

An aerial photograph of a landscape. The top half shows a green, textured terrain, possibly a forest or tundra, with a blue river or stream flowing through it. The bottom half of the image is a white, textured surface, likely snow or ice, with a thin layer of blue water or foam visible at the boundary between the green and white areas.

The Bank's Public Report

FOR THE FIRST QUARTER OF 2007

The logo for Norvikbanka, featuring the word "norvikbanka" in a dark blue, lowercase, sans-serif font. A thin blue arc is positioned above the "i" in "norvik".



Risk analysis

The financial risks management, the most significant of which are liquidity risk, credit risk and market risk is being effected in accordance with the Internal financial risks control policy approved by the Board and the Council of the Bank and other documents that comprise the system for the Bank's risk management.

Liquidity risk treatment of the risk of the untimely settlement of customer and other legal creditor claims. Liquidity risk management and control is based on asset and liability term analysis, internal limit regulations regarding the net liquidity position, the effective usage of liquidity's I reserve funds and liability regulation for the remaining free resources. The Treasury department constantly manages liquidity's I reserve funds (cash, fund balances with correspondent bank accounts, short-term interbanking transactions), in order to always have sufficient funds for fulfillment of current short-term commitments. The Board and the Assets and liabilities management committee state general liquidity risk management criteria by regulating the volume, terms and directions of the Bank's activities. During the I quarter 2007 the Bank's liquidity ratio was 45-55%, but FCMC minimal set ratio is 30%.

Credit risk includes the untimely or incomplete settlement of debtor balances. The system of credit risk management includes the approval of the evaluation of credit risks in connection with partners, creditors and issuers, regulations regarding credit types (by credit volumes and terms) and investments in the securities, and regular valuation of assets and off-balance sheets. For doubtful debts the Bank makes special provisions, calculated as a difference between future discounted cash flows from returnable bank's assets and nominal value of those assets. As of 31 March 2007 the amount of special provisions was 182,6 thousand lats or 0,09% of the total loan portfolio. The Bank's Board and the Credit Committee ensure the management of credit risk and the Credit division constantly supervises efficiency of internal control over credit risk management.

Market risk relates to the possibility of experiencing losses as a result of decreases in prices, arising as a result of change of exchange rates, interest rates and other factors. By analyzing the maturity and interest rates of assets and liabilities, and the net interest margin and yield in connection with currencies and directions of operations, the Board and the Assets and liabilities management committee state the basis interest rate for deposits and loans for each currency group and period.

The Bank's Foreign currency risk management policy governs foreign exchange risk control and management. This policy is based on meeting the restrictions of the net open position of each foreign currency and the total amount of the net open position of foreign currencies, in compliance with the requirements of the Financial and Capital Market Commission. In order to avoid losses, arising from adverse changes in rates, the Treasury department constantly supervises over the total amount of the net open position of foreign currencies, and the Risk management division controls over the compliance with the restrictions of foreign currency positions. To manage the position the Bank widely uses derivative financial instruments, such as Forward transactions (conclusion of a deal at certain rates at a certain future date) and SWAP (sale of earlier purchased volume of currency at certain date)

Operational risk relates to the possibility of experiencing losses as a result of inappropriate or incomplete internal processes, human and system actions, or as a result of external circumstances. Operational risk management is based on clear procedures, describing all the working processes, proper segregation of duties and deal control procedures, regular audit by the Internal audit service; all the cases of operational risk occurrence (employees' mistakes, incorrect work of IT systems, etc.) are being registered in the database and analyzed in order to improve working processes and strengthen internal control system.

Management

	Number of shares	% of total shares	Paid up share capital LVL'000
"Straumborg Ehf." (Iceland)	11 487 459	51.06	11 488
J. Šapurovs	4 444 125	19.75	4 444
A. Svirčenkova	4 444 123	19.75	4 444
Other (individually less than 10%)	2 124 221	9.44	2 124
Total	22 499 928	100.00	22 500

JSC „NORVIK BANKA”

