

**Joint Stock Company**  
**“NORVIK BANKA”**

Condensed Interim Consolidated and Bank Financial Statements  
for the six month period ended 30 June 2007

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## **JSC “NORVIK BANKA”**

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

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We are pleased to present the financial statement of NORVIK BANKA JSC for the first half-year 2007.

During the first half of 2007, the Bank has been demonstrating rather soaring growth of the business activities –the Bank’s assets have increased by 48 % comparing to the 31 December 2006.

The loan portfolio of the Bank increased by 46.6% during the first half-year of 2007, reflecting the intention of the Bank to further develop its business lending activities, particularly emphasizing the granting of industrial and commercial loans to SMEs and private individuals.

The Bank placed specific focus on developing its domestic business during the reporting period. The percentage of total loans granted to customers in Latvia increased to 66.5% during the first half-year of 2007.

The profit of the Bank has reached 4.4 million lats during the first half of the financial year of 2007. This growth is connected with the overall development of the Bank.

The Bank has broadened its scope of banking products and services to continue the process of innovation and improvement. It has updated its T-Banka telephone banking system and direct debit product. The Bank has also developed existing banking services by offering its customers an expanded range of operations available in the e-NORVIK internet banking system. NORVIK BANKA JSC has also opened new service centres, thus maintaining its leading position among Latvian commercial banks in terms of the number of branches. Doing this will extend its network of branches for existing customers and will also attract new ones.

At the end of March 2007, NORVIK BANKA JSC had successfully issued and placed Icelandic kronas (ISK) denominated corporate bills for the total amount of ISK 3 440 million (1 EUR=87.5 ISK) in ICEX (Icelandic Stock Exchange). Additional subscriptions have been committed for the amount of ISK 1 000 million in June 18, 2007. NORVIK BANKA JSC corporate bills issues have become listed in ICEX since June 15, 2007.

NORVIK BANKA JSC was accepted as a member of the Baltic Stock Exchange in April 2007. Membership includes the Riga, Tallinn and Vilnius Stock Exchanges too. The Baltic Stock Exchange has 39 members as of this moment. This is another step forward in the financial development of NORVIK BANKA JSC as it continues to provide ever-expanding and developing opportunities for its customers.

The quantity of the attracted credit lines from banks has amounted to 200 million euro for the first 6 months of this year. The Bank has used these funds to further strengthen its position in business.

NORVIK BANKA JSC increased its paid-in capital by 8 million lats totaling to LVL 30.5 million in June 2007 that was an increase of 35.6%.

Another important event in the first half of 2007 was the rating given to the Bank by Moody’s Investors Services – the worldwide investment rating agency. Moody’s has given the Bank a rating of D- for financial strength (BFSR), which translates to a baseline credit assessment of Ba3, the outlook on the rating is stable. This decision was based on the good quality of assets of the Bank and growing capital base.

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

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Chairman of the Supervisory Council  
J.H.Gudmundsson

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Chairman of the Management Board  
A.Svirčenkovs

Riga, 12 September 2007

**JSC "NORVIK BANKA"**

**SUPERVISORY COUNCIL AND MANAGEMENT BOARD**

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**Supervisory Council as at 30 June 2007**

<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

During the current period the following persons resigned their position:

- Member of the Supervisory Council S.Āboliņš-Ābols.

During the current period the following persons were appointed:

- Member of the Supervisory Council B.Strupiša.

**Management Board as at 30 June 2007**

<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
V. Kamalyan	Member of the Management Board	14/12/2006

On behalf of the Supervisory Council and Management Board:

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Chairman of the Supervisory Council  
J.H.Gudmundsson

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Chairman of the Management Board  
A.Svirčenkovs

Riga, 12 September 2007

**STATEMENT OF MANAGEMENT’S RESPONSIBILITY**

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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 2007 and the results of its operations and cash flows for the six month period ended 30 June 2007, as well as the financial position of the Bank as of 30 June 2007 and the results of its operations and cash flows for the six month period ended 30 June 2007.

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 7 to 22 for the six month period ended 30 June 2007. 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:

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Chairman of the Supervisory Council  
J.H.Gudmundsson

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Chairman of the Management Board  
A.Svirčenkovs

Riga, 12 September 2007

## INDEPENDENT AUDITORS' REPORT

To the shareholders of AS Norvik banka

### Report on the Financial Statements

We have audited the interim condensed consolidated financial statements of AS Norvik banka and its subsidiaries (hereinafter – the Group) and the accompanying interim condensed financial statements of AS Norvik banka (hereinafter - the Bank), which are set out on pages 7 through 22 and which comprise the balance sheet as at 30 June 2007, the statements of income, changes in equity and cash flows for the six month period ended 30 June 2007, and explanatory notes.

