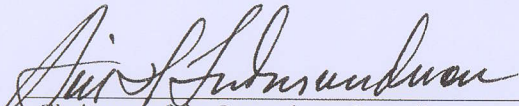
	6 months ended 30.06.2008		6 months ended 30.06.2007		
	Note	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
<b>Cash flow from operations</b>					
Profit before corporate income tax		10 653	9 071	7 508	7 022
Depreciation of intangible and tangible fixed assets and write off		1 179	1 138	1 403	1 394
Increase in provisions for impairment losses on financial investments		4 619	4 653	534	521
(Profit)/loss from foreign exchange revaluation		16 231	16 232	( 2 988)	( 2 994)
Revaluation reserve of foreign currency		( 161)		69	
Non-realised (profit)/loss from investment property		50	50	( 1 955)	( 1 955)
<b>Operating cash flow before changes in operating assets and liabilities</b>		<b>32 571</b>	<b>31 144</b>	<b>4 571</b>	<b>3 988</b>
Decrease/(increase) in loans and receivables to banks		1 134	1 134	( 4 856)	( 4 825)
Decrease/(increase) in trading financial assets		16 530	16 530	( 50 226)	( 50 226)
(Increase) in financial assets at fair value through profit or loss		( 1 007)	( 1 007)	( 2 025)	( 2 025)
Decrease/(increase) in derivatives financial assets		( 534)	( 534)	( 3 435)	( 3 435)
Decrease/(increase) in loans and receivables to customers		( 48 742)	( 48 624)	( 119 407)	( 118 966)
Decrease/(increase) in available-for-sale financial assets		( 2 632)	( 2 632)	( 5 955)	( 5 955)
Decrease/(increase) in other assets		( 233)	28	( 162)	( 87)
Increase/(decrease) in due to banks		8 402	8 402	110 058	110 058
Increase/(decrease) in customer deposits		( 109 112)	( 108 366)	37 905	38 506
Increase/(decrease) in derivatives financial liabilities		4 210	4 210	1 349	1 349
Increase/(decrease) in other liabilities		( 1 843)	( 1 966)	( 754)	( 770)
<b>Cash used in operating activities</b>		<b>( 101 256)</b>	<b>( 101 681)</b>	<b>( 32 937)</b>	<b>( 32 388)</b>
Corporate income tax (paid)		( 1 356)	( 1 040)	( 589)	( 579)
<b>Net cash used in operating activities</b>		<b>( 102 612)</b>	<b>( 102 721)</b>	<b>( 33 526)</b>	<b>( 32 967)</b>
<b>Cash flow from investing activities</b>					
Acquisition of intangible and tangible assets		( 1 289)	( 830)	( 1 891)	( 1 834)
Acquisition of subsidiary	10	-	( 653)	-	( 610)
Other cash received/(paid) as a result of investment activity		-	-	( 6)	( 6)
<b>Net cash (used in)/investing activities</b>		<b>( 1 289)</b>	<b>( 1 483)</b>	<b>( 1 897)</b>	<b>( 2 450)</b>
<b>Cash flow from financing activities</b>					
Increase in share capital		-	-	11 397	11 383
Increase in subordinated debt		330	330		
Repayment of subordinated debt				( 1)	( 1)
Issue of debt securities		3 142	3 142	40 989	40 989
Maturity of debt securities		( 7 409)	( 7 409)	-	-
<b>Net cash provided by/(used in) financing activities</b>		<b>( 3 937)</b>	<b>( 3 937)</b>	<b>52 385</b>	<b>52 371</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>( 107 838)</b>	<b>( 108 141)</b>	<b>16 962</b>	<b>16 954</b>
Cash and cash equivalents at the beginning of the period		312 733	312 494	77 369	77 091
Profit/(loss) from foreign exchange revaluation		( 16 231)	( 16 232)	2 988	2 994
<b>Cash and cash equivalents at the end of the period</b>	16	<b>188 664</b>	<b>188 121</b>	<b>97 319</b>	<b>97 039</b>


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 EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Interest paid	13 181	13 214	7 171	7 177
Interest received	29 374	27 316	17 955	17 342
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

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 currency of European Union, in thousands of euro ('EUR').