Supervisory Council as of 31 March 2007

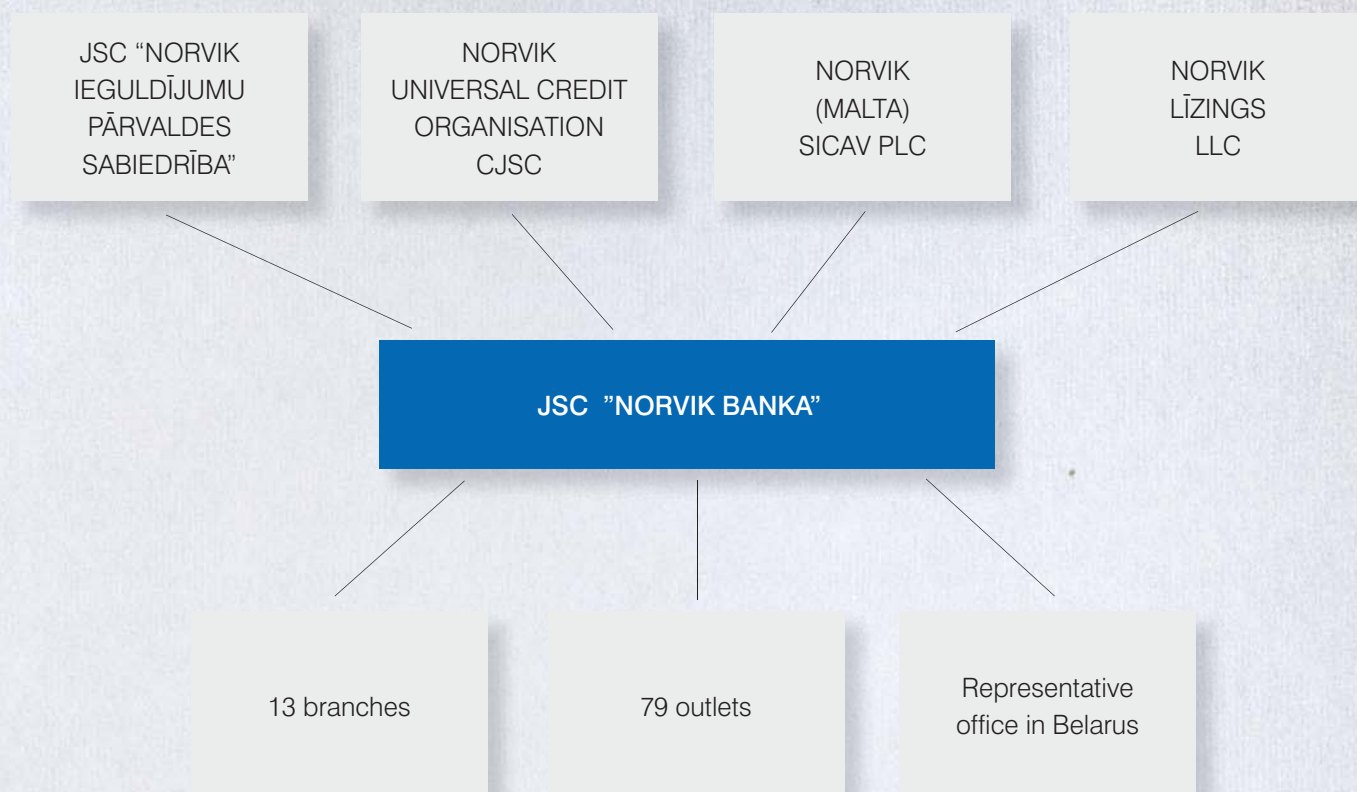
Chairman of the Supervisory Council	Jon Helgi Gudmundsson
Deputy Chairwoman of the Supervisory Council	Brynjah Haldorsdottir
Members of the Supervisory Council	Hjalti Baldursson
	Baiba Strupiša
	Jeļena Svirčenkova
	Valentīna Keiša