#### Management's Responsibility for the Financial Statements

The Bank's management is responsible for the preparation and fair presentation of these 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  
Personal ID code: 250873-12964  
Latvian Sworn Auditor  
Certificate No. 124

Riga, 12 September 2007

JSC "NORVIK BANKA"

CONDENSED INTERIM CONSOLIDATED AND BANK INCOME STATEMENT FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

	Note	6 months ended 30.06.2007		6 months ended 30.06.2006	
		Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
Interest and similar income		13 976	13 440	7 520	7 516
Interest and similar expense		(6 603)	(6 610)	(2 609)	(2 609)
<b>Net interest income</b>		<b>7 373</b>	<b>6 830</b>	<b>4 911</b>	<b>4 907</b>
Fee and commission income		3 101	3 026	2 592	2 589
Fee and commission expense		(597)	(595)	(514)	(514)
<b>Net fee and commission income</b>		<b>2 504</b>	<b>2 431</b>	<b>2 078</b>	<b>2 075</b>
Dividend income			-	4	4
Net income from financial instruments	3	1 817	1 813	476	476
Other operating income		1 607	1 636	284	284
Other operating expense		(174)	(147)	(132)	(129)
<b>Operating income</b>		<b>13 127</b>	<b>12 563</b>	<b>7 621</b>	<b>7 617</b>
Administrative expenses		(7 143)	(6 938)	(5 814)	(5 793)
Depreciation and amortization		(478)	(470)	(406)	(406)
Impairment losses on financial investments	7	(229)	(220)	(97)	(97)
<b>Operating expenses</b>		<b>(7 850)</b>	<b>(7 628)</b>	<b>(6 317)</b>	<b>(6 296)</b>
<b>Net operating profit before tax</b>		<b>5 277</b>	<b>4 935</b>	<b>1 304</b>	<b>1 321</b>
Income tax		(628)	(550)	(319)	(319)
<b>Profit for the period</b>		<b>4 649</b>	<b>4 385</b>	<b>985</b>	<b>1 002</b>
<b>Attributable to:</b>					
<b>Equity holders of the parent</b>		<b>4 652</b>		<b>986</b>	
Minority interest		(3)		(1)	
<b>Basic and Diluted Earnings per share (LVL)</b>		<b>0.21</b>		<b>0.06</b>	

The accompanying notes on pages 13 to 22 form an integral part of these condensed interim consolidated and Bank financial statements.

The condensed interim consolidated and Bank financial statements on pages 7 to 22 were approved by the Supervisory Council and Management Board on 12 September 2007.

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 2007

	Note	30.06.2007		31.12.2006.	
		Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
<b>Assets</b>					
Cash and balance with the central bank		36 268	36 256	28 094	28 094
Loans and receivables to banks		40 190	39 943	30 930	30 695
Trading financial assets	4	76 547	76 547	41 248	41 248
Financial assets designated at fair value through profit or loss	5	1 423	1 423	-	-
Derivatives financial instruments		3 479	3 479	1 065	1 065
Loans and receivables to customers	6	273 365	272 331	189 820	189 087
Available-for-sale financial assets	8	9 850	9 850	5 681	5 681
Investment in subsidiaries	9	-	1 973	-	1 544
Goodwill		266	-	266	-
Intangible assets		458	451	443	436
Investment property	10	3 993	3 993	-	-
Tangible assets	11	3 131	3 040	5 362	5 304
Deferred tax assets			-	12	-
Other assets		1 810	1 749	1 629	1 633
<b>Total assets</b>		<b>450 780</b>	<b>451 035</b>	<b>304 550</b>	<b>304 787</b>
<b>Liabilities</b>					
Due to the central bank and other banks	12	142 814	142 814	65 465	65 465
Derivatives financial instruments		2 236	2 236	1 288	1 288
Customer deposits		228 796	229 370	202 156	202 308
Subordinated debt		1 776	1 776	1 777	1 777
Debt securities in issue	13	28 807	28 807	-	-
Provisions for other liabilities		162	148	180	170
Deferred tax liabilities		321	305	107	107
Other liabilities		1 491	1 364	1 891	1 826
<b>Total liabilities</b>		<b>406 403</b>	<b>406 820</b>	<b>272 864</b>	<b>272 941</b>
<b>Equity attributable to equity holders of the Bank</b>					
Share capital	14	30 500	30 500	22 500	22 500
Reserves		7	7	7	7
Revaluation reserve of available-for-sale financial assets		(64)	(64)	(48)	(48)
Revaluation reserve of foreign currency		40	-	(8)	-
Retained earning		9 220	9 387	5 979	5 979
Profit for the period		4 652	4 385	3 241	3 408
<b>Total equity attributable to equity holders of the Bank</b>		<b>44 355</b>	<b>44 215</b>	<b>31 671</b>	<b>31 846</b>
<b>Minority interest</b>		<b>22</b>	<b>-</b>	<b>15</b>	<b>-</b>
<b>Total equity</b>		<b>44 377</b>	<b>44 215</b>	<b>31 686</b>	<b>31 846</b>
<b>Total liabilities and equity</b>		<b>450 780</b>	<b>451 035</b>	<b>304 550</b>	<b>304 787</b>
<b>Commitments and contingencies</b>					
Contingent liabilities		4 840	5 590	2 958	2 958
Commitments		45 395	48 045	33 620	35 302
<b>Total commitments and contingencies</b>		<b>50 235</b>	<b>53 635</b>	<b>36 578</b>	<b>38 260</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 2007**