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 EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
<b>Profit/(loss) from trading financial assets, net</b>	<b>1 124</b>	<b>1 124</b>	<b>( 444)</b>	<b>( 444)</b>
<i>Bonds and other fixed income securities</i>	<b>1 151</b>	<b>1 151</b>	<b>( 540)</b>	<b>( 540)</b>
Net trading profit/(loss)	( 454)	( 454)	482	482
Fair value adjustment	1 605	1 605	( 1 022)	( 1 022)
<i>Shares and other non-fixed income securities</i>	<b>( 27)</b>	<b>( 27)</b>	<b>96</b>	<b>96</b>
Net trading profit/(loss)	( 51)	( 51)	75	75
Fair value adjustment	24	24	21	21
<b>Profit/(loss) from financial assets designated at FV through PL, net</b>	<b>7</b>	<b>7</b>	<b>36</b>	<b>36</b>
Fair value adjustment	7	7	36	36
<b>Profit/(loss) from financial liabilities designated at FV through PL, net</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>
Net trading profit/(loss)	-	-	(1)	(1)
<b>Profit/(loss) from derivative instruments and foreign exchanges trading, net</b>	<b>20 308</b>	<b>20 306</b>	<b>5 981</b>	<b>5 981</b>
Net trading profit/(loss)	23 551	23 549	4 288	4 288
Fair value adjustment	( 3 243)	( 3 243)	1 693	1 693
<b>Profit/(loss) from revaluation of open position, net</b>	<b>( 16 231)</b>	<b>( 16 232)</b>	<b>( 2 988)</b>	<b>( 2 994)</b>
<b>Net income from financial instruments</b>	<b>5 208</b>	<b>5 205</b>	<b>2 585</b>	<b>2 579</b>

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

## 4. LOANS AND RECEIVABLES TO BANKS

	Group 30.06.2008 EUR'000	Bank 30.06.2008 EUR'000	Group 31.12.2007 EUR'000	Bank 31.12.2007 EUR'000
<b>Demand placements with:</b>	<b>139 695</b>	<b>139 153</b>	<b>57 605</b>	<b>57 456</b>
other countries banks	29 950	29 408	33 810	33 662
OECD countries banks	104 318	104 318	23 758	23 758
the Republic of Latvia Banks	5 427	5 427	37	36
<b>Loans and receivables to:</b>	<b>16 139</b>	<b>16 139</b>	<b>211 442</b>	<b>211 352</b>
other countries banks	12 592	12 592	17 854	17 854
OECD countries banks	361	361	192 115	192 115
the Republic of Latvia Banks	3 186	3 186	1 473	1 383
<b>Total</b>	<b>155 834</b>	<b>155 292</b>	<b>269 047</b>	<b>268 808</b>

## 5. TRADING FINANCIAL ASSETS

	Group 30.06.2008 EUR'000	Bank 30.06.2008 EUR'000	Group 31.12.2007 EUR'000	Bank 31.12.2007 EUR'000
<b>Trading bonds and other fixed income securities</b>	<b>37 243</b>	<b>37 243</b>	<b>52 689</b>	<b>52 689</b>
Other country bonds	35 994	35 994	51 333	51 333
OECD country bonds	1 249	1 249	1 356	1 356
<b>Trading shares and other non-fixed income securities</b>	<b>154</b>	<b>154</b>	<b>1 238</b>	<b>1 238</b>
Other country shares	154	154	1 238	1 238
<b>Total</b>	<b>37 397</b>	<b>37 397</b>	<b>53 927</b>	<b>53 927</b>