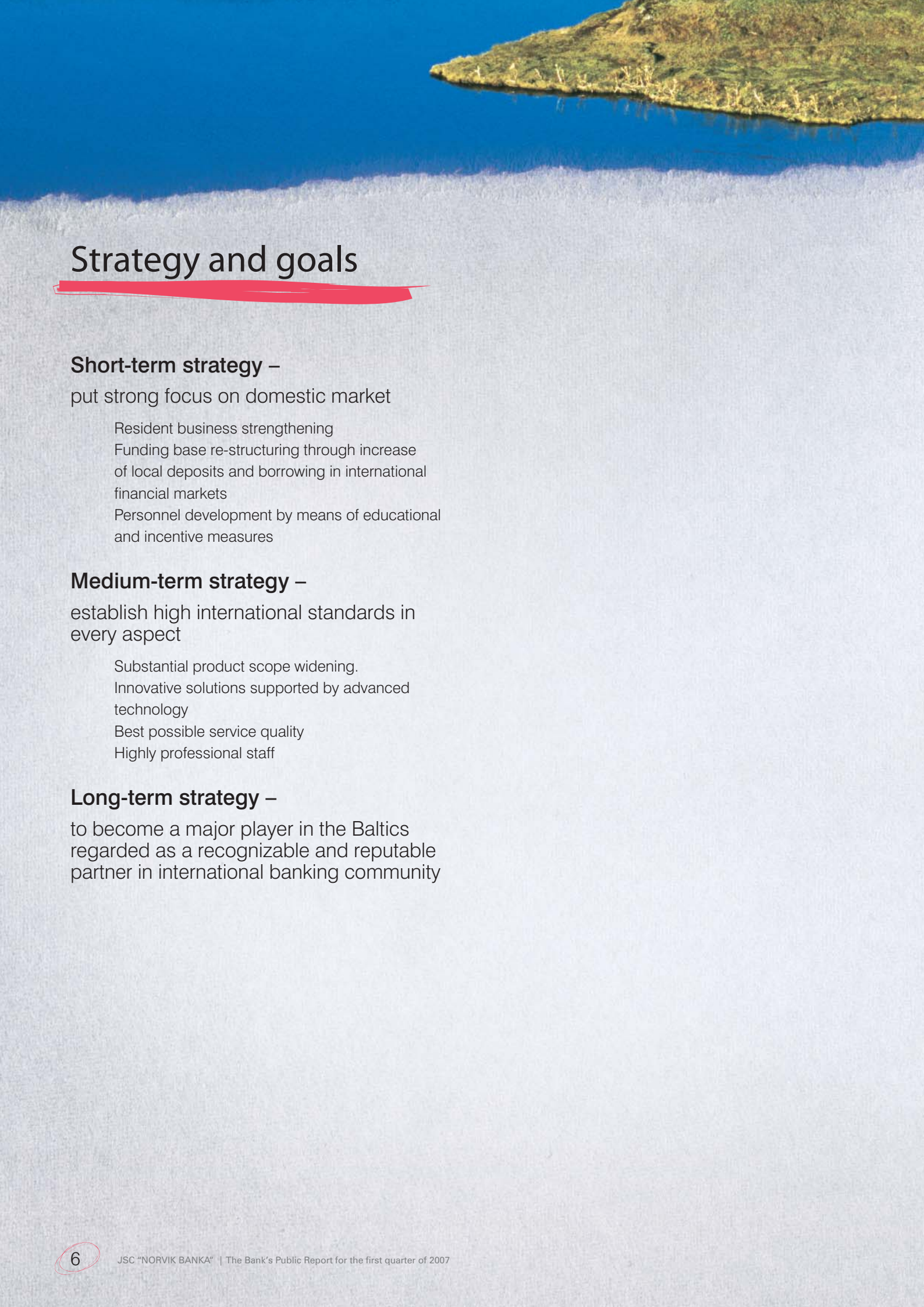
JSC „NORVIK BANKA”

Management Board as of 31 March 2007

Chairman of the Management Board	Andrejs Svirčenkova
Deputy Chairman of the Management Board	Jurijs Šapurovs
Members of the Management Board	Sergejs Gusarova
	Aldis Upenieks
	Vahrams Kamalyans

Structure





Strategy and goals

Short-term strategy –

put strong focus on domestic market

- Resident business strengthening
- Funding base re-structuring through increase of local deposits and borrowing in international financial markets
- Personnel development by means of educational and incentive measures

Medium-term strategy –

establish high international standards in every aspect

- Substantial product scope widening.
- Innovative solutions supported by advanced technology
- Best possible service quality
- Highly professional staff

Long-term strategy –

to become a major player in the Baltics regarded as a recognizable and reputable partner in international banking community

Ratings assigned by rating agencies

Name of rating agency

Fitch Ratings
<http://www.fitchratings.com/>

Types of rating assigned

Long Term Issuer Default Rating	B+
Short Term Rating	B
Outlook	Positive
Individual	D
Support	5

Short description of rating assigned

Long Term Issuer Default Rating - long-term foreign currency rating. Ability of timely payment of long-term exchange liabilities.

Short Term Rating - short-term foreign currency rating. Ability of timely payment of short-term exchange liabilities.

Outlook - development forecast. Rating forecast – opportunity of rating upgrade (positive), downgrade (negative) or affirmation (stable)

Individual - individual rating. Bank's assessment, taking into account its independence and lack of external support.

Support - support rating. Bank's ability of obtaining external financial support in case of need.