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	
<b>As at 31 December 2005</b>	<b>15 500</b>	<b>7</b>	<b>5 979</b>	<b>(261)</b>	<b>21 225</b>	<b>-</b>	<b>21 225</b>
Revaluation of available- for-sale financial assets	-	-	-	(29)	(29)	-	(29)
Profit for the 6 month period	-	-	986	-	986	(1)	985
Total income and expense for the 6 month period	-	-	986	(29)	957	(1)	956
Increase of share capital	2 000	-	-	-	2 000	-	2 000
Minority interest at acquisition	-	-	-	-	-	10	10
<b>As at 30 June 2006</b>	<b>17 500</b>	<b>7</b>	<b>6 965</b>	<b>(290)</b>	<b>24 182</b>	<b>9</b>	<b>24 191</b>
<b>As at 31 December 2006</b>	<b>22 500</b>	<b>7</b>	<b>9 220</b>	<b>(56)</b>	<b>31 671</b>	<b>15</b>	<b>31 686</b>
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
<b>As at 30 June 2007</b>	<b>30 500</b>	<b>7</b>	<b>13 872</b>	<b>(24)</b>	<b>44 355</b>	<b>22</b>	<b>44 377</b>

\*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 2007**

<b>Bank</b>	<b>Share capital LVL'000</b>	<b>Capital reserve LVL'000</b>	<b>Retained earning LVL'000</b>	<b>Revaluation reserve LVL'000</b>	<b>Total LVL'000</b>
<b>As at 31 December 2005</b>	<b>15 500</b>	<b>7</b>	<b>5 979</b>	<b>(261)</b>	<b>21 225</b>
Revaluation of available-for-sale Financial assets	-	-	-	(29)	(29)
Profit for the 6 month period	-	-	1 002	-	1 002
Total income and expense for the 6 month period	-	-	1 002	(29)	973
Increase of share capital	2 000	-	-	-	2 000
<b>As at 30 June 2006</b>	<b>17 500</b>	<b>7</b>	<b>6 981</b>	<b>(290)</b>	<b>24 198</b>
<b>As at 31 December 2006</b>	<b>22 500</b>	<b>7</b>	<b>9 387</b>	<b>(48)</b>	<b>31 846</b>
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
<b>As at 30 June 2007</b>	<b>30 500</b>	<b>7</b>	<b>13 772</b>	<b>(64)</b>	<b>44 215</b>

The accompanying notes on pages 13 to 22 form an integral part of these condensed interim consolidated and Bank financial statements. The condensed interim consolidated and Bank financial statements on pages 7 to 22 were approved by the Supervisory Council and Management Board on 12 September 2007.

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Chairman of the Supervisory Council  
J.H.Gudmundsson

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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 2007 (Continued)

	Note	6 months ended 30.06.2007		6 months ended 30.06.2006	
		Group LVL'000	Bank LVL'000	Group LVL'000	Bank LVL'000
<b>Cash flow from operations</b>					
Profit before corporate income tax		5 277	4 935	1 304	1 321
Depreciation of intangible and tangible fixed assets and write off		987	980	910	910
Increase in provisions for impairment losses on financial investments		375	366	125	125
(Profit)/loss from foreign exchange revaluation		(2 100)	(2 104)	(83)	(83)
Revaluation reserve of foreign currency		48	-	-	-
Non-realised (profit) from investment property		(1 374)	(1 374)	-	-
<b>Operating cash flow before changes in operating assets and liabilities</b>		<b>3 213</b>	<b>2 803</b>	<b>2 256</b>	<b>2 273</b>
Decrease/(increase) in loans and receivables to banks		(3 413)	(3 391)	5 170	5 172
Decrease/(increase) in trading financial assets		(35 299)	(35 299)	(13 145)	(13 145)
(Increase) in financial assets at fair value through profit or loss		(1 423)	(1 423)	-	-
Decrease/(increase) in derivatives financial assets		(2 414)	(2 414)	(2 129)	(2 129)
Decrease/(increase) in loans and receivables to customers		(83 920)	(83 610)	(23 322)	(23 322)
Decrease/(increase) in available-for-sale financial assets		(4 185)	(4 185)	294	294
Decrease/(increase) in other assets		(114)	(61)	(1 393)	(1 394)
Increase/(decrease) in due to banks		77 349	77 349	(19 898)	(19 898)
Increase/(decrease) in customer deposits		26 640	27 062	(5 545)	(5 521)
Increase/(decrease) in derivatives financial liabilities		948	948	2 314	2 314
Increase/(decrease) in other liabilities		(530)	(541)	283	274
<b>Cash used in operating activities</b>		<b>(23 148)</b>	<b>(22 762)</b>	<b>(55 115)</b>	<b>(55 082)</b>
Corporate income tax (paid)		(414)	(407)	(280)	(280)
<b>Net cash used in operating activities</b>		<b>(23 562)</b>	<b>(23 169)</b>	<b>(55 395)</b>	<b>(55 362)</b>
<b>Cash flow from investing activities</b>					
Acquisition of intangible and tangible assets		(1 329)	(1 289)	(718)	(718)
Acquisition of subsidiary	9	-	(429)	(438)	(450)
Other cash received/(paid) as a result of investment activity		(4)	(4)	-	-
<b>Net cash (used in)/investing activities</b>		<b>(1 333)</b>	<b>(1 722)</b>	<b>(1 156)</b>	<b>(1 168)</b>
<b>Cash flow from financing activities</b>					
Increase in share capital		8 010	8 000	2 000	2 000
Repayment of subordinated debt		(1)	(1)	(252)	(252)
Issue of debt securities		28 807	28 807	-	-
<b>Net cash provided by/(used in) financing activities</b>		<b>36 816</b>	<b>36 806</b>	<b>1 748</b>	<b>1 748</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>11 921</b>	<b>11 915</b>	<b>(54 803)</b>	<b>(54 782)</b>
Cash and cash equivalents at the beginning of the period		54 375	54 180	105 374	105 249
Profit/(loss) from foreign exchange revaluation		2 100	2 104	83	83
<b>Cash and cash equivalents at the end of the period</b>	15	<b>68 396</b>	<b>68 199</b>	<b>50 654</b>	<b>50 550</b>