Securities pledged under repurchase agreements with other banks are trading portfolio bonds with a market value, as at 30 June 2008, of EUR'000 19 278 (as at 30 June 2007: EUR'000 30 993). 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 EUR'000	Bank 30.06.2008 EUR'000	Group 31.12.2007 EUR'000	Bank 31.12.2007 EUR'000
<b>Fund participations</b>	<b>3 076</b>	<b>3 076</b>	<b>2 069</b>	<b>2 069</b>
Latvian funds	3 076	3 076	2 069	2 069

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

**7. LOANS AND RECEIVABLES TO CUSTOMERS**

	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
	<b>30.06.2008</b>	<b>30.06.2008</b>	<b>31.12.2007</b>	<b>31.12.2007</b>
	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
<b>Net loans to:</b>	<b>499 164</b>	<b>494 704</b>	<b>455 772</b>	<b>451 463</b>
Private companies	370 885	381 106	328 442	338 232
Individuals	134 049	119 312	129 059	114 823
Allowance for impairment losses (Note 8)	( 5 770)	( 5 714)	( 1 729)	( 1 592)
<b>Receivables to:</b>	<b>6 636</b>	<b>6 636</b>	<b>5 896</b>	<b>5 896</b>
Finance companies	6 636	6 636	5 896	5 896
<b>Total net loans and receivables to customers</b>	<b>505 800</b>	<b>501 340</b>	<b>461 668</b>	<b>457 359</b>

	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
	<b>30.06.2008</b>	<b>30.06.2008</b>	<b>31.12.2007</b>	<b>31.12.2007</b>
	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
<b>Geographical segmentation of loans and receivables</b>				
<b>Net loans to:</b>	<b>499 164</b>	<b>494 704</b>	<b>455 772</b>	<b>451 463</b>
Residents of Latvia	306 621	307 181	288 267	288 267
Residents of the other countries	185 268	180 192	156 179	151 733
Residents of OECD countries	13 045	13 045	13 055	13 055
Allowance for impairment losses (Note 8)	( 5 770)	( 5 714)	( 1 729)	( 1 592)
<b>Receivables to:</b>	<b>6 636</b>	<b>6 636</b>	<b>5 896</b>	<b>5 896</b>
Residents of OECD countries	6 632	6 632	5 889	5 889
Residents of other countries	-	-	4	4
Residents of Latvia	4	4	3	3
<b>Total net loans and receivables to customers</b>	<b>505 800</b>	<b>501 340</b>	<b>461 668</b>	<b>457 359</b>

**Analysis of loans by type**

Industrial loans	129 282	129 282	130 354	130 354
Commercial loans	120 301	124 897	90 811	101 619
Mortgage loans	100 583	101 750	93 009	85 483
Reverse repo transactions	60 574	60 574	56 650	56 650
Consumer loans	58 160	51 709	57 144	49 553
Credit cards balances	14 602	14 601	12 743	12 743
Factoring loans	1 040	1 040	2 652	2 652
Finance leases	10 171	6 400	6 813	6 813
Other	4 451	4 451	5 596	5 596
<b>Net loans to customers</b>	<b>499 164</b>	<b>494 704</b>	<b>455 772</b>	<b>451 463</b>

The Group has received securities at fair value EUR'000 73 443 (at 30 June 2007: EUR'000 68 851) 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 EUR'000 35 395 (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 EUR'000 5 780 (at 31 December 2007: EUR'000 1 730) of which EUR'000 4 919 (at 31 December 2007: EUR'000 1 217) represents

JSC "NORVIK BANKA"