Changes in ratings assigned

	22.12.2003	22.08.2005	25.10.2006
Long Term Issuer Default Rating	B+	B+	B+
Short Term Rating	B	B	B
Outlook	Stable	Stable	Positive
Individual	D	D	D
Support	5	5	5

Balance Sheet

March 31, 2007 (last date of the reporting period)

Item	Reporting period LVL'000	Preceding reporting year LVL'000
Cash and demand claims on the central bank	16,581	28,094
Demand claims on credit institutions	52,720	22,343
Financial assets held for trading	64,011	42,313
Financial assets at fair value through profit or loss	0	0
Available-for-sale financial assets	5,733	5,681
Loans and receivables	226,030	197,439
Held-to-maturity investments	0	0
Interest risk protected portfolio share's fair value changes	0	0
Deferred expenses and accrued income	853	282
Fixed assets	5,378	5,304
Investment property	0	0
Intangible assets	462	436
Participation in the share capital of associated and related undertakings	1,735	1,544
Tax assets	0	0
Other assets	1,684	1,351
Total assets	375,187	304,787
Liabilities to central banks	0	0
Demand liabilities to credit institutions	3,402	5,679
Financial liabilities held for trading	1,211	1,288
Financial liabilities at fair value through profit or loss	0	0
Financial liabilities at amortised value	332,114	263,871
Financial liabilities resulting from transfer of financial assets	3,601	0
Interest risk protected portfolio share's fair value changes	0	0
Deferred income and accrued expenses	361	524
Provisions	170	170
Tax liabilities	107	107
Other liabilities	1,103	1,302
Total liabilities	342,069	272,941
Capital and reserves	33,118	31,846
Total capital and reserves and liabilities	375,187	304,787
Commitments and contingencies	45,065	38,260
Contingent liabilities	3,977	2,958
Liabilities to customers	41,088	35,302

Profit/Loss Statement

March 31, 2007 (last date of the reporting period)

Item	Reporting period LVL'000	Respective period of the preceding reporting year 31.03.2006 LVL'000
Interest income	5798	3580
Interest expense	(2 508)	(1 193)
Dividend income	0	0
Fee and commission income	1449	1285
Fee and commission expenses	(255)	(221)
Net realised profit/loss from financial assets and financial liabilities amortised value	(1)	0
Net realised profit/loss from financial assets available for sale	0	0
Net profit/loss from financial assets and financial liabilities held for trading	(17)	81
Net profit/loss for financial assets and financial liabilities at fair value through profit or loss	0	0
Changes in fair value due to risk minimization accounting	0	0
Profit/loss from dealing and revaluation of foreign currencies	438	480
Profit/loss from derecognition of property, equipment and machinery, investment property and intangible	0	0
Other income	101	80
Other expense	(73)	(59)
Administrative expenses	(3 229)	(2 623)
Depreciation and amortization	(232)	(201)
Provisions for debts impairment and liabilities	(87)	(25)
Impairment losses	0	0
Income tax	(188)	(168)
Profit/loss of the reporting period	1196	1016

Appendix 3 to Financial and Capital Market Commission 15.09.2006. regulations No. 145**Performance Indicators of Bank**

March 31, 2007 (last date of the reporting period)

Item	Reporting period	In the preceding reporting year 31.03.2006
Return on equity (ROE) (%)	14.66	18.57
Return on assets (ROA) (%)	1.43	1.56

Appendix 4 to Financial and Capital Market Commission 15.09.2006. regulations No. 145**Consolidation Group Composition**

March 31, 2007 (last date of the reporting period)

Serial No.	Name of company	Country of domicile, registration address	Company type*	Portion of a holding in share capital (%)	Portion of voting rights in the company	Motivation for inclusion in the group**
1	JSC "Norvik ieguldījumu pārvaldes sabiedrība"	LV, Latvia, Rīga, E. Birznieka-Upīša 21	INVC	94.95	94.95	SC
2	NORVIK UNIVERSAL CREDIT ORGANISATION CJSC	AM, Armenia, Yerevan, KHANJYAN 41, APT. 3, 4, 5	OFI	100	100	SC
3	NORVIK (MALTA) SICAV PLC	MT, MALTA, 3 MANCHE FLATS ST IGNATIUS STR SLIEMA SLM 05	OFI	100	100	SC
4	NORVIK LĪZINGS LLC	LV, Latvija, Rīga, E. Birznieka-Upīša 21	OFI	100	100	SC

* BNK – bank, INSC – insurance company, INVC – investment company, PF – pension fund, OFI – other financial institution, FHC – financial holding company, OC – other company.

** SC – subsidiary company; JV – joint venture; PC – parent company.



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