**JSC "NORVIK BANKA"**

**CONDENSED INTERIM CONSOLIDATED AND BANK CASH FLOW STATEMENT FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007 (Continued)**

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**Operational cash flows from interest and dividends**

	<b>6 months ended 30.06.2007</b>		<b>6 months ended 30.06.2006</b>	
	<b>Group LVL'000</b>	<b>Bank LVL'000</b>	<b>Group LVL'000</b>	<b>Bank LVL'000</b>
Interest paid	5 040	5 044	2 200	2 200
Interest received	12 619	12 188	6 971	6 969
Dividend received	-	-	4	4

The accompanying notes on pages 13 to 22 form an integral part of these condensed interim consolidated and Bank financial statements. The condensed interim consolidated and Bank financial statements on pages 7 to 22 were approved by the Supervisory Council and Management Board on 12 September 2007.

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Chairman of the Supervisory Council  
J.H.Gudmundsson

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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 2007**

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**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, 13 branches and 79 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').

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 2006, except for the adoption of new Standards and Interpretations, noted below. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group and Bank.

- *IFRS 7 Financial instruments: Disclosures*

The Group adopted IFRS 7 as of 1 January 2007. IFRS 7 requires disclosures that enable users to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. Full IFRS 7 disclosures will be provided in annual financial statements of the Group and Bank.

- *IFRIC 9 Reassessment of Embedded Derivatives*

The Group adopted IFRIC Interpretation 9 as of January 2007, which states that the date to assess the existence of an embedded derivative is the date that entity first becomes party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows.

- *IFRIC 10 Interim Financial reporting and Impairment*

The Group adopted IFRIC Interpretation 10 as of 1 January 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

*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.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED AND BANK FINANCIAL STATEMENTS  
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*Investment property*

In accordance with IAS 40 *Investment Property*, from June 2007 Bank holds real estate as an investment property with the purpose to earn rental income or for value appreciation. Initially investment property was measured at cost. The fair value model of accounting is used for subsequent recognition of investment property. Fair value of investment property reflects market conditions at the balance sheet date. Gains arising from changes in the fair value of investment property are included in the income statement in "Other operating income" in the period in which they arise.

*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:

	<b>30 June 2007</b>	<b>31 December 2006</b>	<b>30 June 2006</b>
EUR	0.702804	0.702804	0.702804
USD	0.522000	0.536000	0.560000

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**3. NET INCOME FROM FINANCIAL INSTRUMENTS**

	<u>6 months ended 30.06.2007</u>		<u>6 months ended 30.06.2006</u>	
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>
<b>Profit/(loss) from trading financial assets, net</b>	<b>(311)</b>	<b>(311)</b>	<b>(909)</b>	<b>(909)</b>
<i>Bonds and other fixed income securities</i>	<i>(379)</i>	<i>(379)</i>	<i>(909)</i>	<i>(909)</i>
Net trading profit/(loss)	339	339	25	25
Fair value adjustment	(718)	(718)	(934)	(934)
<i>Shares and other non- fixed income securities</i>	<i>68</i>	<i>68</i>	-	-
Net trading profit/(loss)	53	53	-	-
Fair value adjustment	15	15	-	-
<b>Profit/(loss) from financial assets designated at FV through PL, net</b>	<b>25</b>	<b>25</b>	<b>-</b>	<b>-</b>
Net trading profit/(loss)	-	-	-	-
Fair value adjustment	25	25	-	-
<b>Profit/(loss) from financial liabilities designated at FV through PL, net</b>	<b>(1)</b>	<b>(1)</b>	<b>-</b>	<b>-</b>
Net trading profit/(loss)	(1)	(1)	-	-
Fair value adjustment	-	-	-	-
<b>Profit/(loss) from trade in available-for-sale financial assets, net</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>(3)</b>
Bonds and other fixed income securities	-	-	-	-
Shares and other non-fixed income securities	-	-	(3)	(3)
<b>Profit/(loss) from derivative instruments and foreign exchanges trading, net</b>	<b>4 204</b>	<b>4 204</b>	<b>1 471</b>	<b>1 471</b>
Net trading profit/(loss)	3 014	3 014	1 530	1 530
Fair value adjustment	1 190	1 190	(59)	(59)
<b>Profit/(loss) from revaluation of open position, net</b>	<b>(2 100)</b>	<b>(2 104)</b>	<b>(83)</b>	<b>(83)</b>
<b>Net income from financial instruments</b>	<b>1 817</b>	<b>1 813</b>	<b>476</b>	<b>476</b>

During the first half of 2007, the Bank has increased its investments in trading securities, as well as turnover of trading transactions with foreign currencies; as a result of which the net income from financial instruments during the first 6 months in 2007 significantly exceeds the result of the comparable period in 2006.