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

allowance for impaired loans that have been made by using an individual valuation approach and the remaining amount of EUR'000 851 (at 31 December 2007: EUR'000 513) 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 EUR'000	Increase in allowance for loans EUR'000	Written off loans EUR'000	Released from allowance EUR'000	Foreign exchange EUR'000	At 30 June 2008 EUR'000
Industrial loans	46	48	-	-	-	94
Commercial loans	51	600	-	( 48)	( 3)	600
Consumer loans	1 049	3 214	( 142)	( 134)	( 4)	3 983
Credit cards	518	777	( 417)	( 91)	-	787
Finance leasing	43	-	-	-	-	43
Factoring	-	21	-	-	-	21
Mortgage loans	23	242	-	( 22)	( 1)	242
<b>Total provisions for loans</b>	<b>1 730</b>	<b>4 902</b>	<b>( 559)</b>	<b>( 295)</b>	<b>( 8)</b>	<b>5 770</b>
Other provisions	-	10	-	-	-	10
<b>Total</b>	<b>1 730</b>	<b>4 912</b>	<b>( 559)</b>	<b>( 295)</b>	<b>( 8)</b>	<b>5 780</b>

Group	30.06.2008 EUR'000	30.06.2007 EUR'000
<b>Result from allowance for impairment losses</b>	<b>( 4 568)</b>	<b>( 326)</b>
Increase in allowance	( 4 913)	( 581)
Released from allowance (loans)	294	47
Released from allowance (other)	-	30
Recovery of previously written-off assets	51	178

The total impairment allowance for Bank's loans and receivables to customers is EUR'000 5 724 (at 31 December 2007: EUR'000 1 593) of which EUR'000 4 919 (at 31 December 2007: EUR'000 1 217) represents the individually impaired loans and the remaining amount of EUR'000 795 (at 31 December 2007: EUR'000 376) represents the portfolio allowance.

Bank	At 31 December 2007 EUR'000	Increase in allowance for loans EUR'000	Written off loans EUR'000	Released from allowance EUR'000	At 30 June 2008 EUR'000
Industrial loans	46	48	-	-	94
Commercial loans	6	600	-	( 6)	600
Consumer loans	980	3 180	( 104)	( 129)	3 927
Credit cards	518	777	( 417)	( 91)	787
Finance leasing	43	-	-	-	43
Factoring	-	21	-	-	21
Mortgage loans	-	242	-	-	242
<b>Total provisions for loans</b>	<b>1 593</b>	<b>4 868</b>	<b>( 521)</b>	<b>( 226)</b>	<b>5 714</b>
Other provisions	-	10	-	-	10
<b>Total</b>	<b>1 593</b>	<b>4 878</b>	<b>( 521)</b>	<b>( 226)</b>	<b>5 724</b>



JSC "NORVIK BANKA"

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

<b>Bank</b>	<b>30.06.2008</b>	<b>30.06.2007</b>
	<b>EUR'000</b>	<b>EUR'000</b>
<b>Result from allowance for impairment losses</b>	<b>( 4 602)</b>	<b>( 313)</b>
Increase in allowance	( 4 879)	( 568)
Released from allowance (loans)	226	47
Released from allowance (other)	-	30
Recovery of previously written-off assets	51	178

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
	<b>30.06.2008</b>	<b>30.06. 2008</b>	<b>31.12.2007</b>	<b>31.12.2007</b>
	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
<b>Bonds and other fixed income securities</b>	<b>1 343</b>	<b>1 343</b>	<b>1 381</b>	<b>1 381</b>
Latvian bonds	708	708	694	694
Other country bonds	635	635	687	687
<b>Shares and other non-fixed income securities</b>	<b>13 788</b>	<b>13 788</b>	<b>11 763</b>	<b>11 763</b>
EU country funds	13 788	13 788	11 763	11 763
<b>Total</b>	<b>15 131</b>	<b>15 131</b>	<b>13 144</b>	<b>13 144</b>