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**4. TRADING FINANCIAL ASSETS**

	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
	<b>30.06.2007</b>	<b>30.06.2007</b>	<b>31.12.2006</b>	<b>31.12.2006</b>
	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>
<b>Trading bonds and other fixed income securities</b>	<b>74 377</b>	<b>74 377</b>	<b>41 189</b>	<b>41 189</b>
Other country bonds	72 258	72 258	38 279	38 279
OECD country bonds	2 119	2 119	2 161	2 161
Latvian bonds	-	-	749	749
<b>Trading shares and other non-fixed income securities</b>	<b>2 170</b>	<b>2 170</b>	<b>59</b>	<b>59</b>
Other country shares	2 170	2 170	59	59
<b>Total</b>	<b>76 547</b>	<b>76 547</b>	<b>41 248</b>	<b>41 248</b>

Securities pledged under repurchase agreements with other banks are trading portfolio bonds with a market value, as at 30 June 2007, of LVL'000 21 782 (as at 30 June 2006: LVL'000 nil). The repurchase agreements are with open date of maturity and these deals can be terminated upon two-days prior notice.

During the first half of 2007, the Bank has increased its investments in trading securities, in compliance with the decision taken by the Assets and Liabilities Committee (ALCO) on increase of share of the trading securities portfolio within 20 percent of the Bank's total assets.

**5. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
	<b>30.06.2007</b>	<b>30.06.2007</b>	<b>31.12.2006</b>	<b>31.12.2006</b>
	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>
<b>Fund participations</b>	<b>1 423</b>	<b>1 423</b>	<b>-</b>	<b>-</b>
Latvian funds	1 423	1 423	-	-

As at 30 June 2007, the Bank has investments in open-end investment funds, which JSC "NORVIK ieguldījumu pārvaldes sabiedrība", a subsidiary company of the Bank, has registered in the Financial and Capital Market Commission (FCMC) in 2007.

**6. LOANS AND RECEIVABLES TO CUSTOMERS**

	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
	<b>30.06.2007</b>	<b>30.06.2007</b>	<b>31.12.2006</b>	<b>31.12.2006</b>
	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>
<b>Net loans to:</b>	<b>270 033</b>	<b>268 999</b>	<b>184 176</b>	<b>183 443</b>
Private companies	185 187	190 937	131 957	134 390
Individuals	85 162	78 364	52 410	49 239
Allowance for impairment losses (Note 7)	(316)	(302)	(191)	(186)
<b>Receivables to:</b>	<b>3 332</b>	<b>3 332</b>	<b>5 644</b>	<b>5 644</b>
Finance companies	3 332	3 332	5 644	5 644
<b>Total net loans and receivables to customers</b>	<b>273 365</b>	<b>272 331</b>	<b>189 820</b>	<b>189 087</b>



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	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
	<b>30.06.2007</b>	<b>30.06.2007</b>	<b>31.12.2006</b>	<b>31.12.2006</b>
	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>
<b>Geographical segmentation of loans and receivables</b>				
<b>Net loans to:</b>	<b>270 033</b>	<b>268 999</b>	<b>184 176</b>	<b>183 443</b>
Residents of Latvia	179 029	179 029	120 518	120 518
Residents of the other countries	81 909	80 850	55 309	54 571
Residents of OECD countries	9 411	9 422	8 540	8 540
Allowance for impairment losses (Note 7)	(316)	(302)	(191)	(186)
<b>Receivables to:</b>	<b>3 332</b>	<b>3 332</b>	<b>5 644</b>	<b>5 644</b>
Residents of OECD countries	3 329	3 329	5 644	5 644
Residents of other countries	2	2	-	-
Residents of Latvia	1	1	-	-
<b>Total net loans and receivables to customers</b>	<b>273 365</b>	<b>272 331</b>	<b>189 820</b>	<b>189 087</b>
<b>Analysis of loans by type</b>				
Industrial loans	72 909	72 909	46 871	46 871
Commercial loans	53 789	59 539	43 488	45 921
Mortgage loans	53 590	50 079	38 099	36 221
Reverse repo transactions	40 880	40 880	27 287	27 287
Consumer loans	26 626	23 353	10 800	9 512
Credit cards balances	7 637	7 637	7 050	7 050
Factoring loans	2 443	2 443	2 608	2 608
Finance leases	1 893	1 893	1 635	1 635
Other	10 266	10 266	6 338	6 338
<b>Net loans to customers</b>	<b>270 033</b>	<b>268 999</b>	<b>184 176</b>	<b>183 443</b>

The Group has received securities at fair value LVL'000 48 389 (at 30 June 2006: LVL'000 33 202) as collateral for reverse repo deals and the Group is permitted to sell or repledge them. As at 30 June 2007 received securities have not been sold or repledged (at 30 June 2006: LVL'000 3 846).