10. INVESTMENT IN SUBSIDIARY

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

<b>Company</b>	<b>Country and address of registration</b>	<b>Business profile</b>	<b>Share capital</b>	<b>Bank's investments</b>	<b>Bank's share capital</b>	<b>Total equity value</b>	<b>Goodwi</b>
			<b>EUR'000</b>	<b>EUR'000</b>	<b>%</b>	<b>EUR'000</b>	<b>EUR'00</b>
JSC "NORVIK Ieguldījumu pārvaldes sabiedrība"	Latvia, Riga, E.Birznieka-Upīša str. 21	Finance	1 074	1 181	94.95	701	379
JSC "NORVIK" Universal Credit Organization	Armenia, Yerevan, Khanjyan str. 41	Finance	2 755	2 766	100.00	5 377	-
"NORVIK Līzings" Ltd.	Latvia, Riga, E.Birznieka-Upīša str. 21	Finance	996	996	100.00	674	-
"NORVIK TECHNOLOGY" Ltd.	Latvia, Riga, E.Birznieka-Upīša str. 21	IT technologies	142	142	100.00	110	-
				<b>5 085</b>			

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:

<b>EUR'000</b>	<b>Building</b>
<b>As at 31 December 2007</b>	<b>6 010</b>
Impairment losses	( 50)
<b>As at 30 June 2008</b>	<b>5 960</b>

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

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 EUR'000 290, at the same time the related property maintenance expenses was EUR'000 41.

**12. TANGIBLE ASSETS**

	Group 30.06.2008 EUR'000	Bank 30.06.2008 EUR'000	Group 30.06.2007 EUR'000	Bank 30.06.2007 EUR'000
Lands and buildings	1 140	1 140	1 540	1 540
Vehicles	672	327	387	314
Office equipment and other fixed assets	1 929	1 816	1 767	1 715
Prepayments for tangible fixed assets	85	82	185	181
Leasehold improvements	164	164	576	576
<b>Net book value of tangible assets</b>	<b>3 990</b>	<b>3 529</b>	<b>4 455</b>	<b>4 326</b>

During the six month period ended 30 June 2008 the Bank acquired tangible fixed assets for the amount of EUR'000 669. Tangible fixed assets were not disposed of.

**13. DUE TO THE CENTRAL BANK AND OTHER BANKS**

	Group 30.06.2008 EUR'000	Bank 30.06.2008 EUR'000	Group 31.12.2007 EUR'000	Bank 31.12.2007 EUR'000
<b>Demand deposits:</b>	<b>2 440</b>	<b>2 440</b>	<b>6 898</b>	<b>6 898</b>
Banks registered in Latvia	1 441	1 441	3 129	3 129
Banks registered in other countries	999	999	3 080	3 080
Banks registered in OECD countries	-	-	689	689
<b>Term deposits:</b>	<b>97 080</b>	<b>97 080</b>	<b>124 442</b>	<b>124 442</b>
Banks registered in OECD countries	86 364	86 364	114 916	114 916
Banks registered in Latvia	8 711	8 711	6 514	6 514
Banks registered in other countries	2 005	2 005	3 012	3 012
<b>Financial liabilities as result of collateralised financial assets</b>	<b>40 222</b>	<b>40 222</b>	<b>-</b>	<b>-</b>
Banks registered in OECD countries	40 222	40 222	-	-
Banks registered in Latvia	-	-	-	-
<b>Total</b>	<b>139 742</b>	<b>139 742</b>	<b>131 340</b>	<b>131 340</b>

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 EUR'000 54 674. The amount of securities that belong to Bank was EUR'000 19 278.

JSC "NORVIK BANKA"

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

14. DEBT SECURITIES IN ISSUE

	Nominal ISK'000	Effective interest rate (%)	Group 30.06.2008 EUR'000	Bank 30.06.2008 EUR'000
Corporate bills due 2008	120 000	16.09	915	915
<b>Total</b>	<b>120 000</b>	<b>16.09</b>	<b>915</b>	<b>915</b>

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	EUR'000	Quantity'000	EUR'000
Registered and paid -in share capital	<u>57 626</u>	<u>57 626</u>	<u>57 626</u>	<u>57 626</u>