## 7. IMPAIRMENT LOSSES ON FINANCIAL INVESTMENTS

The total impairment allowance for Group's loans and receivables to customers is LVL'000 316 (at 31 December 2006: LVL'000 191) of which LVL'000 99 (at 31 December 2006: LVL'000 139) represents allowance for impaired loans that have been made by using an individual valuation approach and the remaining amount of LVL'000 217 (at 31 December 2006: LVL'000 52) represents allowance s 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.

<b>Group</b>	<b>Industrial loans</b>	<b>Commercial loans</b>	<b>Consumer loans</b>	<b>Credit cards</b>	<b>Finance leasing</b>	<b>Total</b>
	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>
<b>At 31 December 2006</b>	<b>41</b>	<b>21</b>	<b>12</b>	<b>40</b>	<b>77</b>	<b>191</b>
Increase in allowance for loans	-	-	103	305	-	<b>408</b>
Written off loans	-	-	(30)	(188)	(32)	<b>(250)</b>
Released from allowance	-	(7)	(4)	(21)	(1)	<b>(33)</b>
<b>At 30 June 2007</b>	<b>41</b>	<b>14</b>	<b>81</b>	<b>136</b>	<b>44</b>	<b>316</b>

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<b>Group</b>	<b>30.06.2007</b>	<b>30.06.2006</b>
	<b>LVL'000</b>	<b>LVL'000</b>
<b>Result from allowance for impairment losses</b>	<b>(229)</b>	<b>(97)</b>
Increase in allowance	(408)	(143)
Released from allowance (loans)	33	18
Released from allowance (other)	21	-
Recovery of previously written-off assets	125	28

The total impairment allowance for Bank's loans and receivables to customers is LVL'000 302 (at 31 December 2006: LVL'000 186) of which LVL'000 99 (at 31 December 2006: LVL'000 139) represents the individually impaired loans and the remaining amount of LVL'000 203 (at 31 December 2006: LVL'000 47) represents the portfolio allowance.

<b>Bank</b>	<b>Industrial loans LVL'000</b>	<b>Commercial loans LVL'000</b>	<b>Consumer loans LVL'000</b>	<b>Credit cards LVL'000</b>	<b>Finance leasing LVL'000</b>	<b>Total LVL'000</b>
<b>At 31 December 2006</b>	<b>41</b>	<b>21</b>	<b>7</b>	<b>40</b>	<b>77</b>	<b>186</b>
Increase in allowance for loans	-	-	94	305	-	399
Written off loans	-	-	(30)	(188)	(32)	(250)
Released from allowance	-	(7)	(4)	(21)	(1)	(33)
<b>At 30 June 2007</b>	<b>41</b>	<b>14</b>	<b>67</b>	<b>136</b>	<b>44</b>	<b>302</b>

<b>Bank</b>	<b>30.06.2007</b>	<b>30.06.2006</b>
	<b>LVL'000</b>	<b>LVL'000</b>
<b>Result from allowance for impairment losses</b>	<b>(220)</b>	<b>(97)</b>
Increase in allowance	(399)	(143)
Released from allowance (loans)	33	18
Released from allowance (other)	21	-
Recovery of previously written-off assets	125	28

#### 8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
	<b>30.06.2007</b>	<b>30.06.2007</b>	<b>31.12..2006</b>	<b>31.12.2006</b>
	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>
<b>Bonds and other fixed income securities</b>	<b>2 576</b>	<b>2 576</b>	<b>5 681</b>	<b>5 681</b>
Latvian bonds	473	473	3 536	3 536
OECD country bonds	1 582	1 582	1 610	1 610
Other country bonds	521	521	535	535
<b>Shares and other non-fixed income securities</b>	<b>7 274</b>	<b>7 274</b>	<b>-</b>	<b>-</b>
ES country funds	7 274	7 274	-	-
<b>Total</b>	<b>9 850</b>	<b>9 850</b>	<b>5 681</b>	<b>5 681</b>

As at 30 June 2007, the Bank has investments in investment funds, which JSC "NORVIK (Malta) SICAV PLC", a subsidiary company of the Bank, has registered in the Malta Financial Services Authority (MFSA) in 2007.

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**9. INVESTMENT IN SUBSIDIARY**

As at 30 June 2007 the Bank had the following investment in the subsidiaries:

Company	Country and address of registration	Business profile	Share capital	Bank's investments	Bank's share capital	Total equity	Goodwill
			LVL'000	LVL'000	%	LVL'000	
JSC "NORVIK Ieguldījumu pārvaldes sabiedrība"	Latvia, Riga, E.Birznieka-Upīša str. 21	Finance	755	830	94.95	434	266
JSC "NORVIK" Universal Credit Organization	Armenia, Yerevan, Khanjyan str. 41	Finance	943	943	100.00	1 201	-
"NORVIK (Malta) SICAV PLC"	Malta, 3, Manche Flats, St.Ignatius Str., Sliema SLM 05	Finance	-	-	99.90	-	-
"NORVIK Līzings" Ltd.	Latvia, Riga, E.Birznieka-Upīša str. 21	Finance	200	200	100.00	201	-

**1 973**

In March 2007, the Bank established two subsidiaries: "NORVIK (Malta) SICAV PLC" in Malta and "NORVIK Līzings" SIA in Latvia. The principal activity of the "NORVIK (Malta) SICAV PLC" is investment of its funds in securities and other property. The purpose of "NORVIK Līzings" Ltd. activity is lending in form of finance leasing.

**10. INVESTMENT PROPERTY**

The following table presents the movement in the Bank's investment property for the period ended 30 June 2007:

LVL'000	Building
<b>As at 31 December 2006</b>	-
Reclassification	2 615
Net change in fair value adjustment	1 374
Additions	4
<b>As at 30 June 2007</b>	<b>3 993</b>

Investment property is stated at fair value, which has been determined based on valuation performed by The Analysis and Consulting Centre "Professional Valuation Centre" Ltd. ("AKЦ "Департамент профессиональной оценки" ООО), an industry specialist in valuing these types of investment properties, at 20 June 2007. Net change in fair value of investment property is recognized in the income statement in "Other operating income".

All investment property generated rental income during June 2007. 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 33.

**11. TANGIBLE ASSETS**

	Group	Bank	Group	Bank
	30.06.2007	30.06.2007	31.12.2006	31.12.2006
	LVL'000	LVL'000	LVL'000	LVL'000
Lands and buildings	1 082	1 082	3 154	3 154
Vehicles	272	221	259	238
Office equipment and other fixed assets	1 242	1 205	1 182	1 145
Prepayments for tangible fixed assets	130	127	199	199
Leasehold improvements	405	405	568	568
<b>Net book value of tangible assets</b>	<b>3 131</b>	<b>3 040</b>	<b>5 362</b>	<b>5 304</b>

During the six month period ended 30 June 2007 the Bank acquired tangible fixed assets for the amount of LVL'000 1 216. Tangible fixed assets with a carrying amount of LVL'000 598 were disposed of and those with carrying amount of LVL'000 2 615 were reclassified.

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

	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
	<b>30.06.2007</b>	<b>30.06.2007</b>	<b>31.12.2006</b>	<b>31.12.2006</b>
	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>	<b>LVL'000</b>
<b>Demand deposits:</b>	<b>9 325</b>	<b>9 325</b>	<b>5 679</b>	<b>5 679</b>
Banks registered in Latvia	8 916	8 916	5 130	5 130
Banks registered in other countries	409	409	549	549
<b>Term deposits:</b>	<b>114 653</b>	<b>114 653</b>	<b>59 786</b>	<b>59 786</b>
Banks registered in OECD countries	109 650	109 650	55 097	55 097
Banks registered in Latvia	1 484	1 484	2 604	2 604
Banks registered in other countries	3 519	3 519	2 085	2 085
<b>Financial liabilities as result of collateralised financial assets</b>	<b>18 836</b>	<b>18 836</b>	<b>-</b>	<b>-</b>
Banks registered in OECD countries	18 836	18 836	-	-
Banks registered in Latvia	-	-	-	-
<b>Total</b>	<b>142 814</b>	<b>142 814</b>	<b>65 465</b>	<b>65 465</b>

As at 30 June 2007, the carrying amount of the trading debt securities that have been provided to banks as collateral for repo transactions was LVL'000 21 782.

During the first half of 2007, as a result of receipt of three syndicated loans from banks in OECD countries totalling LVL'000 50 000, the volume of term deposits placed by banks has significantly increased.

**13. DEBT SECURITIES IN ISSUE**

	<b>Nominal</b>	<b>Effective</b>	<b>Group</b>	<b>Bank</b>
	<b>ISK'000</b>	<b>interest rate</b>	<b>30.06.2007</b>	<b>30.06.2007</b>
		<b>(%)</b>	<b>LVL'000</b>	<b>LVL'000</b>
Corporate bills due 2007	3 635 000	15,97	28 807	28 807
<b>Total</b>	<b>3 635 000</b>	<b>15,97</b>	<b>28 807</b>	<b>28 807</b>

Corporate bills with a nominal value of ISK'000 1 925 000 mature on 19 September 2007 and those with the nominal value of ISK'000 1 710 000 mature on 19 December 2007.

**14. SHARE CAPITAL**

	<b>30.06.2007</b>		<b>31.12.2006</b>	
	<b>Quantity'000</b>	<b>LVL'000</b>	<b>Quantity'000</b>	<b>LVL'000</b>
Registered and paid -in share capital	<b>30 500</b>	<b>30 500</b>	<b>22 500</b>	<b>22 500</b>

On 3 May 2007 at the Shareholders' Meeting of the Bank, it was decided to increase the share capital by issuing 8 000 000 new registered voting shares with a nominal value of 1 LVL each. As at 30 June 2007, all issued shares are fully paid and the Bank's paid-in share capital amounts to LVL'000 30 500 (as at 31 December 2006: LVL'000 22 500).