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 EUR'000
"Straumborg Ehf." (Iceland)	29 461 812	51.13	29 462
J. Šapurovs (Latvia)	11 393 064	19.77	11 393
A. Svirčenkovs (Latvia)	11 393 061	19.77	11 393
Other (individually less than 10%)	5 378 269	9.33	5 378
<b>Total</b>	<u>57 626 206</u>	<u>100.00</u>	<u>57 626</u>

16. CASH AND CASH EQUIVALENTS

	Group 30.06.2008 EUR'000	Bank 30.06.2008 EUR'000	Group 30.06.2007 EUR'000	Bank 30.06.2007 EUR'000
Cash and balances due on demand from the Bank of Latvia	47 993	47 992	51 605	51 588
Balances due from other banks within 3 months	140 671	140 129	45 714	45 451
<b>Total</b>	<u>188 664</u>	<u>188 121</u>	<u>97 319</u>	<u>97 039</u>

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

## 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:

	Average interest rate	Amount	Off-balance sheet items	30.06.2008 Total	31.12.2007 Total
Group	%	EUR'000	EUR'000	EUR'000	EUR'000
<b>Assets</b>		<b>38 880</b>	<b>562</b>	<b>39 442</b>	<b>39 742</b>
<b>Loans and receivables, net</b>		<b>38 880</b>	<b>562</b>	<b>39 442</b>	<b>39 742</b>
Related undertakings and Individuals	2.15	38 681	474	39 155	39 487
Council and Board	5.82	33	79	112	74
Other senior executives	8.75	166	9	175	181
<b>Liabilities</b>		<b>15 341</b>	<b>-</b>	<b>15 341</b>	<b>24 024</b>
<b>Deposits</b>		<b>5 051</b>	<b>-</b>	<b>5 051</b>	<b>14 101</b>
Related undertakings and Individuals	1.31	3 643	-	3 643	13 214
Council and Board	3.26	1 397	-	1 397	877
Other senior executives	-	11	-	11	10
<b>Subordinated debt</b>		<b>10 290</b>	<b>-</b>	<b>10 290</b>	<b>9 923</b>
Related undertakings and Individuals	9.05	7 668	-	7 668	7 301
Council and Board	8.19	2 622	-	2 622	2 622
	Average interest rate	Amount	Off-balance sheet items	30.06.2008 Total	31.12.2007 Total
<b>Bank</b>	%	EUR'000	EUR'000	EUR'000	EUR'000
<b>Assets</b>		<b>75 542</b>	<b>6 736</b>	<b>82 278</b>	<b>69 117</b>
<b>Loans and receivables, net</b>		<b>75 542</b>	<b>6 736</b>	<b>82 278</b>	<b>69 117</b>
Related undertakings and Individuals	2.15	38 681	474	39 155	39 487
Subsidiaries	4.48	36 817	6 174	42 991	29 525
Council and Board	5.82	31	80	111	75
Other senior executives	5.62	13	8	21	30
<b>Liabilities</b>		<b>16 666</b>	<b>-</b>	<b>16 666</b>	<b>24 647</b>
<b>Deposits</b>		<b>6 376</b>	<b>-</b>	<b>6 376</b>	<b>14 724</b>
Related undertakings and Individuals	1.31	3 643	-	3 643	13 214
Subsidiaries	4.83	1 325	-	1 325	623
Council and Board	3.26	1 397	-	1 397	877
Other senior executives		11	-	11	10
<b>Subordinated debt</b>		<b>10 290</b>	<b>-</b>	<b>10 290</b>	<b>9 923</b>
Related undertakings and Individuals	9.05	7 668	-	7 668	7 301
Council and Board	8.19	2 622	-	2 622	2 622

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

As at 30 June 2008, the amount of the Bank's exposure transactions with related parties is EUR'000 3 157 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>	
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
Interest income	356	491	351	583
Interest expense	( 115)	( 122)	( 21)	( 227)
Net interest income	<u>241</u>	<u>369</u>	<u>330</u>	<u>356</u>

**18. SUBSEQUENT EVENTS**

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