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As of 30 June 2007, the shareholders were as follows:

	Number of shares	% of total shares	Paid up share capital LVL'000
"Straumborg Ehf." (Iceland)	15 582 793	51,09	15 583
J. Šapurovs (Latvia)	6 028 476	19,77	6 029
A. Svirčenkovs (Latvia)	6 028 474	19,77	6 028
Other (individually less than 10%)	<u>2 860 185</u>	<u>9,37</u>	<u>2 860</u>
<b>Total</b>	<b><u>30 499 928</u></b>	<b><u>100.00</u></b>	<b><u>30 500</u></b>

**15. CASH AND CASH EQUIVALENTS**

	Group 30.06.2007 LVL'000	Bank 30.06.2007 LVL'000	Group 30.06.2006 LVL'000	Bank 30.06.2006 LVL'000
Cash and balances due on demand from the Bank of Latvia	36 268	36 256	19 709	19 709
Balances due from other banks within 3 months	<u>32 128</u>	<u>31 943</u>	<u>30 945</u>	<u>30 841</u>
<b>Total</b>	<b><u>68 396</u></b>	<b><u>68 199</u></b>	<b><u>50 654</u></b>	<b><u>50 550</u></b>

**16. 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 LVL'000	Off-balance sheet items LVL'000	30.06.2007	31.12.2006
				Total LVL'000	Total LVL'000
<b>Assets</b>		<b><u>16 520</u></b>	<b><u>115</u></b>	<b><u>16 635</u></b>	<b><u>4 516</u></b>
<b>Loans and receivables, net</b>		<b><u>16 520</u></b>	<b><u>115</u></b>	<b><u>16 635</u></b>	<b><u>4 335</u></b>
Related undertakings and Individuals	2.22	16 153	64	16 217	2 631
Council and Board	5.19	221	43	264	568
Other senior executives	5.72	146	8	154	1 317
<b>Liabilities</b>		<b><u>3 520</u></b>	<b><u>-</u></b>	<b><u>3 520</u></b>	<b><u>6 335</u></b>
<b>Deposits</b>		<b><u>2 028</u></b>	<b><u>-</u></b>	<b><u>2 028</u></b>	<b><u>4 843</u></b>
Related undertakings and Individuals	1.24	1 140	-	1 140	896
Council and Board	2.12	873	-	873	3 812
Other senior executives	4.29	15	-	15	135
<b>Subordinated debt</b>		<b><u>1 492</u></b>	<b><u>-</u></b>	<b><u>1 492</u></b>	<b><u>1 492</u></b>
Council and Board	8.00	1 492	-	1 492	1 492

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED AND BANK FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007**

<b>Bank</b>	<b>Average interest rate %</b>	<b>Amount LVL'000</b>	<b>Off-balance sheet items LVL'000</b>	<b>31.12.2006 Total LVL'000</b>	<b>31.12.2006 Total LVL'000</b>
<b>Assets</b>		<b>28 672</b>	<b>3 671</b>	<b>32 343</b>	<b>9 106</b>
<b>Loans and receivables, net</b>		<b>28 672</b>	<b>3 671</b>	<b>32 343</b>	<b>9 106</b>
Related undertakings and Individuals	2.22	16 153	64	16 217	5 712
Subsidiaries	6.11	12 160	3 556	15 716	2 631
Council and Board	5.19	221	43	264	568
Other senior executives	5.04	138	8	146	195
<b>Liabilities</b>		<b>4 095</b>	<b>-</b>	<b>4 095</b>	<b>6 487</b>
<b>Deposits</b>		<b>2 603</b>	<b>-</b>	<b>2 603</b>	<b>4 995</b>
Related undertakings and Individuals	1.24	1 140	-	1 140	896
Subsidiaries	3.76	575	-	575	152
Council and Board	2.12	873	-	873	3 812
Other senior executives	4.29	15	-	15	135
<b>Subordinated debt</b>		<b>1 492</b>	<b>-</b>	<b>1 492</b>	<b>1 492</b>
Council and Board	8.00	1 492	-	1 492	1 492

As at 30 June 2007, the amount of the Bank's exposure transactions with related parties is LVL'000 3 365 or 7.5% 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:

	<b>6 months ended 30.06.2007</b>		<b>6 months ended 30.06.2006</b>	
	<b>Group LVL'000</b>	<b>Bank LVL'000</b>	<b>Group LVL'000</b>	<b>Bank LVL'000</b>
<b>Interest income</b>	<b>247</b>	<b>410</b>	<b>8</b>	<b>8</b>
<b>Interest expense</b>	<b>(15)</b>	<b>(160)</b>	<b>(105)</b>	<b>(105)</b>
<b>Net interest income</b>	<b>232</b>	<b>250</b>	<b>(97)</b>	<b>(97)</b>

## 17. SUBSEQUENT EVENTS

In August 2007, the Bank has increased the share capital of JSC "NORVIK Universal Credit Organization" (Armenia) by ADM'000 700 000, as result of which the share capital of this subsidiary company now amounts to ADM'000 1 314 040.

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